

**FY 2005-2006**

**LONG BILL NARRATIVE**

**JOINT BUDGET COMMITTEE**

# STATE OF COLORADO

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## JOINT BUDGET COMMITTEE

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April 4, 2005

To: Members of the Sixty-fifth General Assembly

The Joint Budget Committee (JBC) submits for your approval the FY 2005-06 Long Bill, S.B. 05-209 and its companion document, this Long Bill Narrative. The JBC used the Legislative Council staff March 2005 revenue estimates to develop the FY 2005-06 budget.

Based on these revenue estimates and JBC actions during budget preparations, there will be approximately \$185.6 million General Fund in excess of the 4.0 percent statutory reserve in FY 2004-05. The JBC recommends separate legislation (S.B. 05-210) to appropriate \$130.6 million General Fund to the Controlled Maintenance Trust Fund subject to the six percent limit on General Fund appropriations and to transfer \$55.0 million (not subject to the six percent limit) to the Controlled Maintenance Trust Fund in FY 2004-05. The \$185.6 million balance in the Controlled Maintenance Trust Fund will be transferred to the General Fund in FY 2005-06 to help support the level of appropriations recommended for FY 2005-06.

This revenue estimate indicates that General Fund revenues in FY 2005-06 will not be sufficient to increase appropriations to six percent as permitted by the Arveschoug/Bird limit. As a result, the JBC's recommendations for FY 2005-06 General Fund appropriations are based on an appropriations growth of 4.0 percent over the FY 2004-05 base. The JBC's budget package (including special bills) reflects a 2.0 percent provider rate increase and inflationary increases for operating expenses (primarily food and medical costs) in the Department of Corrections, the Department of Education - Colorado School for the Deaf and Blind, the Department of Human Services, the Department of Public Health and Environment, and the Department of Public Safety.

The total General Fund appropriations subject to the statutory six percent limit for FY 2005-06 are \$6,175.4 million, an increase of \$240.1 million (4.0 percent) over the adjusted FY 2004-05 appropriation level of \$5,935.3 million General Fund. The Long Bill contains recommendations of \$6,163.8 million General Fund. The separate Legislative Appropriation bill (S.B. 05-203) contains an appropriation of \$27.3 million General Fund. An additional \$2.0 million is appropriated from five-year statutory appropriations from prior years for sentencing bills. There is a net reduction of \$17.7 million General Fund included in special bills in the budget package recommended by the Joint Budget Committee.

The JBC's budget package also includes:

- A total of \$194.7 million in cash transfers to the General Fund in FY 2005-06. This includes \$185.6 million transferred from the Controlled Maintenance Trust Fund back to the General Fund (S.B. 05-210). The remaining \$9.1 million relates to two special bills (H.B. 05-1262 and S.B. 05-211) concerning the implementation of the tobacco tax authorized by Amendment 35.
- S.B. 05-212 which creates a contingency fund for Medicaid appropriations from any excess revenues above the amount projected in the March 2005 Legislative Council staff revenue estimates. Any amount in the Medicaid contingency fund will be available for appropriation in the event that Medicaid expenditures exceed the current estimates for FY 2004-05 or FY 2005-06.
- H.B. 05-1208 which changes the method the Unemployment Insurance solvency tax is calculated for the 2006 through 2010 calendar years. This change will reduce the TABOR refund by \$50.8 million in FY 2005-06 which, in turn, provides an additional \$50.8 million in available General Fund revenue in FY 2005-06.

The JBC's recommendation includes funding the TABOR reserve with \$184.9 million designated in several cash funds administered by the Department of Labor and Employment and the Department of Natural Resources, and \$75.0 million in equity from state buildings as designated by the Governor.

Respectfully submitted,

Senator Abel Tapia, Chairman

Representative Tom Plant, Vice-Chairman

Senator Moe Keller

Representative Bernie Buescher

Senator Dave Owen

Representative Dale Hall

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**FY 2004-05 GENERAL FUND OVERVIEW (in millions)**

GENERAL FUND REVENUES AVAILABLE:

Beginning General Fund Reserve	\$ 346.3
Gross General Fund Revenues	6,052.9
Transfers/Paybacks	65.9 <sup>a/</sup>
Transfer to Older Coloradans Fund	(1.5)
TABOR Surplus Liability	0.0
Total General Fund Available	\$ 6,463.6

GENERAL FUND OBLIGATIONS:

General Fund Appropriations as Adjusted by Supplementals	\$ 5,800.5 <sup>b/</sup>
Other General Fund Appropriations	134.8
Capital Construction Transfer	0.0
Transfer of Prior Year Excess Reserve to HUTF	81.5
Transfer of Prior Year Excess to Capital Construction Fund	40.8
Transfer to Controlled Maintenance Trust Fund	55.0
Rebates and Expenditures	113.6
Homestead Exemption	0.0 <sup>c/</sup>
Total General Fund Obligations	\$ 6,226.2
4% STATUTORY GENERAL FUND RESERVE	237.4
EXCESS GENERAL FUND RESERVE:	\$ 0.0

<sup>a/</sup> Based on March 2005 Legislative Council revenue estimate (\$59.7 million) and JBC actions to date (\$6.2 million).

<sup>b/</sup> Does not include Rebates and Expenditures which are included in the Long Bill for informational purposes.

<sup>c/</sup> The expenditure for the Homestead Exemption in FY 2004-05 was eliminated in S.B. 03-265.

**FY 2005-06 GENERAL FUND OVERVIEW (in millions)**

GENERAL FUND REVENUES AVAILABLE:

Beginning General Fund Reserve	\$ 237.4
Gross General Fund Revenues	6,445.9
Transfers/Paybacks	224.9 <sup>a/</sup>
Transfer to Older Coloradans Fund	(2.0)
TABOR Surplus Liability	(393.8)
Decrease in TABOR Surplus Liability due to HB 05-1208	50.8
<b>Total General Fund Available</b>	<b>\$ 6,563.2</b>

GENERAL FUND OBLIGATIONS:

Recommended General Fund Appropriations in the Long Bill	\$ 6,163.8 <sup>b/</sup>
Other General Fund Appropriations	11.6 <sup>c/</sup>
Capital Construction Transfer	0.1
Rebates and Expenditures	140.7
Homestead Exemption	0.0 <sup>d/</sup>
<b>Total General Fund Obligations</b>	<b>\$ 6,316.2</b>

4 % STATUTORY GENERAL FUND RESERVE 247.0

EXCESS GENERAL FUND RESERVE: \$ 0.0

<sup>a/</sup> Based on Legislative Council Staff March 2005 Forecast (\$30.2 million) and JBC actions to date (\$194.7 million).

<sup>b/</sup> Does not include Rebates and Expenditures that are in the Long Bill for informational purposes.

<sup>c/</sup> Includes \$27.3 million for the Legislative Appropriation Bill, \$2.0 million pursuant to sections 17-1-126 through 17-1-149, C.R.S, and a reduction of \$17.7 million as a result of other bills included as part of the FY 2005-06 budget package.

<sup>d/</sup> The expenditure for the Homestead Exemption in FY 2004-05 was eliminated in S.B. 03-265.

The Joint Budget Committee's FY 2005-06 budget package includes the Long Bill (S.B. 05-209) and several other bills that impact the level of General Fund appropriations for FY 2005-06. The following Table identifies the bills the Joint Budget Committee considers part of the FY 2005-06 budget package for purposes of balancing the General Fund.

<b>Bills with General Fund Impact Included as Part of the JBC FY 2005-06 Budget Package</b>		
<b>Bill</b>	<b>FY 04-05 GF Impact</b>	<b>FY 05-06 GF Impact</b>
<u>Cash Revenue Bills that Transfer Funds to the General Fund:</u>		
HB 05-1261 Tobacco Education Prevention Cessation	\$5,791,393	\$0
HB 05-1262 Tobacco Tax Implementation (Amendment-35 Part-E)	377,400	1,015,200
SB 05-211 Transfer from CBHP to GF (Asset Test)	0	5,452,134
SB 05-211 Transfer from CBHP to GF (Adult Prenatal)	0	2,619,842
SB 05-210 Controlled Maintenance Trust Fund (Transfer to the GF)	0	185,627,801
Total Cash Revenue Bills	<u>\$6,168,793</u>	<u>\$194,714,977</u>
<u>Bills that Impact General Fund Operating Appropriations:</u>		
HB 05-1086 Reinstatement Medicaid for Legal Immigrants	(\$838,528)	\$0
HB 05-1196 Extend HUTF Appropriations to Department of Revenue	0	(8,948,375)
HB 05-1262 Tobacco Tax Implementation (Amendment-35 Savings)	0	(5,211,514)
HB 05-1315 Health Care Policy and Finance CBMS Supplemental	1,893,442	0
HB 05-1316 Human Services CBMS Supplemental	3,119,829	0
SB 05-176 Dept of Agriculture Inspection Fee Sunset	0	(3,575,741)
SB 05-210 Controlled Maintenance Trust Fund (Appropriation subject to 6%)	130,627,801	0
Total Bills that Impact General Fund Operating Appropriations	<u>\$134,802,544</u>	<u>(\$17,735,630)</u>
<u>Other Bills that Impact the GF Budget:</u>		
HB 05-1208 Unemployment Insurance Credit Against Taxes (Revenues)	\$0	\$50,800,000
SB 05-210 Controlled Maintenance Trust Fund (Transfer not subject to 6%)	\$55,000,000	\$0

<b>PROPOSED APPROPRIATIONS</b>					
<b>FY 2005-06</b>					
<b>Department</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Cash</b>		<b>TOTAL</b>
			<b>Funds Exempt</b>	<b>Federal Funds</b>	
Agriculture	7,920,555	6,959,169	13,479,884	1,726,530	30,086,138
Corrections	531,007,461	2,024,865	51,669,033	4,502,658	589,204,017
Education	2,698,418,712	15,308,970	367,487,655	498,839,917	3,580,055,254
Governor	16,065,909	147,586	1,768,906	14,299,827	32,282,228
Health Care Policy and Financing	1,384,833,836	11,405,697	285,329,027	1,587,369,579	3,268,938,139
Higher Education	597,931,311	20,658,633	1,485,933,639	20,362,183	2,124,885,766
Human Services	499,692,928	88,326,376	662,331,630	532,206,276	1,782,557,210
Judicial	236,697,656	60,340,845	8,801,096	1,158,526	306,998,123
Labor and Employment	0	29,277,803	15,985,974	103,052,769	148,316,546
Law	7,130,521	3,298,387	24,187,056	849,420	35,465,384
Legislature	2,384,066	0	0	0	2,384,066
Local Affairs	8,671,473	25,775,596	100,171,381	85,300,829	219,919,279
Military and Veterans Affairs	4,137,728	26,316	2,475,177	124,832,959	131,472,180
Natural Resources	22,829,206	39,152,463	98,755,304	16,030,410	176,767,383
Personnel and Administration	8,447,233	11,363,479	140,899,790	121,000	160,831,502
Public Health and Environment	15,062,378	31,339,780	67,332,978	200,851,725	314,586,861
Public Safety	59,412,207	10,522,542	114,768,973	35,493,271	220,196,993
Regulatory Agencies	1,096,392	52,267,144	7,652,085	1,389,036	62,404,657
Revenue	91,603,561	44,171,603	380,663,417	1,674,459	518,113,040
State	0	16,479,481	15,203,349	0	31,682,830
Transportation	0	54,570,492	433,417,395	334,332,742	822,320,629
Treasury	26,071,018	2,477,202	279,615,432	0	308,163,652
<b>LONG BILL</b>					
<b>OPERATING TOTAL</b>	<b>6,219,414,151</b>	<b>525,894,429</b>	<b>4,557,929,181</b>	<b>3,564,394,116</b>	<b>14,867,631,877</b>
Legislative Appropriation	27,301,286	90,000	788,878	0	28,180,164
Five-year Statutory Appropriations	1,971,680	0	0	0	1,971,680
Controlled Maintenance Trust Fund	0	0	0	0	0
Capital Construction Fund	0	0	0	0	0
CBMS Supplemental Appropriations	0	0	0	0	0
JBC Budget Package Legislation	(17,735,630)	3,575,741	9,229,100	0	(4,930,789)
<b>TOTAL OPERATING</b>	<b>6,230,951,487</b>	<b>529,560,170</b>	<b>4,567,947,159</b>	<b>3,564,394,116</b>	<b>14,892,852,932</b>
<b>LESS:</b>					
Amount Exempt from Statutory Limit	(55,621,588)	N/A	N/A	N/A	N/A
<b>GRAND TOTAL SUBJECT TO STATUTORY LIMIT</b>	<b>6,175,329,899</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
Capital Construction	51,727,197	19,750,000	222,282,718	8,979,866	302,739,781
<b>GRAND TOTAL</b>	<b>6,227,057,096</b>	<b>549,310,170</b>	<b>4,790,229,877</b>	<b>3,573,373,982</b>	<b>15,195,592,713</b>

Of the amounts shown for cash fund and cash funds exempt appropriations, \$1,340,731,895 contain (T) notations, which indicates that these amounts are transfers from other state agencies.



<b>GENERAL FUND APPROPRIATION COMPARISON</b>				
<b>Department</b>	<b>FY 2004-05 Appropriation*</b>	<b>FY 2005-06 Appropriation</b>	<b>Difference</b>	<b>% Difference</b>
Agriculture	4,192,206	7,920,555	3,728,349	88.9
Corrections	493,459,635	531,007,461	37,547,826	7.6
Education	2,514,557,579	2,698,418,712	183,861,133	7.3
Governor	15,890,879	16,065,909	175,030	1.1
Health Care Policy and Financing	1,277,671,349	1,384,833,836	107,162,487	8.4
Higher Education	587,972,772	597,931,311	9,958,539	1.7
Human Services	481,400,566	499,692,928	18,292,362	3.8
Judicial	219,429,845	236,697,656	17,267,811	7.9
Labor and Employment	0	0	0	N/A
Law	6,818,152	7,130,521	312,369	4.6
Legislature	2,445,622	2,384,066	(61,556)	(2.5)
Local Affairs	8,665,475	8,671,473	5,998	0.1
Military and Veterans Affairs	3,884,923	4,137,728	252,805	6.5
Natural Resources	22,356,999	22,829,206	472,207	2.1
Personnel and Administration	7,863,549	8,447,233	583,684	7.4
Public Health and Environment	13,106,464	15,062,378	1,955,914	14.9
Public Safety	56,498,955	59,412,207	2,913,252	5.2
Regulatory Agencies	1,029,665	1,096,392	66,727	6.5
Revenue	87,137,300	91,603,561	4,466,261	5.1
State	0	0	0	N/A
Transportation	0	0	0	N/A
Treasury	749,822	26,071,018	25,321,196	3,377.0
<b>LONG BILL</b>				
<b>OPERATING TOTAL</b>	<b>5,805,131,757</b>	<b>6,219,414,151</b>	<b>414,282,394</b>	<b>7.1</b>
Legislative Appropriation	26,182,897	27,301,286	1,118,389	4.3
Five-year Statutory Appropriations	3,370,835	1,971,680	(1,399,155)	(41.5)
Controlled Maintenance Trust Fund	130,627,801	0	(130,627,801)	(100.0)
Capital Construction Fund	152,800	0	(152,800)	(100.0)
CBMS Supplemental Appropriation	5,013,271	0	(5,013,271)	(100.0)
JBC Budget Package Legislation	0	(17,735,630)	(17,735,630)	N/A
<b>TOTAL OPERATING</b>	<b>5,970,479,361</b>	<b>6,230,951,487</b>	<b>260,472,126</b>	<b>4.4</b>
<b>LESS:</b>				
Amount Exempt from Statutory Limit	(35,190,894)	(55,621,588)	(20,430,694)	58.1
<b>GRAND TOTAL SUBJECT TO STATUTORY LIMIT</b>	<b>5,935,288,467</b>	<b>6,175,329,899</b>	<b>240,041,432</b>	<b>4.0</b>
Capital Construction	7,746,144	51,727,197	43,981,053	567.8
<b>GRAND TOTAL</b>	<b>5,943,034,611</b>	<b>6,227,057,096</b>	<b>284,022,485</b>	<b>4.8</b>

\* Includes supplemental appropriations.

## **EXPLANATION OF MAJOR GENERAL FUND DIFFERENCES**

Major changes in the General Fund appropriations are summarized below. The narrative for each department provides further explanation of General Fund changes.

**Department of Agriculture** -- The recommendation accounts for the sunset of S.B. 03-297, which translates into an increase of \$3.3 million General Fund.

**Department of Corrections** -- The recommendation provides for increases of: (1) \$19.3 million for private prisons and local jails based on a projected increase in the inmate population; (2) \$10.7 million for benefits increases in FY 2005-06; (3) \$3.6 million for medical expenses (caseload growth and inflation) and food inflation; (4) \$1.5 million for additional parole and community corrections officers; and (5) \$1.1 million for provider rate increases. The recommendation includes reductions of \$2.1 million General Fund associated with the elimination of one-time expenses in FY 2004-05.

**Department of Education** -- In order to provide the General Assembly with as much flexibility as possible for FY 2005-06, the recommendation includes a \$25.0 million *reduction* in the General Fund portion of the *FY 2004-05* appropriation for the state share of districts' total program funding (offset by increases in other cash funds exempt sources). This results in a lower General Fund "base" for purposes of calculating the constitutionally required 5.0 percent General Fund increase for FY 2005-06. However, in order to mitigate the long-term impact of this adjustment on the General Assembly's ability to comply with Amendment 23 funding requirements in future fiscal years, the recommendation includes a relatively large increase in the General Fund appropriation for FY 2005-06 (\$181.3 million or 7.7 percent). Thus, rather than providing General Fund increases of 5.3 percent for FY 2004-05 and 5.5 percent for FY 2005-06, as originally contemplated by the Joint Budget Committee, the recommendation is to provide General Fund increases of 4.2 percent for FY 2004-05 and 7.7 percent for FY 2005-06. The recommended adjustments do not affect the total amount of funds appropriated for districts' total program funding in either FY 2004-05 or FY 2005-06.

The recommendation also includes an increase of \$2.5 million for the Colorado Student Assessment Program to allow the Department to apply available federal funds to the development and administration of the math and science assessments required by federal law. A portion of these federal funds are currently used to support existing assessments that are required by federal law.

**Department of Health Care Policy and Financing** -- The recommended increase of General Fund includes the following: (1) \$82.5 million for caseload and cost-per-client changes for the Medicaid medical and mental health programs; (2) \$12.0 million for provider rate increases for the Medicaid medical and mental health programs; (3) \$7.3 million for programs administered in the Department of Human Services that qualify for Medicaid funding; (4) \$2.7 million to increase reimbursement to pediatric speciality hospitals; and (5) \$1.6 million for outpatient substance abuse treatment programs for Medicaid clients.

**Department of Higher Education** -- The recommended increase in General Fund is attributable to: (1) \$3.7 million for the minimum level of funding for the former State Colleges; (2) \$2.2 million to bring funding for students attending Metropolitan State College up to the recommended stipend amount of \$2,400 per student FTE; (3) \$1.9 million for qualifying students attending private schools to participate in the College Opportunity Fund Program; (4) \$1.1 million to increase the funding for the local district junior colleges by \$200 per student FTE; and (5) \$1.0 million for financial aid programs.

**Department of Human Services** -- Major General Fund changes in the recommendation reflect increases of: (1) \$5.6 million that is allocated to county departments of social services for the administration and provision of child welfare services; (2) \$5.4 million for a 2.0 percent increase in community provider rates and county staff salaries; (3) \$4.0 million for the Aid to the Needy Disabled - State Only program; and (4) \$2.2 million for caseload increases in the Division of Youth Corrections.

**Judicial Department** -- The Judicial Branch's recommended \$17.3 million General Fund increase is comprised of: (1) \$7.4 million in salary and benefits adjustments, including salary survey, state contributions to health, life, and dental, and the S.B. 04-257 Amortization Equalization Disbursement; (2) \$3.3 million to fund 56.1 new probation officers and probation staff FTE, and to expand the Female Offender Program by 4.8 FTE; (3) \$1.8 million to fund 6.0 new district court judge FTE, 24.0 court support staff FTE, and 3.0 FTE attorneys in the Public Defender's Office due to new criminal dockets created by the additional judges; and (4) \$1.0 million for courthouse capital and infrastructure maintenance.

**Department of Revenue** -- The recommendation for the Motor Vehicle Division includes an increase of \$8.4 million related to the sunset of Senate Bill 03-267. This increase is partially offset by a decrease of \$4.9 million to reflect Legislative Council Staff's March 2005 Revenue Forecast for the Cigarette Tax Rebate, Old Age Heat & Fuel Assistance Grants, and Old Age Property Tax Assistance Grants.

**Treasury Department** -- The recommended \$25.3 million increase reflects the resumption of the state's annual transfer to the Fire and Police Pension Association.

<b>CASH FUNDS APPROPRIATION COMPARISON</b>				
<b>Department</b>	<b>FY 2004-05 Appropriation*</b>	<b>FY 2005-06 Appropriation</b>	<b>Difference</b>	<b>% Difference</b>
Agriculture	10,460,257	6,959,169	(3,501,088)	(33.5)
Corrections	2,371,727	2,024,865	(346,862)	(14.6)
Education	14,762,022	15,308,970	546,948	3.7
Governor	225,779	147,586	(78,193)	(34.6)
Health Care Policy and Financing	11,448,429	11,405,697	(42,732)	(0.4)
Higher Education	537,034,995	20,658,633	(516,376,362)	(96.2)
Human Services	87,145,239	88,326,376	1,181,137	1.4
Judicial	60,208,406	60,340,845	132,439	0.2
Labor and Employment	27,064,568	29,277,803	2,213,235	8.2
Law	3,256,881	3,298,387	41,506	1.3
Legislature	0	0	0	N/A
Local Affairs	25,438,627	25,775,596	336,969	1.3
Military and Veterans Affairs	26,244	26,316	72	0.3
Natural Resources	36,791,001	39,152,463	2,361,462	6.4
Personnel and Administration	10,385,054	11,363,479	978,425	9.4
Public Health and Environment	32,135,179	31,339,780	(795,399)	(2.5)
Public Safety	10,374,569	10,522,542	147,973	1.4
Regulatory Agencies	51,095,062	52,267,144	1,172,082	2.3
Revenue	44,545,391	44,171,603	(373,788)	(0.8)
State	15,937,115	16,479,481	542,366	3.4
Transportation	64,501,672	54,570,492	(9,931,180)	(15.4)
Treasury	2,300,955	2,477,202	176,247	7.7
<b>LONG BILL</b>				
<b>OPERATING TOTAL</b>	<b>1,047,509,172</b>	<b>525,894,429</b>	<b>(521,614,743)</b>	<b>(49.8)</b>
Legislative Appropriation	90,000	90,000	0	0.0
JBC Budget Package Legislation	0	3,575,741	3,575,741	N/A
<b>TOTAL OPERATING</b>	<b>1,047,599,172</b>	<b>529,560,170</b>	<b>(518,039,002)</b>	<b>(49.5)</b>
Capital Construction	19,400,000	19,750,000	350,000	1.8
<b>GRAND TOTAL</b>	<b>1,066,999,172</b>	<b>549,310,170</b>	<b>(517,689,002)</b>	<b>(48.5)</b>

\* Includes supplemental appropriations.

## **EXPLANATION OF MAJOR CASH FUND DIFFERENCES**

Major changes in the recommended cash fund appropriations are summarized below. The narrative for each department provides further explanation of all changes in cash funds.

**Department of Agriculture** -- The recommendation accounts for the sunset of S.B. 03-297, which translates into a cash funds decrease of \$3.3 million.

**Department of Higher Education** -- The recommended decrease in cash funds is primarily attributable to the assumption that all schools will be designated as enterprises for TABOR purposes in FY 2005-06 pursuant to S.B. 04-189. Enterprise revenue is exempt from TABOR and so spending authority for enterprises is designated as cash funds exempt in the Long Bill.

**Department of Labor and Employment** -- The recommendation includes the following increases: (1) \$1.1 million to fund common policy items such as salary survey, and health, life, and dental insurance; (2) \$0.6 million in the Division of Employment and Training to reflect FTE changes in the employment and training programs and the unemployment and labor market programs; and (3) \$0.4 million in the Division of Worker's Compensation to reflect salary survey and performance-based pay awards in FY 2004-05, and an approved increase in rates for administrative law judge services.

**Department of Natural Resources** -- The recommendation includes the following increases: (1) \$0.9 million for Parks and Outdoor Recreation which refinanced General Fund expenditures; (2) \$0.6 million in the Oil and Gas Conservation Commission; (3) \$0.3 million for the Executive Director's Office to fund common policy increases such as salary survey and vehicles; and (4) \$0.3 million for the Colorado Water Conservation Board to fund additional water projects.

**Department of Regulatory Agencies** -- The recommended increase includes the following: (1) \$1.0 million for salary, benefits, and operating adjustments; (2) \$0.4 million for fund mix adjustments; and (3) \$0.3 million for indirect costs. Major decreases in the recommendation include: (1) \$323,000 for payments from the Real Estate Recovery Fund; (2) \$153,000 for Low Income Telephone Assistance; and (3) \$109,000 for barber and cosmetologist exams.

**Department of Transportation** -- The recommendation reflects the anticipated decreases of \$6.5 million in bond interest received (due to the end of TRANS bond issuances) and \$3.7 million in miscellaneous revenues (fines, permit fees, etc.).

<b>CASH FUNDS EXEMPT APPROPRIATION COMPARISON</b>				
<b>Department</b>	<b>FY 2004-05 Appropriation*</b>	<b>FY 2005-06 Appropriation</b>	<b>Difference</b>	<b>% Difference</b>
Agriculture	13,300,999	13,479,884	178,885	1.3
Corrections	52,376,594	51,669,033	(707,561)	(1.4)
Education	466,301,203	367,487,655	(98,813,548)	(21.2)
Governor	1,706,447	1,768,906	62,459	3.7
Health Care Policy and Financing	281,528,057	285,329,027	3,800,970	1.4
Higher Education	554,733,876	1,485,933,639	931,199,763	167.9
Human Services	634,479,099	662,331,630	27,852,531	4.4
Judicial	6,760,504	8,801,096	2,040,592	30.2
Labor and Employment	15,812,355	15,985,974	173,619	1.1
Law	23,810,560	24,187,056	376,496	1.6
Legislature	122,426	0	(122,426)	(100.0)
Local Affairs	99,285,237	100,171,381	886,144	0.9
Military and Veterans Affairs	2,444,462	2,475,177	30,715	1.3
Natural Resources	100,425,808	98,755,304	(1,670,504)	(1.7)
Personnel and Administration	143,894,333	140,899,790	(2,994,543)	(2.1)
Public Health and Environment	64,448,511	67,332,978	2,884,467	4.5
Public Safety	109,623,522	114,768,973	5,145,451	4.7
Regulatory Agencies	11,404,339	7,652,085	(3,752,254)	(32.9)
Revenue	388,617,298	380,663,417	(7,953,881)	(2.0)
State	9,433,366	15,203,349	5,769,983	61.2
Transportation	551,952,803	433,417,395	(118,535,408)	(21.5)
Treasury	261,627,000	279,615,432	17,988,432	6.9
<b>LONG BILL</b>				
<b>OPERATING TOTAL</b>	<b>3,794,088,799</b>	<b>4,557,929,181</b>	<b>763,840,382</b>	<b>20.1</b>
Legislative Appropriation	637,701	788,878	151,177	23.7
JBC Budget Package Legislation	0	9,229,100	9,229,100	N/A
<b>TOTAL OPERATING</b>	<b>3,794,726,500</b>	<b>4,567,947,159</b>	<b>773,220,659</b>	<b>20.4</b>
Capital Construction	280,315,613	222,282,718	(58,032,895)	(20.7)
<b>GRAND TOTAL</b>	<b>4,075,042,113</b>	<b>4,790,229,877</b>	<b>715,187,764</b>	<b>17.6</b>

\* Includes supplemental appropriations.

## **EXPLANATION OF MAJOR CASH FUNDS EXEMPT DIFFERENCES**

Major changes in the recommended cash funds exempt appropriations are summarized below. The narrative for each department provides further explanation of all changes in cash funds exempt.

**Department of Education** -- The recommendation includes a \$1.8 million increase (1.1 percent) in funding from the State Education Fund for categorical programs, as required by the State Constitution. The recommendation includes a \$93.2 million reduction in the appropriation from the State Education Fund for the state share of districts' total program funding to mitigate the impact of appropriations from the Fund in the last three fiscal years that have exceeded annual Fund revenues. The recommendation also includes a \$6.9 million reduction in the cash funds exempt appropriations from the State Public School Fund for the state share of districts' total program funding based on projected revenues to the Fund.

**Department of Higher Education** -- The large recommended increase in cash funds exempt is partially attributable to the anticipated change in enterprise status for the higher education institutions and partially attributable to showing transfers of General Fund from the College Opportunity Fund Program to the governing boards as required by S.B. 04-189. Transfers are shown as cash funds exempt with a (T) notation in the Long Bill to indicate that the revenue has already been counted once for TABOR purposes. The total amount of the transfer, or double-count, created by implementing S.B. 04-189 is \$496.9 million.

**Department of Human Services** -- The recommendation includes increases for the following: (1) \$12.9 million in funding that is allocated to county departments of social services for the administration and provision of child welfare services; (2) \$9.0 million for a provider rate increase and the addition of foster-care transition and comprehensive resources in the Community Services program for persons with developmental disabilities; and (3) \$4.0 million associated with revenue estimated from the anticipated growth in the patient census at the Veterans Nursing Home at Fitzsimons.

**Department of Revenue** -- The recommendation for the Motor Vehicle Division includes a cash funds exempt decrease of \$8.4 million resulting from the sunset of Senate Bill 03-267. This decrease is partially offset by increases to centrally-appropriated line items totaling approximately \$381,000.

**Department of Transportation** -- The recommended decrease in cash funds exempt is attributable to the elimination of the TRANs bond issuance informational line item. The anticipated \$125.0 million in FY 2004-05 TRANs bonds were actually issued in late

FY 2003-04 due to favorable market conditions. With those late FY 2003-04 bond issues, the program reached its statutory limitations on debt service amounts. Therefore, no new bond issuances are planned for FY 2005-06.

**Treasury Department** -- The recommended increase reflects: (1) a transfer of \$16.5 million from the Unclaimed Property Trust Fund to CoverColorado and (2) \$1.5 million in HUTF payments to counties and municipalities.



<b>FEDERAL FUNDS APPROPRIATION COMPARISON</b>				
<b>Department</b>	<b>FY 2004-05 Appropriation*</b>	<b>FY 2005-06 Appropriation</b>	<b>Difference</b>	<b>% Difference</b>
Agriculture	1,724,647	1,726,530	1,883	0.1
Corrections	4,379,080	4,502,658	123,578	2.8
Education	413,104,463	498,839,917	85,735,454	20.8
Governor	17,527,584	14,299,827	(3,227,757)	(18.4)
Health Care Policy and Financing	1,496,759,743	1,587,369,579	90,609,836	6.1
Higher Education	19,805,153	20,362,183	557,030	2.8
Human Services	519,183,111	532,206,276	13,023,165	2.5
Judicial	1,289,690	1,158,526	(131,164)	(10.2)
Labor and Employment	88,850,265	103,052,769	14,202,504	16.0
Law	825,298	849,420	24,122	2.9
Legislature	0	0	0	N/A
Local Affairs	48,400,111	85,300,829	36,900,718	76.2
Military and Veterans Affairs	122,210,754	124,832,959	2,622,205	2.1
Natural Resources	16,459,536	16,030,410	(429,126)	(2.6)
Personnel and Administration	71,531	121,000	49,469	69.2
Public Health and Environment	169,665,132	200,851,725	31,186,593	18.4
Public Safety	42,081,845	35,493,271	(6,588,574)	(15.7)
Regulatory Agencies	1,087,152	1,389,036	301,884	27.8
Revenue	1,806,849	1,674,459	(132,390)	(7.3)
State	31,897	0	(31,897)	(100.0)
Transportation	299,745,225	334,332,742	34,587,517	11.5
Treasury	0	0	0	N/A
<b>LONG BILL OPERATING TOTAL</b>	<b>3,265,009,066</b>	<b>3,564,394,116</b>	<b>299,385,050</b>	<b>9.2</b>
Capital Construction	36,183,117	8,979,866	(27,203,251)	(75.2)
<b>GRAND TOTAL</b>	<b>3,301,192,183</b>	<b>3,573,373,982</b>	<b>272,181,799</b>	<b>8.2</b>

\* Includes supplemental appropriations.

## **EXPLANATION OF MAJOR FEDERAL FUNDS DIFFERENCES**

Major changes in the anticipated federal funds reflected are summarized below. The narrative for each department provides further explanation of all changes in federal funds.

**Department of Education** -- The recommendation reflects an \$85.7 million net increase in federal funds anticipated to be available for various education-related programs, including significant increases for three programs: (1) Title 1 programs, which are generally intended to improve education for children at risk of school failure who live in low income communities; (2) meal reimbursements for the school lunch and school breakfast programs; and (3) the federal share of funding for special education for children with disabilities.

**Department of Health Care Policy and Financing** -- The recommended increase in federal funds includes the following: (1) \$90.2 million for caseload and cost-per-client changes for the Medicaid medical and mental health programs; (2) \$12.0 million for provider rate increases for the Medicaid medical and mental health programs; (3) \$7.9 million for changes in the Safety Net Provider Payment and Children's Basic Health Plan programs; (4) \$7.3 million for programs administered in the Department of Human Services that qualify for Medicaid funding; (5) \$1.6 million for outpatient substance abuse treatment programs for Medicaid clients; and (6) \$1.4 million for a 3.0 percent salary increase for state employees and other administrative cost changes. These increases are offset by a reduction of \$29.8 million in federal funds due to the implementation of the Medicare Modernization Act of 2003.

**Department of Human Services** -- Federal funds changes include a one-time \$9.3 million increase to the County Block Grant in the Colorado Works program and \$3.4 million in funding that is allocated to county departments of social services for the administration and provision of child welfare services.

**Department of Labor and Employment** -- The recommendation reflects a \$14.4 million increase for the Workforce Investment Act, including \$12 million for a one-time allocation for federal funds for dislocated workers. This increase is partially offset by a \$0.2 million decrease in federal funds for common policy items in the Executive Director's Office.

**Department of Local Affairs** -- The recommended increase is primarily attributable to showing the homeland security program grants in the Long Bill for informational purposes. Colorado's FY 2005-06 allocation from these grants is \$36.8 million.

**Department of Public Health and Environment** -- Because actual federal funding levels in several line items have exceeded the levels reflected in the Long Bill the recommendation provides more accurate information about anticipated levels of federal funding. Programs with large increases in projected funding include: (1) \$13.4 million for immunization; (2) \$13.2 million for the Women, Infants and Children (WIC) supplemental food grant; (3) \$1.6 million for the Ryan White HIV/AIDS drug program; and (4) \$1.1 million for water quality control.

**Department of Public Safety** -- The recommendation reflects a reduction of \$6.2 million based on the anticipated level of federal funds to be received by the Division of Criminal Justice in FY 2005-06. It also includes a reduction of \$0.4 million in federal funds associated with the transfer of the administration responsibilities and lower indirect cost recoveries for federal Homeland Security grants received by the state, to the Department of Local Affairs as of July, 2004, from the Office of Anti-terrorism Planning and Training.

**Department of Transportation** -- This recommendation represents the Department's estimated apportionment increase in federal funds from the Federal Highway Administration federal transportation program.

<b>FTE APPROPRIATION COMPARISON</b>				
<b>Department</b>	<b>FY 2004-05 Appropriation*</b>	<b>FY 2005-06 Appropriation</b>	<b>Difference</b>	<b>% Difference</b>
Agriculture	278.2	275.2	(3.0)	(1.1)
Corrections	5,880.5	5,901.8	21.3	0.4
Education	435.7	444.4	8.7	2.0
Governor	106.9	106.9	0.0	0.0
Health Care Policy and Financing	202.5	206.1	3.6	1.8
Higher Education	18,281.3	18,080.7	(200.6)	(1.1)
Human Services	5,186.3	5,197.3	11.0	0.2
Judicial	3,260.9	3,365.0	104.1	3.2
Labor and Employment	1,119.8	1,102.0	(17.8)	(1.6)
Law	337.3	338.7	1.4	0.4
Legislature	273.2	273.6	0.4	0.1
Local Affairs	175.1	180.1	5.0	2.9
Military and Veterans Affairs	1,184.8	1,184.8	0.0	0.0
Natural Resources	1,537.2	1,545.9	8.7	0.6
Personnel and Administration	571.8	542.3	(29.5)	(5.2)
Public Health and Environment	1,115.5	1,130.3	14.8	1.3
Public Safety	1,265.7	1,256.4	(9.3)	(0.7)
Regulatory Agencies	520.1	522.2	2.1	0.4
Revenue	1,444.6	1,430.2	(14.4)	(1.0)
State	128.3	128.7	0.4	0.3
Transportation	3,301.2	3,307.2	6.0	0.2
Treasury	25.5	25.5	0.0	0.0
<b>LONG BILL</b>				
<b>OPERATING TOTAL</b>	<b>46,632.4</b>	<b>46,545.3</b>	<b>(87.1)</b>	<b>(0.2)</b>

\* Includes supplemental appropriations.

## **EXPLANATION OF MAJOR FTE DIFFERENCES**

Major changes in the recommended FTE appropriations are summarized below. The narrative for each department provides further explanation of all changes in FTE.

**Department of Corrections** – The recommended increase in FTE includes the following changes: (1) 12.7 FTE for additional parole officers; (2) 5.3 FTE for additional community corrections officers; (3) 5.0 FTE for investigators to work in private prisons; (4) 2.0 FTE for the private prison monitoring unit. The recommendation includes a base reduction of 3.7 administrative FTE in the Recreation Subprogram.

**Department of Higher Education** -- The FTE for the higher education institutions are included in the Long Bill for informational purposes only. Pursuant to statute, each governing board retains control over the number of employees hired. Projections submitted by the schools of employment in the current year are used as the best indicator of employment levels in FY 2005-06.

**Judicial Department** -- The Judicial Branch's recommended increase is comprised of: (1) 60.8 FTE for probation officers and probation; (2) 6.0 FTE for district court judges and 24.0 court support staff FTE; (3) 9.0 FTE for the Public Defender's Office due to caseload increases; (4) 3.0 FTE for audit staff; (5) 1.0 FTE to eliminate the need for contract administrative services for the Office of the Alternate Defense Counsel, and a 1.0 FTE technical correction; (6) 1.0 FTE to coordinate and facilitate probation transfers under the requirements of the Interstate Compact for the Supervision of Parolees and Probationers. The recommendation also includes a reduction of 1.8 FTE due to the refinancing of the Office of Dispute Resolution.

**Department of Labor and Employment** -- The recommendation reflects reductions of 12.1 FTE in the Division of Employment and Training, 4.2 FTE in the Executive Director's Office, and 1.5 FTE in the Division of Labor.

**Department of Personnel and Administration** -- The principal reason for the recommended decrease in FTE appropriated in the Long Bill is due to accounting changes. For FY 2005-06, the recommendation reduces the appropriation by 30.5 FTE to more accurately reflect staffing needs in the Department. 1.0 FTE has been added to the appropriation pursuant to S.B. 04-257.

**HIGHWAY USERS TAX FUND  
APPROPRIATION COMPARISON**

The following table shows recommendations for FY 2005-06 "Off-the-Top" appropriations from the Highway Users Tax Fund (HUTF), which are limited to an annual growth rate of six percent. These moneys are referred to as "Off-the-Top" because they are removed from available HUTF revenue before the statutory formula allocation is made to cities, counties, and the Department of Transportation. Pursuant to the various provisions of Section 43-4-201, C.R.S., "Off-the-Top" appropriations are limited to: the Colorado State Patrol in the Department of Public Safety; the Department of Revenue for the Ports of Entry program; and related capital projects. Through FY 2004-05, these moneys have also been used to offset General Fund expenditures in the Motor Vehicle Division of the Department of Revenue. Under current law, effective July 1, 2005, "Off-the-Top" appropriations can no longer be used for this purpose.

<b>HUTF "Off-the-Top" Appropriation Comparison</b>				
<b>Department</b>	<b>FY 2004-05 Appropriation</b>	<b>FY 2005-06 Recommendation</b>	<b>Change</b>	<b>Percent Change</b>
Public Safety, State Patrol	\$73,071,846	\$77,048,012	\$3,976,166	5.4%
Revenue - Ports of Entry	8,134,742	8,447,339	312,597	3.8%
Revenue - Motor Vehicle Division	8,631,321	189,458	(8,441,863)	-97.8%
Capital Construction Projects	0	595,000	595,000	n/a
<b>Total</b>	<b>\$89,837,909</b>	<b>\$86,279,809</b>	<b>(\$3,558,100)</b>	<b>-4.0%</b>
Allowable 6% Limit	\$89,837,909	\$86,279,809		
<b>Amount Over/(Under) 6% limit</b>	<b>\$0</b>	<b>\$0</b>		

The recommended increase for the Department of Public Safety includes the following major increases: (1) \$2.3 million for salary survey awards, including an extra \$848,000 for additional salary survey awards for troopers per statute; (2) \$309,000 increase for overtime payments for troopers; and (3) \$178,000 for overtime and 2.0 new FTE communications officers (dispatchers) for the patrol's communications services. The remainder of the increase is for (1) health, life, and dental insurance; (2) PERA amortization equalization disbursements; and (3) other miscellaneous centrally appropriated amounts.

The recommendation for the Department of Revenue is primarily comprised of a decrease of \$8.4 million related to the sunset of the refinancing mechanism permitted by S.B. 03-267 in FY 2003-04 and FY 2004-05. This is partially offset by two capital construction projects for the ports of entry totaling \$595,000, as well as \$313,000 related to adjustments for other centrally-appropriated line items in the Executive Director's Office.

## GENERAL POLICIES

The recommendations for many line items are determined by general policies applied consistently to State agencies. A brief explanation for each of these line items and policies is provided below.

### Administrative Law Judge Services

Funds for Administrative Law Judge (ALJ) services are included for the eleven departments that use such services. The recommended billing is calculated by applying each department's percentage of actual ALJ use in FY 2003-04 to Administrative Hearings' overhead (personal services, centrally appropriated items such as salary survey and short-term disability insurance, operating expenses, and indirect costs). In FY 2005-06, spending authority for Administrative Hearings totals approximately \$3.9 million.

### ADP Capital Outlay and Information Technology Asset Maintenance

These line items fund the replacement or addition of automated data processing equipment. Automated Data Processing (ADP) Capital Outlay is the common title for one-time, incidental information technology appropriations. The Information Technology Asset Maintenance line item is used by departments to fund network maintenance, hardware and software maintenance contracts, and anti-virus software. Requests for these items are reviewed by the Commission on Information Management (IMC).

### Capitol Complex Leased Space

This line item is for departments occupying space in the Capitol Complex, the North Campus facility, the Pierce Street Building, the Grand Junction State Office Building, and Camp George West, which is located in Golden. This line item appears in each department's executive director's office. The recommended funding level is based on a rate of \$10.68 per square foot for the Capitol Complex, \$3.75 per square foot for the North Campus, \$5.36 per square foot for the Pierce Street Building, \$6.21 per square foot for the Grand Junction State Office Building, and \$1.03 per square foot for Camp George West. Tenants of Camp George West are also appropriated funds in the Capitol Complex Leased Space line item for utility payments that are not included in that campus's square footage rate. The recommended funds may not be used for leased space outside of these facilities, which are administered by the Department of Personnel and Administration, Division of Central Services. A matching amount of transfer spending authority, \$9.4 million for FY 2005-06, is appropriated to the Department of Personnel and Administration to pay all costs associated with maintenance and upkeep for 755,441 square feet of space in the Capital Complex, 42,871 square feet of space in the North Campus, 116,448 square feet for the Pierce Street Building, 34,499 square feet in the Grand Junction State Office Building, and 285,755 square feet at Camp George West.

### Communications Services Payments

This line item appears in each department's executive director's office, with some exceptions, and represents each department's share of the overhead related to the state's public safety communications infrastructure. For FY 2005-06, billings are sufficient to fund personal services, operating expenses, and indirect costs for the Communications Services program in the Division of Information Technology. This amounts to recoverable costs of \$4.0 million.

### Community Provider Rates

The recommendation includes a 2.0 percent community provider rate increase applied to selected programs in the Departments of Human Services, Health Care Policy and Financing, Corrections, and Public Safety. In general, community provider rate increases apply to programs and services which, if not provided by contracted provider organizations or county staff, would need to be provided by state staff. Detail on programs affected is reflected by division in the Long Bill Narrative tables.

### Health, Life, and Dental

This line item appears in each department's executive director's office. For FY 2005-06, the total statewide cost of health, life, and dental benefits for all employees (except higher education faculty and administration) is expected to be approximately \$62.3 million, including approximately \$38.2 million from the General Fund. For FY 2005-06, the state contribution rate for employee benefits is \$209.78 per month for a single employee, \$346.79 per month for an employee and one or more children, \$357.02 per month for an employee and spouse, and \$488.07 per month for an employee and family. State employees make payroll contributions to pay for the difference between the state contribution level and the premiums for the plans and coverages selected during the open enrollment period each year. Approximately 16,000 employees participate in the state's medical insurance plans, not including institutions of higher education.

### Indirect Costs

Indirect costs are the overhead costs associated with the operation of general government functions and departmental administrative duties. Indirect cost recoveries are intended to offset these overhead costs from cash- and federally-funded sources that otherwise would have been supported by the General Fund. Recoveries from cash and federally-funded programs are calculated for statewide and departmental overhead costs. Statewide indirect cost recoveries are designed to offset costs of operating general government functions that support the activities of all departments but for which no fee is charged. These costs are calculated by the State Controller's Office and approved by the Joint Budget Committee.

Departmental indirect cost recoveries are specific to the general administrative functions of each department, typically located in the executive director's office. These costs are calculated and assessed based upon an allocation methodology adopted by the Joint Budget Committee. Generally, indirect cost recoveries are appropriated as cash funds exempt in an executive director's office, where



they offset General Fund, and are appropriated as cash funds, cash funds exempt, or federal funds at the division in which they are earned. In FY 2005-06, the statewide indirect cost recovery plan is estimated to recover \$1.1 million less than was recovered in FY 2004-05 from cash and federally-funded sources. Due to changes in the allocation of costs, certain departments may have an increase in indirect costs assessed against them.

#### Lease Purchase

The recommendation is for a continuation of existing lease purchase agreements, except for the Lease Purchase for Academic Facilities at Fitzsomons. This appropriation will increase by \$7.1 million (the source is tobacco funds; the appropriation is located in the Capital Construction section of the Long Bill). Requests for additional lease purchase funds are examined on an individual basis and funded where appropriate. No funds may be expended for lease purchase except those specifically appropriated for that purpose.

#### Leased Space

This line item appears in each department's executive director's office, with some exceptions. The intent is to ensure that each executive director reviews and manages a department's use of leased space. No funds may be expended for leased space unless appropriated for that purpose.

#### Legal Services

This line item appears in each department's executive director's office, with some exceptions. Funding is recommended so each department can purchase necessary legal services from the Department of Law. For FY 2005-06, agencies will pay a blended rate of \$64.45 per hour, which provides for the purchase of services from both attorneys and paralegals. The appropriation to the Department of Law is sufficient to fund personal services and associated expenses, operating expenses, litigation expenses, and indirect costs for a projected 303,913 hours of statewide legal services; totaling \$19.3 million in FY 2005-06.

#### Multiuse Network Payments

This line item appears in each department's executive director's office, with a few exceptions. The multiuse network aggregates the State's telecommunications infrastructure onto one medium of transport. The network carries the State's voice, video, text, and graphics communications needs, and it also serves as the internet service provider for the State. Additionally, local governments and other governmental agencies can access the network through the State, rather than through its private sector partner, which is a consortium of several telecommunications providers. Costs for the multiuse network include Department of Personnel and Administration overhead, Internet access, and contractual obligations that provide the state with a reserved amount of bandwidth at each network access point. In FY 2005-06, billings are recommended to recover \$8.1 million from other state agencies.

### Operating Expenses

For FY 2005-06, the recommended amounts for operating expenses are funded at continuation levels, with the exception of base reductions which may have occurred. The Joint Budget Committee recommends inflationary increases for operating expenses related to food, medical, and laboratory services in departments in which these costs are not incidental. Inflation rates are 2.9 percent and 2.5 for food and medical costs, respectively. The following five departments are generally affected by inflation: Corrections, Education, Human Services, Public Health and Environment, and Public Safety.

### Payment to Risk Management and Property Funds

This line item appears in each department's executive director's office. The recommendation represents each department's share of the statewide cost of property and liability insurance coverage, based on a three-year average loss history as verified by an independent actuarial firm. A matching amount of spending authority is provided to the Department of Personnel and Administration to pay administration, legal, and claims costs for the state's liability self-insurance and to pay premiums and the aggregate deductible of \$500,000 for the state's property insurance policies of \$500.0 million in total coverage. In FY 2005-06, the risk management and property program will cost \$17.8 million.

### Personal Services

In FY 2005-06, the Joint Budget Committee adopted a common policy for calculating personal services costs which decreased all line items by 0.2 percent of the previous year's base. In previous years, the Joint Budget Committee applied a base reduction to personal services line items of between 0.2 and 2.5 percent to account for vacancies and turnovers. This policy saves approximately \$1.4 million General Fund in FY 2005-06.

### Public Employees' Retirement Association (PERA)

Each personal services and salary survey recommendation includes the designated state retirement contribution to PERA for all eligible employees. Pursuant to Section 24-51-408.5 (6) (a), C.R.S., the contribution rate is adjusted based on any over- or under-funding of the PERA trust funds that may exist. For FY 2005-06, the contribution rate will be 10.15 percent of base salaries for most state employees. However, the rates for state troopers and judges are 12.85 percent and 13.66 percent of base salary, respectively. In general, state employees also contribute 8.0 percent of base salary to this defined benefit plan.

### Purchase of Services from Computer Center

Funds for the General Government Computer Center (GGCC) services are included for all departments that use such services. The recommended billing is calculated by applying each department's percentage of actual GGCC use in FY 2003-04 to Computer Services' overhead (personal services, centrally appropriated items such as salary survey and short-term disability insurance, operating expenses, and indirect costs). In FY 2005-06, spending authority for Administrative Hearings totals approximately \$11.7 million.

### S.B. 04-257 Amortization Equalization Disbursement

Pursuant to S.B. 04-257, the State must contribute additional funds to assist in the amortization of the Public Employees' Retirement Association's (PERA) unfunded liability. The current amortization period is infinite. Beginning on January 1, 2006, the State will provide an additional 0.5 percent of base salaries to the PERA trust fund. This line item is created to provide the additional funds.

### Salary Survey and Senior Executive Service

These line items appear in each department's executive director's office, with the exception of the Department of Transportation, Administration Division. Recommended Long Bill funding for salary survey adjustments is based on the "2005 Total Compensation Survey" published on August 1, 2004, and submitted by the State Personnel Director pursuant to Section 24-50-104 (4) (c), C.R.S., and updated on January 17, 2005. This survey uses 17 third-party surveys to measure wages for the ten occupational groups in the State's classified personnel system. These increases are effective on July 1, 2005. The survey recommended wage increases for all ten occupational groups. The recommended salary survey increase ranges from 1.5 percent to 5.2 percent, with an average salary survey increase of 2.15 percent. These percentages will be applied to salary ranges of the various occupational groups; however, they will not be applied to the actual salary of an employee. Rather, employees will be eligible for a 3.0 percent salary increase if they score a 2, 3, or 4 on their performance evaluations. Additionally, any salaries of individuals falling below the adjusted minimum will receive enough of an increase to reach that minimum.

The total cost of salary survey increases for all classified and exempt state employees, excluding those in the Department of Higher Education, is approximately \$37.0 million, including approximately \$21.8 million from the General Fund.

### Shift Differential

This line item appears in each applicable department's executive director's office. Shift differential payments provide higher wages for evening, night, and weekend shifts. In FY 2005-06, shift differential payments for all state employees total approximately \$8.1 million, including approximately \$6.4 million from the General Fund.

### Short-term Disability

This line item appears in each department's executive director's office and cannot be expended for any other purpose. All state employees are eligible for employer-paid short-term disability insurance. The recommended amounts are based on a factor of 0.147 percent of each employee's base salary.

### Utilities

In general, departments pay for utility costs from either the base operating expenses appropriation or a separate utilities line item, which typically supports the cost of maintaining a state-owned facility. The recommendation for FY 2005-06 is dependant on specific circumstances regarding utilities in each department.

### Vehicle Lease Payments

This line item appears in each department's executive director's office. Motor vehicles can only be purchased through the Fleet Management Program in the Department of Personnel and Administration pursuant to Section 24-30-1117, C.R.S. The recommendation is based on the amount necessary for each department to make vehicle lease payments to the Fleet Management Program, which charges lease rates that vary by vehicle model and type. The lease payments are sufficient to recover the annual costs of program administration and the lease purchase installment payments for replacement and additional vehicles, which are financed by a private company. For FY 2004-05, the Joint Budget Committee approved the replacement of approximately 800 vehicles and the acquisition of 29 additional vehicles statewide. Statewide vehicle variable costs (including fuel, maintenance, and insurance) are estimated to be \$14.5 million in FY 2005-06, for 4,592 vehicles, at an average cost of \$3,161 per vehicle.

### Workers' Compensation

This line item appears in each department's executive director's office. The recommendation represents each department's share of the statewide cost of workers' compensation coverage, based on a three-year average loss history as verified by an independent actuarial firm. This self-insured program is administered by Pinnacle Assurance (formerly Colorado Compensation Insurance Authority) and covers employees in all departments (except the University of Colorado and the Colorado State University, which operate separate, self-insured programs). A matching amount of spending authority is provided to the Department of Personnel and Administration to pay administration, legal, and claims costs. In FY 2005-06, this coverage will cost \$31.4 million. Note that these figures include the institutions of the Department of Higher Education that have not exempted themselves from this program under the provisions of H.B. 04-1009.

## Department of Agriculture

**Department Description:** The Department of Agriculture regulates, promotes and supports various agriculture activities throughout Colorado. Department personnel perform a wide range of services including policy analysis, regulation of the State's agricultural industries, and management of the Colorado State Fair. The Department is comprised of the Commissioner's Office and Administrative Services, the Agricultural Services Division, the Agricultural Markets Division, Brand Board, Special Purpose, the Colorado State Fair, and the Conservation Board.

Summary Table for Department of Agriculture						
	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
<b>FY 2004-05 Appropriation</b>	\$29,678,109	\$4,192,206	\$10,460,257	\$13,300,999	\$1,724,647	278.2
<i>Recommended Changes from FY 2004-05 by Long Bill Division</i>						
Commissioner's Office and Administrative Services	258,887	774,018	(445,629)	(64,874)	(4,628)	0.0
Agricultural Services Division	(12,415)	2,931,811	(2,950,737)	0	6,511	0.0
Agricultural Markets Division	14,765	14,765	0	0	0	0.0
Brand Board	226,772	0	2,433	224,339	0	0.0
Special Purpose	3,124	0	3,124	0	0	0.0
Colorado State Fair	19,420	0	0	19,420	0	0.0
Conservation Board	(102,524)	7,755	(110,279)	0	0	(3.0)
<b>Total FY 2005-06 Long Bill Recommendation</b>	\$30,086,138	\$7,920,555	\$6,959,169	\$13,479,884	\$1,726,530	275.2
<i>JBC Budget Package Legislation</i>						
S.B. 05-176	280,725	(3,575,741)	3,575,741	280,725	0	0.0
<b>Total FY 2005-06 JBC Recommendation</b>	\$30,366,863	\$4,344,814	\$10,534,910	\$13,760,609	\$1,726,530	275.2
\$ Change from prior year	\$688,754	\$152,608	\$74,653	\$459,610	\$1,883	(3.0)
% Change from prior year	2.3%	3.6%	0.7%	3.5%	0.1%	(1.1)%

### Recommendation Highlights:

1. The sunset of S.B. 03-297 will have a significant fiscal impact on the sources of funding for both the Commissioner's Office and the Agricultural Services Division in FY 2005-06, which translates into an increase of \$3.4 million General Fund, as well as decreases of \$3.4 million cash funds and \$280,207 cash funds exempt, respectively.
2. The total FY 2005-06 Long Bill recommendation for the Department includes salary survey of \$187,148 and performance-based pay of \$121,289 distributed in FY 2004-05 across all funding sources.
3. The Brand Board recommendation includes \$148,152 cash funds exempt to replace 13 vehicles.

4. The recommendation includes eliminating \$129,165 cash funds for the Irrigation/Conservation Program in the Conservation Board. These functions are paid from fees collected in the Yuma and Washington conservation districts and count against the State's TABOR limit. This program can be managed at the local level.
5. Funding for the Brand Board and the Colorado State Fair are designated as cash funds exempt since both will qualify as enterprises in FY 2005-06.

**JBC Budget Package Legislation Summary:**

**S.B. 05-176:** This legislation extends the current fee structure for programs administered by Inspection and Consumer Services, which have been completely cash funded since FY 2003-04. The amounts reflected in the table on the preceding page show funding changes based on current law. The cash funds exempt amount represents an estimate of indirect cost recoveries that will offset General Fund personal services expenditures in the Commissioner's Office.

**Budget Recommendation Detail by Long Bill Division**

**Commissioner's Office and Administrative Services:** The Commissioner's Office, in conjunction with the Colorado Agricultural Commission, is responsible for the development and implementation of agricultural policies throughout the state. The Administrative Services section provides administrative and technical support for various programs within the Department, such as accounting, budgeting, human resources, and computer programming.

<b>Commissioner's Office &amp; Administrative Services</b>	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Cash Fund Exempt</b>	<b>Federal Funds</b>	<b>FTE</b>
<b>FY 2004-05 Appropriation</b>	\$4,734,466	\$956,623	\$1,604,856	\$1,355,606	\$817,381	26.7
<i>Recommended Changes from FY 2004-05 Appropriation</i>						
Health, Life, and Dental	112,830	30,518	50,695	41,347	(9,730)	0.0
Other 'POTS' adjustments	108,986	256,295	(283,084)	129,675	6,100	0.0
Salary and benefits adjustments	40,959	40,959	0	0	0	0.0
Sunset of S.B. 03-297	0	483,822	(203,615)	(280,207)	0	0.0
Other changes	(3,888)	(37,576)	(9,625)	44,311	(998)	0.0
<b>Total FY 2005-06 JBC Recommendation</b>	\$4,993,353	\$1,730,641	\$1,159,227	\$1,290,732	\$812,753	26.7
\$ Change from prior year	\$258,887	\$774,018	(\$445,629)	(\$64,874)	(\$4,628)	0.0
% Change from prior year	5.5%	80.9%	(27.8)%	(4.8)%	(0.6)%	0.0%

**Issue Descriptions**

**Health, Life, and Dental:** These amounts reflect the JBC common policy recommendation to increase contributions between 6.2 percent and 9.6 percent depending on the tier of elected coverage.

**Other 'POTS' adjustments:** These amounts summarize changes to other centrally-appropriated line items ('POTS') through common policies approved by the JBC. Such line items include the following: short-term disability, amortization equalization disbursement for S.B. 04-257, workers' compensation, purchase of services from the computer center, payments to risk management and property funds, and vehicle lease payments.

**Salary and benefits adjustments:** These amounts reflect salary survey of \$24,421 and performance-based pay of \$16,538 distributed in FY 2004-05.

**Sunset of S.B. 03-297:** These amounts show funding changes pursuant to the sunset of S.B. 03-297 at the end of FY 2004-05. General Fund includes the refinance of centrally-appropriated line items from cash funds, as well as the elimination of indirect cost recoveries to offset personal services expenditures.

**Other changes:** These include a net decrease of \$2,890 cash funds exempt to the Department's indirect cost recovery plan for FY 2005-06, which fluctuates according to various cash sources that can be charged for departmental overhead. This indirect cost recovery adjustment also includes a decrease of \$998 from federal sources.

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**Agricultural Services Division:** This division administers the bulk of the Department's major programs and various statutory responsibilities. Pursuant to S.B. 03-297, the major source of funding for this division is now cash funds (75.3 percent) rather than General Fund (20.5 percent). These moneys are primarily generated from fees collected for services provided by the Division. Under current law, this fee structure expires at the end of FY 2004-05.

#### *Inspection and Consumer Services*

There are several programs within this section. The Fruit and Vegetable Inspection Program determines the grade, size, and quality of more than 2 billion pounds of fruits and vegetables each year. The Consumer and Producer Protection Program includes: the Farm Products Section, which assures a stable agricultural products distribution system; the Laboratory Services Section, which provides detailed analysis of agricultural products and related issues; and the Measurement Standards Section, which tests and inspects all commercial measuring devices within the State.

#### *Animal Industry*

The Animal Health Program helps protect the economic viability of livestock producers and oversees several aspects of statewide animal welfare issues. These objectives are accomplished through the Veterinary and Animal Health Lab Section, the Rodent and Predatory Animal Control Section, the Bureau of Animal Protection, and the Pet Care Facilities Program.

#### *Plant Industry*

This section manages statewide pest control programs, registers pesticides and related applicators, and inspects plant products intended for domestic and overseas export or import to ensure they are free from pests and disease. Despite the elimination of General Fund dollars for the noxious weed management grant program in FY 2002-03, the State Weed Coordinator still assists local and regional efforts to manage and control noxious weeds. This section also maintains the State's Insectary, which rears and releases beneficial insects to help control insect and weed pests.

<b>Agricultural Services Division</b>	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Cash Fund Exempt</b>	<b>Federal Funds</b>	<b>FTE</b>
<b>FY 2004-05 Appropriation</b>	\$10,647,250	\$2,183,149	\$8,016,835	\$40,000	\$407,266	145.6
<b>Recommended Changes from FY 2004-05 Appropriation</b>						
Salary and benefits adjustments	243,712	57,918	181,311	0	4,483	0.0
Indirect Cost Assessment adjustment	41,952	0	39,266	0	2,686	0.0
Sunset of S.B. 03-297	(280,207)	2,878,071	(3,158,278)	0	0	0.0
JBC Personal Services reduction	(17,872)	(4,178)	(13,036)	0	(658)	0.0
<b>Total FY 2005-06 JBC Recommendation</b>	\$10,634,835	\$5,114,960	\$5,066,098	\$40,000	\$413,777	145.6
\$ Change from prior year	(\$12,415)	\$2,931,811	(\$2,950,737)	\$0	\$6,511	0.0
% Change from prior year	(0.1)%	134.3%	(36.8)%	0.0%	1.6%	0.0%

### Issue Descriptions

**Salary and benefits adjustments:** These amounts reflect salary survey of \$147,501 and performance-based pay of \$96,211 distributed in FY 2004-05.

**Indirect Cost Assessment adjustment:** Where applicable, these recoveries offset General Fund expenses in the Commissioner's Office.

**Sunset of S.B. 03-297:** Unless the statutory responsibilities of the Inspection and Consumer Services program are repealed, the sunset of this legislation at the end of FY 2004-05 means that related personal services and operating expenses refinanced through the increased fees of this legislation must be back-filled with General Fund. The higher cash funds decrease represents reduced indirect cost recoveries to offset personal services expenditures in the Commissioner's Office.

**JBC Personal Services reduction:** This amount represents a common policy approved by the Joint Budget Committee to reduce the personal services base appropriation for all programs by 0.2 percent.

**Agricultural Markets Division:** This division provides marketing assistance and related support to Colorado agricultural-based businesses competing in local, national, and international arenas. The Agricultural Markets Division also coordinates various market orders, promotes Colorado agricultural products, and works to assist start-up or expanding food processing companies within the state.

<b>Agricultural Markets Division</b>	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Cash Fund Exempt</b>	<b>Federal Funds</b>	<b>FTE</b>
<b>FY 2004-05 Appropriation</b>	\$583,174	\$388,000	\$75,337	\$119,837	\$0	5.2
<b>Recommended Changes from FY 2004-05 Appropriation</b>						
Salary and benefits adjustments	15,513	15,513	0	0	0	0.0
JBC Personal Services reduction	(748)	(748)	0	0	0	0.0



Agricultural Markets Division	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
<b>Total FY 2005-06</b>						
<b>JBC Recommendation</b>	\$597,939	\$402,765	\$75,337	\$119,837	\$0	5.2
\$ Change from prior year	\$14,765	\$14,765	\$0	\$0	\$0	0.0
% Change from prior year	2.5%	3.8%	0.0%	0.0%	n/a	0.0%

### Issue Descriptions

**Salary and benefits adjustments:** These amounts reflect salary survey of \$10,933 and performance-based pay of \$4,580 distributed in FY 2004-05.

**JBC Personal Services reduction:** This amount represents a common policy approved by the Joint Budget Committee to reduce the personal services base appropriation for all programs by 0.2 percent.

**Brand Board:** The Brand Board serves the livestock industry and assists the public with problems related to livestock management. This division also administers and records livestock brands. The Board also inspects cattle, horse, and alternative livestock brands (such as deer and elk) to verify ownership at the time of sale, transport, or slaughter. The source of funding is fees for service.

Brand Board	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
FY 2004-05 Appropriation	\$3,781,302	\$0	\$109,574	\$3,671,728	\$0	66.3
<b>Recommended Changes from FY 2004-05 Appropriation</b>						
Replacement of vehicles	148,152	0	0	148,152	0	0.0
Salary and benefits adjustments	92,446	0	0	92,446	0	0.0
Indirect Cost Assessment adjustment	(7,192)	0	2,433	(9,625)	0	0.0
JBC Personal Services reduction	(6,634)	0	0	(6,634)	0	0.0
<b>Total FY 2005-06</b>						
<b>JBC Recommendation</b>	\$4,008,074	\$0	\$112,007	\$3,896,067	\$0	66.3
\$ Change from prior year	\$226,772	\$0	\$2,433	\$224,339	\$0	0.0
% Change from prior year	6.0%	n/a	2.2%	6.1%	n/a	0.0%

### Issue Descriptions

**Replacement of vehicles:** The Brand Board is exempt from mandatory participation in the statewide fleet because it has demonstrated an ability to manage vehicle acquisitions at a lower cost. This recommendation represents the replacement of 13 vehicles at an estimated cost of approximately \$11,396 per vehicle.

**Salary and benefits adjustments:** These amounts reflect salary survey of \$59,584 and performance-based pay of \$32,862 distributed in FY 2004-05.

**Indirect Cost Assessment adjustment:** Where applicable, these recoveries offset General Fund expenses in the Commissioner's Office. Adjustments to this calculation vary according to the FTE in both individual programs and the Department as a whole.

**JBC Personal Services reduction:** This amount represents a common policy approved by the Joint Budget Committee to reduce the personal services base appropriation for all programs by 0.2 percent.

**Special Purpose:** This Long Bill section is comprised of the Wine Promotion Board, which promotes wines produced in Colorado; the Vaccine and Service Fund, which provides for the vaccination of calves against brucellosis; and the Brand Estray Fund, which funds the maintenance and sale or return of stray livestock. Cash funds are from the Colorado Wine Industry Development Fund, the Brand Estray Fund, and the Veterinary Vaccine and Service Fund. The source of cash funds exempt is reserves from the Brand Estray Fund.

Special Purpose	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
<b>FY 2004-05 Appropriation</b>	\$578,026	\$0	\$543,376	\$34,650	\$0	1.0
<i>Recommended Changes from FY 2004-05 Appropriation</i>						
Salary and benefits adjustments	2,355	0	2,355	0	0	0.0
Indirect Cost Assessment adjustment	769	0	769	0	0	0.0
<b>Total FY 2005-06 JBC Recommendation</b>	\$581,150	\$0	\$546,500	\$34,650	\$0	1.0
\$ Change from prior year	\$3,124	\$0	\$3,124	\$0	\$0	0.0
% Change from prior year	0.5%	n/a	0.6%	0.0%	n/a	0.0%

**Issue Descriptions**

**Salary and benefits adjustments:** These amounts reflect salary survey of \$1,500 and performance-based pay of \$855 distributed in FY 2004-05.

**Indirect Cost Assessment adjustment:** Where applicable, these recoveries offset General Fund expenses in the Commissioner's Office. Adjustments to this calculation vary according to the FTE in both individual programs and the Department as a whole. This also includes a common policy approved by the Joint Budget Committee to reduce the personal services base appropriation for all programs by 0.2 percent.

**Colorado State Fair:** This program includes personal services and operating expenses associated with the Colorado State Fair, which is administered by the State Fair Authority. In both FY 2004-05 and FY 2005-06, the State Fair will qualify for enterprise status under the provisions of Article X, Section 20 of the Colorado Constitution. The source of funding is fees collected by the Colorado State Fair during its 16-day run each August and from non-fair events held at the fairgrounds throughout the remainder of the year.

Colorado State Fair	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
<b>FY 2004-05 Appropriation</b>	\$8,079,178	\$0	\$0	\$8,079,178	\$0	26.9
<i>Recommended Changes from FY 2004-05 Appropriation</i>						
Salary and benefits adjustments	28,238	0	0	28,238	0	0.0
JBC Personal Services reduction	(8,317)	0	0	(8,317)	0	0.0
Elimination of special bills	(501)	0	0	(501)	0	0.0
<b>Total FY 2005-06 JBC Recommendation</b>	\$8,098,598	\$0	\$0	\$8,098,598	\$0	26.9
\$ Change from prior year	\$19,420	\$0	\$0	\$19,420	\$0	0.0
% Change from prior year	0.2%	n/a	n/a	0.2%	n/a	0.0%

### Issue Descriptions

**Salary and benefits adjustments:** These amounts reflect salary survey of \$19,955 and performance-based pay of \$8,283 distributed in FY 2004-05.

**JBC Personal Services reduction:** This amount represents a common policy approved by the Joint Budget Committee to reduce the personal services base appropriation for all programs by 0.2 percent.

**Conservation Board:** The Conservation Board is responsible for providing administrative and fiscal oversight to Colorado's 77 conservation districts. The Board also coordinates various federal programs related to natural resource issues, provides guidance on stream bank erosion, and assists farmers and ranchers in implementing a variety of water and energy practices.

Conservation Board	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
<b>FY 2004-05 Appropriation</b>	\$1,274,713	\$664,434	\$110,279	\$0	\$500,000	6.5
<i>Recommended Changes from FY 2004-05 Appropriation</i>						
Salary and benefits adjustments	8,251	8,251	0	0	0	0.0
Elimination of Irrigation/Conservation Program	(110,279)	0	(110,279)	0	0	(3.0)
JBC Personal Services reduction	(496)	(496)	0	0	0	0.0
<b>Total FY 2005-06 JBC Recommendation</b>	\$1,172,189	\$672,189	\$0	\$0	\$500,000	3.5
\$ Change from prior year	(\$102,524)	\$7,755	(\$110,279)	\$0	\$0	(3.0)
% Change from prior year	(8.0)%	1.2%	(100.0)%	n/a	0.0%	(46.2)%

### Issue Descriptions

**Salary and benefits adjustments:** These amounts reflect salary survey of \$4,291 and performance-based pay of \$3,960 distributed in FY 2004-05.

**Elimination of Irrigation/Conservation Program:** Since FY 2003-04, this program has been entirely funded through fees collected by the Washington and Yuma conservation districts. This recommendation does not discontinue the program, but ensures that these cash funds will not count against the State's spending limit under the provisions of TABOR. It can be managed at the local level.

**JBC Personal Services reduction:** This amount represents a common policy approved by the Joint Budget Committee to reduce the personal services base appropriation for all programs by 0.2 percent.

## Department of Corrections

**Department Description:** The Department of Corrections is responsible for the following activities: (1) managing, supervision, and controlling the penal, correctional, and reformatory institutions operated and supported by the state; (2) improving, developing, and carrying forward programs of counseling and parole supervision; (3) developing a systematic building program providing for the projected, long-range needs of the institutions under the Department's control; and (4) developing correctional industries within the institutions, which have a rehabilitative or therapeutic value for inmates.

<b>Summary Table for Department of Corrections</b>						
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Cash Fund Exempt</b>	<b>Federal Funds</b>	<b>FTE</b>
<b>FY 2004-05 Appropriation</b>	\$555,957,871	\$496,830,470	\$2,371,727	\$52,376,594	\$4,379,080	5,880.5
<i>Recommended Changes from FY 2004-05 by Long Bill Division</i>						
Management	22,713,374	22,658,753	934	56,652	(2,965)	12.5
Institutions	7,603,860	8,719,560	0	(1,115,700)	0	(4.5)
Support Services	522,152	753,337	(206,612)	(24,573)	0	0.0
Inmate Programs	(1,402,000)	(599,475)	(141,184)	(347,199)	(314,142)	(15.7)
Community Services	3,677,634	2,591,431	0	645,518	440,685	29.0
Parole Board	53,946	53,946	0	0	0	0.0
Correctional Industries	39,014	(561)	0	39,575	0	0.0
Canteen Operation	38,166	0	0	38,166	0	0.0
<b>Total FY 2005-06 JBC Recommendation</b>	\$589,204,017	\$531,007,461	\$2,024,865	\$51,669,033	\$4,502,658	5,901.8
\$ Change from prior year	\$33,246,146	\$34,176,991	(\$346,862)	(\$707,561)	\$123,578	21.3
% Change from prior year	6.0%	6.9%	(14.6)%	(1.4)%	2.8%	0.4%

\* In addition to the amounts shown in this table, \$1,971,680 General Fund will be available to the Department of Corrections in FY 2005-06 from statutory appropriations in criminal sentencing bills enacted in prior sessions.

### Recommendation Highlights:

1. The recommendation provides \$19.3 million General Fund for private prisons and local jails based on a projected increase in the inmate population. The male inmate population is estimated to grow by 4.9 percent throughout FY 2005-06 (76 additional male inmates per month). The female inmate population is estimated to grow by 9.7 percent throughout FY 2005-06 (17 additional female inmates per month).
2. The recommendation provides \$10.7 million General Fund for benefits increases in FY 2005-06. Of this amount, \$8.5 million is for salary survey and \$2.2 million is for additional health, life, and dental insurance for employees.
3. The recommendation includes \$3.2 million General Fund for medical expenses based on an increase in the inmate population and increases in medical expenses.

4. The recommendation provides \$1.5 million General Fund and 18.0 FTE for additional parole and community corrections officers based on an increase in the population of offenders.
5. The recommendation includes \$1.1 million General Fund for provider rate increases and \$384,000 for food inflation.
6. The recommendation includes reductions of \$2.1 million General Fund associated with the elimination of one-time expenses in FY 2004-05.

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### Budget Recommendation Detail by Long Bill Division

**Management:** The Management Division contains the main departmental management functions including the Executive Director's Office, the External Capacity Subprogram, and the Inspector General Subprogram. The Executive Director's Office provides general administrative oversight for the Department. The External Capacity Subprogram is used to reimburse private prisons, local jails, the pre-release parole revocation facility, and community programs created pursuant to S.B. 03-252. This subprogram also contains staff for the private prison monitoring unit which oversees the private prisons to determine their compliance with contractual provisions. The Inspector General Subprogram is a newly created subprogram responsible for investigating crimes in prisons. Prior to the creation of this budgetary unit, the functions of the inspector general were funded from a variety of line items with a majority of the funding provided by the Executive Director's Office.

Management	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
<b>FY 2004-05 Appropriation</b>	\$114,771,457	\$109,836,728	\$103,315	\$1,469,569	\$3,361,845	72.8
<b><i>Recommended Changes from FY 2004-05 Appropriation</i></b>						
Caseload increase for external capacity	18,909,441	18,909,441	0	0	0	0.0
Miscellaneous adjustments	2,797,954	2,746,902	(2,635)	56,652	(2,965)	0.0
2.0 percent provider rate increase	1,097,147	1,097,147	0	0	0	0.0
Transfers from other subprograms for Inspector General Subprogram	403,505	403,505	0	0	0	5.5
Additional inspectors and private prison monitors for private prisons	363,771	363,771	0	0	0	7.0
Annualize salary survey and performance-based pay	146,940	143,206	3,734	0	0	0.0
Leased space for additional parole and community corrections officers	102,850	102,850	0	0	0	0.0
Reduction for one-time expenses for Trinidad lawsuit	(1,099,031)	(1,099,031)	0	0	0	0.0
Personal services reduction	(9,203)	(9,038)	(165)	0	0	0.0
<b>Total FY 2005-06 JBC Recommendation</b>	<b>\$137,484,831</b>	<b>\$132,495,481</b>	<b>\$104,249</b>	<b>\$1,526,221</b>	<b>\$3,358,880</b>	<b>85.3</b>
\$ Change from prior year	\$22,713,374	\$22,658,753	\$934	\$56,652	(\$2,965)	12.5
% Change from prior year	19.8%	20.6%	0.9%	3.9%	(0.1)%	17.2%

## Issue Descriptions

**Caseload increase for external capacity:** The recommendation provides funding adjustments for payments to local jails, payments to private prisons, payments to pre-release and parole revocation facilities, and payments to community corrections programs pursuant to S.B. 03-252. The adjustments are based on the December 2004 Legislative Council Staff (LCS) inmate population projections. The male inmate population is estimated to grow by 4.9 percent throughout FY 2005-06 (76 additional male inmates per month). The female inmate population is estimated to grow by 9.7 percent throughout FY 2005-06 (17 additional female inmates per month). The recommendation includes the elimination of a line item that was used in FY 2004-05 to pay for inmates who are placed out of state. The Department of Corrections has indicated its intent to return all Colorado inmates to the state for FY 2005-06. The recommendations for external capacity were reduced to fund two community corrections programs in the Division of Criminal Justice: (1) \$217,084 General Fund for 75 additional slots in the day reporting center; and (2) \$126,635 General Fund for 20 additional intensive residential treatment (IRT) slots. These programs are intended to reduce the prison population.

**Miscellaneous adjustments:** The recommendation provides a variety of miscellaneous increases related to the following line items: (1) \$2.6 million total funds for salary survey; (2) \$2.3 million total funds for health, life, and dental insurance; (3) \$1.4 million total funds for payments to risk management and property funds; (4) \$0.6 million total funds for the amortization equalization disbursement for the Public Employees Retirement Association (PERA); (5) \$77,000 total funds for an escalation in the leased space rates; (6) \$46,000 total funds for a legal services rate adjustment; and (7) \$38,000 total funds for short-term disability.

These amounts are partially offset by recommended reductions in the following line items: (1) \$3.4 million total funds for performance-based pay; (2) \$720,000 total funds for shift differential; (3) \$233,000 total funds for workers' compensation; and (4) \$21,000 total funds for capitol complex leased space.

**2.0 percent provider rate increase:** The recommendation provides additional funds associated with a 2.0 percent increase in the provider rates for local jails, private prisons, pre-release parole revocation facilities, and community corrections programs authorized pursuant to S.B. 03-252.

**Transfers from other subprograms for Inspector General Subprogram:** The recommendation reflects the creation of a new subprogram for the Inspector General. This subprogram is responsible for investigating all criminal activity in the state. Currently, the functions of the inspector general are funded by five separate subprograms. There is no net impact on state appropriations associated with the recommendation to create this subprogram. The increases reflected in this Division are offset by equal reductions in other divisions.

**Additional inspectors and private prison monitors for private prisons:** The recommendation increases the funding for investigators and monitors to work in private prisons. The funding for investigators was increased by \$283,745 General Fund and 5.0 FTE. These staff will work in private prisons to investigate criminal activity that occurs in these prisons. The funding for the Private Prison Monitoring Unit was increased by \$80,026 General Fund and 2.0 FTE. This unit is responsible for monitoring private prisons to determine their compliance with contractual provisions. The recommendation includes a \$0.27 per inmate per day reduction in the private prison reimbursement rate to pay for these staff.

**Annualize salary survey and performance-based pay:** The recommendation provides increases to annualize salary survey and performance-based pay awarded to employees in FY 2004-05.

**Leased space for additional parole and community corrections officers:** The recommendation provides funding for leased space associated with 19.7 new FTE that were approved for parole and community corrections officers.

**Reduction for one-time expenses for Trinidad lawsuit:** The recommendation eliminates one-time funds used in FY 2004-05 for a lawsuit related to the construction of the Trinidad prison. The lawsuit was settled in FY 2004-05. No funds are needed for this purpose in FY 2005-06.

**Personal services reduction:** The recommendation reflects savings associated with the policy to reduce personal services line items by 0.2 percent.

**Institutions:** The Institutions Division includes all cost centers directly attributable to operation of the state-owned and operated prisons. These cost centers include utilities, maintenance, housing and security, food service, medical services, laundry, superintendents, the Boot Camp, the Youth Offender System, case management, mental health, inmate pay, the San Carlos Correctional Facility, and legal access.

<b>Institutions</b>	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Cash Fund Exempt</b>	<b>Federal Funds</b>	<b>FTE</b>
<b>FY 2004-05 Appropriation</b>	\$317,695,073	\$315,315,157	\$224,679	\$2,075,237	\$80,000	4,658.3
<b>Recommended Changes from FY 2004-05 Appropriation</b>						
Annualize salary survey and performance-based pay	6,982,426	6,982,426	0	0	0	0.0
Medical adjustments	3,134,677	3,134,677	0	0	0	0.0
Transfer from Community Reintegration Subprogram	518,585	518,585	0	0	0	0.0
Food inflation	383,890	383,890	0	0	0	0.0
Caseload impacts	89,112	89,112	0	0	0	0.0
Refinance utilities	0	1,115,700	0	(1,115,700)	0	0.0
Statutory appropriations	(1,971,680)	(1,971,680)	0	0	0	0.0
Eliminate one-time expenses	(721,172)	(721,172)	0	0	0	0.0
Personal services reduction	(473,572)	(473,572)	0	0	0	0.0
Transfer to Inspector General Subprogram	(338,406)	(338,406)	0	0	0	(4.5)
<b>Total FY 2005-06 JBC Recommendation</b>	\$325,298,933	\$324,034,717	\$224,679	\$959,537	\$80,000	4,653.8
\$ Change from prior year	\$7,603,860	\$8,719,560	\$0	(\$1,115,700)	\$0	(4.5)
% Change from prior year	2.4%	2.8%	0.0%	(53.8)%	0.0%	(0.1)%

## Issue Descriptions

**Annualize salary survey and performance-based pay:** The recommendation provides increases to annualize salary survey and performance-based pay awarded to employees in FY 2004-05.



**Medical adjustments:** The recommendation includes the following adjustments for the Medical Services Subprogram: (1) an increase of \$1,713,783 General Fund for changes in the caseload of inmates eligible to receive medical services; (2) an increase of \$884,533 General Fund associated with a common policy adjustment to increase medical expenses by 2.5 percent; and (3) a reduction of \$1,289,678 General Fund for catastrophic medical expenses. The recommendation also provides an additional \$1,789,850 General Fund associated with recent increases in other (non-catastrophic) medical expenses experienced by the Department of Corrections.

**Transfer from Community Reintegration Subprogram:** The recommendation includes a Long Bill reorganization to transfer the "Dress out" line item from the Community Reintegration Subprogram to the Superintendents Subprogram. This line item is used to provide inmates with clothing and a bus ticket. It is also used to provide qualifying inmates with \$100 upon their release. This function is administered by wardens in the state-operated prison facilities. There is no net fiscal impact associated with this recommendation. There is a corresponding reduction to the Community Services Division.

**Food inflation:** The recommendation provides an increase of 2.9 percent for food expenses.

**Caseload impacts:** The recommendation includes additional funds for two items related to the increase in the inmate population. First, the recommendation provides \$62,512 for the "Dress out" line item, which is used for expenses associated with discharging inmates. These expenses includes clothing, a bus ticket, and \$100 for qualifying inmates. Second, the recommendation includes \$26,600 for inmate clothing.

**Refinance utilities:** The recommendation refinances the appropriation for utilities. The recommendation increases the appropriation by \$1,115,700 General Fund and by \$55,602 cash funds exempt (Correctional Industries). These increases are offset by an equal reduction in cash funds exempt spending authority from transfers from personal services and operating expense line items within the Department of Corrections.

**Statutory appropriations:** The recommendation includes an adjustment to the Long Bill to reflect the statutory appropriations that will be available to the Department in FY 2005-06.

**Eliminate one-time expenses:** The recommendation eliminates two one-time appropriations in FY 2004-05: (1) \$546,107 General Fund for expenses related to the settlement of a class action lawsuit against the Department regarding its compliance with the Americans with Disabilities Act; and (2) \$175,065 General Fund for expenses associated with the riot at the Crowley County Correctional Facility. The private prison operator for this facility reimbursed the General Fund for these expenses related to the riot.

**Personal services reduction:** The recommendation reflects savings associated with the policy to reduce personal services line items by 0.2 percent.

**Transfer to Inspector General Subprogram:** The recommendation reflects a reduction for transfers to the newly created Inspector General Subprogram in the Management Division. This subprogram is responsible for investigating all criminal activity in the state. The reduction reflected in the Institutions Division is offset by a corresponding increase in the Management Division. As such, there is no net fiscal impact associated with this reorganization.

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**Support Services:** The Support Services Division includes business operations, personnel, offender services, communication, transportation, training, information systems, and facility services.

Support Services	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
<b>FY 2004-05 Appropriation</b>	\$21,776,049	\$21,001,808	\$640,672	\$133,569	\$0	283.2
<b>Recommended Changes from FY 2004-05 Appropriation</b>						
Annualize salary survey and performance-based pay	570,144	570,144	0	0	0	0.0
Miscellaneous adjustments	70,741	96,975	(1,069)	(25,165)	0	0.0
Communications and information technology impacts for new staff	20,043	20,043	0	0	0	0.0
Increased transportation costs	18,775	18,775	0	0	0	0.0
Indirect cost adjustments	0	204,951	(205,543)	592	0	0.0
Eliminate one-time expenses	(127,500)	(127,500)	0	0	0	0.0
Personal services reduction	(30,051)	(30,051)	0	0	0	0.0
<b>Total FY 2005-06 JBC Recommendation</b>	\$22,298,201	\$21,755,145	\$434,060	\$108,996	\$0	283.2
\$ Change from prior year	\$522,152	\$753,337	(\$206,612)	(\$24,573)	\$0	0.0
% Change from prior year	2.4%	3.6%	(32.2)%	(18.4)%	n/a	0.0%

## Issue Descriptions

**Annualize salary survey and performance-based pay:** The recommendation provides increases to annualize salary survey and performance-based pay awarded to employees in FY 2004-05.

**Miscellaneous adjustments:** The recommendation increases the appropriation for communications services payments by \$380,068 total funds. This amount is offset by the following recommended reductions: (1) \$119,096 total funds for the Multiuse Network; (2) \$143,642 for vehicle lease payments; (3) \$45,004 for dispatch services; and (4) \$1,585 for the purchase of services from the state's computer center in the Department of Personnel and Administration.

**Communications and information technology impacts for new staff:** The recommendation provides resources to support 26.7 FTE included in the Long Bill: (1) 12.7 FTE for parole officers; (2) 7.0 FTE for community corrections officers; (3) 5.0 FTE for investigators; and (4) 2.0 FTE for the private prison monitoring unit. Of the amount recommended, \$15,030 General Fund is for communications expenses and \$5,013 General Fund is for information technology expenses.

**Increased transportation costs:** The recommendation provides \$18,775 for expenses associated with transporting inmates throughout the prison system. The Department is responsible for moving inmates among the facilities, to and from medical appointments, and to and from court appointments. The increase is recommended in response to the growing inmate population.

**Indirect cost assessment:** The recommendation refinances the Business Operations Subprogram to reflect lower indirect cost collections from Correctional Industries and the Canteen Operation. Because cash funds and cash funds exempt for this subprogram will be reduced, additional General Fund dollars were included.

**Eliminate one-time expenses:** The recommendation eliminates one-time appropriations in FY 2004-05 for expenses related to the settlement of a class action lawsuit against the Department regarding Americans with Disabilities Act compliance.

**Personal services reduction:** The recommendation reflects savings associated with the policy to reduce personal services line items by 0.2 percent.

**Inmate Programs:** The Inmate Programs Division includes all inmate labor, educational/vocational, recreational. Also included in this division are the Sex Offender Treatment Subprogram and the Drug and Alcohol Treatment Subprogram.

Inmate Programs	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
<b>FY 2004-05 Appropriation</b>	\$34,469,641	\$28,365,041	\$1,403,061	\$3,765,263	\$936,276	419.4
<i>Recommended Changes from FY 2004-05 Appropriation</i>						
Annualize salary survey and performance-based pay	587,318	573,692	0	13,626	0	0.0
Miscellaneous adjustments	386,439	0	0	276,529	109,910	0.0
Drug and alcohol services for growth in parole population	71,748	71,748	0	0	0	0.0
Medical inflation	71,411	71,411	0	0	0	0.0
Change in indirect cost assessment	592	0	0	0	592	0.0
Transfers to other divisions	(2,217,444)	(1,156,366)	0	(636,434)	(424,644)	(12.0)
Base reductions	(258,830)	(117,646)	(141,184)	0	0	(3.7)
Personal services reduction	(43,234)	(42,314)	0	(920)	0	0.0
<b>Total FY 2005-06 JBC Recommendation</b>	\$33,067,641	\$27,765,566	\$1,261,877	\$3,418,064	\$622,134	403.7
\$ Change from prior year	(\$1,402,000)	(\$599,475)	(\$141,184)	(\$347,199)	(\$314,142)	(15.7)
% Change from prior year	(4.1)%	(2.1)%	(10.1)%	(9.2)%	(33.6)%	(3.7)%

## Issue Descriptions

**Annualize salary survey and performance-based pay:** The recommendation provides increases to annualize salary survey and performance-based pay awarded to employees in FY 2004-05.

**Miscellaneous adjustments:** The recommendation makes the following technical adjustments related to federal funds: (1) an increase of \$296,628 cash funds exempt to reflect increased federal drug and alcohol treatment grants transferred from the Division of Criminal Justice; (2) an increase of \$109,910 federal funds for sex offender treatment grants; and (3) a reduction of \$20,099 cash funds exempt to reflect a lower amount of federal funds transferred from the Department of Education for education grants.

**Drug and alcohol services for growth in parole population:** The recommendation provides additional resources for drug and alcohol treatment for parolees. The parole population is estimated to increase by 610

parolees (an 11.4 percent increase over the estimated parole population at the time the Long Bill was enacted for FY 2004-05).

**Medical inflation:** The recommendation provides a 2.5 percent increase for eligible medical expenses related to drug and alcohol treatment and sex offender treatment.

**Change in indirect cost assessment:** The recommendation reflects an increase in indirect cost recoveries from federal funds in the Education Subprogram based on the statewide indirect cost plan for FY 2005-06.

**Transfers to other divisions:** The recommendation includes two reductions related to transfers to other divisions. First, it reflects a reduction \$2,152,345 total funds and 11.0 FTE associated with transferring the Community Reintegration Subprogram to the Community Services Division. Of this amount, \$518,585 for "Dress out" is recommended to be transferred to the Institutions Division. There is no net fiscal impact associated with this transfer.

Second, the recommendation reflects a reduction of \$65,099 General Fund and 1.0 FTE associated with a transfer to the newly created Inspector General Subprogram in the Management Division. This subprogram is responsible for investigating all criminal activity in the state. The recommended reduction reflected in the Inmate Programs Division is offset by a corresponding increase in the Management Division. As such, there is no net fiscal impact associated with this recommended transfer.

**Base reductions:** The recommendation reflects two base reductions. First, it includes a recommended reduction of \$117,646 and 3.7 FTE in the Recreation Subprogram. The recommendation is to eliminate administrative positions that were charged to this line in FY 2003-04. Second, the recommendation includes a reduction of \$141,184 cash funds from the Drug Offender Surcharge Fund. This recommended reduction is necessary to prevent the fund from having a negative fund balance.

**Personal services reduction:** The recommendation reflects savings associated with the policy to reduce personal services line items by 0.2 percent.

**Community Services:** The Community Services Division includes the parole, parole Intensive Supervision Program (ISP), community supervision (transition), and community ISP (transition) subprograms. This section also provides funds to supervise offenders in the aftercare program for the Youthful Offender System. The appropriation for FY 2005-06 includes a Long Bill reorganization which transfers the Community Re-entry Subprogram to this Division. Previously, the Community Re-Entry Subprogram was named the Community Reintegration Subprogram and was located in the Inmate Programs Division.

Community Services	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
<b>FY 2004-05 Appropriation</b>	\$21,368,818	\$21,240,466	\$0	\$127,393	\$959	238.6
<b>Recommended Changes from FY 2004-05 Appropriation</b>						
Additional parole and parole ISP officers	831,081	831,081	0	0	0	12.7
Annualize salary survey and performance-based pay	800,177	800,177	0	0	0	0.0

Community Services	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
Transfer Community Re-entry Subprogram from Inmate Programs Division	1,633,760	572,682	0	636,434	424,644	11.0
Additional community corrections and community ISP officers	516,468	516,468	0	0	0	5.3
Miscellaneous adjustments	27,788	2,663	0	9,084	16,041	0.0
Eliminate one-time expenses	(104,537)	(104,537)	0	0	0	0.0
Personal services reduction	(27,103)	(27,103)	0	0	0	0.0
<b>Total FY 2005-06 JBC Recommendation</b>	\$25,046,452	\$23,831,897	\$0	\$772,911	\$441,644	267.6
\$ Change from prior year	\$3,677,634	\$2,591,431	\$0	\$645,518	\$440,685	29.0
% Change from prior year	17.2%	12.2%	n/a	506.7%	45,952.6%	12.2%

### Issue Descriptions

**Additional parole and parole ISP officers:** The recommendation provides additional resources to supervise and provide services to parolees. The parole population is estimated to increase by 610 parolees (an 11.4 percent increase over the estimated parole population at the time the Long Bill was enacted for FY 2004-05).

**Annualize salary survey and performance-based pay:** The recommendation provides increases to annualize salary survey and performance-based pay awarded to employees in FY 2004-05.

**Transfer Community Re-entry Subprogram from Inmate Programs Division:** The recommendation reflects an increase associated with transferring the Community Reintegration Subprogram to the Community Services Division. There is no net fiscal impact associated with this recommended reorganization. In addition to the recommended transfer, the recommendation includes changing the name of the subprogram from the "Community Reintegration Subprogram" to the "Community Re-entry Subprogram".

**Additional community corrections and community ISP officers:** The recommendation provides additional resources to supervise and provide services to inmates in community corrections. The community corrections population is estimated to increase by 239 inmates (a 10.1 percent increase over the estimated community corrections inmate population at the time the Long Bill was enacted for FY 2004-05).

**Miscellaneous adjustments:** The recommendation reflects miscellaneous adjustments to federal funds associated with parole grants and the offender re-employment center. It also includes an adjustment for a change in the funds for administrative law judges from the Department of Personnel and Administration.

**Eliminate one-time expenses:** The recommendation is to eliminate one-time expenses associated with hiring parole officers and community corrections officers in FY 2004-05. These expenses include furniture, computers, guns, hand cuffs, mobile radios, phones, search gloves, bullet proof vests, vehicle cages, cassette recorders, digital cameras, uniform / officer clothing, and basic training.

**Personal services reduction:** The recommendation reflects savings associated with the policy to reduce personal services line items by 0.2 percent.

**Parole Board:** The Parole Board has discretion to grant or deny parole for persons who were not sentenced under mandatory parole. The Board can stipulate conditions of parole for discretionary and mandatory parolees.

Parole Board	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
<b>FY 2004-05 Appropriation</b>	\$1,070,709	\$1,070,709	\$0	\$0	\$0	13.5
<i>Recommended Changes from FY 2004-05 Appropriation</i>						
Additional contract parole hearing officer	28,500	28,500	0	0	0	0.0
Annualize salary survey and performance-based pay	27,339	27,339	0	0	0	0.0
Personal services reduction	(1,893)	(1,893)	0	0	0	0.0
<b>Total FY 2005-06 JBC Recommendation</b>	\$1,124,655	\$1,124,655	\$0	\$0	\$0	13.5
\$ Change from prior year	\$53,946	\$53,946	\$0	\$0	\$0	0.0
% Change from prior year	5.0%	5.0%	n/a	n/a	n/a	0.0%

**Issue Descriptions**

**Additional contract parole hearing officer:** The recommendation provides funds for an additional contract hearing officers in response to an increase in the number of parole hearings that need to be conducted by the Parole Board.

**Annualize salary survey and performance-based pay:** The recommendation provides increases to annualize salary survey and performance-based pay awarded to employees in FY 2004-05.

**Personal services reduction:** The recommendation reflects savings associated with the policy to reduce personal services line items by 0.2 percent.

**Correctional Industries:** Correctional Industries manages profit-oriented work programs that provide inmates with training in various job skills while generating revenues to cover its costs. The major businesses operated by Correctional Industries include manufacturing operations for automobile license plates, office furniture, and modular office systems; a print shop; a leather products shop; and a garment production operation. Correctional Industries sells its products primarily to other government agencies. Correctional Industries is an enterprise. As such, revenues to Correctional Industries do not count toward the limit on state revenues pursuant to Article X, Section 20 of the State Constitution (TABOR). Appropriations for Correctional Industries are considered to be cash funds exempt.

Correctional Industries	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
<b>FY 2004-05 Appropriation</b>	\$34,473,521	\$561	\$0	\$34,472,960	\$0	171.0
<i>Recommended Changes from FY 2004-05 Appropriation</i>						
Annualize salary survey and performance-based pay	238,120	0	0	238,120	0	0.0
Change in indirect cost assessment	(180,523)	0	0	(180,523)	0	0.0
Personal services reduction	(18,022)	0	0	(18,022)	0	0.0
Eliminate one-time appropriation	(561)	(561)	0	0	0	0.0
<b>Total FY 2005-06 JBC Recommendation</b>	\$34,512,535	\$0	\$0	\$34,512,535	\$0	171.0
\$ Change from prior year	\$39,014	(\$561)	\$0	\$39,575	\$0	0.0
% Change from prior year	0.1%	(100.0)%	n/a	0.1%	n/a	0.0%

## Issue Descriptions

**Annualize salary survey and performance-based pay:** The recommendation provides increases to annualize salary survey and performance-based pay awarded to employees in FY 2004-05.

**Change in indirect cost assessment:** The recommendation reflects a reduction in indirect cost recoveries based on the indirect cost plan for FY 2005-06.

**Personal services reduction:** The recommendation reflects savings associated with the policy to reduce personal services line items by 0.2 percent.

**Eliminate one-time appropriation:** The recommendation eliminates a one-time General Fund appropriation in FY 2004-05 related to the riot at the Crowley County Correctional Facility. The private prison operator for this facility reimbursed the General Fund for expenses related to the riot.

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**Canteen Operation:** The Canteen Operation provides various personal items for purchase by inmates including toiletries, snack foods, phone services, and other approved items. All net proceeds are to be used to provide inmates with additional educational, recreational, and social benefits. The Canteen Operation is an enterprise. As such, canteen revenues do not count toward the limit on state revenues pursuant to Article X, Section 20 of the State Constitution (TABOR). Appropriations for the Canteen Operation are considered to be cash funds exempt.

Canteen Operation	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
<b>FY 2004-05 Appropriation</b>	\$10,332,603	\$0	\$0	\$10,332,603	\$0	23.7
<i>Recommended Changes from FY 2004-05 Appropriation</i>						
Annualize salary survey and performance-based pay	65,407	0	0	65,407	0	0.0

<b>Canteen Operation</b>	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Cash Fund Exempt</b>	<b>Federal Funds</b>	<b>FTE</b>
Change in indirect cost assessment	(25,020)	0	0	(25,020)	0	0.0
Personal services reduction	(2,221)	0	0	(2,221)	0	0.0
<b>Total FY 2005-06</b>						
<b>JBC Recommendation</b>	\$10,370,769	\$0	\$0	\$10,370,769	\$0	23.7
\$ Change from prior year	\$38,166	\$0	\$0	\$38,166	\$0	0.0
% Change from prior year	0.4%	n/a	n/a	0.4%	n/a	0.0%

## Issue Descriptions

**Annualize salary survey and performance-based pay:** The recommendation provides increases to annualize salary survey and performance-based pay awarded to employees in FY 2004-05.

**Change in indirect cost assessment:** The recommendation reflects a reduction in indirect cost recoveries based on the indirect cost plan for FY 2005-06.

**Personal services reduction:** The recommendation reflects savings associated with the policy to reduce personal services line items by 0.2 percent.



## Department of Education

**Department Description:** The Department 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, administers associated assessments, and issues annual accountability reports for every public school in the state. There are also two "type 1" agencies within the Department: (1) the State Charter School Institute Board, which is responsible for authorizing and monitoring institute charter schools; and, (2) the Board of Trustees for the Colorado School for the Deaf and the Blind, a state-funded school in Colorado Springs that provides educational services to eligible children and youth under the age of 21. Finally, in addition to its responsibilities related to public schools, the Department is charged with ensuring equal access to information and encouraging resource sharing among libraries statewide.

<b>Summary Table for Department of Education</b>						
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Cash Fund Exempt</b>	<b>Federal Funds</b>	<b>FTE</b>
<b>FY 2004-05 Appropriation</b>	\$3,408,725,267	\$2,514,557,579	\$14,762,022	\$466,301,203	\$413,104,463	435.7
<i>Recommended Changes from FY 2004-05 by Long Bill Division</i>						
Management and Administration	3,109,925	2,234,618	46,948	154,307	674,052	7.6
Assistance to Public Schools	167,650,675	181,278,018	500,000	(99,188,745)	85,061,402	1.1
Library Programs	96,200	0	0	96,200	0	0.0
School for the Deaf and the Blind	473,187	348,497	0	124,690	0	0.0
<b>Total FY 2005-06 Long Bill Recommendation</b>	<b>\$3,580,055,254</b>	<b>\$2,698,418,712</b>	<b>\$15,308,970</b>	<b>\$367,487,655</b>	<b>\$498,839,917</b>	<b>444.4</b>
\$ Change from prior year	\$171,329,987	\$183,861,133	\$546,948	(\$98,813,548)	\$85,735,454	8.7
% Change from prior year	5.0%	7.3%	3.7%	(21.2)%	20.8%	2.0%

### Recommendation Highlights:

1. The recommendation is based on a projected \$100.6 million increase in districts' total program funding (a 2.3 percent increase), based on the following assumptions:
  - ▶ The funded pupil count will increase by 1.1 percent, including the restoration of 2,000 funded half-day slots for the Colorado Preschool Program as required under current law.
  - ▶ The statewide base per pupil funding amount will be increased by 1.1 percent, based on an actual inflation rate of 0.1 percent in CY 2004 plus an additional 1.0 percent as required by the Constitution.
  - ▶ Available local funds will increase by \$21.4 million (1.3 percent), thereby requiring a \$79.2 million (2.9 percent) increase in state funding.

With regard to sources of state funding, the recommendation includes a \$181.3 million increase (7.7 percent) in the General Fund portion of the appropriation, a \$93.3 million reduction in the appropriation from the State Education Fund, and an \$8.8 million reduction in appropriations from the State Public School Fund.

2. The recommendation reflects an \$85.7 million net increase in federal funds anticipated to be available for various education-related programs, including significant increases for three programs: (1) Title 1 programs, which are generally intended to improve education for children at risk of school failure who live in low income communities; (2) meal reimbursements for the school lunch and school breakfast programs; and, (3) the federal share of funding for special education for children with disabilities.
3. The recommendation includes a \$3.1 million increase (including \$2.5 million General Fund) for the Colorado Student Assessment Program to allow the Department to begin development of new federally required science assessments for 5th and 10th grade students and to cover inflationary increases in existing contracts.
4. The recommendation includes a \$1.8 million increase (1.1 percent) in state funding for categorical programs, as required by the State Constitution.

### Budget Recommendation Detail by Long Bill Division

**Management and Administration:** This section provides funding and staff for the State Board of Education, the administration of a variety of education- and library-related programs, educator licensure, and general department administration, including human resources, budgeting, accounting, information management, and facilities maintenance. This section also includes funding for administration of the Colorado Student Assessment Program and for related activities.

Management and Administration	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
<b>FY 2004-05 Appropriation</b>	\$33,636,283	\$21,038,614	\$2,602,022	\$2,598,594	\$7,397,053	110.9
<i>Recommended Changes from FY 2004-05 Appropriation</i>						
Increase for Colorado Student Assessment Program	3,058,918	2,546,108	0	0	512,810	0.0
Salary and benefit adjustments	278,333	160,635	6,697	10,831	100,170	0.0
Reflect anticipated federal funds and associated staff	11,468	0	0	0	11,468	4.0
Increase FTE authorization for State Charter School Institute	0	0	0	0	0	1.6
Increase FTE authorization for Office of Professional Services	0	0	0	0	0	2.0
Other	283,657	50,326	40,251	143,476	49,604	0.0
Base reductions	(426,409)	(426,409)	0	0	0	0.0

Management and Administration	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
Transfers to the Colorado School for the Deaf and the Blind	(96,042)	(96,042)	0	0	0	0.0
<b>Total FY 2005-06 JBC Recommendation</b>	\$36,746,208	\$23,273,232	\$2,648,970	\$2,752,901	\$8,071,105	118.5
\$ Change from prior year	\$3,109,925	\$2,234,618	\$46,948	\$154,307	\$674,052	7.6
% Change from prior year	9.2%	10.6%	1.8%	5.9%	9.1%	6.9%

## Issue Descriptions

**Increase for Colorado Student Assessment Program:** The recommendation includes a total increase of \$3,058,918 for the Colorado Student Assessment Program, including the following increases: (1) \$2,756,333 to begin development of new federally required science assessments for 5th and 10th grade students; (2) \$119,400 for administration of the new federally required mathematics assessments for 3rd and 4th grade students; (3) \$96,170 to cover increases required by the five-year contract with CTB - McGraw Hill for developing, printing, distributing, and scoring student assessments, as well as analyzing and reporting student results; and, (4) \$87,015 to cover an anticipated increase in the cost of the contract related to the administration of the statewide ACT test for 11th grade students. The recommendation includes a \$2,546,108 increase in the General Fund portion of the appropriation to cover items (3) and (4), described above, and to allow the Department to apply available federal funds to the development and administration of the math and science assessments required by federal law. A portion of these federal funds are currently used to support existing assessments that are required by federal law.

**Salary and benefit adjustments:** The recommendation includes a net increase for salary and benefit adjustments, including the following changes: an increase of \$279,381 for salary survey and senior executive service; an increase of \$184,295 for health, life and dental benefits; \$57,186 for amortization equalization disbursement; and the elimination of \$242,529 for performance-based pay.

**Reflect anticipated federal funds and associated staff:** The recommendation reflects an anticipated increase in federal funds for state assessments and related activities, as well as an adjustment to the associated FTE authorization based on the Department's plan to respond to a recent federal audit related to the federal *No Child Left Behind Act*.

**Increase FTE authorization for State Charter School Institute:** The recommendation reflects anticipated increases in the staffing level for the State Charter School Institute.

**Increase FTE authorization for Office of Professional Services:** The recommendation includes an increase in the FTE authorization for the Office of Professional Services from 17.0 to 19.0 to allow the Department to replace temporary contract staff positions with permanent staff positions, thereby addressing workload increases and improving efficiency and timeliness.

**Base reductions:** Based on more recent estimates of necessary expenditures, the recommendation reflects reductions in appropriations for School Accountability Reports and State Data Reporting System (\$371,060) and Longitudinal Analyses of Student Assessment Results (\$55,349).

**Transfers to Colorado School for the Deaf and the Blind:** The recommendation reflects the transfer of two line items to the Colorado School for the Deaf and the Blind, including the following base General Fund appropriations: \$80,202 for shift differential and \$15,840 for vehicle lease payments.

**Other:** The recommendation reflects relatively small increases in a number of centrally appropriated line items, including workers' compensation, payment to risk management and property funds, administrative law judge services, legal services, and multiuse network payments. These increases are partially offset by relatively small decreases in funding for emeritus retirement, capitol complex leased space, short-term disability, and purchase of services from the computer center.

**Assistance to Public Schools:** This section includes all funding that is distributed to public schools or is used to directly support public schools. This section is comprised of the following four subsections: (1) Public School Finance; (2) Categorical Programs; (3) Grant Programs and Other Distributions; and, (4) Appropriated Sponsored Programs.

Assistance to Public Schools Section Summary Table	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
<b>FY 2004-05 Appropriation</b>	\$3,363,106,151	\$2,484,547,622	\$12,075,000	\$460,776,119	\$405,707,410	164.7
<i>Recommended Changes from FY 2004-05 Appropriation</i>						
Public School Finance	79,244,633	181,328,018	(1,972,644)	(100,110,741)	0	0.0
Categorical Programs	35,038,568	(300,000)	0	1,969,428	33,369,140	0.2
Grant Programs and Other Distributions	3,662,693	250,000	2,472,644	(1,007,615)	1,947,664	(0.3)
Appropriated Sponsored Programs	49,704,781	0	0	(39,817)	49,744,598	1.2
<b>Total FY 2005-06 JBC Recommendation</b>	\$3,530,756,826	\$2,665,825,640	\$12,575,000	\$361,587,374	\$490,768,812	165.8
\$ Change from prior year	\$167,650,675	\$181,278,018	\$500,000	(\$99,188,745)	\$85,061,402	1.1
% Change from prior year	5.0%	7.3%	4.1%	(21.5)%	21.0%	0.7%

### Subsection Detail

*Public School Finance:* This subsection reflects appropriations related to the state share of funding required pursuant to the School Finance Act of 1994, as amended. The local share of funding is not reflected in the appropriation to the Department. The following table summarizes the key assumptions related to the recommended state share appropriation, including the local funds anticipated to be available, and provides comparative data for FY 2004-05.

Summary of Key Assumptions Related to State Share Appropriation*				
Description	FY 04-05 Amended Appropriation	FY 05-06 Recommendation	Annual Change	
			Dollar	%
Funded Pupil Count	729,416.5	737,291.6		1.1%
Statewide <u>Base</u> Per Pupil Funding	\$4,666.29	\$4,717.62		1.1%
Statewide <u>Average</u> Per Pupil Funding	\$6,073.81	\$6,145.40		1.2%
Total Program Funding	\$4,430,339,724	\$4,530,948,882	\$100,609,158	2.3%
<u>Local Share</u> of Districts' Total Program Funding	\$1,688,627,730	\$1,710,079,472	\$21,451,742	
Revenues foregone as a result of locally negotiated business incentive agreements	(\$2,192,812)	(\$2,280,029)	(\$87,217)	
Local revenues anticipated to be available	\$1,686,434,918	\$1,707,799,443	\$21,364,525	1.3%
<b>State Share of Districts' Total Program Funding (including amount related to BIAs)</b>	\$2,743,904,806	<b>\$2,823,149,439</b>	<b>\$79,244,633</b>	<b>2.9%</b>
<i>State Share as % of Districts' Total Program</i>	<i>61.9%</i>	<i>62.3%</i>		

\* The statewide average per pupil funding amounts listed above are rounded to the nearest penny.

Public School Finance Subsection	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
<b>FY 2004-05 Appropriation</b>	\$2,743,904,806	\$2,342,782,148	\$11,500,000	\$389,622,658	\$0	0.0
<b>Recommended Changes from FY 2004-05 Appropriation</b>						
Increase General Fund appropriation	181,240,801	181,240,801	0	0	0	0.0
Adjust appropriations from State Public School Fund	(8,834,368)	0	(1,972,644)	(6,861,724)	0	0.0
Increase state aid related to business incentive agreements	87,217	87,217	0	0	0	0.0
Reduce State Education Fund appropriation	(93,249,017)	0	0	(93,249,017)	0	0.0
<b>Total FY 2005-06 JBC Recommendation</b>	\$2,823,149,439	\$2,524,110,166	\$9,527,356	\$289,511,917	\$0	0.0
\$ Change from prior year	\$79,244,633	\$181,328,018	(\$1,972,644)	(\$100,110,741)	\$0	0.0
% Change from prior year	2.9%	7.7%	(17.2)%	(25.7)%	n/a	n/a

## Issue Descriptions

**Increase General Fund appropriation:** Section 17 of Article IX of the Colorado Constitution (Amendment 23) requires the General Assembly to increase the statewide base per pupil funding amount by inflation plus one percent annually for FY 2001-02 through FY 2010-11, and by inflation annually thereafter. In addition, Amendment 23 includes a requirement related to the sources of funds the General Assembly uses to provide the required inflationary increases. Specifically, for FY 2001-02 through FY 2010-11, the General Assembly is required to annually increase the General Fund portion of the appropriation by at least five percent. This *five percent General Fund "maintenance of effort" requirement*, however, does not apply in any fiscal year in which

Colorado personal income grows less than 4.5 percent between the two previous calendar years. Due to relatively small increases in Colorado personal income in 2001, 2002, and 2003, this General Fund maintenance of effort requirement has not applied for FY 2002-03, FY 2003-04, or FY 2004-05. However, based on the most recently available data, it appears that this provision will apply for FY 2005-06 through FY 2010-11.

In order to provide the General Assembly with as much flexibility as possible for FY 2005-06, the recommendation includes an adjustment to FY 2004-05 appropriations for districts' total program funding. Specifically, the recommendation includes a \$25.0 million reduction in the General Fund portion of the FY 2004-05 appropriation, offset by increases in FY 2004-05 appropriations from the State Public School Fund (an increase of \$20.0 million) and the State Education Fund (an increase of \$5.0 million). This results in a lower General Fund "base" for purposes of calculating the required 5.0 percent General Fund increase for FY 2005-06. In order to mitigate the long-term impact of this adjustment on the General Assembly's ability to comply with Amendment 23 funding requirements in future fiscal years, the recommendation includes a relatively large increase in the General Fund appropriation for FY 2005-06. Thus, rather than providing General Fund increases of 5.3 percent for FY 2004-05 and 5.5 percent for FY 2005-06, as originally contemplated by the Joint Budget Committee, the recommendation is to provide General Fund increases of 4.2 percent for FY 2004-05 and 7.7 percent for FY 2005-06. The recommended adjustments do not affect the total amount of funds appropriated for districts' total program funding in either FY 2004-05 or FY 2005-06.

For purposes of providing a historical perspective, the following table summarizes annual appropriations for the *state share* of school districts' total program funding since FY 1994-95 (when the current School Finance Act was adopted), as well as the recommendations for FY 2004-05 and FY 2005-06.

Appropriations for the State Share of Districts' Total Program Funding							
Fiscal Year	General Fund	Annual % Change	5.0% GF MOE Applies?	Cash /Cash Exempt Funds	Annual % Change	Total Funds	Annual % Change
1994-95	\$1,393,562,842		n/a	\$34,016,762	-36.87%	\$1,427,579,604	
1995-96	1,469,655,920	5.46%	n/a	56,613,541	66.43%	1,526,269,461	6.91%
1996-97	1,594,123,930	8.47%	n/a	53,580,360	-5.36%	1,647,704,290	7.96%
1997-98	1,689,946,178	6.01%	n/a	35,647,023	-33.47%	1,725,593,201	4.73%
1998-99	1,776,015,806	5.09%	n/a	74,830,202	109.92%	1,850,846,008	7.26%
1999-00	1,887,449,285	6.27%	n/a	42,685,306	-42.96%	1,930,134,591	4.28%
2000-01	1,974,673,211	4.62%	n/a	73,400,663	71.96%	2,048,073,874	6.11%
2001-02	2,073,406,872	5.00%	Yes	156,629,363	113.39%	2,230,036,235	8.88%
2002-03	2,137,582,405	3.10%	No	346,960,158	121.52%	2,484,542,563	11.41%
2003-04	2,247,917,791	5.16%	No	379,156,261	9.28%	2,627,074,052	5.74%
2004-05, Recomm.	2,342,782,148	4.22%	No	401,122,658	-3.86%	2,743,904,806	4.01%
2005-06, Recomm.	2,524,110,166	7.74%	Yes - likely	299,039,273	-25.45%	2,823,149,439	2.89%

If the recommended fund source adjustments are implemented, it is estimated that the General Fund portion of the appropriation will need to be increased by at least 6.0 percent annually in FY 2006-07 and in subsequent fiscal years through at least FY 2018-19 to maintain the solvency of the State Education Fund and ensure that the General Assembly is able to comply with constitutional funding requirements in future years.

**Adjust appropriations from State Public School Fund:** The recommendation includes adjustments to the cash and cash exempt appropriations from the State Public School Fund for the state share of districts' total program funding. The following table provides a summary of the assumptions related to the recommended appropriations from this fund.

<b>Projections of Moneys Available in the State Public School Fund: FY 2005-06</b>	
<b>Description</b>	<b>Amount</b>
Projected year-end fund balance, FY 04-05	\$958,058
FY 05-06 Interest earnings (capped statutorily)	19,000,000
FY 05-06 Federal mineral lease revenues	47,400,000
FY 05-06 Rental income earned on public school lands	12,000,000
FY 05-06 District audit recoveries	<u>2,000,000</u>
Total funds projected to be available	81,358,058
Amount required to public school laws [pursuant to Section 22-2-112 (1) (i), C.R.S.]	(35,480)
State match for School Lunch Program [pursuant to Section 22-54-123, C.R.S.]	<u>(2,472,644)</u>
Subtotal: Expenditures for purposes other than the School Finance Act	(2,508,124)
<b>Recommended appropriation from State Public School Fund for the State Share of Districts' Total Program Funding for FY 05-06</b>	<b><u>78,849,934</u></b>
<b>Cash funds portion</b>	<b>9,527,356</b>
<b>Cash funds exempt portion</b>	<b>69,322,578</b>

**Increase state aid related to business incentive agreements:** The recommendation includes an increase of \$87,217 to "backfill" the property tax revenues that are anticipated to be foregone as a result of locally negotiated business incentive agreements.

**Reduce State Education Fund appropriation:** The recommendation includes a \$93.2 million reduction in the appropriation from the State Education Fund based on amounts appropriated from the General Fund and the State Public School Fund (these fund sources are discussed above). With the recommended adjustment to FY 2004-05 appropriations, total appropriations from the State Education Fund for the last three fiscal years will have exceeded Fund revenues by \$180.9 million. This has caused the Fund balance to decline significantly in recent years, falling from \$298.5 million at the end of FY 2001-02 to a projected balance of \$117.5 million at the end of the current fiscal year. If expenditures continue to exceed revenues, significant "spikes" in General Fund appropriations will be required in future fiscal years to comply with constitutional funding requirements. The recommended decrease in the State Education Fund appropriation will mitigate the long-term impact of actions taken in recent years.

*Categorical Programs:* This subsection includes appropriations for all "categorical programs", which are programs designed to serve particular groups of students (e.g., students with limited proficiency in English) or particular student needs (e.g., transportation). With the passage of Amendment 23 in 2000, this group of programs is now defined in Article IX, Section 17, of the State Constitution.

Categorical Programs Subsection	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
<b>FY 2004-05 Appropriation</b>	\$297,721,870	\$141,765,474	\$0	\$24,516,827	\$131,439,569	58.9
<b>Recommended Changes from FY 2004-05 Appropriation</b>						
Reflect anticipated federal funds	33,369,140	0	0	0	33,369,140	0.7
Increase state funding by 1.1 percent	1,823,429	0	0	1,823,429	0	0.0
Reflect anticipated transfers	1,249	0	0	1,249	0	(0.5)
Temporarily refinance Comprehensive Health Education program	0	(300,000)	0	300,000	0	0.0
Discontinue reflecting local funds	(155,250)	0	0	(155,250)	0	0.0
<b>Total FY 2005-06 JBC Recommendation</b>	\$332,760,438	\$141,465,474	\$0	\$26,486,255	\$164,808,709	59.1
\$ Change from prior year	\$35,038,568	(\$300,000)	\$0	\$1,969,428	\$33,369,140	0.2
% Change from prior year	11.8%	(0.2)%	n/a	8.0%	25.4%	0.3%

## Issue Descriptions

**Reflect anticipated federal funds:** The recommendation reflects an increase based on federal funds anticipated to be available, and adjust the associated FTE authorizations, including the following changes: an increase of \$30,748,601 and 0.3 FTE for special education for children with disabilities; an increase of \$1,790,827 and 0.9 FTE for English language proficiency programs; and, an increase of \$829,712 and a reduction of 0.5 FTE for special education for infants and toddlers with disabilities, and their families.

**Increase state funding by 1.1 percent:** As required by Amendment 23, the recommendation includes a 1.1 percent increase in *state funding* for categorical programs (based on the actual inflation rate for CY 2004). Consistent with the last four fiscal years, this increase is appropriated from the State Education Fund. The increase is allocated among categorical programs based on the relative size of the "gap" between the amount that districts are eligible to receive and the current level of state funding, as follows: \$1,319,272 for special education for children with disabilities; \$276,925 for English language proficiency programs; \$190,740 for public school transportation; and \$36,492 for Colorado Vocational Act distributions.

**Reflect anticipated transfers:** The recommendation reflects an increase in transfers anticipated from other state agencies, as well as adjustments to the associated FTE authorizations, including the following changes: an increase of \$43,000 for special education for children with disabilities; and, a reduction of \$41,751 and 0.5 FTE for English language proficiency programs.

**Temporarily refinance Comprehensive Health Education program:** The recommendation temporarily eliminates the \$300,000 General Fund appropriation for the Comprehensive Health Education program, and increases the appropriation from the Colorado Comprehensive Health Education Fund by \$300,000.



**Discontinue reflecting local funds:** The recommendation eliminates the cash funds exempt appropriation that reflects the amount of property taxes certain districts will collect in excess of their required share of district total program funding costs. It appears unlikely that any district will collect excess revenues that would be required to be used to "buy out" categorical programs.

*Grant Programs and Other Distributions:* This subsection includes funding for a variety of education-related grant programs and programs that distribute funds to public schools, other than those programs that are defined as categorical programs.

Grant Programs and Other Distributions Subsection	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
<b>FY 2004-05 Appropriation</b>	\$52,898,663	\$0	\$0	\$43,248,605	\$9,650,058	12.2
<i>Recommended Changes from FY 2004-05 Appropriation</i>						
Reflect anticipated federal funds	1,947,664	0	0	0	1,947,664	(0.3)
Increase appropriations associated with the Read-to-Achieve Grant Program	1,283,524	0	0	1,283,524	0	0.0
Restore funding for the school breakfast program	250,000	250,000	0	0	0	0.0
Reflect amount potentially available in Contingency Reserve	181,505	0	0	181,505	0	0.0
Adjust fund sources for school lunch	0	0	2,472,644	(2,472,644)	0	0.0
<b>Total FY 2005-06 JBC Recommendation</b>	\$56,561,356	\$250,000	\$2,472,644	\$42,240,990	\$11,597,722	11.9
\$ Change from prior year	\$3,662,693	\$250,000	\$2,472,644	(\$1,007,615)	\$1,947,664	(0.3)
% Change from prior year	6.9%	n/a	n/a	(2.3)%	20.2%	(2.5)%

### Issue Descriptions

**Reflect anticipated federal funds:** The recommendation reflects an increase in the anticipated amount of federal Title 1 funds available for the Reading First Grant Program, and reduces the associated FTE authorization based on the Department's planned use of these funds.

**Increase appropriations associated with the Read-to-Achieve Grant Program:** The recommendation reflects an increase in the appropriation of tobacco settlement funds to the Read-to-Achieve Cash Fund, as well as the corresponding spending authority out of the Read-to-Achieve Cash Fund, based on current law and projected settlement payments.

**Restore funding for the school breakfast program:** The recommendation restores the General Fund appropriation for the federal school breakfast program.

**Reflect amount potentially available in Contingency Reserve:** The recommendation includes an increase in the appropriation from the State Public School Fund, Contingency Reserve, to reflect the full amount that may be available if school districts reimburse the State for amounts previously received.

**Adjust fund sources for school lunch:** The recommendation reflects the \$2,472,644 appropriation for the state match for the federal school lunch program as cash funds, rather than cash exempt funds, based on the specific revenue source identified in the associated letter notation.

*Appropriated Sponsored Programs:* This subsection reflects the majority of federal funds available to the Department and the associated federally-funded department staff. The vast majority of these funds are distributed to local school districts. This section also provides cash funds spending authority for the Department to receive fees related to conferences, as well as cash funds exempt spending authority associated with funds transferred to the Department from other state agencies.

Appropriated Sponsored Programs Subsection	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
<b>FY 2004-05 Appropriation</b>	\$268,580,812	\$0	\$575,000	\$3,388,029	\$264,617,783	93.6
<i>Recommended Changes from FY 2004-05 Appropriation</i>						
Reflect anticipated federal funds	49,744,598	0	0	0	49,744,598	2.1
Reflect anticipated transfers	350,000	0	0	350,000	0	0.0
Reflect anticipated grants and donations	(389,817)	0	0	(389,817)	0	(0.9)
<b>Total FY 2005-06 JBC Recommendation</b>	\$318,285,593	\$0	\$575,000	\$3,348,212	\$314,362,381	94.8
\$ Change from prior year	\$49,704,781	\$0	\$0	(\$39,817)	\$49,744,598	1.2
% Change from prior year	18.5%	n/a	0.0%	(1.2)%	18.8%	1.3%

**Issue Descriptions**

**Reflect anticipated federal funds:** The recommendation reflects an anticipated net increase in the federal funds that are reflected in this subsection, as well as associated staffing level adjustments. The most significant increases are anticipated in two areas: (1) Title 1 funding, which is intended to improve education for children at risk of school failure who live in low income communities; and, (2) funds available from the U.S.D.A. Food and Nutrition Services for the school lunch and school breakfast programs.

**Reflect anticipated transfers:** The recommendation reflects a net increase in cash funds exempt spending authority, primarily due to an anticipated increase in the amount of federal child care funds that are transferred from the Department of Human Services.

**Reflect anticipated grants and donations:** The recommendation reflects a net decrease in the amount of grants and donations the Department anticipates receiving.

**Library Programs:** This section contains appropriations for all library-related programs, with the exception of department staff who administer library programs; funding for these positions is provided through the Management and Administration section.

Library Programs	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
<b>FY 2004-05 Appropriation</b>	\$1,073,596	\$959,796	\$0	\$113,800	\$0	0.0
<i>Recommended Changes from FY 2004-05 Appropriation</i>						
Increase funding for reading services	96,200	0	0	96,200	0	0.0
<b>Total FY 2005-06 JBC Recommendation</b>	\$1,169,796	\$959,796	\$0	\$210,000	\$0	0.0
\$ Change from prior year	\$96,200	\$0	\$0	\$96,200	\$0	0.0
% Change from prior year	9.0%	0.0%	n/a	84.5%	n/a	n/a

### Issue Descriptions

**Increase funding for reading services:** The recommendation includes a \$96,200 increase in spending authority out of the Reading Services for the Blind Cash Fund commensurate with the increase recommended in the annual transfer to this fund from the Disabled Telephone Users Fund in the Department of Regulatory Agencies.

**School for the Deaf and the Blind:** The Colorado School for the Deaf and the Blind (CSDB) provides educational services for children throughout the state who are deaf, hearing impaired, blind, or visually impaired, and under the age of 21. In FY 2003-04, the CSDB had a total enrollment of 441 children, including 229 infants and toddlers and 212 students (ages 3 to 21) who received services on campus.

School for the Deaf and the Blind	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
FY 2004-05 Appropriation	\$10,909,237	\$8,011,547	\$85,000	\$2,812,690	\$0	160.1
<i>Recommended Changes from FY 2004-05 Appropriation</i>						
Annualize salary increases	259,447	249,913	0	9,534	0	0.0
Increase spending authority for grants	115,156	0	0	115,156	0	0.0
Transfers from Management and Administration section	95,154	95,154	0	0	0	0.0
Increase funding for utilities, food, and medical expenses	19,855	19,855	0	0	0	0.0
Communication services payments	914	914	0	0	0	0.0
Personal services base reduction	(17,339)	(17,339)	0	0	0	0.0
<b>Total FY 2005-06 JBC Recommendation</b>	\$11,382,424	\$8,360,044	\$85,000	\$2,937,380	\$0	160.1
\$ Change from prior year	\$473,187	\$348,497	\$0	\$124,690	\$0	0.0
% Change from prior year	4.3%	4.4%	0.0%	4.4%	n/a	0.0%

### Issue Descriptions

**Annualize salary increases:** The recommendation includes \$208,439 to annualize salary survey increases awarded in FY 2004-05, and \$51,008 to annualize performance-based pay awarded in FY 2004-05.

**Increase spending authority for grants:** The recommendation includes a \$115,156 increase in cash funds exempt spending authority associated with federal grants that are anticipated to be made available to the School from other line items in the Department's budget.

**Transfers from Management and Administration section:** The recommendation reflects the transfer of two line items that were previously included in the Management and Administration section: Shift Differential, and Vehicle Lease Payments. The recommendation includes an increase of \$6,996 for the School to replace, in the Spring of 2006, five of twelve vehicles utilized at the School. This increase is offset by a decrease of \$7,884 for shift differential.

**Increase funding for utilities, food, and medical expenses:** The recommendation includes an increase of \$17,197 for utilities (4.0 percent increase compared to the FY 2004-05 appropriation), \$2,623 for food expenses (2.9 percent increase compared to FY 2003-04 expenses), and \$35 for medical expenses (2.5 percent increase compared to FY 2003-04 expenses).

**Communications services payments:** The recommendation includes a small increase in funding for communications services payments.

**Personal services base reduction:** The recommendation includes a reduction of \$17,339 associated with a 0.2 percent reduction in funding for personal services.

## Governor- Lieutenant Governor-State Planning and Budgeting

**Department Description:** The Department is comprised of the Office of the Governor, the Office of the Lieutenant Governor, the Office of State Planning and Budgeting, Economic Development Programs, and the Office of Innovation and Technology.

<b>Summary Table for Department of Governor - Lieutenant Governor - State Planning and Budgeting</b>						
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Cash Fund Exempt</b>	<b>Federal Funds</b>	<b>FTE</b>
<b>FY 2004-05 Appropriation</b>	\$35,350,689	\$15,890,879	\$225,779	\$1,706,447	\$17,527,584	106.9
<i>Recommended Changes from FY 2004-05 by Long Bill Division</i>						
Office of the Governor	(3,169,102)	125,107	(3,789)	(64,956)	(3,225,464)	0.0
Office of Lieutenant Governor	11,022	11,022	0	0	0	0.0
Office of State Planning and Budgeting	38,466	0	0	38,466	0	0.0
Economic Development Programs	34,903	22,651	(74,404)	88,949	(2,293)	0.0
Office of Innovation and Technology	16,250	16,250	0	0	0	0.0
<b>Total FY 2005-06 JBC Recommendation</b>	\$32,282,228	\$16,065,909	\$147,586	\$1,768,906	\$14,299,827	106.9
\$ Change from prior year	(\$3,068,461)	\$175,030	(\$78,193)	\$62,459	(\$3,227,757)	0.0
% Change from prior year	(8.7)%	1.1%	(34.6)%	3.7%	(18.4)%	0.0%

### Recommendation Highlights:

1. The recommendation includes annualizing across all funding sources of salary and performance awards granted to the Office of the Governor FY 2004-05 for an increase of \$161,051.
2. The recommendation for salary, benefits adjustments granted FY 2005-06 are increasing by \$59,068.
3. The recommendation reduces federal program funding in the Office of the Governor by \$3,223,208 from FY 2004-05 appropriation, a decrease of 19.8 percent.

### Budget Recommendation Detail by Long Bill Division

**Office of the Governor:** As the chief executive of the State, the Governor is responsible for the overall operation of the executive branch of government. This office provides for coordination, direction, and planning of agency operations, as well as maintaining a liaison with local governments and the federal government.

Office of the Governor	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
<b>FY 2004-05 Appropriation</b>	\$19,592,193	\$2,986,052	\$81,359	\$198,703	\$16,326,079	35.4
<b>Recommended Changes from FY 2004-05 Appropriation</b>						
Salary and Benefits Adjustments	59,068	46,805	(3,789)	18,308	(2,256)	0.0
Annualized Salary Survey and Performance Based Pay Awards in FY 2004-05	58,935	142,199	0	(83,264)	0	0.0
Adjustments for Central Appropriations	(63,897)	(63,897)	0	0	0	0.0
Federal Programs	(3,223,208)	0	0	0	(3,223,208)	0.0
<b>Total FY 2005-06 JBC Recommendation</b>	\$16,423,091	\$3,111,159	\$77,570	\$133,747	\$13,100,615	35.4
\$ Change from prior year	(\$3,169,102)	\$125,107	(\$3,789)	(\$64,956)	(\$3,225,464)	0.0
% Change from prior year	(16.2)%	4.2%	(4.7)%	(32.7)%	(19.8)%	0.0%

## Issue Descriptions

**Salary and Benefits Adjustments:** The recommendation adjusts various line items that contain salary and benefits funding. These centrally appropriated items include salary survey, state contributions to health, life, and dental, shift differential and S.B. 04-257 Amortization Equalization Disbursement. The recommendation does not fund performance-based pay for FY 2005-06, but it does include a 3.0 percent salary survey increase. The recommendation for Health, Life, and Dental includes increases between 6.2 percent and 9.58 percent, depending on the tier of coverage elected for health. Beginning January 1, 2006, the state will contribute an additional 0.5 percent of base salary to the Public Employees' Retirement Association pursuant to S.B. 04-257; the recommendation includes six months of funding for this new policy.

**Annualized Salary Survey and Performance Based Pay Awards in FY 2004-05:** The recommendation includes \$58,935 for salary increases and performance-based pay awards distributed in FY 2004-05.

**Adjustments for Central Appropriations:** These amounts reflect the rates approved for other centrally appropriated line items by the JBC. Such line items include the following: capital complex leased space, multiuse network payments, and purchased services from computer center. The recommendation contains various changes in centrally appropriated line items. These centrally appropriated items include workers' compensation, risk management and property, vehicle lease payments, and legal services. Operating adjustments are a function of recoverable overhead in the Department of Personnel and Administration or the Department of Law, as is the case with legal services, that are allocated to other departments based on a proportionate share of risk or utilization.

**Federal Program Expenses:** The recommendation reflects a reduction in the amount of federal grants the office expects to receive.

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**Office of the Lieutenant Governor:** Colorado's Constitution provides for the Lieutenant Governor to become Governor in the case of the death, impeachment, felony conviction, incapacitation, or resignation of the

Governor. The Lieutenant Governor serves as chairperson of the Colorado Commission of Indian Affairs and handles additional responsibilities assigned by the Governor.

Office of the Lieutenant Governor	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
<b>FY 2004-05 Appropriation</b>	\$269,968	\$268,468	\$0	\$1,500	\$0	5.0
<i>Recommended Changes from FY 2004-05 Appropriation</i>						
Annualized Salary Survey and Performance Based Pay Awards in FY 2004-05	11,022	11,022	0	0	0	0.0
<b>Total FY 2005-06 JBC Recommendation</b>	\$280,990	\$279,490	\$0	\$1,500	\$0	5.0
\$ Change from prior year	\$11,022	\$11,022	\$0	\$0	\$0	0.0
% Change from prior year	4.1%	4.1%	n/a	0.0%	n/a	0.0%

### Issue Descriptions

**Annualized Salary Survey and Performance Based Pay Awards in FY 2004-05:** This amount includes an additional \$11,022 that represents the salary increases and performance awards allocated to the division in FY 2004-05.

**Office of State Planning and Budgeting:** The Office of State Planning and Budgeting is responsible for the development of executive budget requests, the review and analysis of departmental expenditures, and preparation of revenue and economic forecasts for the State.

Office of State Planning and Budgeting	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
<b>FY 2004-05 Appropriation</b>	\$1,285,245	\$0	\$0	\$1,285,245	\$0	19.5
<i>Recommended Changes from FY 2004-05 Appropriation</i>						
Annualized Salary Survey and Performance Based Pay Awards in FY 2004-05	38,466	0	0	38,466	0	0.0
<b>Total FY 2005-06 JBC Recommendation</b>	\$1,323,711	\$0	\$0	\$1,323,711	\$0	19.5
\$ Change from prior year	\$38,466	\$0	\$0	\$38,466	\$0	0.0
% Change from prior year	3.0%	n/a	n/a	3.0%	n/a	0.0%

### Issue Descriptions

**Annualized Salary Survey and Performance Based Pay Awards in FY 2004-05:** This amount includes an additional \$38,466 that represents the salary increases and performance awards allocated to the division in FY 2004-05.

**Economic Development Programs:** The Office of Economic Development was formed in 1988 to centralize and coordinate the State's business assistance, retention, expansion, and recruitment programs. Other activities include international trade assistance and Colorado tourism promotion.

<b>Economic Development Programs</b>	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Cash Fund Exempt</b>	<b>Federal Funds</b>	<b>FTE</b>
FY 2004-05 Appropriation	\$13,303,723	\$11,736,799	\$144,420	\$220,999	\$1,201,505	37.0
<b>Recommended Changes from FY 2004-05 Appropriation</b>						
Annualized Salary Survey and Performance Based Pay Awards in FY 2004-05	36,452	24,111	(74,315)	88,949	(2,293)	0.0
Vehicle Lease Payments	(1,460)	(1,460)	0	0	0	0.0
Indirect Cost	(89)	0	(89)	0	0	0.0
<b>Total FY 2005-06 JBC Recommendation</b>	\$13,338,626	\$11,759,450	\$70,016	\$309,948	\$1,199,212	37.0
\$ Change from prior year	\$34,903	\$22,651	(\$74,404)	\$88,949	(\$2,293)	0.0
% Change from prior year	0.3%	0.2%	(51.5)%	40.2%	(0.2)%	0.0%

**Issue Descriptions**

**Annualized Salary Survey and Performance Based Pay Awards in FY 2004-05:** This amount includes an additional \$36,452 that represents the salary increases and performance awards allocated to the division in FY 2004-05.

**Vehicle Lease Payments:** This amount reflects an adjustment to reflect anticipated vehicle lease expense in FY 2005-06.

**Indirect Cost Assessment:** The indirect cost assessment to the office of economic development is decreasing pursuant to the Statewide Indirect Cost Allocation Plan. The recommendation makes the appropriate adjustments to the appropriations of the division in order to properly offset General Fund elsewhere in the department.

**Office of Innovation and Technology:** The Office of Innovation and Technology was created in 1999. Its first and foremost duty is to manage the strategic communication and information assets housed in various State agencies.

<b>Office of Innovation and Technology</b>	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Cash Fund Exempt</b>	<b>Federal Funds</b>	<b>FTE</b>
FY 2004-05 Appropriation	\$899,560	\$899,560	\$0	\$0	\$0	10.0
<b>Recommended Changes from FY 2004-05 Appropriation</b>						
Annualized Salary Survey and Performance Based Pay Awards in FY 2004-05	16,176	16,176	0	0	0	0.0
Legal Services for 26 hours	74	74	0	0	0	0.0



<b>Office of Innovation and Technology</b>	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Cash Fund Exempt</b>	<b>Federal Funds</b>	<b>FTE</b>
<b>Total FY 2005-06</b>						
<b>JBC Recommendation</b>	\$915,810	\$915,810	\$0	\$0	\$0	10.0
\$ Change from prior year	\$16,250	\$16,250	\$0	\$0	\$0	0.0
% Change from prior year	1.8%	1.8%	n/a	n/a	n/a	0.0%

### Issue Descriptions

**Annualized Salary Survey and Performance Based Pay Awards in FY 2004-05:** Includes an additional \$16,250 that represents the salary increases and performance awards allocated to the division in FY 2004-05.

**Legal Services:** This amount reflects the common policy rate of \$64.45 hour approved by the JBC for legal services line item.

## Department of Health Care Policy and Financing

**Department Description:** The Department of Health Care Policy and Financing provides health care services to approximately 640,000 Colorado residents through six health care programs: (1) the State's Medicaid medical and mental health programs; (2) the Colorado Indigent Care program (CICP); (3) the Children's Basic Health Plan (CBHP); (4) the Old Age Pensioner Medical program; (5) the Home Care Allowance program; and (6) the Adult Foster Care program. In addition to these programs, the Department also administers the Comprehensive Primary and Preventive Care Grant program to increase access to health care services for medically under-served populations or areas. The Medicaid, CICP, and CBHP programs are federal and state partnerships; therefore, the State receives approximately \$1.6 billion in federal matching funds for these programs. The Department also transfers approximately 13.1 percent of its appropriation to other state agencies that administer programs eligible for Medicaid funding, the majority of which goes to the Department of Human Services.

<b>Summary Table for Department of Health Care Policy and Financing</b>						
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Cash Fund Exempt</b>	<b>Federal Funds</b>	<b>FTE</b>
<b>FY 2004-05 Appropriation</b>	\$3,067,407,578	\$1,277,671,349	\$11,448,429	\$281,528,057	\$1,496,759,743	202.5
<i>Recommended Changes from FY 2004-05 by Long Bill Division</i>						
Executive Director's Office	3,357,738	1,285,795	3,080	85,241	1,983,622	3.6
Medical Services Premiums	160,710,322	89,349,083	4,332	5,373,838	65,983,069	0.0
Medicaid Mental Health Community Programs	9,719,048	7,488,429	0	(5,257,393)	7,488,012	0.0
Indigent Care Program	12,711,286	1,684,721	(50,144)	3,258,289	7,818,420	0.0
Other Medical Services	519,564	63,529	0	395,143	60,892	0.0
Department of Human Services Medicaid-Funded Programs	14,512,603	7,290,930	0	(54,148)	7,275,821	0.0
<b>Total FY 2005-06 Long Bill Recommendation</b>	<b>\$3,268,938,139</b>	<b>\$1,384,833,836</b>	<b>\$11,405,697</b>	<b>\$285,329,027</b>	<b>\$1,587,369,579</b>	<b>206.1</b>
<i>JBC Budget Package Legislation</i>						
S.B. 05 - 211	0	0	0	0	0	0.0
S.B. 05 - 212	0	0	0	0	0	0.0
H.B. 05 - 1262	(5,211,514)	(5,211,514)	0	0	0	0.0
<b>Total FY 2005-06 JBC Recommendation</b>	<b>\$3,263,726,625</b>	<b>\$1,379,622,322</b>	<b>\$11,405,697</b>	<b>\$285,329,027</b>	<b>\$1,587,369,579</b>	<b>206.1</b>
\$ Change from prior year	\$196,319,047	\$101,950,973	(\$42,732)	\$3,800,970	\$90,609,836	3.6
% Change from prior year	6.4%	8.0%	(0.4)%	1.4%	6.1%	1.8%

### Recommendation Highlights:

- The recommendation includes an increase of \$169.7 million total funds, of which \$78.3 million is General Fund, for caseload and cost-per-client increases in the Medicaid medical program. The base recommendation (before policy changes) provides funding for an estimated 426,430 clients at an average annual cost of \$5,010.54 per client.

2. The recommendation includes a total increase of \$18.9 million, of which half is from the General Fund, for a two percent increase in Medicaid rates paid to inpatient hospitals, primary care physicians, and home- and community-based service providers.
3. The recommendation adds \$14.5 million total funds, of which \$7.3 million is from the General Fund, for programs administered by the Department of Human Services that are eligible to receive Medicaid funding.
4. The recommendation adds \$5.2 million total funds, half of which is General Fund, for a cost-of-living increase of 3.25 percent for capitated mental health providers (behavioral health organizations).
5. The recommendation reinstates \$474,546 total funds for behavioral health organizations, which was reduced in FY 2004-05. This sum was reduced based on a FY 2002-03 federal Centers for Medicare and Medicaid Services (CMS) disallowance of state expenditures in the Alternatives to Institutionalization program. Half of the sum is from the General Fund.
6. The recommendation contains a net reduction of \$28.8 million due to the implementation of the Medicare Modernization Act of 2003. This reduction includes a decrease of \$29.7 million federal funds and an increase of \$951,564 General Fund.
7. The recommendation includes a reduction of \$2.3 million total funds which is the estimated recoupment for the capitated mental health program for FY 2003-04 overpayments based on eligible client counts. Half of this sum is from the General Fund.
8. The recommendation reflects \$6,149,084 of Child Placement Agency (CPA) program funding provided to the Behavioral Health Organizations; this program was disallowed by the federal CMS on November 30, 2004. This information is shown for informational purposes.

### **JBC Sponsored Budget Legislation Summary:**

**S.B. 05-211:** As part of their budget package, the Joint Budget Committee is sponsoring S.B. 05-211 which transfers \$8.1 million from the Children's Basic Health Plan (CBHP) Trust Fund to the General Fund. This transfer is contingent on H.B. 05-1262 (Amendment #35 implementation bill) becoming law. H.B. 05-1262 eliminates the asset test for the Medicaid program and allows the adult prenatal program caseload above the FY 2003-04 enrollment to be funded from the Health Care Expansion Fund (tobacco tax dollars). These two actions will reduce expenditures in the CBHP program and therefore, will reduce the amount of funding needed in the CBHP Trust Fund to pay for these program. The associated savings of \$8.1 million in the CBHP Trust Fund can therefore be transferred to the General Fund. Because this bill affects General Fund revenues and not General Fund expenditures, no dollar amounts are shown in the summary table for this bill.

**S.B. 05-212:** As part of their budget package, the Joint Budget Committee is sponsoring S.B.05-212 to create a State Medicaid Reserve Fund. The reserve fund will be credited with any General Fund revenues that exceed the Legislative Council Staff March 2005 revenue forecast that are not needed for the four percent statutory reserve or subject to the six percent spending limit. The bill allows the General Assembly to appropriate moneys from the fund for any expenses incurred by the Medicaid program.

**H.B. 05-1262:** As part of their budget package, the Joint Budget Committee is using the General Fund savings identified in H.B. 05-1262 to balance the state budget. H.B. 05-1262 implements the provisions of Section 21 of Article X of the State Constitution (Amendment 35) approved by the voters in November 2004. The General Fund savings result from using moneys in the Health Care Expansion fund to pay for the costs of presumptive Medicaid eligibility for pregnant women and for the Children's Basic Health Plan's Adult Prenatal caseload above the FY 2003-04 level. Please note, that the summary table does not reflect all of the appropriations contained in H.B. 05-1262. Only the portion of the bill that is being used by the Joint Budget Committee to balance the budget is reflected.

### Budget Recommendation Detail by Long Bill Division

**Executive Director's Office:** This division contains the majority of administrative funding for the Department. Specifically, the funding supports the Department's personnel, operation of the Medicaid Management Information System, implementation of the Health Insurance Portability and Accountability Act (HIPAA) of 1996, provider audits, and the operating funds associated with the Department's Executive Director's Office, Medical Assistance Office, and Operations and Finance Office.

Executive Director's Office	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
<b>FY 2004-05 Appropriation</b>	\$61,919,187	\$21,893,252	\$417,366	\$614,491	\$38,994,078	202.5
<i>Recommended Changes from FY 2004-05 Appropriation</i>						
Medicare Modernization Act of 2003 implementation	1,348,561	533,961	0	0	814,600	1.5
Payment error rate measurements	1,230,549	565,748	0	0	664,801	1.0
Salary and benefits adjustments	427,760	41,368	0	94,221	292,171	0.0
Medicaid Management Information System contract increase	166,575	33,094	0	(13,746)	147,227	0.0
Hospital and Federally Qualifying Health Centers audit increase	100,000	50,000	0	0	50,000	0.0
Mental Health transfer to State Auditor's Office	100,000	50,000	0	0	50,000	0.0
Operating adjustments	97,282	45,200	3,080	253	48,749	0.0
Medicaid management information system substance abuse system changes	44,450	11,113	0	0	33,337	0.0
Medicaid cards caseload adjustment	6,984	3,492	0	0	3,492	0.0
Annualize prior year funding	(131,158)	(38,288)	0	4,513	(97,383)	1.1
Legal costs for nursing home quality assessments	(26,954)	(6,738)	0	0	(20,216)	0.0
Single Entry Point administration	(6,311)	(3,155)	0	0	(3,156)	0.0
<b>Total FY 2005-06 JBC Recommendation</b>	<b>\$65,276,925</b>	<b>\$23,179,047</b>	<b>\$420,446</b>	<b>\$699,732</b>	<b>\$40,977,700</b>	<b>206.1</b>
\$ Change from prior year	\$3,357,738	\$1,285,795	\$3,080	\$85,241	\$1,983,622	3.6
% Change from prior year	5.4%	5.9%	0.7%	13.9%	5.1%	1.8%

## Issue Descriptions

**Medicare Modernization Act of 2003 implementation:** In January 2006, pursuant to the Medicare Modernization Act (MMA) of 2003, individuals who are dual eligible for both the Medicare and Medicaid programs will begin to receive their prescription drugs benefit through the Medicare program. Under the MMA, the Department will have additional responsibilities including tracking dual eligibles, new reporting requirements to the Social Security Administration, identifying low-income individuals who may qualify for assistance programs under the MMA, and assisting seniors as they transition from the Medicaid program to the Medicare program. In order to implement the MMA, the recommendation includes a total funds appropriation of \$1.3 million for the following items: (1) \$635,710 for personal services for 1.5 permanent FTE and 15.0 contract personnel; (2) \$151,572 for operating expenses and rent; (3) \$488,000 for system changes to the Colorado Benefits Management System; and (4) \$73,279 for system changes to the Medicaid Management Information System.

**Payment error rate measurement:** The recommendation includes an increase of \$1,230,549 to establish a payment error rate measurement (PERM) project as required by the Centers for Medicare and Medicaid Services and recommended by two recent state audits (Prescription Drug Audit September 2004 and Medicaid Claims Performance Audit November 2004). This project will develop a statistical sampling of Medicaid claims to test the accuracy of billing payments. The recommendation assumes that the Department will save at least \$796,710 in lower claim payments after identifying payment errors. Therefore, a corresponding reduction of \$796,710 is made in the Medical Services Premiums Division.

**Salary and benefits adjustments:** The recommendation includes the following total fund adjustments for employee salaries and benefits: (1) \$394,534 for a 3.0 percent pay raise for state employees; and (2) a total of \$60,726 for adjustments to health, life, and dental benefits, short-term disability, workers' compensation, and amortization of equalization disbursements for PERA. These increases are offset by a 0.2 percent personal services base reduction of \$27,500. In addition, the recommendation adjusts funding splits and applies statewide indirect costs savings which decreases the General Fund by \$140,209 while providing a corresponding increase of \$140,209 to the cash funds exempt and federal funds appropriations.

**Medicaid Management Information System contract increase:** The recommendation includes an increase of \$909,076 for additional costs under the Medicaid Management Information System contract for Medicaid claims processing. This increase is partially offset by eliminating one-time FY 2004-05 expenses of \$469,740 and decreasing funding for prior authorizations for prescription drugs by \$272,761 due to the implementation of the Medicare Modernization Act of 2003.

**Hospital and Federally Qualifying Health Centers audit increase:** The recommendation includes an increase of \$100,000 for additional cost report audits for hospitals and Federal Qualifying Health Centers (FQHCs). The recommendation anticipates that increased audits will result in more accurate rate setting data and will reduce erroneous over-payments to hospitals and FQHCs. Therefore, a corresponding reduction of \$100,000 is made in the Medical Services Premiums Division.

**Mental Health transfer to State Auditor's Office:** The recommendation includes an increase of \$100,000 to pay the State Auditor's Office for its actuarial costs associated with audits of mental health capitation rates.

**Operating adjustments:** The recommendation includes an increase of \$97,282 for operating expenses related to legal services, administrative law judges, central computer system costs, risk management, and Capitol complex leased space.

**Medicaid management information system substance abuse system changes:** The recommendation includes \$44,450 for modifications to the Medicaid management information system in order to implement an optional outpatient substance abuse treatment program for Medicaid clients.

**Medicaid cards caseload adjustment:** The recommendation includes an increase of \$6,984 to mail an additional 22,526 clients Medicaid identification cards.

**Annualize prior year funding:** The recommendation includes a net decrease of \$131,159 to: (1) eliminate one-time expenses that occurred in FY 2004-05; (2) annualize funding requirements added last year; and (3) provide funding for S.B. 04-177 (Home- and Community-Based Services for Children with Autism). The recommendation adds 1.1 FTE associated with these issues.

**Legal costs for nursing home quality assessments:** The recommendation eliminates funding for the legal costs associated with nursing home quality assessments. During the last two years, the Department has not expended from this line item.

**Single Entry Point administration:** The recommendation adjusts the funding to the Single Entry Point administration line item to reflect the actual expenditure patterns for the last two years.

**Medical Services Premiums:** This division provides the health care funding for an estimated 427,147 Medicaid clients. Clients are determined eligible based on 10 different eligibility categories. Medical services provided include acute care services (i.e. physician visits, prescription drugs, hospitalization) and long-term care services (i.e. nursing home care and community-based services).

Medical Services Premiums	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
<b>FY 2004-05 Appropriation</b>	\$1,966,958,051	\$957,792,812	\$72,180	\$31,131,226	\$977,961,833	0.0
<b>Recommended Changes from FY 2004-05 Appropriation</b>						
Base increase for caseload and cost-per-client adjustments	169,687,611	78,345,235	4,332	5,373,838	85,964,206	0.0
Medicare Modernization Act of 2003 maintenance of effort payment	30,984,982	30,984,982	0	0	0	0.0
Two percent increase for inpatient hospital rates	7,365,778	3,682,889	0	0	3,682,889	0.0
Two percent increase for physician rates	6,831,446	3,415,723	0	0	3,415,723	0.0
Two percent increase for home- and community-based services rates	4,669,275	2,334,638	0	0	2,334,637	0.0
Substance abuse treatment program	3,202,700	1,601,350	0	0	1,601,350	0.0
New enrollment from Medicare Modernization Act of 2003	1,259,650	629,825	0	0	629,825	0.0

Medical Services Premiums	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
Prescription drug savings from Medicare Modernization Act of 2003	(62,394,409)	(31,197,204)	0	0	(31,197,205)	0.0
Payment error rate measurement project savings	(796,711)	(398,355)	0	0	(398,356)	0.0
Hospital and Federally Qualifying Health Centers audit savings	(100,000)	(50,000)	0	0	(50,000)	0.0
<b>Total FY 2005-06 JBC Recommendation</b>	\$2,127,668,373	\$1,047,141,895	\$76,512	\$36,505,064	\$1,043,944,902	0.0
\$ Change from prior year	\$160,710,322	\$89,349,083	\$4,332	\$5,373,838	\$65,983,069	0.0
% Change from prior year	8.2%	9.3%	6.0%	17.3%	6.7%	n/a

## Issue Descriptions

**Base increase for caseload and cost-per-client adjustments:** The recommendation supports medical services for an estimated 426,431 Medicaid clients. The caseload forecast for FY 2005-06 anticipates overall caseload growth of 22,527 or 5.6 percent over the FY 2004-05 adjusted caseload. As in previous years, the caseload growth is primarily in the low-income adult and children categories. The following table shows the projected caseload growth from FY 2004-05 to FY 2005-06.

Eligibility Category	FY 2004-05*	FY 2005-06**	# Change	%
Supplemental Security Income 65 +	34,799	35,132	333	1.0
Supplemental Security Income 60 to 64	5,904	5,943	39	0.7
Qualified Medicare Beneficiaries and Special Low-income Medicare Beneficiaries	10,151	10,814	663	6.5
Supplemental Security Income Disabled	48,225	48,673	448	0.9
Categorically Eligible Low Income Adults	54,951	58,784	3,833	7.0
Baby Care-Adult	6,971	8,100	1,129	16.2
Breast and Cervical Cancer Treatment Clients	158	219	61	38.6
Eligible Children	221,849	236,841	14,992	6.8
Foster Care Children	15,669	16,303	634	4.0
Non-Citizens	5,227	5,621	394	7.5
<b>Total Annual Caseload Forecast</b>	<b>403,904</b>	<b>426,430</b>	<b>22,526</b>	<b>5.6</b>

\*Includes recommended supplemental adjustment.

\*\*This is the base forecast, before policy changes. Implementation of the Medicare Modernization Act of 2003 adds another 717 clients to this base forecast (176 clients in SSI 65+ and 541 clients in QMB/SLMB).

The base service costs are the amounts needed to fund requirements under current law. The base service costs are a function of both cost and utilization projections based on prior years' experience, as adjusted by initiatives to increase the type, range, or cost of services. The base service costs are based on: (1) the cost of acute and long-term care services; (2) the mix of services within these caseload categories; and (3) the caseload mix that utilizes the various array of services. The following table compares the FY 2004-05 estimated costs (including the FY 2004-05 supplemental) with the FY 2005-06 base service cost recommendation for each service category.

Service Category	FY 2004-05	FY 2005-06	\$ Change	%
Acute Care Services	\$1,238,190,613	\$1,352,337,929	\$114,147,316	9.2
Community Long-Term Care Services	\$163,682,141	\$178,822,278	\$15,140,137	9.3
Institutional Long-Term & Insurance	\$535,512,787	\$576,289,295	\$40,776,508	7.6
Other (Medicare Upper Payment Limit and one-time payments)	\$29,572,510	\$29,196,160	(\$376,350)	(1.3)
<b>Total Service Costs</b>	<b>\$1,966,958,051</b>	<b>\$2,136,645,662</b>	<b>\$169,687,611</b>	<b>24.8</b>

Based on the overall forecasted caseload and costs for services, the recommendation includes an overall increase in cost-per-client of approximately \$140.68 or 2.9 percent as shown in the table on the next page.

	FY 2004-05	FY 2005-06	Difference
FY 2004-05 compared to base funding for FY 2005-06	\$1,966,958,051	\$2,136,645,662	\$169,687,611
Caseload	403,904	426,430	22,526
Cost-Per-Client	\$4,869.87	\$5,010.54	\$140.68
Impact Associated with Caseload Growth			\$109,698,584
Impact Associated with Cost-per-Client Growth			\$59,989,027
<b>Total Increase</b>			<b>\$169,687,611</b>

As explained above, the base *increase* for caseload and cost-per-client cost changes is \$169.7 million. This increase represents a continuation of the Medicaid program without any policy changes. The funding increase needed due to caseload growth is forecasted at \$109.7 million and the funding increase needed due to cost-per-client growth is \$60.0 million. Of the total increase of \$169.7 million, \$78.3 million is General Fund, \$4,332 is Cash Funds, \$5.4 million is Cash Fund Exempt, and \$86.0 million is matching federal funds.

**Medicare Modernization Act of 2003 maintenance of effort payment:** The recommendation includes a new line item in the Long Bill to show the amount of funding that the Department will pay to the federal government for the maintenance of effort requirement under the Medicare Modernization Act (MMA) of 2003. For FY 2005-06, this amount is estimated at \$31.0 million General Fund.

**Two percent increase for inpatient hospital rates:** The recommendation includes an increase of \$7.4 million for a two percent rate increase for inpatient hospital services. The Long Bill contains a footnote requesting the Department to report on the rules adopted by the Medical Services Board to implement this recommendation.

**Two percent increase for physician rates:** The recommendation includes an increase of \$6.8 million to increase primary care physician rates. The Long Bill contains a footnote requesting the Department to report on the rules adopted by the Medical Services Board to implement this recommendation.

**Two percent increase for home- and community-based services rates:** The recommendation includes an increase of \$4.7 million for a provider rate increase for home- and community-based services. The Long Bill contains a footnote requesting the Department to report on the rules adopted by the Medical Services Board to implement this recommendation.

**Substance abuse treatment program:** The recommendation includes funding for an optional outpatient substance abuse treatment program for Medicaid clients which is not yet authorized in state statute.



**New enrollment from Medicare Modernization Act of 2003:** The recommendation assumes that there will be additional Medicaid caseload that results from the implementation of the MMA. The MMA provides that low-income Medicare recipients may receive co-pay and deductible assistance for their prescription drugs. When these Medicare clients apply for the low-income assistance benefit, the client will be screened for Medicaid eligibility. The recommendation assumes an increase in caseload of 717 clients, resulting in additional costs to the Department of \$1.3 million.

**Prescription drug savings from Medicare Modernization Act of 2003:** Under the MMA, individuals with dual eligibility will receive their prescription drug coverage from the Medicare program rather than Medicaid program. This change will result in a decrease in prescription drug costs in the Medicaid program of approximately \$62.4 million. Of this amount, \$31.2 million is General Fund. However, the General Fund savings will be more than offset by the MMA Maintenance of Effort Payment, the estimated increase in caseload, and the added administrative costs in the Executive Director's Office. The net overall effect of the total MMA implementation recommendation in FY 2005-06 is an increase in General Fund spending of \$951,564.

**Payment error rate measurement project savings:** The recommendation contains a reduction of \$796,711 to account for over payments to Medicaid providers that will be recouped due to the implementation of the payment error rate measurement project.

**Hospital and Federally Qualifying Health Centers audit savings:** The recommendation contains a reduction of \$100,000 to account for projected savings from increased audits of hospitals and Federally Qualifying Health Centers cost reports.

**Medicaid Mental Health Community Programs:** This division provides for mental health services through the purchase of services from five regional behavioral health organizations (BHOs), previously referred to as MHASAs, which manage mental health services for eligible Medicaid recipients in a capitated, risk-based model. This division was established in the Department of Health Care Policy and Financing pursuant to H.B. 04-1422 (FY 2004-05 Long Bill) as authorized by H.B. 04-1265 which transferred the program to the Department of Health Care Policy and Financing. Prior to the passage of H.B. 04-1422, Medicaid mental health services were administered by the Department of Human Services with the cooperation of the Department of Health Care Policy and Financing. Funding for FY 2005-06 reflects new actuarial rates as of the January 1, 2005, contract, for 410,171 Medicaid clients eligible for mental health services.

Medicaid Mental Health Community Programs	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
<b>FY 2004-05 Appropriation</b>	\$200,120,121	\$75,631,475	\$0	\$48,845,841	\$75,642,805	0.0
<i>Recommended Changes from FY 2004-05 Appropriation</i>						
Caseload and base rates adjustment	8,462,430	4,229,647	0	845	4,231,938	0.0
3.25 percent COLA	5,167,363	2,583,446	0	127	2,583,790	0.0
Reinstatement of funding for FY 2002-03 recoupment taken in FY 2004-05	3,131,775	1,565,888	0	0	1,565,887	0.0
Reinstatement of moneys associated with one-time funding reduction in FY 2004-05 capitation	474,546	237,273	0	0	237,273	0.0

Medicaid Mental Health Community Programs	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
Child Placement Agency (CPA) Program	300,400	0	0	300,400	0	0.0
Refinancing of Breast and Cervical Cancer Program	0	3,050	0	(3,050)	0	0.0
Estimate of anti-psychotic pharmaceutical costs	(5,555,715)	0	0	(5,555,715)	0	0.0
Estimate of FY 2003-04 capitation recoupment	(2,250,000)	(1,125,000)	0	0	(1,125,000)	0.0
Adjustment to fee-for-service program	(11,751)	(5,875)	0	0	(5,876)	0.0
<b>Total FY 2005-06 JBC Recommendation</b>	\$209,839,169	\$83,119,904	\$0	\$43,588,448	\$83,130,817	0.0
\$ Change from prior year	\$9,719,048	\$7,488,429	\$0	(\$5,257,393)	\$7,488,012	0.0
% Change from prior year	4.9%	9.9%	n/a	(10.8)%	9.9%	n/a

## Issue Descriptions

**Caseload and base rates adjustment:** The recommended increase reflects rates effective for the new January 1, 2005, capitation contract and an estimated 410,171 Medicaid clients that are eligible for mental health services.

**3.25 percent cost-of-living adjustment (COLA):** The recommendation adds \$5.2 million for a 3.25 percent cost-of-living increase for capitated mental health providers (behavioral health organizations).

**Reinstatement of funding for FY 2002-03 recoupment taken in FY 2004-05:** The recommendation reinstates the funding associated with a one-time reduction taken in FY 2004-05 to recoup capitation payments made in FY 2002-03 for clients who were later found to not be eligible for Medicaid.

**Reinstatement of moneys associated with one-time funding reduction in FY 2004-05 capitation:** The recommendation reinstates funding reduced in FY 2004-05 associated with a FY 2002-03 federal Centers for Medicare and Medicaid Services (CMS) disallowance in the Alternatives to Institutionalization program.

**Child Placement Agency (CPA) Program:** The recommendation reflects the funding estimate in the Child Welfare budget in the Department of Human Services, shown for informational purposes only. The appropriation continues to reflect the Child Placement Agency (CPA) program funding for Behavioral Health Organizations despite the CMS disallowance of that program.

**Refinancing of Breast and Cervical Cancer Program:** The recommendation reflects the statutorily required financing change pursuant to Section 26-4-532, C.R.S. This change modifies the fund mix between tobacco cash funds and the General Fund.

**Estimate of FY 2003-04 capitation recoupment:** The recommendation reflects the estimate of the FY 2003-04 recoupment. The reduction recoups capitation payments made in FY 2003-04 for clients who were later found to not be eligible for Medicaid.

**Estimate of anti-psychotic pharmaceutical costs:** The recommendation reflects the funding estimate in the Medical Services Premiums budget in this Department, and is shown for informational purposes only.

**Adjustment to fee-for-service program:** The recommended reduction reflects the estimate for fee-for-service utilization for FY 2005-06, and is net of a 2.0 percent cost-of-living increase.

**Indigent Care Program:** This division contains funding for the following programs:

Safety Net Provider Payment Program -- This program provides partial reimbursement to participating hospitals and clinics that serve uninsured or under-insured clients. To be eligible for this program, clients must have income or assets equal to or lower than 185 percent of the federal poverty level (FPL) and may not qualify for assistance through the Medicaid program. This program serves approximately 160,000 clients each year.

Children's Basic Health Plan -- This program provides health insurance to otherwise uninsured children from families at or below 185 percent of the FPL. The program also provides health insurance to eligible adult women between 133 percent and 185 percent of FPL. The Children's Basic Health Plan (CBHP) provides health insurance to an estimated 50,395 children and an average monthly caseload of 1,598 adult pregnant women.

Comprehensive Primary and Preventive Care Grant Program -- This program provides grants to medical providers that serve a designated medically under-served area or population. The grants are used to expand services to these areas and populations.

<b>Indigent Care Program</b>	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Cash Fund Exempt</b>	<b>Federal Funds</b>	<b>FTE</b>
FY 2004-05 Appropriation	\$367,918,270	\$15,788,710	\$210,400	\$172,810,547	\$179,108,613	0.0
<b>Recommended Changes from FY 2004-05 Appropriation</b>						
CBHP children's caseload and cost-per-client increase	9,543,339	0	0	3,444,335	6,099,004	0.0
CBHP adult pregnant women caseload and cost-per-client increase	8,893,092	0	0	3,112,582	5,780,510	0.0
Pediatric speciality hospital	2,726,067	2,726,067	0	0	0	0.0
CBHP dental program increase	612,633	0	0	214,421	398,212	0.0
Comprehensive Primary and Preventive Care Fund	90,301	0	0	90,301	0	0.0
Comprehensive Primary and Preventive Care Grant Program	90,301	0	0	90,301	0	0.0
Safety Net Provider Program one-time funding adjustment	(8,731,182)	0	0	(4,365,591)	(4,365,591)	0.0
CBHP Trust Fund adjustments	(369,087)	(1,041,346)	(50,144)	722,403	0	0.0
CBHP administrative funding decrease	(144,178)	0	0	(50,463)	(93,715)	0.0
<b>Total FY 2005-06 JBC Recommendation</b>	<b>\$380,629,556</b>	<b>\$17,473,431</b>	<b>\$160,256</b>	<b>\$176,068,836</b>	<b>\$186,927,033</b>	<b>0.0</b>
\$ Change from prior year	\$12,711,286	\$1,684,721	(\$50,144)	\$3,258,289	\$7,818,420	0.0
% Change from prior year	3.5%	10.7%	(23.8)%	1.9%	4.4%	n/a

## Issue Descriptions

**CBHP children's caseload and cost-per-client increase:** The recommendation includes an increase of \$9.5 million for the forecasted caseload growth and increase in premium costs for the children's population in the Children's Basic Health Plan (CBHP). In FY 2005-06, the CBHP is anticipated to provide health insurance to 50,395 children at an average annual cost of \$1,217.28 per child.

**CBHP adult pregnant women caseload and cost-per-client increase:** The recommendation includes an increase of approximately \$8.9 million for adult pregnant women enrolled in the CBHP. The recommended appropriation will provide 19,170 prenatal member months of insurance coverage at an average cost of \$317.36 per month. The recommendation will also cover the births for an estimated 2,140 children at an average cost of \$4,475.47 per birth.

**Pediatric speciality hospital:** The recommendation includes an increase of \$2,726,067 to provide a payment to pediatric speciality hospitals to help offset the costs of providing care to a large number of Medicaid and indigent care clients.

**CBHP dental program increase:** Due to the increase in caseload forecasted for the CBHP children population, the recommendation also includes a corresponding increase to the CBHP dental benefit. Because children receive their dental benefits approximately one month after they begin medical coverage, the caseload served in the dental program is less than the amount served under the medical program and is forecasted at 43,844. The annual cost of providing the dental benefit is estimated at \$141.84 per child.

**Comprehensive Primary and Preventive Care Fund:** The recommendation increases the appropriation from the Tobacco Litigation Settlement Cash Fund to the Comprehensive Primary and Preventive Care Fund based on the latest estimate of Tobacco Litigation receipts from Legislative Council staff.

**Comprehensive Primary and Preventive Care Grant Program:** The recommendation makes a corresponding increase to the expenditure authority for the Comprehensive Primary and Preventive Care Grant Program based on the increased revenues into the Fund described above.

**Safety Net Provider Program one-time funding adjustment:** The recommendation decreases the total fund appropriation for Safety Net Provider Payments to eliminate one-time funding that is appropriated in FY 2004-05. For FY 2003-04 and FY 2004-05, a new methodology for calculating the Medicare Upper Payment Limit (UPL) allowed the Department to "certify" an additional \$7.2 million in public expenditures that was used to draw down an additional \$7.2 million in federal matching funds. However, due to the one-time nature of the FY 2003-04 recoupment increase, the FY 2005-06 appropriation is adjusted downward to reflect only the ongoing adjustments to Medicare UPL calculations.

**CBHP Trust Fund adjustments:** The recommendation reduces the General Fund appropriation into the CBHP Trust Fund because of the additional funding that is now appropriated into the CBHP Trust Fund pursuant to H.B. 04-1421. The recommendation also reduces the cash fund appropriation to reflect a more accurate estimate of the amount of enrollment fees that the Department will collect from participating families. Lastly, the recommendation increases the cash fund exempt appropriation to reflect the latest estimate from Legislative Council staff on the amount of Tobacco Settlement Litigation Cash Funds that will be deposited into the CBHP Trust Fund.

**CBHP administrative funding decrease:** The recommendation reduces the funding for CBHP administration costs to eliminate one-time funding in FY 2004-05 associated with restarting the adult prenatal program.

**Other Medical Services:** This division contains the funding for the following programs: (1) Old Age Pensioner Health and Medical Program; (2) Home Care Allowance; (3) Adult Foster Care; (4) Primary Care Physician Reimbursement; (5) H.B. 92-1208 Immunizations (administered by the Department of Public Health and Environment); (6) Family Medicine Residency Training (administered by the Commission on Family Medicine at the University of Colorado); and (7) Public School Health Services (administered jointly with the Department of Education).

Other Medical Services	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
<b>FY 2004-05 Appropriation</b>	\$56,153,654	\$11,261,881	\$10,748,483	\$17,188,199	\$16,955,091	0.0
<i>Recommended Changes from FY 2004-05 Appropriation</i>						
Colorado Autism Treatment Fund	395,143	0	0	395,143	0	0.0
Redistribute Colorado Springs residency program funding	127,058	63,529	0	0	63,529	0.0
Medicaid Management Information System claim volume for school-based services	(2,637)	0	0	0	(2,637)	0.0
<b>Total FY 2005-06 JBC Recommendation</b>	\$56,673,218	\$11,325,410	\$10,748,483	\$17,583,342	\$17,015,983	0.0
\$ Change from prior year	\$519,564	\$63,529	\$0	\$395,143	\$60,892	0.0
% Change from prior year	0.9%	0.6%	0.0%	2.3%	0.4%	n/a

### Issue Descriptions

**Colorado Autism Treatment Fund:** The recommendation contains a new Long Bill line item to account for the funding that the State Treasurer needs to transfer at the end of FY 2004-05 from the Tobacco Litigation Settlement Cash Fund to the Colorado Autism Treatment Fund to fund the FY 2005-06 State-share of expenditures under the Home- and Community-Based Services for Children with Autism Act.

**Redistribute Colorado Springs residency program funding:** In June 2005, the Colorado Springs family medicine residency program will close. Currently, that residency program receives \$127,058 in cash fund exempt funding from the Department of Higher Education through indirect cost recoveries. This recommendation reallocates \$63,429 of the state funding that will be saved when the Colorado Springs residency program closes to the other nine family residency programs. Because these family residency programs qualify for Medicaid, the \$63,429 will be matched by \$63,429 in federal funds.

**Medicaid Management Information System claim volume for school-based services:** The recommendation includes a technical adjustment to the federal funds allocation to reflect an increase in the administrative costs for the claims volume processed through the Medicaid Management Information System. The increase in administrative costs in the Executive Director's Office has the impact of decreasing the amount of federal funds available for this line item.

**Department of Human Services Medicaid-Funded Programs:** This division contains funding for programs administered by the Department of Human Services that are eligible for Medicaid funding. The funds appropriated in this division are transferred to the Department of Human Services as cash funds exempt. Detail about the programs funded with these dollars can be found in the Department of Human Services section.

<b>Department of Human Services Medicaid-Funded Programs</b>	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Cash Fund Exempt</b>	<b>Federal Funds</b>	<b>FTE</b>
<b>FY 2004-05 Appropriation</b>	\$414,338,295	\$195,303,219	\$0	\$10,937,753	\$208,097,323	0.0
<b>Recommended Changes from FY 2004-05 Appropriation</b>						
Services for People with Developmental Disabilities	9,061,668	4,537,474	0	(6,641)	4,530,835	0.0
Division of Child Welfare	3,337,930	1,668,965	0	0	1,668,965	0.0
Division of Youth Corrections	1,458,846	729,423	0	0	729,423	0.0
Executive Director's Office	385,259	192,629	0	0	192,630	0.0
County Administration	172,498	64,687	0	0	107,811	0.0
Mental Health and Alcohol and Drug Abuse Services Division	80,713	88,243	0	(47,885)	40,355	0.0
Office of Operations	66,586	33,293			33,293	0.0
Office of Information Technology Services	(50,897)	(23,784)	0	378	(27,491)	0.0
<b>Total FY 2005-06 JBC Recommendation</b>	\$428,850,898	\$202,594,149	\$0	\$10,883,605	\$215,373,144	0.0
\$ Change from prior year	\$14,512,603	\$7,290,930	\$0	(\$54,148)	\$7,275,821	0.0
% Change from prior year	3.5%	3.7%	n/a	(0.5)%	3.5%	n/a

### Issue Descriptions

**Services for People with Developmental Disabilities:** The increase includes: (1) \$5.2 million for a 2.0 percent community provider cost-of-living increase; (2) \$2.6 million for new comprehensive residential, supported living, and children's extensive support resources for persons with developmental disabilities (funding is for six months only); (3) \$1.3 million to annualize comprehensive residential resources added in FY 2004-05; and (4) \$1.0 million for salary and benefits adjustments. These increases are partially offset by reductions of \$0.6 million associated with the annualization of a federal requirement to move certain developmental disability waiver costs into Medicaid State Plan services, and \$0.4 million for miscellaneous adjustments.

**Division of Child Welfare:** The recommendation includes a \$3.3 million increase for child welfare services, including: (1) \$1,847,563 to cover incremental costs associated with projected changes in the child/adolescent population of each county; (2) \$1,489,107 for a 2.0 percent community provider cost-of-living increase; and (3) \$1,260 to annualize salary survey and performance-based pay awards in FY 2004-05.

**Division of Youth Corrections:** The recommendation includes a \$1.5 million increase for the Division of Youth Corrections: (1) \$1,123,965 for costs associated with projected changes in the caseload of committed youths; (2) \$295,124 for costs associated with a 2.0 percent provider cost-of-living increase to residential treatment centers; and (3) \$39,757 for costs associated with refinancing a case management position that previously had been funded entirely with General Fund appropriations to the Division of Youth Corrections.

**Executive Director's Office:** The recommendation reflects increases associated with salary and benefit adjustments and the annualization of salary and performance awards in FY 2004-05. It also includes decreases associated with the implementation of the Health Insurance Portability and Accountability Act of 1996 security rule.

**County Administration:** The recommendation reflects the 2.0 percent cost-of-living adjustment granted to providers.

**Mental Health and Alcohol and Drug Abuse Services Division:** The recommendation includes: (1) a 2.0 percent community provider cost-of-living increase for Medicaid-funded programs in the Division; (2) a change in the cash fund exempt financing methodology for the High Risk Pregnant Women Program in the Alcohol and Drug Abuse Services Division; (3) a slight adjustment in the tobacco cash funds exempt allocation for the Residential Treatment for Youth (H.B. 99-1116) Program; (4) changes in estimated Medicaid patient revenues at the mental health institutes; and (5) an increase for additional licensing costs associated with providing a Medicaid substance abuse treatment program.

**Office of Operations:** The recommendation reflects various common policy adjustments, including adjustments to personal services to reflect salary increases awarded in FY 2004-05, a 0.2 percent personal services base reduction, and changes in centrally appropriated line items, including vehicle lease payments and capitol complex leased space.

**Office of Information Technology Services:** The recommendation includes: (1) a decrease associated with a transfer of an appropriation from this division to others in the Department of Human Services; (2) an increase for funding for the CBMS contract; and (3) a fund mix adjustment.

## Department of Higher Education

**Department Description:** This department is responsible for higher education and vocational training programs in the state. The Colorado Commission on Higher Education (CCHE) serves as the central policy and coordinating board for the Department. Financial aid programs also fall under the purview of CCHE.

Summary Table for Department of Higher Education						
	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
<b>FY 2004-05 Appropriation</b>	\$1,699,546,796	\$587,972,772	\$537,034,995	\$554,733,876	\$19,805,153	18,281.3
<b>Recommended Changes from FY 2004-05 by Long Bill Division</b>						
Department Administrative Office	62,449	0	499,515	(450,814)	13,748	0.0
Colorado Commission on Higher Education	(29,879,893)	0	(27,362,183)	(2,517,710)	0	(2.0)
Colorado Commission on Higher Education Financial Aid	972,608	989,830	0	(17,222)	0	0.0
College Opportunity Fund Program	498,818,342	498,818,342	0	0	0	0.0
Governing Boards	(46,625,496)	(491,291,351)	(499,434,923)	944,100,778	0	(198.6)
Local District Junior Colleges	1,063,600	1,063,600	0	0	0	0.0
Advisory Commission on Family Medicine	1	0	0	1	0	0.0
Division of Occupational Education	960,566	178,118	235,077	(38,739)	586,110	0.0
Auraria Higher Education Center	844,535	0	9,644,003	(8,799,468)	0	0.0
Council on the Arts	300,000	200,000	0	0	100,000	0.0
State Historical Society	(1,177,742)	0	42,149	(1,077,063)	(142,828)	0.0
<b>Total FY 2005-06 JBC Recommendation</b>	<b>\$2,124,885,766</b>	<b>\$597,931,311</b>	<b>\$20,658,633</b>	<b>\$1,485,933,639</b>	<b>\$20,362,183</b>	<b>18,080.7</b>
\$ Change from prior year	\$425,338,970	\$9,958,539	(\$516,376,362)	\$931,199,763	\$557,030	(200.6)
% Change from prior year	25.0%	1.7%	(96.2)%	167.9%	2.8%	(1.1)%

*The large decrease in cash funds for this Department is primarily attributable to the assumption that all schools will be designated as enterprises for TABOR purposes in FY 2005-06 pursuant to S.B. 04-189. Enterprise revenue is exempt from TABOR and so spending authority for enterprises is designated as cash funds exempt in the Long Bill.*

*The large increase in cash funds exempt is partially attributable to the change in enterprise status for the schools and partially attributable to showing transfers of General Fund from the College Opportunity Fund Program to the governing boards as required by S.B. 04-189. Transfers are shown as cash funds exempt with a (T) notation in the Long Bill to indicate that the revenue has already been counted once for TABOR purposes. The total amount of the transfer, or double-count, created by implementing S.B. 04-189 is \$496.9 million. Showing the transfers also causes the total funds for the Department to increase dramatically.*



**Recommendation Highlights:**

1. Replaces General Fund for the governing boards with stipends, at \$2,400 per student FTE, and with fee-for-service contracts, in order to implement S.B. 04-189.
2. Provides \$2.2 million new General Fund through stipends to bring funding at Metropolitan State College of Denver up to the \$2,400 stipend rate per student FTE.
3. Provides \$1.9 million new General Fund for students attending private schools through the College Opportunity Fund Program.
4. Provides \$3.7 million new General Fund through the fee-for-service contracts to provide half of the statutorily required minimum level of funding for the former State Colleges.
5. Increases tuition spending authority for the governing boards by 11.1 percent overall based on different requested amounts for each school.
6. Provides \$1.1 million new General Fund to increase the funding rate per student at the local district junior colleges by \$200 per student FTE and bring it closer to the reimbursement rate for the community colleges.
7. Increases financial aid by just under \$1.0 million General Fund to match the percentage increase in General Fund for the higher education institutions.
8. Reduces 2.0 FTE vacant marketing positions from the Colorado Commission on Higher Education and saves \$70,000 General Fund.
9. Increases General Fund for the Council on the Arts by \$200,000 to fully match available federal funds.
10. Increases cash funds exempt spending authority from the State Historical Fund by \$533,000 for the State Historical Society to address maintenance and security issues, improve exhibits, and comply with the Native American Graves Protection and Repatriation Act.

**Budget Recommendation Detail by Long Bill Division**

**Department Administrative Office:** This division includes funding for centrally appropriated items for the Department. These items include salary survey, risk management, leased space, health benefits, and other miscellaneous expenses.

Department Administrative Office	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
<b>FY 2004-05 Appropriation</b>	\$1,136,559	\$0	\$186,977	\$945,125	\$4,457	0.0
<i>Recommended Changes from FY 2004-05 Appropriation</i>						
Salary and benefit adjustments	53,288	0	6,379	33,835	13,074	0.0

Department Administrative Office	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
Other	9,161	0	10,938	(2,451)	674	0.0
Fund source adjustment	0	0	482,198	(482,198)	0	0.0
<b>Total FY 2005-06 JBC Recommendation</b>	\$1,199,008	\$0	\$686,492	\$494,311	\$18,205	0.0
\$ Change from prior year	\$62,449	\$0	\$499,515	(\$450,814)	\$13,748	0.0
% Change from prior year	5.5%	n/a	267.2%	(47.7)%	308.5%	n/a

## Issue Descriptions

**Salary and benefit adjustments:** The recommendation includes a net increase for salary and benefit adjustments, including the following: an increase of \$89,568 for salary survey and senior executive service; an increase of \$44,379 for health, life and dental benefits; an increase of \$16,185 for the S.B. 04-257 amortization equalization disbursement; and the elimination of \$96,844 for performance-based pay.

**Fund source adjustment:** The recommended \$482,198 reduction in cash funds exempt and commensurate increase in cash funds is attributable to the change in TABOR status of the higher education institutions as a result of S.B. 04-189. Indirect cost recoveries from enterprises are subject to TABOR and are therefore reflected as cash funds.

**Colorado Commission on Higher Education:** This division includes funding for the Commission's staff, the Division of Private Occupational Schools, and special purpose initiatives of the Department.

Colorado Commission on Higher Education	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
<b>FY 2004-05 Appropriation</b>	\$34,093,741	\$0	\$30,692,236	\$3,401,505	\$0	36.7
<b>Recommended Changes from FY 2004-05 Appropriation</b>						
Annualize salary increases	70,379	0	12,822	57,557	0	0.0
Western interstate exchange	69,000	0	0	69,000	0	0.0
Advanced technology grants	50,000	0	0	50,000	0	0.0
Fund source adjustment	0	0	2,694,267	(2,694,267)	0	0.0
Eliminate one-time cash contingency	(30,000,000)	0	(30,000,000)	0	0	0.0
Reduce vacant marketing positions	(69,272)	0	(69,272)	0	0	(2.0)
<b>Total FY 2005-06 JBC Recommendation</b>	\$4,213,848	\$0	\$3,330,053	\$883,795	\$0	34.7
\$ Change from prior year	(\$29,879,893)	\$0	(\$27,362,183)	(\$2,517,710)	\$0	(2.0)
% Change from prior year	(87.6)%	n/a	(89.2)%	(74.0)%	n/a	(5.5)%

## Issue Descriptions

**Annualize salary increases:** The recommendation includes \$57,557 for the Colorado Commission on Higher Education (CCHE) and \$12,822 for the Division of Private Occupational Schools to annualize salary survey increases and performance-based pay awarded in FY 2004-05. These figures are net of the 0.2 percent common policy base reduction.

**Western interstate exchange:** The recommendation includes the following: a \$65,000 increase in payments for Colorado students to attend optometry programs in other states at reduced tuition through the Western Interstate Commission on Higher Education (WICHE) exchange program, and a \$3,000 increase in WICHE membership dues.

**Advanced technology grants:** The recommendation includes a \$50,000 increase in the projection of waste tire funds that will be deposited in the Advanced Technology Fund.

**Fund source adjustment:** The recommended \$2.7 million reduction in cash funds exempt and commensurate increase in cash funds are attributable to the change in TABOR status of the higher education institutions as a result of S.B. 04-189. Indirect cost recoveries collected from enterprises are subject to TABOR and reflected as cash funds.

**Eliminate one-time cash contingency:** The FY 2004-05 appropriation included a one-time appropriation of cash funds spending authority that could be transferred to governing boards in the event that actual revenues exceed the appropriation. The recommendation does not continue this one-time contingency into FY 2005-06.

**Reduce vacant marketing positions:** The recommendation includes eliminating the authorization for 2.0 FTE and \$69,272 cash funds from indirect cost recoveries. The Department intended these positions to work on marketing and access initiatives, primarily related to the College Opportunity Fund program authorized by S.B. 04-189.

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**Colorado Commission on Higher Education Financial Aid:** This division includes the state funded financial aid programs administered by CCHE.

Colorado Commission on Higher Education Financial Aid	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
<b>FY 2004-05 Appropriation</b>	\$77,462,976	\$76,140,754	\$0	\$22,222	\$1,300,000	0.0
<i>Recommended Changes from FY 2004-05 Appropriation</i>						
Need based grants	4,691,886	4,691,886	0	0	0	0.0
Native American students	822,024	822,024	0	0	0	0.0
Merit based grants	(4,524,080)	(4,524,080)	0	0	0	0.0
Early childhood professional loan repayment	(17,222)	0	0	(17,222)	0	0.0

Colorado Commission on Higher Education Financial Aid	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
<b>Total FY 2005-06 JBC Recommendation</b>	\$78,435,584	\$77,130,584	\$0	\$5,000	\$1,300,000	0.0
\$ Change from prior year	\$972,608	\$989,830	\$0	(\$17,222)	\$0	0.0
% Change from prior year	1.3%	1.3%	n/a	(77.5)%	0.0%	n/a

## Issue Descriptions

**Need based grants:** The recommendation includes a \$4.7 million General Fund increase in state need based financial aid.

**Native American students:** The recommendation includes an \$822,024 General Fund increase in payments to Fort Lewis College for Native American student tuition waivers pursuant to Section 23-52-105, C.R.S.

**Merit based grants:** The recommendation reduces merit based grants by \$4.5 million General Fund.

**Early childhood professional loan repayment:** The recommendation includes a \$17,222 reduction in cash funds exempt transferred from the Department of Human Services for the early childhood professional loan repayment program.

**Total financial aid:** *Section 23-3.3-103, C.R.S. requires that financial aid appropriations increase by at least the same percentage as General Fund appropriations to institutions of higher education. The recommended 1.3 percent overall General Fund increase for the financial aid programs matches the combined percentage increase in state funds for the governing boards, the local district junior colleges, and the area vocational schools.*

**College Opportunity Fund Program:** This is a new section of the Long Bill for student stipend payments and fee-for-service contracts to implement S.B. 04-189.

College Opportunity Fund Program	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
<b>FY 2004-05 Appropriation</b>	\$0	\$0	\$0	\$0	\$0	0.0
<b>Recommended Changes from FY 2004-05 Appropriation</b>						
Stipends - state institutions	288,604,800	288,604,800	0	0	0	0.0
Stipends - private institutions	1,932,000	1,932,000	0	0	0	0.0
Fee-for-service contracts	208,281,542	208,281,542	0	0	0	0.0
<b>Total FY 2005-06 JBC Recommendation</b>	\$498,818,342	\$498,818,342	\$0	\$0	\$0	0.0
\$ Change from prior year	\$498,818,342	\$498,818,342	\$0	\$0	\$0	0.0
% Change from prior year	n/a	n/a	n/a	n/a	n/a	n/a

**Stipends - state institutions:** The recommendation includes \$288.6 million General Fund for stipends for an estimated 120,252 eligible full-time equivalent students attending state institutions at \$2,400 per 30 credit hours. (See the Governing Boards section for the projected allocation of student stipend payments by institution.) The General Fund appropriation for student stipend payments replaces the direct General Fund subsidies to the governing boards that occurred in FY 2004-05. The only school projected to receive more through student stipend payments than the FY 2004-05 direct General Fund subsidy is Metropolitan State College of Denver (Metro). The recommendation includes an increase of \$2,232,955 General Fund for the projected stipend-eligible enrollment at Metro.

**Stipends - private institutions:** The recommendation includes \$1.9 million General Fund for stipends for an estimated 1,610 eligible full-time equivalent students attending participating private institutions at \$1,200 per 30 credit hours. No money for student stipend payments at private institutions was appropriated in FY 2004-05. This \$1.9 million General Fund represents new funding.

**Fee-for-service contracts:** The recommendation includes \$208.3 million General Fund for fee-for-service contracts that pay for higher education needs of the state not addressed through the student stipend payments, such as graduate and specialized education, basic skills courses, rural education, and other education services identified in Section 23-5-130, C.R.S. There are three components to the recommended General Fund appropriation for fee-for-service contracts:

1. \$204,919,506 General Fund for fee-for-service contracts to buy the same amount of education services as the FY 2004-05 direct General Fund subsidy of the higher education institutions provided. Since this funding replaces the FY 2004-05 direct General Fund subsidy for the higher education governing boards, there is no net increase in General Fund.
2. An increase of \$3,700,000 General Fund to provide half of the \$7.4 million increase required to meet the minimum level of funding requirement for the former State Colleges in Section 23-1-104 (6), C.R.S. This represents an increase in General Fund of: 1) \$799,940 for Adams State College; 2) \$1,535,130 for Mesa State College; and 3) \$1,364,930 for Western State College.
3. A decrease of \$337,964 General Fund transferred from the fee-for-service contract for the Community Colleges to the Division of Occupational Education, Administration, to demonstrate to federal auditors that the State is meeting matching requirements for federal Perkins vocational funding. Because this is a transfer to another line item that is administered by the Community College system, there is no net decrease in state funds for the Community Colleges.

**Governing Boards:** This division includes funding for the state-operated higher education institutions.

Governing Boards	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
<b>FY 2004-05 Appropriation</b>	\$1,480,408,628	\$491,291,351	\$499,434,923	\$489,682,354	\$0	17,952.7
<i>Recommended Changes from FY 2004-05 Appropriation</i>						
Eliminate direct General Fund subsidy	(491,291,351)	(491,291,351)	0	0	0	0.0
Student stipend payments	288,604,800	0	0	288,604,800	0	0.0
Fee-for-service contracts	208,281,542	0	0	208,281,542	0	0.0

<b>Governing Boards</b>	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Cash Fund Exempt</b>	<b>Federal Funds</b>	<b>FTE</b>
<i>Subtotal - state support for higher ed.</i>	5,594,991	(491,291,351)	0	496,886,342	0	0.0
Tuition adjustment for enrollment	(916,141)	0	0	(916,141)	0	0.0
Tuition rate adjustments	90,444,978	0	0	90,444,978	0	0.0
<i>Subtotal - tuition</i>	89,528,837	0	0	89,528,837	0	0.0
Academic fees and facility fees	4,196,405			4,196,405		
Enterprise status for schools	0		(499,434,923)	499,434,923		
Funds no longer appropriated	(145,945,729)			(145,945,729)		
Adjust FTE estimate	0	0	0	0	0	(198.6)
<b>Total FY 2005-06</b>						
<b>JBC Recommendation</b>	\$1,433,783,132	\$0	\$0	\$1,433,783,132	\$0	17,754.1
\$ Change from prior year	(\$46,625,496)	(\$491,291,351)	(\$499,434,923)	\$944,100,778	\$0	(198.6)
% Change from prior year	(3.2)%	(100.0)%	(100.0)%	192.8%	n/a	(1.1)%

## Issue Descriptions

**Eliminate direct General Fund subsidy:** Senate Bill 04-189 calls for the elimination of direct General Fund subsidies for higher education institutions. The direct General Fund subsidy is replaced by student stipend payments and fee-for-service contracts.

**Student stipend payments:** The recommendation includes \$288.6 million General Fund in the College Opportunity Fund Program section of the Long Bill for stipends for students attending state institutions. The payment of this General Fund to the higher education institutions is shown as cash funds exempt.

**Fee-for-service contracts:** The recommendation includes \$208.3 million General Fund for fee-for-service contracts in the College Opportunity Fund Program section of the Long Bill. In the Governing Boards section, the transfer of the General Fund to pay each governing board is shown as cash funds exempt. There are three components to the recommended appropriation for fee-for-service contracts:

1. \$204,919,506 for fee-for-service contracts to buy the same amount of education services as the FY 2004-05 direct General Fund subsidy of the higher education institutions provided.
2. An increase of \$3,700,000 to provide half of the \$7.4 million increase required to meet the minimum level of funding requirement for the former State Colleges in Section 23-1-104 (6), C.R.S. This represents an increase in state funding of: 1) \$799,940 for Adams State College; 2) \$1,535,130 for Mesa State College; and 3) \$1,364,930 for Western State College.
3. A decrease of \$337,964 transferred from the fee-for-service contract for the Community Colleges to the Division of Occupational Education, Administration to demonstrate to federal auditors that the state is meeting matching requirements for federal Perkins vocational funding. Because this is a transfer to

another line item that is administered by the Community College system, there is no net decrease in state funding for the Community Colleges.

**State support for higher education:** The following table shows the changes in state support for higher education by governing board.

State Support for Public Higher Education							
	FY 2004-05 General Fund Appropriation	Eliminate Direct General Fund Subsidy	Stipends at \$2,400 per 30 Credit Hrs	Fee-for-service contracts	Total FY 2005-06 State Support	Dollar Change	Per- cent
Adams	\$10,316,691	(\$10,316,691)	\$3,508,800	\$7,607,831	\$11,116,631	\$799,940	7.8%
Mesa	15,775,165	(15,775,165)	10,173,600	7,136,695	17,310,295	1,535,130	9.7%
Metro	33,951,845	(33,951,845)	36,184,800	0	36,184,800	2,232,955	6.6%
Western	6,896,788	(6,896,788)	3,722,400	4,539,318	8,261,718	1,364,930	19.8%
CSU System	109,183,992	(109,183,992)	47,056,800	62,127,192	109,183,992	0	0.0%
Fort Lewis	7,435,161	(7,435,161)	6,216,000	1,219,161	7,435,161	0	0.0%
CU Regents	150,672,841	(150,672,841)	64,624,800	86,048,041	150,672,841	0	0.0%
Mines	17,187,980	(17,187,980)	5,949,600	11,238,380	17,187,980	0	0.0%
UNC	33,590,909	(33,590,909)	21,871,200	11,719,709	33,590,909	0	0.0%
Com. Colleges	106,279,979	(106,279,979)	89,296,800	16,645,215	105,942,015	(337,964)	-0.3%
TOTAL	\$491,291,351	(\$491,291,351)	\$288,604,800	\$208,281,542	\$496,886,342	\$5,594,991	1.1%

**Tuition adjustment for enrollment:** The recommendation for tuition includes an adjustment for enrollment based on the Legislative Council Staff March 2005 forecast. The projected percentage change in resident and nonresident students by institution is summarized in the following table, along with the total spending authority adjustment based on these changes. Changes in resident and nonresident tuition rates are applied to the FY 2005-06 enrollment adjusted base.

Tuition Adjustment for Enrollment					
	FY 2004-05 Long Bill Tuition	Enrollment Change		Dollar Adjustment for Enrollment	FY 2005-06 Enrollment Adjusted Base
		Resident	Nonresident		
Adams	\$5,601,952	1.3%	1.9%	\$81,224	\$5,683,176
Mesa	12,254,915	3.0%	4.1%	396,728	12,651,643
Metro	40,153,966	3.2%	-1.8%	1,086,482	41,240,448
Western	7,943,641	0.6%	0.4%	38,399	7,982,040
CSU System	140,123,026	2.6%	-0.9%	1,330,674	141,453,700
Fort Lewis	21,375,841	0.4%	-0.3%	(16,783)	21,359,058
CU Regents	401,076,507	1.1%	-3.9%	(6,919,357)	394,157,150
Mines	33,107,353	3.4%	0.7%	698,080	33,805,433

Tuition Adjustment for Enrollment					
	FY 2004-05 Long Bill Tuition	Enrollment Change		Dollar Adjustment for Enrollment	FY 2005-06 Enrollment Adjusted Base
		Resident	Nonresident		
UNC	42,369,586	2.7%	-0.6%	788,883	43,158,469
Com Colleges	109,729,739	1.8%	-0.3%	1,599,529	111,329,268
TOTAL	\$813,736,526	2.6%	-1.9%	(\$916,141)	\$812,820,385

**Tuition rate adjustments:** The recommendation includes an additional \$90.4 million tuition spending authority for rate adjustments based on the proposals submitted by the higher education institutions, as approved by CCHE, except that the spending authority for the University of Colorado includes an additional \$1,603,118 for investment in merit based aid. The table below summarizes the tuition spending authority increases by governing board. The percentage change reflects the change in total tuition revenue, and not necessarily the change in any individual tuition rate.

Spending Authority for Tuition Rate Adjustments				
	FY 2005-06 Enrollment Adjusted Base	Tuition Authority Increase	FY 2005-06 Recommended Appropriation	Percent Change
Adams	\$5,683,176	\$687,773	\$6,370,949	12.1%
Mesa	12,651,643	1,515,002	14,166,645	12.0%
Metro	41,240,448	3,259,139	44,499,587	7.9%
Western	7,982,040	868,252	8,850,292	10.9%
CSU System	141,453,700	16,715,307	158,169,007	11.8%
Fort Lewis	21,359,058	1,578,817	22,937,875	7.4%
CU Regents	394,157,150	43,560,111	437,717,261	11.1%
Mines	33,805,433	4,020,000	37,825,433	11.9%
UNC	43,158,469	5,112,316	48,270,785	11.8%
Com Colleges	111,329,268	13,128,261	124,457,529	11.8%
TOTAL	\$812,820,385	\$90,444,978	\$903,265,363	11.1%

**Academic fees and facility fees:** The recommendation includes an increase of \$4.2 million for academic fees and academic facility fees. Academic fees and academic facility fees are a small subset of total fees charged by campuses. These fees directly support the academic mission of the institutions. Fees for auxiliary programs like housing, food services, parking, and student government are not appropriated in the Long Bill. This is the first year that the Long Bill will show academic fees and academic facility fees isolated from other cash funds. The total funding recommendation is based on estimates provided by the institutions. Of the \$3.9 million increase for the University of Colorado, \$2.9 million is attributable to the CU-Boulder facility fee previously approved by the General Assembly. The CU-Boulder facility fee begins at \$50 per semester (\$100 per year) and increases over the next four years to \$200 per semester (\$400 per year). The fee will not be charged until construction of the first facility paid for with the fee is complete, which may happen toward the end of FY 2005-06.



Academic Fees and Academic Facility Fees				
	FY 2004-05	FY 2005-06	Difference	Percent
Adams	\$70,400	\$70,400	0	0.0%
Mesa	135,000	150,000	15,000	11.1%
Metro	546,000	546,000	0	0.0%
Western	205,000	205,000	0	0.0%
CSU System	6,163,128	6,181,790	18,662	0.3%
Fort Lewis	1,115,000	1,150,000	35,000	3.1%
CU Regents	12,800,000	16,700,000	3,900,000	30.5%
Mines	133,000	139,000	6,000	4.5%
UNC	698,000	712,000	14,000	2.0%
Com Colleges	6,695,963	6,903,706	207,743	3.1%
TOTAL	\$28,561,491	\$32,757,896	4,196,405	14.7%

**Enterprise status for schools:** The recommendation assumes that all schools will be designated as enterprises for TABOR purposes in FY 2005-06 pursuant to S.B. 04-189. Enterprise revenue is exempt from TABOR and so spending authority for enterprises is designated as cash funds exempt in the Long Bill.

**Funds no longer appropriated:** Part of the recommendation is to discontinue the practice of providing spending authority in the Long Bill for "Other than Tuition Revenue" and "Auxiliary Revenue". Prior to the passage of S.B. 04-189, these funds were included in the Long Bill because the General Assembly had an interest in controlling TABOR revenue for the higher education institutions. With the designation of schools as enterprises pursuant to S.B. 04-189, the recommendation is not to control these funds through the Long Bill any more, except for the portion of these funds related to academic fees and academic facility fees.

Other Than Tuition Revenue includes such items as fees, charges for services, interest earnings, rental revenues and indirect cost recoveries. Auxiliary Revenue includes funds earned by programs that are ancillary to the academic mission of the institution. The practice prior to FY 2005-06 was to appropriate the portion of Other Than Tuition Revenue and Auxiliary Revenue that was subject to TABOR. Funds not subject to TABOR were not included in the Long Bill. Athletics is an example of an auxiliary program that for most schools<sup>1</sup> was appropriated in the Long Bill in FY 2004-05 but would not be appropriated in FY 2005-06.

**Adjust FTE Estimate:** The FTE for the higher education institutions are included in the Long Bill for informational purposes only. Pursuant to statute, each governing board retains control over the number of employees hired. Projections submitted by the schools of employment in the current year are used as the best indicator of employment levels in FY 2005-06.

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<sup>1</sup> Funding for the athletics program at the University of Colorado has not previously been included in the Long Bill, because it meets the qualifications for a TABOR enterprise. Under the recommendation, funding for the University of Colorado athletics program would continue not to be appropriated in the Long Bill.

<b>Adjustment to Higher Education FTE Estimate</b>				
	FY 2004-05 Long Bill	FY 2005-06 Estimate	Difference	Percent
Adams	276.1	286.9	10.8	3.9%
Mesa	408.4	405.5	(2.9)	-0.7%
Metro	964.2	964.9	0.7	0.1%
Western	201.3	200.8	(0.5)	-0.2%
CSU System	3,636.5	3,417.9	(218.6)	-6.0%
Fort Lewis	389.3	413.3	24.0	6.2%
CU Regents	6,140.3	5,971.2	(169.1)	-2.8%
Mines	563.7	465.9	(97.8)	-17.4%
UNC	986.8	1,000.0	13.2	1.3%
Com Colleges	4,386.1	4,627.7	241.6	5.5%
<b>TOTAL</b>	<b>17,952.7</b>	<b>17,754.1</b>	<b>(198.6)</b>	<b>-1.1%</b>

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### Local District Junior Colleges:

Local District Junior Colleges	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
<b>FY 2004-05 Appropriation</b>	\$11,038,334	\$11,038,334	\$0	\$0	\$0	0.0
<i>Recommended Changes from FY 2004-05 Appropriation</i>						
Increase funding per student by \$200	1,063,600	1,063,600	0	0	0	0.0
<b>Total FY 2005-06 JBC Recommendation</b>	\$12,101,934	\$12,101,934	\$0	\$0	\$0	0.0
\$ Change from prior year	\$1,063,600	\$1,063,600	\$0	\$0	\$0	0.0
% Change from prior year	9.6%	9.6%	n/a	n/a	n/a	n/a

### Issue Descriptions

**Increase funding per student by \$200:** The recommendation is to increase General Fund for the local district junior colleges by \$200 per student to get the funding rate per student closer to the rate appropriated for the community colleges.

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**Advisory Commission on Family Medicine:** The Commission distributes funds for the support of ten family medicine residency programs throughout the state and assists in the recruitment of family medicine residents.

<b>Advisory Commission on Family Medicine</b>	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Cash Fund Exempt</b>	<b>Federal Funds</b>	<b>FTE</b>
<b>FY 2004-05 Appropriation</b>	\$1,576,501	\$0	\$0	\$1,576,501	\$0	0.0
<i>Recommended Changes from FY 2004-05 Appropriation</i>						
Health Care Policy and Financing transfer	1	0	0	1	0	0.0
<b>Total FY 2005-06 JBC Recommendation</b>	\$1,576,502	\$0	\$0	\$1,576,502	\$0	0.0
\$ Change from prior year	\$1	\$0	\$0	\$1	\$0	0.0
% Change from prior year	0.0%	n/a	n/a	0.0%	n/a	n/a

### Issue Descriptions

**Health Care Policy and Financing transfer:** The recommendation includes an increase of \$127,058 in Medicaid funding transferred from the Department of Health Care Policy and Financing and a decrease of \$127,057 in indirect cost recoveries from the Department of Higher Education. With the closure of the Colorado Springs residency program in June 2005, all remaining residency programs qualify for Medicaid funding. Therefore, the recommendation decreases the amount of funding that was allocated to the Colorado Springs residency program from the indirect cost recoveries within the Department of Higher Education and increases the amount of funding for the remaining nine residency programs by the same amount using Medicaid funding.

**Division of Occupational Education:** This division supervises and administers the occupational education programs of the state and approves the allocation and distribution of state and federal vocational education funds to the community colleges, local district junior colleges, area vocational schools, secondary school districts, and any other appropriate state and local educational agencies or institutions. This division also coordinates resources available for the promotion of job development, job training, and job retraining in the state.

<b>Division of Occupational Education</b>	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Cash Fund Exempt</b>	<b>Federal Funds</b>	<b>FTE</b>
<b>FY 2004-05 Appropriation</b>	\$48,704,298	\$8,992,333	\$0	\$22,759,809	\$16,952,156	34.2
<i>Recommended Changes from FY 2004-05 Appropriation</i>						
Perkins funds	586,110	0	0	0	586,110	0.0
Transfer from community colleges fee-for-service	337,964	337,964	0	0	0	0.0
Colorado Vocational Act	36,492	0	0	36,492	0	0.0
Fund source adjustment	0	(159,846)	235,077	(75,231)	0	0.0
<b>Total FY 2005-06 JBC Recommendation</b>	\$49,664,864	\$9,170,451	\$235,077	\$22,721,070	\$17,538,266	34.2
\$ Change from prior year	\$960,566	\$178,118	\$235,077	(\$38,739)	\$586,110	0.0
% Change from prior year	2.0%	2.0%	n/a	(0.2)%	3.5%	0.0%

### Issue Descriptions

**Perkins funds:** The recommendation includes a \$586,110 increase in anticipated federal funds for vocational training through the Perkins program.

**Transfer from community colleges fee-for-service:** The recommendation is to transfer \$337,964 General Fund from the fee-for-service allocation for the Community Colleges to the Division of Occupational Administration to better demonstrate to federal auditors that the state is meeting matching requirements for federal Perkins vocational funding.

**Colorado Vocational Act:** The recommendation increases the transfer from the Department of Education for the Colorado Vocational Act by \$36,492, or 0.2 percent.

**Fund source adjustment:** The recommendation includes using \$159,846 in indirect cost recoveries to replace General Fund in this division. It also includes a reduction of \$75,231 cash funds exempt and a commensurate increase in cash funds attributable to the change in TABOR status of the higher education institutions as a result of S.B. 04-189. Indirect cost recoveries from enterprises are subject to TABOR and reflected as cash funds.

**Auraria Higher Education Center:** Established by statute in 1974, the Auraria Higher Education Center is governed by a Board of Directors who oversee the centralized operations of the Auraria Higher Education Center complex located in Denver. The Center houses and provides common services to the Community College of Denver, Metropolitan State College of Denver, and the University of Colorado at Denver.

Auraria Higher Education Center	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
<b>FY 2004-05 Appropriation</b>	\$13,527,601	\$0	\$4,728,133	\$8,799,468	\$0	128.3
<b>Recommended Changes from FY 2004-05 Appropriation</b>						
Increase in campus operating budget	844,535	0	844,535	0	0	0.0
Fund source adjustment	0	0	8,799,468	(8,799,468)	0	0.0
<b>Total FY 2005-06 JBC Recommendation</b>	\$14,372,136	\$0	\$14,372,136	\$0	\$0	128.3
\$ Change from prior year	\$844,535	\$0	\$9,644,003	(\$8,799,468)	\$0	0.0
% Change from prior year	6.2%	n/a	204.0%	(100.0)%	n/a	0.0%

**Issue Descriptions**

**Increase in campus operating budget:** The board for the Auraria Higher Education Center, which includes representatives from the three tenant institutions, annually establishes the operating budget for the campus and bills the tenant institutions for the costs. The recommendation includes \$844,535 cash funds spending authority based on the requested operating budget, which allows for a maximum increase of 6.2 percent.

**Fund source adjustment:** The recommendation reflects the change in TABOR status of the higher education institutions as a result of S.B. 04-189. Payments to state agencies from enterprises are subject to TABOR and reflected as cash funds.

**Council on the Arts:** The Council on the Arts provides grants to support and encourage development of the arts; offers technical assistance to artists and arts organizations; and administers the Art in Public Places program, which uses a percentage of state capital construction dollars to beautify state buildings and grounds.

Council on the Arts	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
<b>FY 2004-05 Appropriation</b>	\$1,116,000	\$500,000	\$0	\$16,000	\$600,000	2.0
<i>Recommended Changes from FY 2004-05 Appropriation</i>						
Fully match available federal funds	300,000	200,000	0	0	100,000	0.0
<b>Total FY 2005-06</b>						
<b>JBC Recommendation</b>	\$1,416,000	\$700,000	\$0	\$16,000	\$700,000	2.0
\$ Change from prior year	\$300,000	\$200,000	\$0	\$0	\$100,000	0.0
% Change from prior year	26.9%	40.0%	n/a	0.0%	16.7%	0.0%

### Issue Descriptions

**Fully match available federal funds:** The recommendation includes an increase of \$200,000 General Fund to fully match available federal funds. In FY 2004-05 the state provided \$500,000 General Fund and the federal government agreed to provide \$600,000. But, normally the federal matching requirement is 1 for 1. With a total of \$700,000 General Fund in FY 2005-06 the state will be able to match \$700,000 in federal funds, or \$100,000 more than the available federal funds in FY 2004-05.

**State Historical Society:** The State Historical Society, founded in 1879, is an educational institution of the State and acts as trustee for the State in collecting, preserving, exhibiting and interpreting collections and properties of state historical significance. The Society maintains museums and historical sites throughout Colorado and provides assistance to local and regional historical societies and museums. It also distributes gaming revenue to gaming cities and through a state-wide grant program for historic preservation.

State Historical Society	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
<b>FY 2004-05 Appropriation</b>	\$30,482,158	\$10,000	\$1,992,726	\$27,530,892	\$948,540	127.4
<i>Recommended Changes from FY 2004-05 Appropriation</i>						
Maintenance and security	378,271	0	0	378,271	0	0.0
Annualize salary increases	146,190	0	(1,396)	146,925	661	0.0
Exhibits	100,000	0	0	100,000	0	0.0
Native American Graves Protection and Repatriation Act	54,288	0	0	54,288	0	1.0
Statewide preservation grant program	(1,477,963)	0	0	(1,477,963)	0	0.0
Grant/earned revenue	(328,226)	0	43,545	(228,282)	(143,489)	(1.0)
Gaming cities distribution	(50,302)	0	0	(50,302)	0	0.0

State Historical Society	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
<b>Total FY 2005-06</b>						
<b>JBC Recommendation</b>	\$29,304,416	\$10,000	\$2,034,875	\$26,453,829	\$805,712	127.4
\$ Change from prior year	(\$1,177,742)	\$0	\$42,149	(\$1,077,063)	(\$142,828)	0.0
% Change from prior year	(3.9)%	0.0%	2.1%	(3.9)%	(15.1)%	0.0%

## Issue Descriptions

**Maintenance and security:** The recommendation includes a \$378,271 increase in spending authority from the State Historical Fund for the Society's share of maintenance and security costs of the Judicial/Heritage complex.

**Annualize salary increases:** The recommendation includes \$146,190 for the Society Museum and Preservation Operations to annualize salary survey increases and performance-based pay awarded in FY 2004-05. This figure is net of the 0.2 percent common policy base reduction.

**Exhibits:** The recommendation provides a \$100,000 increase in spending authority from the State Historical Fund for the Society to update standing exhibits and put on at least one temporary exhibit, such as the Pulitzer photos exhibit, each year.

**Native American Graves Protection and Repatriation Act:** The recommendation provides \$54,288 and 1.0 FTE spending authority from the State Historical Fund to ensure that Colorado meets requirements under the federal Native American Graves Protection and Repatriation Act. Prior to FY 2005-06, federal grants paid for compliance with the legislation. In FY 2005-06, the federal grants are expected to go away, which is reflected in the changes to grants/earned revenue.

**Statewide preservation grant program:** The recommendation includes a \$1.5 million decrease in statewide preservation grants. Of this decrease, \$679,484 is due to increased operating costs of the Society detailed above, and the remainder is due to updated estimates of gaming revenues that will be deposited in the State Historical Fund (the estimate of gaming revenues used for the appropriation in the FY 2004-05 Long Bill was too high).

**Grants/earned revenue:** The recommendation reflects a decrease in projected grants and earned revenue of \$328,226.

**Gaming cities distribution:** The recommendation reflects an updated estimate of gaming revenues that will be deposited in the State Historical Fund and allocated for gaming cities pursuant to the constitutional distribution formula. The decrease from the FY 2004-05 appropriation is because the estimate of gaming revenues used for the FY 2004-05 Long Bill was too high.

## Department of Human Services

**Department Description:** The Department of Human Services (DHS) is charged with the administration and supervision of all non-medical public assistance and welfare activities of the State, including assistance payments, food stamps, child welfare services, rehabilitation programs, alcohol and drug treatment programs, and programs for the aging. The Department is also responsible for inspecting and licensing child care facilities and for the care and treatment of the state's dependent citizens who are mentally ill, developmentally disabled, or who are juvenile offenders. The Department operates two Mental Health Institutes, three Regional Centers for the developmentally disabled, and ten institutions for juvenile delinquents. The Department also provides funding for indigent mentally ill people, funds Community Centered Boards for the Developmentally Disabled, and contracts for the supervision and treatment of delinquent juveniles.

<b>Summary Table for Department of Human Services</b>						
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Cash Fund Exempt</b>	<b>Federal Funds</b>	<b>FTE</b>
<b>FY 2004-05 Appropriation</b>	\$1,722,208,015	\$481,400,566	\$87,145,239	\$634,479,099	\$519,183,111	5,186.3
<b><i>Recommended Changes from FY 2004-05 by Long Bill Division</i></b>						
Executive Director's Office	(35,318)	(328,275)	154,955	(174,315)	312,317	2.0
Information Technology Services	(1,866,154)	(681,106)	983	(52,414)	(1,133,617)	22.0
Office of Operations	(677,492)	175,528	26,963	(493,548)	(386,435)	(14.0)
County Administration	(811,343)	258,104	0	(102,604)	(966,843)	0.0
Division of Child Welfare	24,930,747	8,508,557	0	12,954,829	3,467,361	1.0
Division of Child Care	758,907	365,574	5,624	346,832	40,877	0.0
Office of Self Sufficiency	9,706,607	(669,685)	5,174	(445,032)	10,816,150	(0.6)
Mental Health and ADAD Services	5,323,294	4,047,058	1,029,049	(659,083)	906,270	(0.7)
Services for People with Disabilities	14,450,871	459,948	(541,611)	14,449,501	83,033	(0.9)
Adult Assistance Programs	1,140,178	174,190	500,000	581,936	(115,948)	0.0
Division of Youth Corrections	7,428,898	5,982,469	0	1,446,429	0	2.2
<b>Total FY 2005-06 JBC Recommendation</b>	<b>\$1,782,557,210</b>	<b>\$499,692,928</b>	<b>\$88,326,376</b>	<b>\$662,331,630</b>	<b>\$532,206,276</b>	<b>5,197.3</b>
\$ Change from prior year	\$60,349,195	\$18,292,362	\$1,181,137	\$27,852,531	\$13,023,165	11.0
% Change from prior year	3.5%	3.8%	1.4%	4.4%	2.5%	0.2%

### Recommendation Highlights:

- The recommendation includes a total of \$16.0 million (including \$5.4 million General Fund) for a 2.0 percent increase in provider rates and county staff salaries and benefits. These increases are reflected in the following program areas: County Administration, the Division of Child Welfare, Mental Health and Alcohol and Drug Abuse Services, Services for People with Disabilities, and the Division of Youth Corrections.

2. The recommendation includes a \$13.7 million increase in funding (including \$6.8 million net General Fund) that is allocated to county departments of social services for the administration and provision of child welfare services.
3. The recommendation adds \$9.3 million federal funds for a one-time increase in Colorado Works Program county block grants.
4. The recommendation adds \$4.8 million, including \$4.0 million General Fund, for the Aid to the Needy Disabled - State Only program.
5. Consistent with H.B. 04-1451, the recommendation includes appropriations totaling \$2.2 million for the Department to pay incentives to eligible counties participating in the Integrated Care Management Program and eligible counties that elect to enter into a memorandum of understanding with various local agencies that provide services to children and families. The source of funding for these programs is docket fees paid for divorces and separations.
6. The recommendation adds \$3.4 million, including \$2.2 million General Fund for caseload increases for contract placements in the Division of Youth Corrections.
7. The recommendation adds \$2.8 million General Fund for the Family Support Services Program for families of children with developmental disabilities. This restores the program to the level that existed prior to FY 2003-04, when the program was cut by 50 percent due to revenue shortfalls.
8. The recommendation includes \$2.6 million, including \$1.2 million "net" General Fund to expand services to additional persons with developmental disabilities. This includes creation of 48 new comprehensive residential resources for persons transitioning from foster care, 14 new comprehensive residential resources for persons requiring emergency placement, 22 new supported living resources for adults transitioning from the children's extensive support program, and 4 new children's extensive support resources. All new resources are funded for an average of six months in FY 2005-06. The recommendation annualizes to \$5.2 million, including \$2.4 million "net" General Fund in FY 2006-07.
9. The recommendation increases funding for the Short-Term Intensive Residential Remediation Treatment (STIRRT) program in the Alcohol and Drug Abuse Division by \$1.5 million General Fund.
10. The recommendation restores \$1.0 million General Fund for Senate Bill 91-94 programs.

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### **Budget Recommendation Detail by Long Bill Division**

**Executive Director's Office:** This office is responsible for the management and administration of the Department, performing such functions as budgeting, human resources, quality control, as well as some program supervision, coordination, and evaluation. This section includes centrally appropriated line items, such as workers' compensation, legal services, administrative law judge services, and payments related to risk management. In addition, this office includes funding for specific functions including: (1) the Juvenile Parole Board; (2) the Developmental Disabilities Council; (3) funding for the state to comply with the federal Health Insurance Portability and Accountability Act of 1996 (HIPAA); (4) the child welfare administrative review unit;



and, (5) functions related to maintaining records and reports of child abuse and neglect and using such records to conduct employment/background screenings.

<b>Executive Director's Office</b>	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Cash Fund Exempt</b>	<b>Federal Funds</b>	<b>FTE</b>
<b>FY 2004-05 Appropriation</b>	\$43,173,823	\$22,966,020	\$917,156	\$11,382,141	\$7,908,506	123.7
<b>Recommended Changes from FY 2004-05 Appropriation</b>						
Salary and benefits adjustments to centrally appropriated line items	1,374,507	701,521	128,819	275,277	268,890	0.0
Operating adjustments	427,229	370,768	9,128	(14,486)	61,819	0.0
Salary and benefits adjustments for Executive Director's Office staff	417,809	126,588	18,192	232,098	40,931	0.0
Contract staff and audit FTE	234,418	182,176	0	0	52,242	2.0
One-time funding reductions	(2,339,907)	(1,704,613)	0	(502,533)	(132,761)	0.0
Base reductions	(149,374)	(4,715)	(1,184)	(164,671)	21,196	0.0
<b>Total FY 2005-06 JBC Recommendation</b>	\$43,138,505	\$22,637,745	\$1,072,111	\$11,207,826	\$8,220,823	125.7
\$ Change from prior year	(\$35,318)	(\$328,275)	\$154,955	(\$174,315)	\$312,317	2.0
% Change from prior year	(0.1)%	(1.4)%	16.9%	(1.5)%	3.9%	1.6%

A portion of the cash funds exempt amounts reflected in this section of the budget are Medicaid funds transferred from the Department of Health Care Policy and Financing (HCPF). Most of these funds are appropriated as 50 percent General Fund and 50 percent federal funds in HCPF.

### Issue Descriptions

**Salary and benefits adjustments to centrally appropriated line items:** The recommendation adjusts various line items that contain salary and benefits funding. These centrally appropriated items include salary survey, performance-based pay awards, state contributions to health, life, and dental and others such as shift differential and S.B. 04-257 Amortization Equalization Disbursement. The recommendation does not fund performance-based pay for FY 2005-06, but it does include a 3.0 percent salary survey increase. The recommendation for Health, Life, and Dental includes increases between 6.2 percent and 9.58 percent, depending on the tier of coverage elected for health. Beginning January 1, 2006, the state will contribute an additional 0.5 percent of base salary to the Public Employees' Retirement Association pursuant to S.B. 04-257; the recommendation includes six months of funding for this new policy.

**Operating adjustments:** The recommendation contains various changes in centrally appropriated line items. These centrally appropriated items include workers' compensation, risk management and property, vehicle lease payments, and legal services. Operating adjustments are a function of recoverable overhead in the Department of Personnel and Administration or the Department of Law, as is the case with legal services, that are allocated to other departments based on a proportionate share of risk or utilization.

**Salary and benefits adjustments for Executive Director's Office staff:** The recommendation includes an additional \$417,809 which represents the salary increases and performance awards allocated to the division in FY 2004-05.

**Contract staff and audit FTE:** The recommendation includes: (1) \$120,000 total funds to allow the Department to hire contract staff to address the backlog of child welfare cases that has developed and ensure that all children in out-of-home care receive timely case reviews; and (2) \$114,000 total funds to allow the Department to hire 2.0 FTE for an internal audit presence within the Department.

**One-time funding reductions:** The FY 2004-05 appropriation contained funding for the department's compliance with the Health Insurance Portability and Accountability Act of 1996 (HIPAA). Specifically, HIPAA's security rule affected the department. The recommendation does not continue this one-time FY 2004-05 appropriation. Other funding reductions include the elimination of an appropriation used to pay for June 2004 salaries (FY 2003-04) in July 2004 (FY 2004-05) to account for S.B. 03-197. The FY 2004-05 appropriation contained a number of layoffs and in order to pay the General Fund salary for June a one-time appropriation in July was provided.

**Base reductions:** The recommendation contains a 0.2 percent personal services base reduction, workload reductions for staff training, and an adjustment to account for higher than average performance awards allocated to the Executive Director's Office.

**Office of Information Technology Services:** This section includes funding for expenses associated with departmental information systems, including systems that support public benefits programs administered through the state's 64 counties and other local entities. Appropriations in this section include personnel and operating funds that support information systems used by over 8,800 Department and county staff. Major systems funded through this section of the budget include the Colorado Benefits Management System (CBMS), the Colorado Financial Management System, and the Colorado Trails information system, among others.

Office of Information Technology Services	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
<b>FY 2004-05 Appropriation</b>	\$42,649,342	\$17,532,766	\$1,312,094	\$6,463,944	\$17,340,538	144.3
<i>Recommended Changes from FY 2004-05 Appropriation</i>						
Salary and benefits adjustments	263,935	154,574	4,372	31,116	73,873	0.0
CBMS contractual increase	184,314	28,927	14,792	63,975	76,620	0.0
One-time funding reductions	(1,223,805)	(325,583)	(5,767)	(26,305)	(866,150)	(3.0)
Colorado Trails	(457,645)	(247,082)	0	0	(210,563)	25.0
Operating adjustments	(441,308)	(227,700)	(2,832)	(16,272)	(194,504)	0.0
Other adjustments	(153,326)	(51,712)	(7,391)	(94,598)	375	0.0
Base reductions	(38,319)	(12,530)	(2,191)	(10,330)	(13,268)	0.0
<b>Total FY 2005-06 JBC Recommendation</b>	\$40,783,188	\$16,851,660	\$1,313,077	\$6,411,530	\$16,206,921	166.3
\$ Change from prior year	(\$1,866,154)	(\$681,106)	\$983	(\$52,414)	(\$1,133,617)	22.0
% Change from prior year	(4.4)%	(3.9)%	0.1%	(0.8)%	(6.5)%	15.2%

A portion of the cash funds exempt amounts reflected in this section of the budget are Medicaid funds transferred from the Department of Health Care Policy and Financing (HCPF). Most of these funds are appropriated as 50 percent General Fund and 50 percent federal funds in HCPF.

## Issue Descriptions

**Salary and benefits adjustments:** The recommendation includes an additional \$263,935 that represents the salary increases and performance awards allocated to the division in FY 2004-05.

**CBMS contractual increase:** Pursuant to Contract Amendment #3 with Electronic Data Systems (EDS), the vendor responsible for programming the Colorado Benefits Management System (CBMS), the recommendation contains an increase of \$184,000 for contractual costs in FY 2005-06. The FY 2005-06 funding represents the first of four yearly funding changes to the contract.

**One-time funding reductions:** The recommendation includes decreases in a number of one-time funding initiatives in FY 2004-05. Included in the recommendation are decreases associated with Systems Network Architecture, a feasibility study to upgrade the County Financial Management System, and the shutdown of legacy systems replaced by CBMS. The legacy systems shutdown also included 3.0 FTE that are no longer needed.

**Colorado Trails:** The recommendation increases the FTE allocation by 25.0, but decreases the appropriation. The Department of Human Services currently uses contract staff retained on an hourly basis. The recommended reduction would end this practice by converting the existing contract staff to less expensive state FTE.

**Operating adjustments:** The recommendation contains various changes in centrally appropriated line items. These centrally appropriated items include payments for the multiuse network, communications services, and computer services, risk management and property insurance, vehicle lease payments, and legal services. These operating adjustments are a function of recoverable overhead in the Department of Personnel and Administration that are allocated to other departments based on a proportionate share of risk or utilization.

**Other adjustments:** The recommendation reorganizes an appropriation for telecommunications lease payments and transfers this appropriation to other divisions within the department (Regional Centers and the Mental Health Institutes). It also contains a fund mix adjustment.

**Base reductions:** The recommendation contains a base reduction of 0.2 percent of base salaries. For this division, the reduction is \$38,319.

**Office of Operations:** This section contains appropriations for various central departmental functions including accounting, auditing, contracting, purchasing, vehicle leases, and facilities management. This includes housekeeping and maintenance for direct-service facilities such as the mental health institutes, regional centers for persons with developmental disabilities, and youth corrections facilities.

Office of Operations	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
<b>FY 2004-05 Appropriation</b>	\$36,091,512	\$17,917,554	\$713,437	\$13,005,152	\$4,455,369	481.0
<i>Recommended Changes from FY 2004-05 Appropriation</i>						
Salary and benefits adjustments	594,890	298,422	16,329	237,807	42,332	0.0
Move funds for utility manager	0	0	0	0	0	1.0

Office of Operations	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
Leased Space - reduce spending authority to conform to utilization	(500,000)	(68,000)	10,000	(10,000)	(432,000)	0.0
Utilities - annualize one-time supplemental	(349,627)	0	0	(349,627)	0	0.0
Utility Recovery Fund - adjust for use of Fund to-date	(169,533)	0	0	(169,533)	0	0.0
Operating adjustments	(121,308)	(54,894)	634	(70,281)	3,233	0.0
State Garage Fund - reduce spending authority to conform to utilization	(100,000)	0	0	(100,000)	0	0.0
Reductions for headnote violations	(31,914)	0	0	(31,914)	0	0.0
FTE - reduce authority to conform to utilization	0	0	0	0	0	(15.0)
<b>Total FY 2005-06 JBC Recommendation</b>	\$35,414,020	\$18,093,082	\$740,400	\$12,511,604	\$4,068,934	467.0
\$ Change from prior year	(\$677,492)	\$175,528	\$26,963	(\$493,548)	(\$386,435)	(14.0)
% Change from prior year	(1.9)%	1.0%	3.8%	(3.8)%	(8.7)%	(2.9)%

A portion of the cash funds exempt amounts reflected in this section of the budget are Medicaid funds transferred from the Department of Health Care Policy and Financing (HCPF). Most of these funds are appropriated as 50 percent General Fund and 50 percent federal funds in HCPF.

### Issue Descriptions

**Salary and benefits adjustments:** The recommendation includes common policy adjustments to personal services to reflect salary increases awarded in FY 2004-05, offset by the 0.2 percent base reduction.

**Move funds for utility manager:** Moves funding for the utility manager's office from the utilities line item, where spending for a manager was previously authorized through a footnote, to the personal services and operating expenses line items. This change includes an increase of \$82,863 and 1.0 FTE for Personal Services and \$17,137 for Operating Expenses, offset by a reduction of \$100,000 in the Utilities line item. The recommendation results in a net 1.0 FTE increase, as the FTE authorization in the Utilities line item was previously not reflected except through the footnote.

**Leased Space - reduce spending authority to conform to utilization:** Reduces the total funds and modifies fund sources to more accurately reflect anticipated utilization.

**Utilities - annualize one-time supplemental:** The recommendation eliminates spending authority provided for one-time in FY 2004-05. The spending authority enabled the Department to transfer funds to the Utilities line item to address a restriction associated with an FY 2003-04 over-expenditure.

**Utility Recovery Fund - adjust for use of fund to-date:** The Utility Recovery Fund line item enables the Department to pay a contractor for correcting and collecting refunds from utilities companies for utilities tariff errors, rate adjustments, and omissions. The contractor is allowed to keep amounts collected from utilities companies for billing errors, up to the total appropriation for the line item. The reduction to the line item reflects

projected use of the line item as of the end of FY 2004-05, as FY 2005-06 spending authority is based on the unused balance of the contract.

**Operating adjustments:** The recommendation contains changes in centrally appropriated line items. In this section of the Long Bill, these centrally appropriated items include vehicle lease payments and capitol complex leased space. Operating adjustments are a function of recoverable overhead amounts in the Department of Personnel and Administration that are allocated to other departments based on a proportionate share of risk or utilization. Most of the adjustment is based on a reduction of \$111,642 for vehicle lease payments. This figure includes the replacement of 56 vehicles, the annualization of expenses for one new vehicle added in FY 2004-05, and the addition of another vehicle for part of the year for the Division of Youth Corrections.

**State Garage Fund - reduce spending authority to conform to utilization:** The Department of Human Services operates vehicle maintenance and fueling stations at three state facilities and is reimbursed by other departments for use of the facilities. The reduction eliminates the portion of spending authority for payments from other departments that is not anticipated to be used.

**Reductions for head note violations:** The reduction is based on FY 2004-05 expenditures of operating expenses from the Personal Services line item and of personal services from the Operating Expenses line item in violation of Long Bill head notes.

**FTE - reduce authority to conform to utilization:** The recommendation reduces FTE authorization, with no associated funding reductions, to more accurately reflect the Division's capacity to employ staff given current funding levels.

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**County Administration:** This section contains appropriations for 64 county departments of social services to administer several programs including: Food Stamps, Adult Cash Assistance Programs (except Old Age Pension), Adult Protection, Low Income Energy Assistance, Child Support Enforcement, and Medicaid eligibility determination. Administration for the Colorado "Works" Program, child welfare, and child care programs, however, are included in the respective sections for these programs.

County Administration	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
FY 2004-05 Appropriation	\$61,608,884	\$23,974,507	\$0	\$23,734,579	\$13,899,798	0.0
<b>Recommended Changes from FY 2004-05 Appropriation</b>						
2.0 percent cost of living adjustment	856,536	258,104	0	344,845	253,587	0.0
Reduction in federal performance award	(1,220,430)	0	0	0	(1,220,430)	0.0
County Incentive Payments	(447,449)	0	0	(447,449)	0	0.0
<b>Total FY 2005-06 JBC Recommendation</b>	\$60,797,541	\$24,232,611	\$0	\$23,631,975	\$12,932,955	0.0
\$ Change from prior year	(\$811,343)	\$258,104	\$0	(\$102,604)	(\$966,843)	0.0
% Change from prior year	(1.3)%	1.1%	n/a	(0.4)%	(7.0)%	n/a

A portion of the cash funds exempt amounts reflected in this section of the budget are Medicaid funds transferred from the Department of Health Care Policy and Financing (HCPF). In this division, funds are appropriated as 37.5 percent General Fund and 62.5 percent federal funds in HCPF.

**Issue Descriptions**

**2.0 percent cost of living adjustment:** The recommendation includes an \$856,000 increase for a 2.0 percent increase in provider rates and county staff salaries and benefits. This increase applies to all programs administered in this section of the department's budget and includes: Food Stamps, Adult Cash Assistance Programs (except Old Age Pension), Adult Protection, Low Income Energy Assistance, Child Support Enforcement, and Medicaid eligibility determination.

**Reduction in federal performance award:** The recommendation reduces the County Administration funding to reflect the discontinuation of a one-time federal award in FY 2004-05 that resulted from the state's improved negative error rate for the Food Stamps program. A negative error rate identifies errors in denial, suspension, or termination of benefits.

**County Incentive Payments:** The recommendation reduces the appropriation to county incentive payments based on historical trends. Over the last few fiscal years, the amount of funding available from these collections has been decreasing and the FY 2005-06 recommended appropriation reflects the amount anticipated to be available in FY 2004-05.

**Division of Child Welfare:** This section provides funding and state staff associated with the state supervision and county administration of programs that protect children from harm and assist families in caring for and protecting their children. In FY 2003-04, county departments of social services received approximately 63,000 reports of abuse or neglect and provided child welfare services to approximately 40,000 children and their families.

<b>Division of Child Welfare</b>	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Cash Fund Exempt</b>	<b>Federal Funds</b>	<b>FTE</b>
<b>FY 2004-05 Appropriation</b>	\$359,375,648	\$138,823,173	\$0	\$126,509,810	\$94,042,665	30.0
<i>Recommended Changes from FY 2004-05 Appropriation</i>						
Increase based on projected increase in child/adolescent population	13,660,882	5,873,443	0	4,361,577	3,425,862	0.0
2.0 percent cost of living adjustment	6,847,056	2,822,948	0	2,678,883	1,345,225	0.0
Increase spending authority associated with excess federal Title IV-E earnings	3,700,000	0	0	3,700,000	0	0.0
Provide spending authority for the Department to pay county incentives	2,200,000	0	0	2,200,000	0	0.0
Reflect anticipated federal funds and associated local share	1,255,736	0	0	13,109	1,242,627	0.0
Increase funding for Department to monitor foster care programs	59,106	47,285	0	0	11,821	1.0
Salary and benefits adjustments	56,071	34,026	0	1,260	20,785	0.0

Division of Child Welfare	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
Eliminate one-time adjustments	(1,860,604)	718,355	0	0	(2,578,959)	0.0
Eliminate funding for the Expedited Permanency Planning Project	(987,500)	(987,500)	0	0	0	0.0
<b>Total FY 2005-06 JBC Recommendation</b>	\$384,306,395	\$147,331,730	\$0	\$139,464,639	\$97,510,026	31.0
\$ Change from prior year	\$24,930,747	\$8,508,557	\$0	\$12,954,829	\$3,467,361	1.0
% Change from prior year	6.9%	6.1%	n/a	10.2%	3.7%	3.3%

Most of the cash funds exempt amounts reflected in this section of the budget are Medicaid funds transferred from the Department of Health Care Policy and Financing (HCPF). Most of these funds are appropriated as 50 percent General Fund and 50 percent federal funds in HCPF.

### Issue Descriptions

**Increase based on projected increase in child/adolescent population:** The recommendation includes a \$13.7 million increase in funding that is allocated to county departments of social services for the administration and provision of child welfare services. This increase includes an estimated \$4.4 million to cover the incremental costs associated with projected changes in the child/adolescent population of each county, plus \$9.3 million to eliminate the existing shortfall in state and county funding of child welfare services.

**2.0 percent cost of living adjustment:** The recommendation includes a \$6.8 million increase for a 2.0 percent increase in community provider rates and county staff salaries and benefits. This increase includes the following: (1) \$5,994,814 for "Child Welfare Services"; and (2) \$852,245 for "Family and Children's Programs".

**Increase spending authority associated with excess federal Title IV-E earnings:** The recommendation includes a \$3.7 million increase (from \$4.1 million to \$7.8 million) in appropriations associated with the distribution of excess federal Title IV-E earnings to counties. This increase is based on the actual amount earned in FY 2003-04 and estimates of amounts that will be earned in FY 2004-05.

**Provide spending authority for the Department to pay county incentives:** Consistent with H.B. 04-1451, the recommendation includes appropriations totaling \$2.2 million for the Department to pay incentives to eligible counties participating in the Integrated Care Management Program and eligible counties that elect to enter into a memorandum of understanding with various local agencies that provide services to children and families. The source of funding for these programs is docket fees paid for divorces and separations.

**Reflect anticipated federal funds and associated local share:** The recommendation reflects additional federal funds that are anticipated to be available for child welfare programs for FY 2005-06, along with an associated increase in the required local matching funds.

**Increase funding for Department to monitor foster care programs:** The recommendation includes additional funds to support 1.0 FTE to monitor county departments of social services' foster care programs for compliance with licensing standards and quality of care.

**Salary and benefits adjustments:** The recommendation includes \$56,071 total funds to annualize the cost of providing salary survey in FY 2004-05, annualize the cost of providing performance-based pay awards in FY 2004-05, and reduce base funding for personal services by 0.2 percent.

**Eliminate one-time adjustments:** The FY 2004-05 supplemental bill (S.B. 05-114) included an adjustment to appropriate \$2,578,959 in federal Title IV-E funds that were earned as a result of a revenue maximization contract with an outside consultant. These moneys were used to refinance the same amount of General Fund for FY 2004-05. A portion of the General Fund savings (\$154,738) was then appropriated to pay a contingency fee associated with the contract. Another \$1,705,866 of the General Fund savings has been appropriated (through a second supplemental that is part of the FY 2005-06 Long Bill) to provide a one-time offset to a loss of federal funds available for the Child Placement Agency Medicaid Transfer Program for seven months of FY 2004-05. These appropriations are eliminated and the fund source adjustment is reversed for FY 2005-06.

**Eliminate funding for the Expedited Permanency Planning Project:** Over the last ten years and pursuant to H.B. 94-1178, counties and courts have implemented expedited procedures for cases involving abused and neglected children under age six. Twenty-nine counties are currently in their fifth year of implementation and are receiving additional state funds in FY 2004-05 to offset costs associated with this project. The recommendation does not include any additional state funding for these 29 counties' sixth and final year of implementation.

**Division of Child Care:** This section provides funding and state staff associated with the state supervision and the county administration of the Colorado Child Care Assistance Program, through which counties provide child care subsidies to low income families and families transitioning from the Colorado Works Program. In addition, this section provides funding and state staff for the administration of various child care grant programs, and for licensing and monitoring child care facilities. Cash funds amounts reflect fees and fines associated with the licensing of child care facilities. Cash funds exempt amounts reflect expenditures by counties and donations. There is no Medicaid funding appropriated in this section. Federal funds primarily reflect Child Care Development Cash Funds (funds the General Assembly has authority to appropriate).

<b>Division of Child Care</b>	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Cash Fund Exempt</b>	<b>Federal Funds</b>	<b>FTE</b>
<b>FY 2004-05 Appropriation</b>	\$87,719,804	\$17,681,114	\$676,990	\$8,867,687	\$60,494,013	62.5
<b><i>Recommended Changes from FY 2004-05 Appropriation</i></b>						
2.0 percent cost of living adjustment	1,466,961	310,998	0	146,832	1,009,131	0.0
Child care licensing system upgrade	245,904	0	0	0	245,904	0.0
Change to estimated county share of CCAP administrative expenses	200,000	0	0	200,000	0	0.0
Salary and benefits adjustments	96,409	54,576	5,624	0	36,209	0.0
Child Care Fund earmarks - reduction in appropriation for open earmarks	(899,696)	0	0	0	(899,696)	0.0
Annualize one-time FY 2004-05 information technology appropriations	(333,449)	0	0	0	(333,449)	0.0
Early Childhood Professional Loan Repayment Program	(17,222)	0	0	0	(17,222)	0.0



Division of Child Care	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
<b>Total FY 2005-06</b>						
<b>JBC Recommendation</b>	\$88,478,711	\$18,046,688	\$682,614	\$9,214,519	\$60,534,890	62.5
\$ Change from prior year	\$758,907	\$365,574	\$5,624	\$346,832	\$40,877	0.0
% Change from prior year	0.9%	2.1%	0.8%	3.9%	0.1%	0.0%

## Issue Descriptions

**2.0 percent cost of living adjustment:** The recommendation includes an increase for the Child Care Assistance Program (CCAP) that provides child-care subsidies for low-income families and an increase for child care licensing contracts. The federal funds increase consists of federal Child Care Development Funds; the cash funds exempt increase consists of county maintenance-of-effort expenditures required for the CCAP program.

**Child care licensing system upgrade:** The recommendation contains the third and final year of expenditures for upgrading the child care licensing information technology system using federal Child Care Development Funds.

**Change to estimated county share of CCAP administrative expenses:** Counties are required to pay 20 percent of administrative expenses for the Child Care Assistance Program (CCAP). The estimated county share of CCAP administrative expenses in FY 2005-06 is \$1.7 million, based on the portion of total county CCAP spending projected to be used for administrative costs, rather than child care subsidies. The recommendation reflects an increase over the \$1.5 million estimated county share of CCAP administrative expenses in FY 2004-05.

**Salary and benefits adjustments:** The recommendation includes common policy adjustments to personal services to reflect salary increases awarded in FY 2004-05, offset by a 0.2 percent base reduction.

**Child Care Fund earmarks - reduction in appropriation for open earmarks:** The recommendation is to reduce the line item for Federal Discretionary Child Care Funds Earmarked for Certain Purposes, which reflects the amount of federal child care funds that are required to be expended for specific purposes including infant toddler programs, quality expansion, and school age or resource and referral programs. The Department failed to fully meet earmark requirements for several years and had, therefore, developed a backlog of "open" or incomplete earmarks. The reduction shown reflects successful efforts to eliminate a large portion of the backlog.

**Annualize one-time FY 2004-05 information technology appropriations:** The recommendation reflects elimination of FY 2004-05 appropriations of federal Child Care Development Funds for the Child Care Licensing System Upgrade Project (\$253,354) and the Child Care Assistance Program Automated System Feasibility Study (\$80,095).

**Early Childhood Professional Loan Repayment Program:** The recommendation reduces the federal Child Care Development Fund appropriation for this program due to lack of program use.

**Office of Self Sufficiency:** This section contains appropriations for cash assistance programs for specific populations, including the Colorado Works, Low-income Energy Assistance Program (LEAP), child support

enforcement, and disability determination programs. Additional detail on funding changes in the Office of Self Sufficiency is reflected in the subsection tables and narratives below.

Office of Self Sufficiency	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
<b>FY 2004-05 Appropriation</b>	\$261,752,278	\$6,796,036	\$1,099,520	\$29,583,888	\$224,272,834	265.7
<b>Recommended Changes from FY 2004-05 Appropriation</b>						
Administration	57,957	4,793	0	0	53,164	(0.6)
Colorado Works Program	8,177,768	(719,087)	0	(447,449)	9,344,304	0.0
Special Purpose Welfare Programs	1,061,161	7,037	5,174	2,417	1,046,533	0.0
Child Support Enforcement	110,506	37,572	0	0	72,934	0.0
Disability Determination Services	299,215	0	0	0	299,215	0.0
<b>Total FY 2005-06 JBC Recommendation</b>	\$271,458,885	\$6,126,351	\$1,104,694	\$29,138,856	\$235,088,984	265.1
\$ Change from prior year	\$9,706,607	(\$669,685)	\$5,174	(\$445,032)	\$10,816,150	(0.6)
% Change from prior year	3.7%	(9.9)%	0.5%	(1.5)%	4.8%	(0.2)%

*Administration:* This subsection of the Office of Self Sufficiency includes the State's share of administrative funding for self sufficiency programs.

Administration	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
<b>FY 2004-05 Appropriation</b>	\$2,344,146	\$488,301	\$0	\$0	\$1,855,845	29.6
<b>Recommended Changes from FY 2004-05 Appropriation</b>						
Salary and benefits adjustments	67,357	8,743	0	0	58,614	0.0
Correct FTE appropriation	0	0	0	0	0	(0.6)
Reduce operating expenses based on past travel expenditures	(9,400)	(3,950)	0	0	(5,450)	0.0
<b>Total FY 2005-06 JBC Recommendation</b>	\$2,402,103	\$493,094	\$0	\$0	\$1,909,009	29.0
\$ Change from prior year	\$57,957	\$4,793	\$0	\$0	\$53,164	(0.6)
% Change from prior year	2.5%	1.0%	n/a	n/a	2.9%	(2.0)%

## Issue Descriptions

**Salary and benefits adjustments:** The recommendation includes common policy adjustments to personal services to reflect salary increases awarded in FY 2004-05 (based upon salary survey and pay for performance), offset by the 0.2 percent base personal services reduction.

**Correct FTE appropriation:** In the FY 2004-05 Long Bill, supplemental reductions for FY2003-04 and additional reductions for FY 2004-05 were combined incorrectly. This adjustment corrects the error.

**Reduce operating expenses based on past travel expenditures:** From FY 2002-03 to FY 2003-04, out-of-state travel expenses charged to this line item increased by approximately \$9,400. The recommendation reduces spending authority by this amount.

*Colorado Works Program:* This subsection of the Office of Self Sufficiency provides funding and spending authority associated with the Colorado Works Program, through which counties provide cash and other benefits and services intended to promote sustainable employment for low income families with children.

<i>Colorado Works Program</i>	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Cash Fund Exempt</b>	<b>Federal Funds</b>	<b>FTE</b>
<b>FY 2004-05 Appropriation</b>	\$187,618,446	\$1,346,813	\$0	\$25,575,862	\$160,695,771	3.0
<i>Recommended Changes from FY 2004-05 Appropriation</i>						
County Block Grant	8,178,094	(719,087)	0	(447,449)	9,344,630	0.0
Other Changes	(326)	0	0	0	(326)	0.0
<b>Total FY 2005-06 JBC Recommendation</b>	\$195,796,214	\$627,726	\$0	\$25,128,413	\$170,040,075	3.0
\$ Change from prior year	\$8,177,768	(\$719,087)	\$0	(\$447,449)	\$9,344,304	0.0
% Change from prior year	4.4%	(53.4)%	n/a	(1.7)%	5.8%	0.0%

### Issue Descriptions

**County Block Grant:** The recommendation contains several changes to the County Block Grant line item. Specifically, the General Fund reduction results from less direct General Fund need in meeting the state's maintenance of effort requirement (MOE) in the Temporary Assistance for Needy Families (TANF) program. The state expects to have a larger cushion in meeting the MOE requirement in federal fiscal year 2004-05, which includes the first quarter of state fiscal year 2005-06. As a result, less General Fund is needed. The large increase in federal funds represents a one-time increase in the block grant, which will be allocated to counties. This increase reduces the long-term reserve of the TANF Block Grant to \$15.0 million, enough to handle a 25.0 percent increase in caseload for one year.

**Other Changes:** Other changes include a reduction of \$326 to the Domestic Violence Training program.

*Special Purpose Welfare Programs:* This subsection of the Office of Self Sufficiency contains appropriations for cash assistance programs for specific purposes, such as energy assistance, food stamp job search, food distribution, telephone assistance, income tax offset, and refugee assistance. This section also contains funding for Systematic Alien Verification for Eligibility (SAVE) and the electronic benefits transfer service (EBTS).

<i>Special Purpose Welfare Programs</i>	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Cash Fund Exempt</b>	<b>Federal Funds</b>	<b>FTE</b>
<b>FY 2004-05 Appropriation</b>	\$42,763,513	\$604,716	\$954,510	\$3,726,537	\$37,477,750	36.2
<i>Recommended Changes from FY 2004-05 Appropriation</i>						
Increase in federal LEAP payment	1,023,601	0	0	0	1,023,601	0.0

<i>Special Purpose Welfare Programs</i>	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Cash Fund Exempt</b>	<b>Federal Funds</b>	<b>FTE</b>
Salary and benefits adjustments	41,063	7,037	6,554	2,920	24,552	0.0
Reduce operating expenses based on past travel expenditures	(3,000)	0	(1,380)	0	(1,620)	0.0
Rounding donations projection	(503)	0	0	(503)	0	0.0
<b>Total FY 2005-06 JBC Recommendation</b>	\$43,824,674	\$611,753	\$959,684	\$3,728,954	\$38,524,283	36.2
\$ Change from prior year	\$1,061,161	\$7,037	\$5,174	\$2,417	\$1,046,533	0.0
% Change from prior year	2.5%	1.2%	0.5%	0.1%	2.8%	0.0%

## Issue Descriptions

**Increase in federal LEAP payment:** The federal government has announced a \$1,023,601 increase in the Low-income Energy Assistance Program (LEAP) grant to be provided to Colorado for FY 2005-06.

**Salary and benefits adjustments:** The recommendation includes common policy adjustments to personal services to reflect salary increases awarded in FY 2004-05 (based upon salary survey and pay for performance), offset by the 0.2 percent base personal services reduction.

**Reduce operating expenses based on past travel expenditures:** From FY 2002-03 to FY 2003-04, out-of-state travel expenses within this section increased by approximately \$3,000. The recommendation reduces spending authority by this amount.

**Rounding donations projection:** Donations from Energy Outreach Colorado to the LEAP program were projected at \$2,500,503 for FY 2004-05. The recommended projection for the cash funds exempt in this line item has been rounded to \$2,500,000.

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*Child Support Enforcement:* This subsection of the Office of Self Sufficiency contains appropriations for the computer system used by county staff to establish paternity, locate absent parents, manage child support enforcement caseloads, track collection efforts, and several administrative programs.

<i>Child Support Enforcement</i>	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Cash Fund Exempt</b>	<b>Federal Funds</b>	<b>FTE</b>
<b>FY 2004-05 Appropriation</b>	\$13,238,869	\$4,356,206	\$145,010	\$281,489	\$8,456,164	62.4
<i>Recommended Changes from FY 2004-05 Appropriation</i>						
Salary and benefits adjustments	110,506	37,572	0	0	72,934	0.0
<b>Total FY 2005-06 JBC Recommendation</b>	\$13,349,375	\$4,393,778	\$145,010	\$281,489	\$8,529,098	62.4
\$ Change from prior year	\$110,506	\$37,572	\$0	\$0	\$72,934	0.0
% Change from prior year	0.8%	0.9%	0.0%	0.0%	0.9%	0.0%

## Issue Descriptions

**Salary and benefits adjustments:** The recommendation includes common policy adjustments to personal services to reflect salary increases awarded in FY 2004-05 (based upon salary survey and pay for performance), offset by the 0.2 percent base personal services reduction.

*Disability Determination Services:* This subsection of the Office of Self Sufficiency provides the federal Social Security Administration with medical disability decisions for Colorado residents applying for Social Security Disability Insurance and Supplemental Security Income Programs.

<i>Disability Determination Services</i>	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Cash Fund Exempt</b>	<b>Federal Funds</b>	<b>FTE</b>
<b>FY 2004-05 Appropriation</b>	\$15,787,304	\$0	\$0	\$0	\$15,787,304	134.5
<i>Recommended Changes from FY 2004-05 Appropriation</i>						
Salary and benefits adjustments	299,215	0	0	0	299,215	0.0
<b>Total FY 2005-06 JBC Recommendation</b>	\$16,086,519	\$0	\$0	\$0	\$16,086,519	134.5
\$ Change from prior year	\$299,215	\$0	\$0	\$0	\$299,215	0.0
% Change from prior year	1.9%	n/a	n/a	n/a	1.9%	0.0%

## Issue Descriptions

**Salary and benefits adjustments:** The recommendation includes common policy adjustments to personal services to reflect salary increases awarded in FY 2004-05 (based upon salary survey and pay for performance), offset by the 0.2 percent base personal services reduction.

**Mental Health and Alcohol and Drug Abuse Services:** This section includes largely non-Medicaid funded Mental Health Community Programs, the Mental Health Institutes, the Alcohol and Drug Abuse Division, Supportive Housing and Homelessness programs, and funds for central administration of these programs. Additional detail on funding changes in Mental Health and Alcohol and Drug Abuse Services is reflected in the subsection tables and narratives below.

<b>Mental Health and Alcohol and Drug Abuse Services</b>	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Cash Fund Exempt</b>	<b>Federal Funds</b>	<b>FTE</b>
<b>FY 2004-05 Appropriation</b>	\$180,367,823	\$94,662,287	\$4,218,181	\$35,794,051	\$45,693,304	1,309.3
<i>Recommended Changes from FY 2004-05 Appropriation</i>						
Administration	1,075,693	(263,838)	534,959	484,947	319,625	(1.0)
Mental Health Community Programs	1,667,224	1,154,553	0	238,770	273,901	0.0
Mental Health Institutes	985,173	1,308,868	450,000	(773,695)	0	0.0
Alcohol and Drug Abuse Division	1,595,204	1,847,475	44,090	(609,105)	312,744	0.3

<b>Mental Health and Alcohol and Drug Abuse Services</b>	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Cash Fund Exempt</b>	<b>Federal Funds</b>	<b>FTE</b>
<b>Total FY 2005-06 JBC Recommendation</b>	\$185,691,117	\$98,709,345	\$5,247,230	\$35,134,968	\$46,599,574	1,308.6
\$ Change from prior year	\$5,323,294	\$4,047,058	\$1,029,049	(\$659,083)	\$906,270	(0.7)
% Change from prior year	3.0%	4.3%	24.4%	(1.8)%	2.0%	(0.1)%

*Administration:* This subsection of Mental Health and Alcohol and Drug Abuse Services contains appropriations for the central administration of mental health and alcohol and drug abuse services for adults and children. It also includes funding for federal housing programs for low income and indigent persons who require specialized care.

<i>Administration</i>	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Cash Fund Exempt</b>	<b>Federal Funds</b>	<b>FTE</b>
<b>FY 2004-05 Appropriation</b>	\$19,423,578	\$421,640	\$970,463	\$366,112	\$17,665,363	34.1
<b>Recommended Changes from FY 2004-05 Appropriation</b>						
Traumatic Brain Injury Trust Fund	996,657	0	534,959	461,698	0	0.0
Salary and benefits adjustments	81,311	10,808	0	23,959	46,544	0.0
Other	0	0	0	0	0	(1.0)
0.2 percent base reduction	(2,275)	(803)	0	(710)	(762)	0.0
Refinancing to reflect past use of federal block grant funds	0	(273,843)	0	0	273,843	0.0
<b>Total FY 2005-06 JBC Recommendation</b>	\$20,499,271	\$157,802	\$1,505,422	\$851,059	\$17,984,988	33.1
\$ Change from prior year	\$1,075,693	(\$263,838)	\$534,959	\$484,947	\$319,625	(1.0)
% Change from prior year	5.5%	(62.6)%	55.1%	132.5%	1.8%	(2.9)%

## Issue Descriptions

**Traumatic Brain Injury Trust Fund:** The recommendation reflects an increase in the funding available for the program and an adjustment in the financing to reflect that some of the moneys are spent from prior year reserves. The increases provide more research and program funds.

**Salary and benefits adjustments:** The recommendation makes common policy adjustments to personal services to reflect salary increases awarded in FY 2004-05.

**Other:** The Department did not request to continue the 1.0 FTE authorized in H.B. 04-1107 (transfer of the Office of Homeless Youth). Therefore, the recommendation discontinues the FTE designation.

**0.2 percent base reduction:** The recommendation makes a common policy adjustment to personal services to reflect estimated vacancy savings.

**Refinancing to reflect past use of federal block grants:** The recommendation includes a decrease of General Fund equal to the amount of additional federal mental health block grant dollars that the Department used to augment its salaries in FY 2003-04.

*Mental Health Community Programs:* This subsection of Mental Health and Alcohol and Drug Abuse Services includes funding for mental health services for about 7,000 indigent clients and for 1,600 clients served under the Goebel Lawsuit Settlement. [Funding for the Medicaid mental health capitation program is reflected in the Department of Health Care Policy and Financing which administers that program.]

<i>Mental Health Community Programs</i>	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Cash Fund Exempt</b>	<b>Federal Funds</b>	<b>FTE</b>
<b>FY 2004-05 Appropriation</b>	\$42,653,266	\$24,056,790	\$0	\$13,172,289	\$5,424,187	2.0
<i>Recommended Changes from FY 2004-05 Appropriation</i>						
2.0 percent cost of living adjustment	734,935	475,147	0	259,788	0	0.0
Mental Health for detained youth	477,500	477,500	0	0	0	0.0
Federal mental health block grant increase	273,901	0	0	0	273,901	0.0
Residential Treatment for Youth Program	178,982	200,000	0	(21,018)	0	0.0
Salary and benefits adjustments	1,906	1,906	0	0	0	0.0
<b>Total FY 2005-06 JBC Recommendation</b>	\$44,320,490	\$25,211,343	\$0	\$13,411,059	\$5,698,088	2.0
\$ Change from prior year	\$1,667,224	\$1,154,553	\$0	\$238,770	\$273,901	0.0
% Change from prior year	3.9%	4.8%	n/a	1.8%	5.1%	0.0%

### Issue Descriptions

**2.0 percent cost of living adjustment:** The recommendation includes a 2.0 percent community provider rate increase for applicable mental health providers.

**Mental health for detained youth:** The recommendation adds a new line item that reinstates funding reduced in FY 2003-04 to provide mental health services to youth that were detained in the Division of Youth Corrections (DYC) system. The program is anticipated to serve about 278 clients.

**Federal mental health block grant increase:** The recommendation reflects the FY 2005-06 estimate for program related expenditures. In prior years, the full amount of anticipated federal funds were not reflected in the Long Bill.

**Residential Treatment for Youth Program:** The recommendation reflects an increase of \$200,000 General Fund for community transition related services and a reduction of \$21,019 from the FY 2004-05 appropriation for costs which are not anticipated to continue.

**Salary and benefits adjustments:** The recommendation makes common policy adjustments to personal services to reflect salary increases awarded in FY 2004-05, offset by the 0.2 percent base reduction.

*Mental Health Institutes:* This subsection of Mental Health and Alcohol and Drug Abuse Services contains appropriations for inpatient mental health services provided at the state mental health institute in Pueblo and the state mental health institute at Fort Logan in Denver. The mental health institute at Pueblo is expected to have an average daily census of 381 in FY 2004-05 and the mental health institute at Fort Logan is expected to have an average daily census of 153 in FY 2004-05. The average cost per person for the institutes is estimated at \$151,195 in FY 2004-05, excluding the additional costs in the Office of Operations.

<i>Mental Health Institutes</i>	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Cash Fund Exempt</b>	<b>Federal Funds</b>	<b>FTE</b>
<b>FY 2004-05 Appropriation</b>	\$83,316,765	\$62,302,901	\$1,409,889	\$19,603,975	\$0	1,246.2
<b>Recommended Changes from FY 2004-05 Appropriation</b>						
Salary and benefits adjustments	1,904,938	1,385,438	65,172	454,328	0	0.0
Common policy inflationary increases	435,735	435,735	0	0	0	0.0
Patient revenue and other adjustments	143,300	986,495	384,828	(1,228,023)	0	0.0
Telecommunications lease payments	89,376	89,376	0	0	0	0.0
Discontinuation of FY 2004-05 funding corrections for prior year fiscal errors	(1,184,541)	(1,184,541)	0	0	0	0.0
Discontinuation of FY 2004-05 personal services shortfall funding	(403,635)	(403,635)	0	0	0	0.0
<b>Total FY 2005-06 JBC Recommendation</b>	\$84,301,938	\$63,611,769	\$1,859,889	\$18,830,280	\$0	1,246.2
\$ Change from prior year	\$985,173	\$1,308,868	\$450,000	(\$773,695)	\$0	0.0
% Change from prior year	1.2%	2.1%	31.9%	(3.9)%	n/a	0.0%

## Issue Descriptions

**Salary and benefits adjustments:** The recommendation makes common policy adjustments to personal services to reflect salary increases awarded in FY 2004-05, offset by the 0.2 percent base reduction.

**Common policy inflationary increases:** The recommendation reflects the impact of the application of common policy inflationary increases, including 2.5 percent for medical, laboratory, and pharmaceuticals, and 2.9 percent for food.

**Patient revenue and other adjustments:** The recommendation reflects the application of available patient revenues which offset General Fund. The most significant reduction is the elimination of a prior year \$0.9 million Medicare cost settlement which offset General Fund. The recommendation also reflects the annualization of FY 2004-05 increase for medical scanner equipment at the State Hospital, intended to serve the Department of Corrections inmates which was financed by cash fund exempt transfers from that Department.

**Telecommunications lease payments:** The recommendation adds funding for the decentralization of telecommunication systems payments in the Mental Health Institutes.

**Discontinuation of FY 2004-05 funding corrections for prior year fiscal errors:** The recommendation discontinues FY 2004-05 appropriations made on behalf of FY 2002-03 and FY 2003-04 in order to correct numerous fiscal errors associated with the Fort Logan Mental Health Institute's residential treatment center.



These fiscal errors were discovered years later during the State Auditor's Office statewide financial audit and were corrected in FY 2004-05. As these corrections have been made, continuation of the funding for FY 2005-06 is not necessary.

**Discontinuation of FY 2004-05 personal services shortfall funding:** The recommendation discontinues the \$403,635 in FY 2004-05 funding added to prevent the Mental Health Institute at Pueblo from over-spending its personal services budget. The Department's fiscal management controls implemented in FY 2004-05 are anticipated to address any shortfalls in FY 2005-06.

*Alcohol and Drug Abuse Division:* This subsection of Mental Health and Alcohol and Drug Abuse Services contains appropriations for alcohol and drug abuse prevention, intervention, and treatment services. Treatment, prevention, and detoxification services are provided primarily through six managed service organizations, each of which is responsible for managing the provision of services to residents of a specified geographic area of the state. The Division also funds and oversees involuntary commitments into detoxification facilities and substance abuse treatment programs.

<i>Alcohol and Drug Abuse Division</i>	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Cash Fund Exempt</b>	<b>Federal Funds</b>	<b>FTE</b>
<b>FY 2004-05 Appropriation</b>	\$34,974,213	\$7,880,956	\$1,837,829	\$2,651,674	\$22,603,754	27.0
<b>Recommended Changes from FY 2004-05 Appropriation</b>						
Expansion of STIRRT Program	1,500,000	1,500,000	0	0	0	0.0
Maintenance of federal MOE through increased ADAD expenditure	544,090	0	294,090	0	250,000	0.0
2.0 percent cost of living increase	180,031	161,345	0	18,686	0	0.0
Salary and benefits adjustments	62,744	0	0	0	62,744	0.0
Funding for H.B. 05-1015 (Medicaid substance abuse treatment)	17,213	0	0	17,213	0	0.3
Refinancing of STIRRT Program	0	250,000	(250,000)	0	0	0.0
Elimination of one-time FY 2004-05 MOE Based Funding	(445,637)	0	0	(445,637)	0	0.0
Elimination of one-time prior year funding for the High Risk Pregnant Women Program	(199,367)	0	0	(199,367)	0	0.0
Financing adjustment to pay for Medicaid High Risk Pregnant Women Program	(63,870)	(63,870)	0	0	0	0.0
<b>Total FY 2005-06 JBC Recommendation</b>	\$36,569,417	\$9,728,431	\$1,881,919	\$2,042,569	\$22,916,498	27.3
\$ Change from prior year	\$1,595,204	\$1,847,475	\$44,090	(\$609,105)	\$312,744	0.3
% Change from prior year	4.6%	23.4%	2.4%	(23.0)%	1.4%	1.1%

## Issue Descriptions

**Expansion of STIRRT Program:** The recommendation adds \$1,500,000 for the Short-Term Intensive Residential Remediation Treatment Program (STIRRT). This funding is intended to compensate for prior year reductions in the program.

**Maintenance of federal maintenance-of-effort (MOE):** The recommendation adds funding increases to address program needs and also to maintain the federal MOE. Increases include \$68,400 cash funds for a web-based compliance tracking system for DUI clients and \$194,859 for a Persistent Drunk Driver ad campaign, transferred from the Department of Transportation. With the adjustments, \$250,000 in additional federal Substance Abuse Block Grant dollars are available to the state.

**2.0 percent cost-of-living increase:** The recommendation includes a 2.0 percent community provider rate increase for providers

**Salary and benefits adjustments:** The recommendation makes common policy adjustments to personal services to reflect salary increases awarded in FY 2004-05, offset by the 0.2 percent base reduction.

**Funding for H.B. 05-1015 (Medicaid substance abuse treatment):** The recommendation includes an increase of \$17,213 Medicaid funds and 0.3 FTE for division administrative costs associated with H.B. 05-1015. House Bill 05-1015 would add statutory authority for a substance abuse outpatient treatment benefit for Medicaid clients.

**Refinancing of STIRRT Program:** The recommendation adds \$250,000 General Fund to compensate for the loss of Drug Offender Surcharge cash fund moneys that are not available. This action is anticipated to provide a cost avoidance in the Department of Corrections (DOC).

**Elimination of one-time FY 2004-05 MOE funding:** In order to maintain FY 2004-05 funding at levels appropriate for the federal maintenance-of-effort (MOE) requirement certain one-time actions were taken, including: (1) the use of \$250,000 in one-time reserves in the Persistent Drunk Driver cash fund; and (2) transfer of \$195,637 from the Department of Public Safety. These were one-time actions not available to the program in FY 2005-06.

**Elimination of one-time FY 2004-05 funding for the High Risk Pregnant Women Program:** The FY 2004-05 appropriation contained \$199,367 in Medicaid cash funds to pay for prior year and one-time program costs not anticipated to continue in FY 2005-06.

**Financing adjustment to pay for the High Risk Pregnant Women Program:** In order to finance some of the increases in the High Risk Pregnant Women Program, a reduction of \$63,870 is made in the Balance of Substance Abuse Block Grant line item. This sum is instead appropriated in the Department of Health Care Policy and Financing, matched with an equal amount of federal funds, and then transferred back to the Alcohol and Drug Abuse Services Division as Medicaid cash funds exempt.

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**Services for People with Disabilities:** This section includes all funding for Developmental Disability Services, the Division of Vocational Rehabilitation, and Homelake Domiciliary and State and Veterans Nursing Homes.

Additional detail on funding changes in Services for People with Disabilities is reflected in the subsection tables and narratives below.

<b>Services for People with Disabilities</b>	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Cash Fund Exempt</b>	<b>Federal Funds</b>	<b>FTE</b>
<b>FY 2004-05 Appropriation</b>	\$411,110,791	\$27,431,455	\$3,951,691	\$343,766,139	\$35,961,506	1,826.5
<i>Recommended Changes from FY 2004-05 Appropriation</i>						
Developmental Disability Services	12,816,036	3,219,447	(263,289)	9,859,878	0	(0.9)
Division of Vocational Rehabilitation	965,845	79,896	(278,322)	410,804	753,467	0.0
Homelake Domiciliary and State and Veterans Nursing Homes	668,990	(2,839,395)	0	4,178,819	(670,434)	0.0
<b>Total FY 2005-06 JBC Recommendation</b>	\$425,561,662	\$27,891,403	\$3,410,080	\$358,215,640	\$36,044,539	1,825.6
\$ Change from prior year	\$14,450,871	\$459,948	(\$541,611)	\$14,449,501	\$83,033	(0.9)
% Change from prior year	3.5%	1.7%	(13.7)%	4.2%	0.2%	0.0%

*Developmental Disability Services:* This subsection of Services for People with Disabilities includes funding for community and institutional services for adults with developmental disabilities, services for children with developmental disabilities and their families, and the work therapy program, which provides supportive employment for people with developmental disabilities and mental illness who are served in state-run facilities. Overall funding changes are reflected in the table immediately below. The details of these changes are discussed in the relevant subsections that follow.

<i>Developmental Disability Services</i>	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Cash Fund Exempt</b>	<b>Federal Funds</b>	<b>FTE</b>
<b>FY 2004-05 Appropriation</b>	\$335,505,244	\$20,958,573	\$3,226,897	\$311,319,774	\$0	921.2
<i>Recommended Changes from FY 2004-05 Appropriation</i>						
Community Services	9,278,889	240,840	0	9,038,049	0	1.4
Regional Centers	777,229	0	39,296	737,933	0	(1.3)
Services for Children and Families	3,062,537	2,978,607	0	83,930	0	(1.0)
Work Therapy	(302,619)	0	(302,585)	(34)	0	0.0
<b>Total FY 2005-06 JBC Recommendation</b>	\$348,321,280	\$24,178,020	\$2,963,608	\$321,179,652	\$0	920.3
\$ Change from prior year	\$12,816,036	\$3,219,447	(\$263,289)	\$9,859,878	\$0	(0.9)
% Change from prior year	3.8%	15.4%	(8.2)%	3.2%	n/a	(0.1)%

*Community Services (Subsection of Developmental Disabilities Services):* This section includes all funding associated with community-based services available to adults with developmental disabilities. Most of this funding is distributed to 20 Community Centered Boards (CCBs) located throughout the state to provide case

management, "comprehensive" (24-hour residential care), and supported living services (day-time care and employment support) to adults with developmental disabilities. Of the total funding in this section, \$207.5 million (72 percent) is for residential placements for adults. This supports 3,659 adult comprehensive residential placements (also known as "resources") at an average cost of \$56,714 per year. An additional \$55.4 million (19 percent) is for 3,499 adult supported living service placements at an average cost of \$15,836 per year. The balance of funding includes \$19.8 million for services for persons with developmental disabilities that are funded with local moneys and a federal Medicaid match, \$2.8 million in administration and information technology system costs, \$2.0 million in case management costs for services funded in the Services for Children and Families section, and \$800,000 in various special purpose costs associated with services for adults with developmental disabilities.

<u>Community Services</u>	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Cash Fund Exempt</b>	<b>Federal Funds</b>	<b>FTE</b>
<b>FY 2004-05 Appropriation</b>	\$279,099,921	\$10,989,850	\$0	\$268,110,071	\$0	30.0
<b>Recommended Changes from FY 2004-05 Appropriation</b>						
2.0 percent cost of living adjustment	\$5,163,084	\$214,153	\$0	\$4,948,931	\$0	0.0
Add 48 new comprehensive foster-care transition resources for six months	1,872,901	0	0	1,872,901	0	0.0
Annualize 36 new comprehensive resources added in FY 2004-05	1,392,631	0	0	1,392,631	0	0.0
Add 14 new comprehensive emergency resources for six months	539,923	0	0	539,923	0	0.0
Annualize supplemental enabling CCBs to keep SSI increase	317,687	0	0	317,687	0	0.0
Add 22 new supported living resources for six months	189,557	0	0	189,557	0	0.0
Transfer administration funds from Services for Children section	61,925	20,360	0	41,565	0	1.0
Salary and benefits increases	60,406	6,327	0	54,079	0	0.0
Transfer 0.4 FTE from regional centers	55,171	0	0	55,171	0	0.4
Add case mgmt. for 4 new children's extensive support resources	2,554	0	0	2,554	0	0.0
Community and Contract Management System Replacement (reallocation)	0	0	0	0	0	0.0
Annualize supplemental moving funds from waiver program to Medicaid Plan	(376,950)	0	0	(376,950)	0	0.0
<b>Total FY 2005-06 JBC Recommendation</b>	<b>\$288,378,810</b>	<b>\$11,230,690</b>	<b>\$0</b>	<b>\$277,148,120</b>	<b>\$0</b>	<b>31.4</b>
\$ Change from prior year	\$9,278,889	\$240,840	\$0	\$9,038,049	\$0	1.4
% Change from prior year	3.3%	2.2%	n/a	3.4%	n/a	4.7%

Most of the cash funds exempt amounts reflected in this section of the budget are Medicaid funds transferred from the Department of Health Care Policy and Financing (HCPF). Most of these funds are appropriated as 50 percent General Fund and 50 percent federal funds in HCPF. The overall recommendations in this section thus

add \$4.1 million General Fund in the Department of Health Care Policy and Financing, in addition to the General Fund increase in the Department of Human Services.

## **Issue Descriptions**

**2.0 percent cost of living adjustment:** The recommendation provides a 2.0 percent community provider rate increase on all payments to community centered boards for services to people with developmental disabilities.

**Add 48 new comprehensive foster care transition resources for six months:** The recommendation funds comprehensive residential services for 48 persons with developmental disabilities who will age-out of child welfare foster care services during FY 2005-06 at an average cost of \$77,985 per person per year. The recommendation assumes an average of six months of service in FY 2005-06, based on anticipated dates of transition. Costs will double in FY 2006-07 to \$3,745,802, based on a full year of service.

**Annualize 36 new comprehensive resources added in FY 2004-05:** The recommendation annualizes costs associated with 36 new comprehensive foster care transition resources funded for six months in FY 2004-05.

**Add 14 new comprehensive emergency resources for six months:** The recommendation funds comprehensive residential services for 14 adults with developmental disabilities for an average of six months each, based on the projected need for emergency placement. Additional emergency placements are anticipated to be made through the turnover of existing residential resources.

**Annualize supplemental enabling CCBs to keep SSI increase:** Persons with developmental disabilities who are in comprehensive residential placement are eligible for federal Supplemental Security Income (SSI) payments, and, with the exception of a personal needs allowance of \$34 per month, the total each person receives is turned over to residential service providers to cover room and board costs. Effective January 1, 2005, the federal government approved a 2.7 percent cost of living increase on SSI payments. For FY 2004-05, the General Assembly authorized an increase in total spending authority for payments to community centered boards (CCBs) to enable them to retain the 2.7 percent federal increase for residential costs for January 1 through June 30, 2005. The recommendation annualizes this amount to cover a full year of higher receipts.

**Add 22 new supported living resources for six months:** The recommendation adds supported living services for 22 adults with developmental disabilities who have aged out of the Children's Extensive Support program and who are living with their families. Supported living services include day program services and other Medicaid services tailored to the needs of the individual consumer. The average annual cost per resource is \$17,232. Funding is provided for an average of six months. Amounts will double to \$379,114 for a full year of service in FY 2006-07.

**Transfer administration funds from Services for Children section:** The recommendation transfers 1.0 FTE and all associated costs from the former Administration line item in the Developmental Disability Services, Services for Children and Families section to this section.

**Salary and benefits increases:** The recommendation reflects common policy adjustments to personal services to reflect salary increases awarded in FY 2004-05, offset by a 0.2 percent base reduction. This includes an adjustment for the 1.0 FTE moved from the Services for Children and Families section.

**Transfer 0.4 FTE from regional centers:** The recommendation includes a technical correction to move 0.4 FTE and associated funding for administration of statewide behavior pharmacology clinics from the regional centers to this subsection.

**Add case management for 4 new children's extensive support resources:** The recommendation includes the case management portion of 4 resources added for six months in the Services for Children and Families section. The amount doubles in FY 2006-07, when annualized.

**Community and Contract Management System Replacement:** The recommendation reflects the creation of a new line item for \$245,654 out of base funds previously in the Adult Program Costs line item (funds for services for people with developmental disabilities provided by community centered boards) for the first year of a two-year project to replace the community and contract management information system with a new web-based system. The Department would be authorized to transfer unneeded amounts from this line item back to the Adult Program Costs line item.

**Annualize supplemental moving funds from waiver program to Medicaid Plan:** The recommendation annualizes a supplemental that moved funds from the comprehensive waiver program for persons with developmental disabilities to the Medicaid State Plan effective October 1, 2004, consistent with a federal requirement that no services may be provided through a waiver if they are part of State Plan services. Although the change reduces full-year Medicaid funding in the Department of Human Services, Community Services section by \$1,507,801, the net impact is minimal because there is a corresponding increase in the Department of Health Care Policy and Financing.

*Regional Centers (Subsection of Developmental Disabilities Services):* This section contains appropriations for three regional centers operated by the Department for persons with developmental disabilities. Persons served by the regional centers at Wheat Ridge (Denver), Grand Junction, and Pueblo usually have multiple disabling conditions that may include maladaptive behaviors or severe, chronic medical conditions that require specialized and intensive levels of services. The regional centers have the capacity to serve 403 persons, including 102 in on-campus intermediate care facility (ICF) beds and 301 in Medicaid waiver beds. The average annual cost per bed, including costs that are charged to other parts of the department and depreciation costs, is projected to be \$141,633 in FY 2005-06. Most of the cash funds exempt amounts reflected in this section of the budget are Medicaid funds transferred from the Department of Health Care Policy and Financing (HCPF). Most of these funds are appropriated as 50 percent General Fund and 50 percent federal funds in HCPF.

<i>Regional Centers</i>	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
<b>FY 2004-05 Appropriation</b>	\$41,212,427	\$0	\$2,599,312	\$38,613,115	\$0	888.7
<b>Recommended Changes from FY 2004-05 Appropriation</b>						
Salary and benefits increases	1,026,473	0	0	1,026,473	0	0.0
Transfer telecommunications lease system costs	52,989			52,989	0	0.0
Food inflation at 2.9 percent	19,062	0	0	19,062	0	0.0
Medical inflation at 2.5 percent	13,393	0	0	13,393	0	0.0

<u>Regional Centers</u>	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Cash Fund Exempt</b>	<b>Federal Funds</b>	<b>FTE</b>
Annualize supplemental for SSI room and board increase	0	0	26,406	(26,406)	0	0.0
Other fund mix adjustments	0	0	12,890	(12,890)	0	0.0
Annualize supplemental moving funds from waiver program to Medicaid Plan	(241,042)	0	0	(241,042)	0	(0.9)
Transfer 0.4 FTE to Community Services	(55,171)	0	0	(55,171)	0	(0.4)
Reduce for unneeded leased space	(38,475)	0	0	(38,475)	0	0.0
<b>Total FY 2005-06 JBC Recommendation</b>	\$41,989,656	\$0	\$2,638,608	\$39,351,048	\$0	887.4
\$ Change from prior year	\$777,229	\$0	\$39,296	\$737,933	\$0	(1.3)
% Change from prior year	1.9%	n/a	1.5%	1.9%	n/a	(0.1)%

## Issue Descriptions

**Salary and benefits increases:** The recommendation includes common policy adjustments to personal services to reflect salary increases awarded in FY 2004-05, offset by the 0.2 percent base reduction.

**Transfer telecommunications lease system costs:** The recommendation transfers telecommunications systems costs for a regional center telecommunications system from the appropriation for the Office of Information Technology Services in the Department to this section.

**Food inflation at 2.9 percent:** The recommendation reflects the impact of the application of the common policy inflationary increase of 2.9 percent for food.

**Medical inflation at 2.5 percent:** The recommendation reflects the impact of the application of the common policy inflationary increase of 2.5 percent for medical, laboratory, and pharmaceutical expenditures.

**Annualize supplemental for SSI room and board increase:** Persons with developmental disabilities who are in comprehensive residential placement are eligible for federal Supplemental Security Income (SSI) payments. With the exception of a personal needs allowance of \$34 per month, the total each person receives in SSI payments is turned over to residential service providers for the person's room and board costs. Effective January 1, 2005, the federal government approved a 2.7 percent cost of living increase on SSI payments. This change results in an increase in cash receipts and a reduction in Medicaid funding for the regional centers. The amount shown reflects the annualization of the part-year FY 2004-05 increase to a full year in FY 2005-06.

**Other fund mix adjustments:** The recommendation includes an increase in anticipated patient cash receipts of \$12,890 which offsets Medicaid otherwise required and other adjustments affecting funds transferred from the Department of Health Care Policy and Financing.

**Annualize supplemental moving funds from waiver program to Medicaid Plan:** The recommendation annualizes a supplemental that moved funds from the comprehensive waiver program for persons with developmental disabilities to the Medicaid State Plan effective October 1, 2004, consistent with a federal requirement that no services may be provided through a waiver if they are part of State Plan services. Although

the change reduces Medicaid funding in the Department of Human Services regional centers, there is a similar increase in the Department of Health Care Policy and Financing.

**Transfer 0.4 FTE to Community Services:** The recommendation includes a technical correction to transfer 0.4 FTE and associated funding for administration of statewide behavior pharmacology clinics from the regional centers to the Community Services subsection.

**Reduce for unneeded leased space:** The recommendation eliminates an appropriation for a leased facility that is no longer occupied by the regional centers.

*Services for Children and Families (Subsection of Developmental Disabilities Services):* This section contains appropriations for the Early Intervention, Family Support Services and Children's Extensive Support programs for children with developmental disabilities, except for case management, which is funded in the Community Services section. Including \$2.0 million for associated case management funded in the Community Services section, the appropriation supports 217 Children's Extensive Support placements at an average cost of \$19,761; 1,459 early intervention placements at an average cost of \$5,735; and 1,176 family support placements at an average cost of \$5,665. Most of the cash funds exempt amounts reflected in this section of the budget are Medicaid funds transferred from the Department of Health Care Policy and Financing (HCPF). Most of these funds are appropriated as 50 percent General Fund and 50 percent federal funds in HCPF.

<u><i>Services for Children and Families</i></u>	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Cash Fund Exempt</b>	<b>Federal Funds</b>	<b>FTE</b>
<b>FY 2004-05 Appropriation</b>	\$14,425,189	\$9,968,723	\$0	\$4,456,466	\$0	1.0
<b><i>Recommended Changes from FY 2004-05 Appropriation</i></b>						
Restore Family Support Services Program funding	2,800,000	2,800,000	0	0	0	0.0
2.0 percent cost of living adjustment	287,265	198,967	0	88,298	0	0.0
Add 4 new children's extensive support resources for six months	37,197	0	0	37,197	0	0.0
Transfer Administration to Community Services section	(61,925)	(20,360)	0	(41,565)	0	(1.0)
<b>Total FY 2005-06 JBC Recommendation</b>	\$17,487,726	\$12,947,330	\$0	\$4,540,396	\$0	0.0
\$ Change from prior year	\$3,062,537	\$2,978,607	\$0	\$83,930	\$0	(1.0)
% Change from prior year	21.2%	29.9%	n/a	1.9%	n/a	(100.0)%

**Issue Descriptions**

**Restore Family Support Services Program funding:** The recommendation restores funding for the Family Support Services Program to the level that existed prior to FY 2003-04, when the program was cut by 50 percent due to revenue shortfalls.

**2.0 percent cost of living adjustment:** The recommendation provides a 2.0 percent community provider rate increase on all payments to community centered boards for services to people with developmental disabilities.



**Add 4 new children's extensive support resources for six months:** The recommendation adds 4 new resources for children requiring near-constant supervision due to severe behavioral issues for an average of six months.

**Transfer Administration to Community Services section:** The recommendation transfers all funding for Administration and 1.0 FTE to the Developmental Disability Services, Community Services, Personal Services line item effective FY 2005-06.

*Work Therapy Program (Subsection of Developmental Disabilities Services):* This section contains appropriations for the Work Therapy Enterprise Funds for the Colorado Mental Health Institute at Fort Logan and the Regional Centers for persons with Developmental Disabilities at Grand Junction, Pueblo, and Wheat Ridge. These funds support sheltered workshop programs for training and employment of clients. Revenue is derived from contracts with area businesses and organizations for work performed.

<u>Work Therapy Program</u>	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
<b>FY 2004-05 Appropriation</b>	\$767,707	\$0	\$627,585	\$140,122	\$0	1.5
<i>Recommended Changes from FY 2004-05 Appropriation</i>						
Reduce cash spending authority by amount not used in prior years	(302,431)	0	(302,431)	0	0	0.0
Salary and benefits adjustments	(188)	0	(154)	(34)	0	0.0
<b>Total FY 2005-06 JBC Recommendation</b>	\$465,088	\$0	\$325,000	\$140,088	\$0	1.5
\$ Change from prior year	(\$302,619)	\$0	(\$302,585)	(\$34)	\$0	0.0
% Change from prior year	(39.4)%	n/a	(48.2)%	0.0%	n/a	0.0%

### Issue Descriptions

**Reduce cash spending authority by amount not used in prior years:** The recommendation reflects a reduction in spending authority allocated for the work therapy program at the Mental Health Institute at Fort Logan that is not being used.

**Salary and benefits adjustments:** The recommendation includes common policy adjustments to personal services to reflect a 0.2 percent base reduction.

*Division of Vocational Rehabilitation:* This subsection of Services for People with Disabilities contains appropriations to assist persons with physical and mental disabilities in overcoming barriers to employment. Vocational counseling services are provided statewide through 16 satellite offices, and associated educational and medical services are purchased for program participants. In addition to providing vocational services, the Division assists persons with disabilities in achieving independent living and integrating successfully in their communities. Most funding for the Division is based on a match of 78.7 percent federal vocational rehabilitation funds to 21.3 percent non-federal funds. Cash and cash exempt amounts are from various local and government sources. There is no Medicaid funding in this section.

<i>Division of Vocational Rehabilitation</i>	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Cash Fund Exempt</b>	<b>Federal Funds</b>	<b>FTE</b>
<b>FY 2004-05 Appropriation</b>	\$37,184,654	\$3,465,726	\$724,794	\$4,654,833	\$28,339,301	215.5
<b>Recommended Changes from FY 2004-05 Appropriation</b>						
Rehabilitation Local Match Program - Adjust for projected contracts	494,870	0	(54,387)	159,797	389,460	0.0
Salary and benefits adjustments	320,244	64,751	1,065	3,812	250,616	0.0
Older Blind Grants federal increase	131,946	0	0	13,195	118,751	0.0
2.0 percent cost of living adjustment	44,141	14,583	0	0	29,558	0.0
Business Enterprise Program - Program Operated Stands reserve spending	9,000	0	(225,000)	234,000	0	0.0
Medical inflation at 2.5 percent	2,637	562	0	0	2,075	0.0
Correction to federal match	(36,993)	0	0	0	(36,993)	0.0
<b>Total FY 2005-06 JBC Recommendation</b>	\$38,150,499	\$3,545,622	\$446,472	\$5,065,637	\$29,092,768	215.5
\$ Change from prior year	\$965,845	\$79,896	(\$278,322)	\$410,804	\$753,467	0.0
% Change from prior year	2.6%	2.3%	(38.4)%	8.8%	2.7%	0.0%

## Issue Descriptions

**Rehabilitation Local Match Program - Adjust for projected contracts:** The recommendation includes adjustments to reflect changes in anticipated Vocational Rehabilitation contracts that use various cash and cash exempt sources to draw down federal matching funds for vocational rehabilitation services. The increase primarily reflects increases associated with further expansion of the School to Work Alliance Program in which school districts provide matching dollars for a program to assist youth with disabilities who are transitioning from school to work.

**Salary and benefits adjustments:** The recommendation includes common policy adjustments to personal services to reflect salary increases awarded in FY 2004-05, offset by the 0.2 percent base reduction.

**Older Blind Grants federal increase:** The recommendation reflects an anticipated increase in the federal Older Blind Grant award and an associated increase in the 10 percent match for these funds from recipients.

**2.0 percent cost of living adjustment:** The recommendation provides a 2.0 percent community provider rate increase on vocational rehabilitation expenditures for purchase of services for customers (Vocational Rehabilitation - General Fund match line item) and for General Fund grants to independent living centers.

**Business Enterprise Program - Program Operated Stands reserve spending:** The recommendation adjusts funding for a program that assists blind or visually-impaired individuals in operating vending and food service businesses in state and federal buildings. The adjustment increases spending from reserves in the Business Enterprise Program Cash Fund for vending facilities that are temporarily managed by the Department in the period between the departure of one blind vendor and his or her replacement by another blind vendor. The recommendation decreases non-reserve spending authority from the Business Enterprise Program Cash Fund by a similar amount.

**Medical inflation at 2.5 percent:** The recommendation reflects the impact of the application of a common policy inflationary increase of 2.5 percent for medical, laboratory, and pharmaceutical expenditures for vocational rehabilitation programs.

**Correction to federal match:** The recommendation reflects an adjustment to align the appropriation with federal match amounts, based on current federal match rates for vocational rehabilitation programs.

*Homelake Domiciliary and State and Veterans Nursing Homes:* This subsection of Services for People with Disabilities reflects funding for: (1) a 46-bed group living facility which serves residents who do not require continuous nursing or medical care but who may need assistance with meals, housekeeping, personal care, laundry, and access to a physician; and (2) the six state nursing homes, five of which are classified as veterans nursing homes and are eligible for federal Veterans Administration support. Homelake Domiciliary and the State and Veterans Nursing Homes are enterprises; therefore, with the exception of any General Fund appropriations, amounts shown are for informational purposes only. Cash funds exempt amounts reflect resident payments for services; federal funds amounts reflect U.S. Veteran's Administration per diem support. Note that the entire State and Veterans Nursing Home appropriation for FY 2004-05 is added through a recommended FY 2004-05 supplemental add-on to the introduced FY 2005-06 Long Bill. The add-on is for \$37,512,115, including \$2,822,946 General Fund. If the add-on were not included, the FY 2004-05 appropriation for this section would reflect solely funding for Homelake Domiciliary, or \$908,778, including \$184,210 General Fund.

<i>Homelake Domiciliary and State and Veterans Nursing Homes</i>	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Cash Fund Exempt</b>	<b>Federal Funds</b>	<b>FTE</b>
<b>FY 2004-05 Appropriation</b>	\$38,420,893	\$3,007,156	\$0	\$27,791,532	\$7,622,205	689.8
<b>Recommended Changes from FY 2004-05 Appropriation</b>						
Estimated increases in veterans homes expenditures funded by client revenues	4,029,984	0	0	4,029,984	0	0.0
Adjust estimate of Homelake Domiciliary expenditures	296,055	0	0	148,835	147,220	0.0
Eliminate one-time General Fund subsidy for Fitzsimons nursing home	(2,822,946)	(2,822,946)	0	0	0	0.0
Reflect veterans homes federal revenue changes - eliminate one-time funds	(817,654)	0	0	0	(817,654)	0.0
Reduce Homelake Domiciliary General Fund support	(16,449)	(16,449)	0	0	0	0.0
<b>Total FY 2005-06 JBC Recommendation</b>	\$39,089,883	\$167,761	\$0	\$31,970,351	\$6,951,771	689.8
\$ Change from prior year	\$668,990	(\$2,839,395)	\$0	\$4,178,819	(\$670,434)	0.0
% Change from prior year	1.7%	(94.4)%	n/a	15.0%	(8.8)%	0.0%

## Issue Descriptions

**Estimated increases in veterans homes expenditures funded by client revenues:** The overall projected expenditure growth for the state and veterans nursing homes is \$389,384 or a 1.0 percent growth rate from FY 2004-05 to FY 2005-06. Most of the increase anticipated in client revenue is based on anticipated growth in patient census at the Veterans Nursing Home at Fitzsimons. Fitzsimons total expenditures for FY 2005-06 are

expected to remain virtually flat at \$13.3 million, because additional costs associated with higher census are offset by the elimination of various one-time FY 2004-05 expenditures such as costs for an external management company and costs associated with payback of prior-year Medicaid over-payments. Occupancy at the 180-bed Fitzsimons facility is projected to increase by 40 percent from an average of 65 percent in FY 2004-05 to 91 percent in FY 2005-06.

**Adjust estimate of Homelake Domiciliary expenditures:** The recommendation reflects adjustments to bring Long Bill amounts for Homelake Domiciliary in line with actual expenditures, in light of the fact that Homelake is a part of the State and Veterans Nursing Home enterprise and therefore has continuous spending authority for revenues collected from client and federal sources. The recommended adjustment incorporates common policy salary and benefits increases and other adjustments.

**Eliminate one-time General Fund subsidy for Fitzsimons nursing home:** The recommendation eliminates a one-time FY 2004-05 subsidy for the Veterans Nursing Home at Fitzsimons that was designed to address shortfalls associated with low-census and other operational difficulties.

**Reflect veterans homes federal revenue changes - eliminate one-time funds:** The recommendation reflects the elimination of \$821,318 in "flexible" federal funds allocated by the Governor to address operating problems at the Veterans Nursing Home at Fitzsimons. This reduction is partially offset by anticipated increases of \$3,664 associated with federal per-diem payments for nursing home residents.

**Reduce Homelake Domiciliary General Fund support:** The recommendation reflects a \$20,000 General Fund reduction in operating support for Homelake Domiciliary, partially offset by an increase of \$3,551 General Fund for common policy salary and benefits adjustments.

**Adult Assistance Programs:** This section includes funding for the Old Age Pension Program, for various adult cash assistance programs and for community services for the elderly, including Older Americans Act programs. Additional detail on funding changes in Adult Assistance Programs is reflected in the subsection tables and narratives below.

<b>Adult Assistance Programs</b>	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Cash Fund Exempt</b>	<b>Federal Funds</b>	<b>FTE</b>
<b>FY 2004-05 Appropriation</b>	\$124,829,970	\$16,839,011	\$74,166,744	\$19,988,201	\$13,836,014	27.5
<i>Recommended Changes from FY 2004-05 Appropriation</i>						
Administration	12,285	961	0	2,427	8,897	0.0
Old Age Pension Program	0	0	0	0	0	0.0
Other Grant Programs	1,113,253	533,744	0	579,509	0	0.0
Community Services for the Elderly	14,640	(360,515)	500,000	0	(124,845)	0.0
<b>Total FY 2005-06 JBC Recommendation</b>	\$125,970,148	\$17,013,201	\$74,666,744	\$20,570,137	\$13,720,066	27.5
\$ Change from prior year	\$1,140,178	\$174,190	\$500,000	\$581,936	(\$115,948)	0.0
% Change from prior year	0.9%	1.0%	0.7%	2.9%	(0.8)%	0.0%

*Administration:* This subsection of Adult Assistance Programs includes funding and staffing for management of all programs within Adult Assistance and for oversight of programs within the Other Grant Programs subsection.

<i>Administration</i>	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Cash Fund Exempt</b>	<b>Federal Funds</b>	<b>FTE</b>
<b>FY 2004-05 Appropriation</b>	\$455,909	\$35,676	\$0	\$90,064	\$330,169	5.0
<i>Recommended Changes from FY 2004-05 Appropriation</i>						
Salary and benefits adjustments	12,285	961	0	2,427	8,897	0.0
<b>Total FY 2005-06 JBC Recommendation</b>	\$468,194	\$36,637	\$0	\$92,491	\$339,066	5.0
\$ Change from prior year	\$12,285	\$961	\$0	\$2,427	\$8,897	0.0
% Change from prior year	2.7%	2.7%	n/a	2.7%	2.7%	0.0%

### Issue Descriptions

**Salary and benefits adjustments:** The \$12,285 increase reflects the common policy adjustments to personal services for salary increases awarded in FY 2004-05 (based upon salary survey and pay for performance) and a 0.2 percent base personal services reduction.

*Old Age Pension Program:* This program, authorized by the State Constitution, provides cash assistance, up to a maximum of \$604 per person, per month (as of January 2005) to eligible individuals age 60 and older. Revenue for the Old Age Pension Fund is generated through 85 percent of license fees, liquor and excise taxes, and 100 percent of inheritance and incorporation taxes; revenues that are not utilized for the OAP Program "spill over" into the General Fund. As the earmarked revenues are continuously appropriated by the State Constitution, the Long Bill simply reflects anticipated program expenditures for informational purposes.

<i>Old Age Pension Program</i>	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Cash Fund Exempt</b>	<b>Federal Funds</b>	<b>FTE</b>
<b>FY 2004-05 Appropriation</b>	\$73,255,106	\$0	\$72,666,744	\$588,362	\$0	14.0
<i>Recommended Changes from FY 2004-05 Appropriation</i>						
No changes	0	0	0	0	0	0.0
<b>Total FY 2005-06 JBC Recommendation</b>	\$73,255,106	\$0	\$72,666,744	\$588,362	\$0	14.0
\$ Change from prior year	\$0	\$0	\$0	\$0	\$0	0.0
% Change from prior year	0.0%	n/a	0.0%	0.0%	n/a	0.0%

### Issue Descriptions

**No changes:** No changes from the FY 2004-05 appropriation are recommended for the OAP program.

*Other Grant Programs:* This subsection of Adult Assistance Programs contains appropriations for programs providing cash assistance to disabled individuals and individuals needing assistance with the activities of daily living. Cash fund exempt sources include county matching funds and interim assistance reimbursements from the federal government for individuals who become eligible for Supplemental Security Income (SSI).

<i>Other Grant Programs</i>	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Cash Fund Exempt</b>	<b>Federal Funds</b>	<b>FTE</b>
<b>FY 2004-05 Appropriation</b>	\$30,533,319	\$14,565,169	\$0	\$15,968,150	\$0	0.0
<b>Recommended Changes from FY 2004-05 Appropriation</b>						
Restoration of some AND-SO funding	5,000,000	4,000,000	0	1,000,000	0	0.0
Elimination of extra AND-SO funding necessitated by CBMS problems	(2,093,353)	(1,674,682)	0	(418,671)	0	0.0
Changes in corrective action payments in the AND-CS and AB-CS programs	(1,793,394)	(1,791,574)	0	(1,820)	0	0.0
<b>Total FY 2005-06 JBC Recommendation</b>	\$31,646,572	\$15,098,913	\$0	\$16,547,659	\$0	0.0
\$ Change from prior year	\$1,113,253	\$533,744	\$0	\$579,509	\$0	0.0
% Change from prior year	3.6%	3.7%	n/a	3.6%	n/a	n/a

### Issue Descriptions

**Restoration of some AND-SO funding:** In FY 2002-03, total expenditures for the Aid to the Needy Disabled -State Only (AND-SO) program were \$16.4 million including \$13.5 million General Fund. Expenditures for this program were reduced to \$7.3 million in FY 2003-04, including \$4.7 million General Fund, in response to the state's budget challenges. Recommended appropriations for this program in FY 2005-06 include a \$4.0 million increase in General Fund (and an accompanying \$1.0 million increase in local funding), which is intended to restore some of the funding reductions made in FY 2003-04.

**Elimination of extra AND-SO funding related to CBMS problems:** The recommendation eliminates a one-time FY 2004-05 supplemental appropriation which was related to CBMS reporting problems. During any given fiscal year, the AND-SO program is managed to operate under the yearly appropriation. If more people apply, the monthly grant must be reduced so that the total cost of the program does not increase. In FY 2004-05, Human Services staff were unable to get accurate information about program participation and expenditures for several months. Without supplemental funding, the Human Services Board would have been forced to set the grant standard at \$0 for May and June 2005. Therefore, the Committee recommended \$2,093,353 in supplemental funding in FY 2004-05. This funding is not be required in FY 2005-06.

**Changes in the corrective action payments in the AND-CS and AB-CS programs:** The recommendation includes a decrease of \$1,793,394 because the corrective payments required in FY 2005-06 to meet the federal maintenance-of-effort threshold are lower than those needed in FY 2004-05. The federal maintenance-of-effort requirement is based on expenditures in several Human Services and Health Care Policy and Financing programs that benefit federal Supplemental Security Income (SSI) recipients. In calendar 2004 and calendar 2005, the state fell short of the required expenditures and was therefore required to submit a corrective action plan to the Social Security Administration and to implement that plan through FY 2004-05 and FY 2005-06 appropriations to the Aid to the Needy Disabled-Colorado Supplement and Aid to the Blind-Colorado Supplement programs.

Community Services for the Elderly: This subsection of Adult Assistance Programs includes appropriations for programs associated with the Older Americans Act, including the Older Coloradans Program established by H.B. 00-1072. These programs are administered by 16 Area Agencies on Aging (AAA) located throughout the state. Services include: supportive services, senior centers, nutrition services, in-home services for persons above the eligibility thresholds for Medicaid, and disease prevention and health promotion services.

<i>Community Services for the Elderly</i>	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Cash Fund Exempt</b>	<b>Federal Funds</b>	<b>FTE</b>
<b>FY 2004-05 Appropriation</b>	\$20,585,636	\$2,238,166	\$1,500,000	\$3,341,625	\$13,505,845	8.5
<i>Recommended Changes from FY 2004-05 Appropriation</i>						
Salary and benefits adjustment	14,640	3,882	0	0	10,758	0.0
One-time substitution of federal funds	0	135,603	0	0	(135,603)	0.0
Changes to state funding for senior services	0	(500,000)	500,000	0	0	0.0
<b>Total FY 2005-06 JBC Recommendation</b>	\$20,600,276	\$1,877,651	\$2,000,000	\$3,341,625	\$13,381,000	8.5
\$ Change from prior year	\$14,640	(\$360,515)	\$500,000	\$0	(\$124,845)	0.0
% Change from prior year	0.1%	(16.1)%	33.3%	0.0%	(0.9)%	0.0%

### Issue Descriptions

**Salary and benefits adjustment:** The \$14,640 increase reflects the common policy adjustments to personal services for salary increases awarded in FY 2004-05 (based upon salary survey and pay for performance) and a 0.2 percent base personal services reduction.

**One-time substitution of federal funds.** In FY 2004-05, a portion of the federal award, based on the state's improved negative error rate for the Food Stamps program, was used to offset General Fund in this division to allow the General Fund to be used elsewhere in the budget.

**Changes to state funding for senior services:** In FY 2005-06, the diversion of tax revenue to the Older Coloradans fund is scheduled by statute to increase to \$2.0 million. The recommended General Fund appropriation for this line item is \$1.0 million which maintains the FY 2004-05 total of \$3.0 million. The fund source for \$500,000 of the total has shifted from General Fund to cash funds from the Older Coloradans fund.

**Division of Youth Corrections:** The Division of Youth Corrections (DYC) is responsible for the supervision, care, and treatment of: (1) detained juveniles awaiting adjudication; (2) juveniles committed or sentenced to the Department of Human Services by courts; and (3) juveniles on parole from a facility operated or contracted for by the Division. The Division is not responsible for juveniles sentenced as adults to the Department of Corrections' Youthful Offender System. In addition to treating incarcerated and paroled juveniles, DYC administers the S.B. 91-94 grant program intended to divert juveniles from detention and commitment, or to reduce their length of stay. DYC maintains institutional centers and augments this capacity with contracts for community placements, secure placements, and detention placements.

<b>Division of Youth Corrections</b>	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Cash Fund Exempt</b>	<b>Federal Funds</b>	<b>FTE</b>
<b>FY 2004-05 Appropriation</b>	\$113,528,140	\$96,776,643	\$89,426	\$15,383,507	\$1,278,564	915.8
<b>Recommended Changes from FY 2004-05 Appropriation</b>						
Caseload increase for contract placements	3,368,690	2,244,725	0	1,123,965	0	0.0
Provider rate increase (2.0 percent)	1,264,342	969,218	0	295,124	0	0.0
Restore funding for S.B. 91-94 Programs	1,000,000	1,000,000	0	0	0	0.0
Annualize salary survey and performance-based pay awarded in FY 2004-05	1,425,238	1,424,669	0	569	0	0.0
Restore funding for enhanced mental health services pilot for detention	250,000	250,000	0	0	0	0.0
Additional case managers for caseload growth	106,373	106,373	0	0	0	2.2
Medical inflation (2.5 percent)	102,944	102,944	0	0	0	0.0
Food inflation (2.9 percent)	21,130	21,130	0	0	0	0.0
Refinance case managers with Medicaid cash funds	0	(39,757)	0	39,757	0	0.0
Personal services base reduction	(96,978)	(96,833)	0	(145)	0	0.0
Adjustment for the federal school breakfast and lunch program	(12,362)	0	0	(12,362)	0	0.0
Reduction to reflect anticipated VALE award	(479)	0	0	(479)	0	0.0
<b>Total FY 2005-06 JBC Recommendation</b>	\$120,957,038	\$102,759,112	\$89,426	\$16,829,936	\$1,278,564	918.0
\$ Change from prior year	\$7,428,898	\$5,982,469	\$0	\$1,446,429	\$0	2.2
% Change from prior year	6.5%	6.2%	0.0%	9.4%	0.0%	0.2%

## Issue Descriptions

**Caseload increase for contract placements:** The recommendation includes \$3.4 million total funds for additional contract placements. Because the state-operated beds are fully utilized, any additional growth in the population of committed juveniles must be managed through contract placements in residential treatment centers and residential child care facilities. Based on the Legislative Council Staff (LCS) December 2004 population projections, the average daily population (ADP) of commitment juveniles is anticipated to grow by 51.8 ADP in FY 2005-06, a 3.6 percent increase over the anticipated ADP in FY 2004-05.

**Provider rate increase (2.0 percent):** The budget includes a recommendation to provide a 2.0 percent increase in provider rates for the Division of Youth Corrections. This rate increase resulted in an increase of \$1.3 million (total funds): (1) \$990,264 for Purchase of Contract Placements; (2) \$159,326 for S.B. 91-94 Programs; (3) \$58,895 for Educational Programs; (4) \$25,211 for the Managed Care Pilot Project; (5) \$24,651 for Parole Program Services; and (6) \$5,995 for mental health services funded in the "Personal Services" line item in Institutional Programs.



**Restore funding for S.B. 91-94 Programs:** The recommendation includes an increase of \$1.0 million General Fund for S.B. 91-94 Programs. Senate Bill 91-94 programs are non-residential services for youths who are at risk of being placed in detention. These programs are designed to provide a lower cost alternative to incarceration. The increase restores a \$1.0 million General Fund reduction that was approved during the 2004 legislative session.

**Annualize salary survey and performance-based pay awarded in FY 2004-05:** The recommendation includes \$1,425,238 total funds to annualize the cost of providing salary survey (\$888,701) and performance-based pay (\$536,537) in FY 2004-05.

**Restore funding for enhanced mental health services pilot for detention:** The recommendation includes \$250,000 General Fund for a pilot program that was eliminated in the FY 2003-04 Long Bill because of the shortage of General Fund dollars. The appropriation to DYC will provide for mental health assessments of youth in detention at the Mount View and Grand Mesa facilities. A companion piece of funding in the Mental Health and Alcohol and Drug Abuse Services will provide community treatment upon release (\$477,500 General Fund).

**Additional case managers for caseload growth:** The budget includes \$106,373 General Fund for 2.2 FTE for case managers based on caseload growth. DYC provides case management services for committed youths and juvenile parolees. The December 2004 Legislative Council Staff population projections for committed youths and juvenile parolees is anticipated to increase the workload for the Division in FY 2005-06. The funding will reduce the ratio of youths per case managers from 26.8 youths per case manager to 26.0 youths per case manager. Historically, a ratio of 25.0 youths per case manager was funded.

**Medical inflation:** The Long Bill includes an increase of \$102,944 General Fund for medical inflation of 2.5 percent.

**Food inflation:** The Long Bill includes an increase of \$21,130 General Fund for medical inflation of 2.9 percent.

**Refinance case managers with Medicaid cash funds:** The Long Bill includes a reduction of \$39,757 General Fund with a corresponding increase of Medicaid cash funds (transfer from the Department of Health Care Policy and Financing). This refinancing is estimated to save \$19,979 General Fund, and it is based on expenses that are eligible for Medicaid funds. The recommendation includes a corresponding increase of \$19,978 federal funds and \$19,979 General Fund in the Department of Health Care Policy and Financing.

**Personal services base reduction:** The Long Bill includes a reduction of \$96,978 total funds associated with a 0.2 percent reduction in personal services line items.

**Adjustment for the federal school breakfast and lunch program:** The Long Bill includes a reduction of \$12,362 cash funds exempt (federal funds transferred from the Colorado Department of Education). This reduction reflects the anticipated reimbursement for the Federal School Breakfast and Lunch Program based on FY 2003-04 reimbursement from the federal government.

**Reduction to reflect anticipated VALE award:** The Long Bill contains a \$479 cash funds exempt reduction (cash funds transferred from the Division of Criminal Justice in the Department of Public Safety) to reflect the anticipated grant award from the Victims' Assistance and Law Enforcement (VALE) fund in FY 2005-06 based on the VALE Board's recommendations.

## Judicial Department

**Department Description:** The Judicial Department is comprised of the state court system, which includes the Supreme Court, the Court of Appeals, district courts in 22 judicial districts, and 64 county courts (Denver County Court is not part of the state court system). The Judicial Department is also responsible for the operation of the State's probation system, and monitoring and regulating the practice of law within the State. Additionally, the Judicial Department houses three independent agencies, the Colorado State Public Defender's Office, the Office of Alternate Defense Counsel, and the Office of the Child's Representative.

<b>Summary Table for Judicial Department</b>						
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Cash Fund Exempt</b>	<b>Federal Funds</b>	<b>FTE</b>
<b>FY 2004-05 Appropriation</b>	\$287,688,445	\$219,429,845	\$60,208,406	\$6,760,504	\$1,289,690	3,260.9
<b>Recommended Changes from FY 2004-05 by Long Bill Division</b>						
Supreme Court/Court of Appeals	115,079	220,079	(55,000)	(50,000)	0	0.0
Courts Administration	3,460,429	4,091,558	(1,191,151)	791,186	(231,164)	(10.5)
Trial Courts	7,379,778	5,235,119	1,153,659	891,000	100,000	41.7
Probation and Related Services	5,045,411	4,332,130	224,931	488,350	0	61.9
Public Defender	2,327,100	2,379,044	0	(51,944)	0	9.0
Alternate Defense Counsel	982,862	982,862	0	0	0	2.0
Office of the Child's Representative	(981)	27,019	0	(28,000)	0	0.0
<b>Total FY 2005-06 JBC Recommendation</b>	<b>\$306,998,123</b>	<b>\$236,697,656</b>	<b>\$60,340,845</b>	<b>\$8,801,096</b>	<b>\$1,158,526</b>	<b>3,365.0</b>
\$ Change from prior year	\$19,309,678	\$17,267,811	\$132,439	\$2,040,592	(\$131,164)	104.1
% Change from prior year	6.7%	7.9%	0.2%	30.2%	(10.2)%	3.2%

### Recommendation Highlights:

1. Provides an increase of \$7.4 million in salary and benefits adjustments, including salary survey, state contributions to health, life, and dental, and the S.B. 04-257 Amortization Equalization Disbursement.
2. Provides \$3.0 million General Fund for 56.1 FTE additional probation officers.
3. Provides \$2.6 million General Fund for 6.0 FTE new district court judges and 24.0 support staff FTE.
4. Provides \$1.0 million General Fund for Courthouse Capital and Infrastructure Maintenance. While counties are required to provide facilities for courts, statutes require that the State pay for all operating expenses, including furnishings. No appropriation for such needs has been provided since FY 2003-04. The recommended funding would be used for the on-going capital and infrastructure maintenance needs of courthouses and probation programs.

## Budget Recommendation Detail by Long Bill Division

**Supreme Court/Court of Appeals:** This division is comprised of the Supreme Court and the Court of Appeals. The Supreme Court is the highest court in the State and general supervisory control over the lower courts. The Supreme Court provides appellate review of final judgements of lower courts and has original jurisdiction over cases relating to the constitutionality of law; decisions of the state Public Utilities Commission; writs of habeas corpus; certain water cases; certain proceedings arising from the state election code; and some prosecutorial appeals. The Court of Appeals has initial appellate jurisdiction over appeals from district courts and Denver's probate and juvenile courts. In addition, the Court of Appeals has initial statutory jurisdiction over appeals of certain final orders from various state agencies.

Supreme Court/Court of Appeals	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
<b>FY 2004-05 Appropriation</b>	\$13,025,648	\$7,972,648	\$4,698,000	\$355,000	\$0	166.7
<i>Recommended Changes from FY 2004-05 Appropriation</i>						
Annualize salary survey increases	236,235	236,235	0	0	0	0.0
Law Library base reduction	(105,000)	0	(55,000)	(50,000)	0	0.0
Base reduction	(16,156)	(16,156)	0	0	0	0.0
<b>Total FY 2005-06 JBC Recommendation</b>	\$13,140,727	\$8,192,727	\$4,643,000	\$305,000	\$0	166.7
\$ Change from prior year	\$115,079	\$220,079	(\$55,000)	(\$50,000)	\$0	0.0
% Change from prior year	0.9%	2.8%	(1.2)%	(14.1)%	n/a	0.0%

### Issue Descriptions

**Annualize salary survey increases:** The recommendation includes funding to annualize salary increases awarded in FY 2004-05.

**Law Library base reduction:** The recommended base reduction is to make the appropriation more in-line with anticipated revenue collections and expenditures.

**Base reduction:** The recommendation includes a 0.2 percent personal services base reduction.

**Courts Administration:** This division contains appropriations for the administration of Colorado's courts and probation department. It also includes several specialized programs. The division contains the following subdivisions: (1) Administration (State Court Administrator's Office); (2) Administrative Special Purpose; (3) Judicial/Heritage Program; (4) Judicial Performance; and (5) Integrated Information Services.

<b>Courts Administration</b>	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Cash Fund Exempt</b>	<b>Federal Funds</b>	<b>FTE</b>
<b>FY 2004-05 Appropriation</b>	\$33,555,933	\$23,761,548	\$8,015,715	\$1,544,892	\$233,778	183.0
<b>Recommended Changes from FY 2004-05 Appropriation</b>						
Administration (State Court Administrator's Office)	2,154,008	1,422,880	118,720	610,329	2,079	3.0
Administrative Special Purpose	1,010,140	2,460,632	(1,312,349)	(38,143)	(100,000)	(13.5)
Judicial Performance	2,478	0	2,478	0	0	0.0
Integrated Information Services	293,803	208,046	0	219,000	(133,243)	0.0
<b>Total FY 2005-06 JBC Recommendation</b>	\$37,016,362	\$27,853,106	\$6,824,564	\$2,336,078	\$2,614	172.5
\$ Change from prior year	\$3,460,429	\$4,091,558	(\$1,191,151)	\$791,186	(\$231,164)	(10.5)
% Change from prior year	10.3%	17.2%	(14.9)%	51.2%	(98.9)%	(5.7)%

### Subdivision Detail

*Administration (State Court Administrator's Office):* Responsibilities of the State Court Administrator's Office include: (1) coordination and control of budgeting, human resources, data processing, and management services for the entire Judicial Department; (2) internal audits, training, and technical assistance for court programs, judicial districts, and probation offices; and (3) support for the probation offices.

<b>Administration (State Court Administrator's Office)</b>	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Cash Fund Exempt</b>	<b>Federal Funds</b>	<b>FTE</b>
<b>FY 2004-05 Appropriation</b>	\$5,589,556	\$3,886,187	\$777,314	\$925,520	\$535	55.5
<b>Recommended Changes from FY 2004-05 Appropriation</b>						
Courthouse Capital and Infrastructure Maintenance	1,000,000	1,000,000	0	0	0	0.0
Family Violence Grants	500,000	500,000	0	0	0	0.0
Indirect cost assessments	365,564	0	370,920	(7,435)	2,079	0.0
Additional audit staff	213,536	200,350	0	13,186	0	3.0
Annualize salary survey increases	82,606	82,606	0	0	0	0.0
Fund source adjustment	0	(352,378)	0	352,378	0	0.0
Family Friendly Courts	0	0	(252,200)	252,200	0	
Base reduction	(7,698)	(7,698)	0	0	0	0.0
<b>Total FY 2005-06 JBC Recommendation</b>	\$7,743,564	\$5,309,067	\$896,034	\$1,535,849	\$2,614	58.5
\$ Change from prior year	\$2,154,008	\$1,422,880	\$118,720	\$610,329	\$2,079	3.0
% Change from prior year	38.5%	36.6%	15.3%	65.9%	388.6%	5.4%

## Issue Descriptions

**Courthouse Capital and Infrastructure Maintenance:** The recommended appropriation includes funding for the on-going capital and infrastructure maintenance needs of courthouses and probation programs. While counties are required to provide facilities for courts, statutes require that the State pay for all operating expenses, including furnishings. No appropriation for such needs has been provided since FY 2003-04.

**Family Violence Grants:** The recommendation reinstates grant funding for legal services for indigent victims of family violence.

**Indirect cost assessments:** The statewide and departmental indirect cost assessments are increasing pursuant to the Statewide Indirect Cost Allocation Plan and departmental administrative overhead use.

**Additional audit staff:** The recommendation provides funding for 3.0 new FTE internal audit staff, in addition to the existing 3.0 FTE.

**Annualize salary survey increases:** The recommendation includes funding to annualize salary increases awarded in FY 2004-05.

**Fund source adjustment:** The fund mix adjustment is recommended to account for an increase in the Department's anticipated departmental indirect cost assessments, which are used to offset General Fund.

**Family Friendly Courts:** The recommendation spends down the reserves in the Family Friendly Court Program Cash Fund. The Family Friendly Courts three-year pilot project completed its final year in FY 2004-05; its authorizing statute and associated fee will be repealed July 1, 2005. Senate Bill 05-30 would reauthorize the program and fee.

**Base Reduction:** The recommendation includes a 0.2 percent Personal Services base reduction.

*Administrative Special Purpose:* This subdivision includes several programs within the Judicial Department, such as the Office of Dispute Resolution, the Child Support Enforcement Program, and the Retired Judge Program. The subdivision also includes centrally appropriated line items, such as salary survey, workers' compensation, legal services, and payments related to risk management.

Administrative Special Purpose	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
<b>FY 2004-05 Appropriation</b>	\$20,991,079	\$15,329,348	\$4,942,359	\$619,372	\$100,000	83.7
<i>Recommended Changes from FY 2004-05 Appropriation</i>						
Salary and benefits adjustments	1,040,813	1,332,076	(290,724)	(539)	0	0.0
Operating adjustments	620,831	620,831	0	0	0	0.0
Benefits for new probation officers	245,625	245,625	0	0	0	0.0
Benefits for new district court judges	131,863	131,863	0	0	0	0.0
National Center for State Courts membership	117,279	117,279	0	0	0	0.0

Administrative Special Purpose	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
Other	75,949	0	73,553	2,396	0	0.0
Office of Dispute Resolution refinance	(1,222,220)	12,958	(1,095,178)	(40,000)	(100,000)	(13.5)
<b>Total FY 2005-06 JBC Recommendation</b>	\$22,001,219	\$17,789,980	\$3,630,010	\$581,229	\$0	70.2
\$ Change from prior year	\$1,010,140	\$2,460,632	(\$1,312,349)	(\$38,143)	(\$100,000)	(13.5)
% Change from prior year	4.8%	16.1%	(26.6)%	(6.2)%	(100.0)%	(16.1)%

## Issue Descriptions

**Salary and benefits adjustments:** The recommendation adjusts various line items that contain salary and benefits funding. These centrally appropriated items include salary survey, performance-based pay awards, state contributions to health, life, and dental, and the S.B. 04-257 Amortization Equalization Disbursement. The recommendation does not fund anniversary increases for FY 2005-06, but it does include a 3.0 percent salary survey increase. The recommendation for Health, Life, and Dental includes increases between 6.2 percent and 9.58 percent, depending on the tier of coverage elected for health. Beginning January 1, 2006, the state will contribute an additional 0.5 percent of base salary to the Public Employees' Retirement Association pursuant to S.B. 04-257; the recommendation includes six months of funding for this new policy.

**Operating adjustments:** The recommendation contains various changes in centrally appropriated line items. These centrally appropriated items include workers' compensation, risk management and property, vehicle lease payments, and legal services. Operating adjustments are a function of recoverable overhead in the Department of Personnel and Administration or the Department of Law, as is the case with legal services, that are allocated to other departments based on a proportionate share of risk or utilization.

**Benefits for new probation officers:** The recommendation provides funding for 56.1 new probation officer FTE. The funding shown here is for health, life, and dental and short-term disability benefits associated with these FTE.

**Benefits for new district court judges:** The recommendation provides funding for 6.0 new district court judges FTE and 24.0 support staff FTE. The funding shown here is for health, life, and dental and short-term disability benefits associated with these FTE.

**National Center for State Courts membership:** The recommendation is to restore funding for the Judicial Branch's membership in the one national organization for state courts.

**Other:** The recommendation includes a \$73,553 cash funds increase for Collections Investigators due to an increase in anticipated revenue collections, and an increase of \$2,396 cash funds exempt for child support enforcement to match the Department's contract with the Department of Human Services.

**Office of Dispute Resolution refinance:** The recommended appropriation will allow the Office of Dispute Resolution (ODR) to be restructured so that participants will pay private mediators directly, rather than the ODR, which eliminates the need for a cash funds appropriation. The General Fund increase and a small part of the cash funds decrease shown is to refinance the ODR's centrally appropriated items. A General Fund appropriation for ODR staff (who will continue to coordinate scheduling through the courts), alternate dispute

program development, and indigent services is moving from this Division to the Trial Courts Division, Personal Services and Operating Expenses line items.

*Judicial Performance:* This program provides a system of evaluating judicial performance in order to: (1) provide persons who are voting on the retention of justices and judges with fair, responsible, and constructive information about judicial performance; and (2) provide justices and judges with useful information concerning their own performances.

Judicial Performance	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
<b>FY 2004-05 Appropriation</b>	\$561,042	\$0	\$561,042	\$0	\$0	1.0
<i>Recommended Changes from FY 2004-05 Appropriation</i>						
Annualize salary survey increases	2,478	0	2,478	0	0	0.0
<b>Total FY 2005-06 JBC Recommendation</b>	\$563,520	\$0	\$563,520	\$0	\$0	1.0
\$ Change from prior year	\$2,478	\$0	\$2,478	\$0	\$0	0.0
% Change from prior year	0.4%	n/a	0.4%	n/a	n/a	0.0%

### Issue Descriptions

**Annualize salary survey increases:** The recommendation includes funding to annualize the salary increase awarded in FY 2004-05.

*Integrated Information Services:* This subdivision provides automated data processing services to the state courts and probation offices. Major systems supported this division include: (1) the Integrated Colorado On-line Network (ICON), which handles case tracking and financial functions for the trial courts and probation departments; (2) the Colorado Integrated Criminal Justice Information System (CICJIS), which shares and tracks data concerning offenders among the various criminal justice agencies, including law enforcement, district attorneys, courts, and adult and youth corrections; (3) the appellate case tracking system; (4) the court-appointed counsel system; and (5) the state court administrator's local-area network.

Integrated Information Services	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
<b>FY 2004-05 Appropriation</b>	\$6,414,256	\$4,546,013	\$1,735,000	\$0	\$133,243	42.8
<i>Recommended Changes from FY 2004-05 Appropriation</i>						
Annualize salary survey increases	255,272	255,272	0	0	0	0.0
Grant funding change	85,757	0	0	219,000	(133,243)	0.0
Operating adjustments	(41,622)	(41,622)	0	0	0	0.0
Base reduction	(5,604)	(5,604)	0	0	0	0.0

Integrated Information Services	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
<b>Total FY 2005-06 JBC Recommendation</b>	\$6,708,059	\$4,754,059	\$1,735,000	\$219,000	\$0	42.8
\$ Change from prior year	\$293,803	\$208,046	\$0	\$219,000	(\$133,243)	0.0
% Change from prior year	4.6%	4.6%	0.0%	n/a	(100.0)%	0.0%

## Issue Descriptions

**Annualize salary survey increases:** The recommendation includes funding to annualize salary increases awarded in FY 2004-05.

**Grant funding change:** The recommended change is to better reflect anticipated grant receipts.

**Operating adjustments:** The recommendation contains various changes in centrally appropriated line items. These centrally appropriated items include workers' compensation, risk management and property, vehicle lease payments, and legal services. Operating adjustments are a function of recoverable overhead in the Department of Personnel and Administration or the Department of Law, as is the case with legal services, that are allocated to other departments based on a proportionate share of risk or utilization.

**Base reduction:** The recommendation includes a 0.2 percent personal services base reduction.

**Trial Courts:** This division includes district courts in 22 judicial districts, 64 county courts, and 7 water courts. Each judicial district includes one district court and a county court in each county served by the district. The Second Judicial District (Denver) also includes a probate court and a juvenile court. However, the Denver County Court is not part of the state court system. The district courts are trial courts of general jurisdiction and have appellate jurisdiction over final judgments of county courts and municipal courts. The county courts have limited jurisdiction, as set by statute. County courts have appellate jurisdiction over municipal courts. Water courts are separately created by the Water Right Determination and Administration Act of 1969 and have general jurisdiction over water use, water rights, and water administration.

Trial Courts	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
<b>FY 2004-05 Appropriation</b>	\$125,168,346	\$90,695,792	\$33,793,927	\$383,469	\$295,158	1,588.8
<i>Recommended Changes from FY 2004-05 Appropriation</i>						
Annualize salary survey increases	3,129,299	3,129,299	0	0	0	0.0
New district court judges	2,224,191	1,524,191	700,000	0	0	30.0
Office of Dispute Resolution refinance	806,754	806,754	0	0	0	11.7
Other	1,391,323	(65,677)	466,000	891,000	100,000	0.0
Base reduction	(171,789)	(159,448)	(12,341)	0	0	0.0



Trial Courts	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
<b>Total FY 2005-06 JBC Recommendation</b>	\$132,548,124	\$95,930,911	\$34,947,586	\$1,274,469	\$395,158	1,630.5
\$ Change from prior year	\$7,379,778	\$5,235,119	\$1,153,659	\$891,000	\$100,000	41.7
% Change from prior year	5.9%	5.8%	3.4%	232.4%	33.9%	2.6%

## Issue Descriptions

**Annualize salary survey increases:** The recommendation includes funding to annualize salary increases awarded in FY 2004-05.

**New district court judges:** The recommendation includes funding for 6.0 new district court judges FTE and 24.0 support staff FTE. The judgeships were created in H.B. 01-1075 and were originally scheduled to be funded in FY 2003-04.

**Office of Dispute Resolution refinance:** The Office of Dispute Resolution (ODR) appropriation, formerly in the Administration Division, is moving to the Trial Courts Division, Personal Services and Operating Expenses line items. The recommendation is for a General Fund appropriation for ODR staff (who will provide scheduling so as to coordinate with the courts), alternate dispute program development, and indigent services. The recommended appropriation will allow the ODR to be restructured so that participants will pay private mediators directly, rather than the ODR, eliminating the need for a cash funds appropriation.

**Other:** The recommendation also includes funding adjustments to the following programs and line items due to changes in anticipated revenues and expenditures: Sex Offender Surcharge Fund Program; Victims Compensation; Victims Assistance; and Federal Funds and Other Grants.

**Base reduction:** The recommendation includes a 0.2 percent personal services base reduction.

**Probation and Related Services:** This division administers the court probation and related service programs. Probation is a sentencing alternative available to the courts. The offender serves a sentence in the community under the supervision of a probation officer, subject to the conditions imposed by the court. In addition, probation officers are responsible for investigating the background of persons brought before the court for sentencing.

Probation and Related Services	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
<b>FY 2004-05 Appropriation</b>	\$61,127,593	\$42,361,239	\$13,618,624	\$4,386,976	\$760,754	966.5
<b>Recommended Changes from FY 2004-05 Appropriation</b>						
New probation officers	2,787,678	2,787,678	0	0	0	56.1
Annualize salary survey increases	1,275,327	1,154,792	120,535	0	0	0.0
S.B. 91-94 adjustment	754,355	0	0	754,355	0	0.0
Female Offender Program refinance and expansion	244,258	244,719	238,908	(239,369)	0	4.8

<b>Probation and Related Services</b>	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Cash Fund Exempt</b>	<b>Federal Funds</b>	<b>FTE</b>
Annualize funding for AISP and JISP probation officers	163,597	163,597	0	0	0	0.0
Interstate compact coordinator	64,204	64,204	0	0	0	1.0
Base reduction	(101,770)	(82,860)	(18,910)	0	0	0.0
Other	(142,238)	0	(115,602)	(26,636)	0	0.0
<b>Total FY 2005-06 JBC Recommendation</b>	<b>\$66,173,004</b>	<b>\$46,693,369</b>	<b>\$13,843,555</b>	<b>\$4,875,326</b>	<b>\$760,754</b>	<b>1,028.4</b>
\$ Change from prior year	\$5,045,411	\$4,332,130	\$224,931	\$488,350	\$0	61.9
% Change from prior year	8.3%	10.2%	1.7%	11.1%	0.0%	6.4%

## Issue Descriptions

**New probation officers:** The recommendation provides funding for 56.1 new probation officer FTE.

**Annualize salary survey increases:** The recommendation includes funding to annualize salary increases awarded in FY 2004-05.

**S.B. 91-94 adjustment:** These funds are from the Department of Human Services (DHS), Division of Youth Corrections to fund alternative services to placing juveniles in the physical custody of DHS. The Judicial Department submits a supplemental each year for this line item because it does not know when it develops its budget request what its contract with DHS will be. The recommended increase in funding is to align the appropriation with the Department's best estimate of the likely contract amount.

**Female Offender Program refinance and expansion:** The recommendation refinances the program with cash fund revenues from the Offender Services Fund instead of reserves in the Sex Offender Services Fund. The recommendation also includes a General Fund appropriation to expand the program by 4.8 FTE.

**Annualize funding for AISP and JISP probation officers:** The recommendation includes funding to annualize increases provided for Adult and Juvenile Intensive Supervision Probation (AISP and JISP) for ten months in FY 2004-05.

**Interstate compact coordinator:** The recommendation includes funding for 1.0 FTE to coordinate and facilitate probation transfers under the requirements of the Interstate Compact for the Supervision of Parolees and Probationers.

**Base reduction:** The recommendation includes a 0.2 percent personal services base reduction.

**Other:** The recommendation includes funding adjustments to the Sex Offender Intensive Supervision Program Services line item and the Drug Offender Assessment line item due to changes in anticipated revenues and expenditures.

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**Public Defender:** The Public Defender is responsible for providing legal counsel for criminal defendants whom the courts have found to be indigent and who are facing the possibility of incarceration. The Public Defender

maintains 21 regional offices and an appellate division. The Public Defender is appointed by an independent Public Defender Commission.

<b>Public Defender</b>	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Cash Fund Exempt</b>	<b>Federal Funds</b>	<b>FTE</b>
<b>FY 2004-05 Appropriation</b>	\$32,593,660	\$32,452,353	\$79,140	\$62,167	\$0	348.9
<b>Recommended Changes from FY 2004-05 Appropriation</b>						
Annualize salary survey and anniversary increases	1,144,071	1,144,071	0	0	0	0.0
Staff increase due to caseload growth	395,192	395,192	0	0	0	6.0
Discovery, technology, and operating increases	345,325	345,325	0	0	0	0.0
Operating adjustments	323,457	323,457	0	0	0	0.0
Staff increase due to new judges	190,457	190,457	0	0	0	3.0
Other	(71,402)	(19,458)	0	(51,944)	0	0.0
<b>Total FY 2005-06 JBC Recommendation</b>	\$34,920,760	\$34,831,397	\$79,140	\$10,223	\$0	357.9
\$ Change from prior year	\$2,327,100	\$2,379,044	\$0	(\$51,944)	\$0	9.0
% Change from prior year	7.1%	7.3%	0.0%	(83.6)%	n/a	2.6%

## Issue Descriptions

**Annualize salary survey and anniversary increases:** The recommendation includes funding to annualize salary and anniversary increases awarded in FY 2004-05.

**Staff increase due to caseload growth:** The recommendation provides funding for 6.0 FTE to help address caseload growth. The Public Defender's Office had a 7.7 annual average increase in trial and pretrial closings between FY 2000-01 and FY 2003-04 (the most recent year for which actual figures are available).

**Discovery, technology, and operating increases:** The recommendation provides funding for increases in discovery costs and basic operating expenses, which are increasing due to the 7.7 annual average increase in trial and pretrial closings handled between FY 2000-01 and FY 2003-04 (the most recent year for which actual figures are available). The recommendation also partially restores funding for the Public Defender's Office's information technology plan which was reduced by over 40 percent in FY 2001-02.

**Operating adjustments:** The recommendation contains various changes in centrally appropriated line items (Short-term Disability, Payment to Government Computing Center, and Multi-use Network Payments). These operating adjustments are a function of recoverable overhead in the Department of Personnel and Administration that are allocated to other departments based on a proportionate share of risk or utilization. This change also includes additional funding for Leased Space for the provision of annual accelerators in lease contracts, costs for renegotiated leases, and the addition of some square footage.

**Staff increase due to new judges:** The recommendation provides funding for 3.0 new attorney FTE who will cover the new criminal dockets created by the 6.0 new district court judge FTE for which funding is recommended in the Trial Courts Division.

**Other:** This category includes a \$19,458 General Fund reduction due to the elimination of a one-time capital outlay appropriation in FY 2004-05, and a \$51,944 cash funds exempt reduction due to a change in anticipated grant receipts.

**Alternate Defense Counsel:** The Office of Alternate Defense Counsel is an independent agency that provides representation for indigent defendants when the Public Defender is precluded from doing so because of a conflict of interest. Private attorneys are appointed by the courts and are hired on a per hour contract basis by the Office. The Office also contracts with private investigators to assist in the defense of the appointed cases, and the Office is responsible for the payment of expenses for discovery and interpreters in the appointed cases.

Alternate Defense Counsel	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
<b>FY 2004-05 Appropriation</b>	\$12,906,418	\$12,903,418	\$3,000	\$0	\$0	3.0
<b>Recommended Changes from FY 2004-05 Appropriation</b>						
Base increase due to caseload growth	919,933	919,933	0	0	0	0.0
Base Personal Services Increase	41,579	41,579	0	0	0	2.0
Annualize salary survey and anniversary increases	20,672	20,672	0	0	0	0.0
Other	678	678	0	0	0	0.0
<b>Total FY 2005-06</b>						
<b>JBC Recommendation</b>	\$13,889,280	\$13,886,280	\$3,000	\$0	\$0	5.0
\$ Change from prior year	\$982,862	\$982,862	\$0	\$0	\$0	2.0
% Change from prior year	7.6%	7.6%	0.0%	n/a	n/a	66.7%

### Issue Descriptions

**Base increase due to caseload growth:** The recommendation includes funding for increases in contract legal services used to hire attorneys when the Public Defender's Office cannot represent an indigent defendant due to a conflict of interest, and the mandated costs associated with those cases. These increases are needed to help address caseload growth, which increased at a rate of 10.2 percent between FY 2003-03 and FY 2003-04.

**Base Personal Services increase:** The recommendation provides funding and 1.0 FTE to eliminate the need for contract administrative services. The recommendation also includes a technical correction by providing 1.0 FTE to account for the Deputy Alternate Defense Counsel.

**Annualize salary survey and anniversary increases:** The recommendation includes funding to annualize salary and anniversary increases awarded in FY 2004-05.

**Other:** This category includes a \$767 General Fund increase for Leased Space and an \$89 reduction for the purchase of services from the government computing center.

**Office of the Child's Representative:** The Office of the Child's Representative is an independent agency within the Judicial Department that is responsible for providing legal representation for children involved in the court system due to abuse, neglect, high conflict divorce, or delinquency.

Office of the Child's Representative	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
<b>FY 2004-05 Appropriation</b>	\$9,310,847	\$9,282,847	\$0	\$28,000	\$0	4.0
<i>Recommended Changes from FY 2004-05 Appropriation</i>						
Annualize salary survey increases	11,435	11,435	0	0	0	0.0
Training funding change	0	28,000	0	(28,000)	0	0.0
Base reduction	(3,108)	(3,108)	0	0	0	0.0
Operating adjustments	(46)	(46)	0	0	0	0.0
Other	(9,262)	(9,262)	0	0	0	0.0
<b>Total FY 2005-06 JBC Recommendation</b>	\$9,309,866	\$9,309,866	\$0	\$0	\$0	4.0
\$ Change from prior year	(\$981)	\$27,019	\$0	(\$28,000)	\$0	0.0
% Change from prior year	0.0%	0.3%	n/a	(100.0)%	n/a	0.0%

### Issue Descriptions

**Annualize salary survey increases:** The recommendation includes funding to annualize salary increases awarded in FY 2004-05.

**Operating adjustments:** The recommendation contains a changes to the Office's appropriation for Payments to Computing Center. Operating adjustments are a function of recoverable overhead in the Department of Personnel that are allocated to other departments based on a proportionate share of utilization.

**Base reduction:** The recommendation includes a 0.2 percent personal services base reduction.

**Training funding change:** This recommendation eliminates the cash funds exempt spending authority provided to the Office in FY 2004-05 to allow it to utilize the remaining fund balance in the Guardian ad Litem fund, and replaces it with an equal General Fund appropriation.

**Other:** The category includes a \$4,738 General Fund increase for leased space, and a \$14,000 General Fund reduction due to the elimination of a one-time capital outlay appropriation in FY 2004-05.

## Department of Labor and Employment

**Department Description:** The Department is responsible for: administering state and federal employment and training programs; enforcing state and federal labor laws; operating state regulatory programs for the petroleum industry, school construction boilers; and administering the workers' compensation program.

Summary Table for Department of Labor and Employment						
	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
<b>FY 2004-05 Appropriation</b>	\$131,727,188	\$0	\$27,064,568	\$15,812,355	\$88,850,265	1,119.8
<i>Recommended Changes from FY 2004-05 by Long Bill Division</i>						
Executive Director's Office	1,050,078	0	1,106,302	148,041	(204,265)	(4.2)
Employment and Training	15,089,778	0	613,521	69,488	14,406,769	(12.1)
Labor	21,842	0	21,842	0	0	(1.5)
Oil and Public Safety	84,761	0	95,913	(11,152)	0	0.0
Workers' Compensation	342,899	0	375,657	(32,758)	0	0.0
<b>Total FY 2005-06 JBC Recommendation</b>	\$148,316,546	\$0	\$29,277,803	\$15,985,974	\$103,052,769	1,102.0
\$ Change from prior year	\$16,589,358	\$0	\$2,213,235	\$173,619	\$14,202,504	(17.8)
% Change from prior year	12.6%	n/a	8.2%	1.1%	16.0%	(1.6)%

### Recommendation Highlights:

1. The recommendation includes (from various sources of funds) the Department's computer hardware replacement program at a cost of \$265,948.
2. The recommendation increases the Workforce Investment Act line item by \$14.6 million, of that amount, \$12 million is attributed to a one-time allocation of federal funds for dislocated workers.
3. Projecting a decrease in legal services, the recommended hours for the subsequent injury program has been reduced by 1,400 hours.

### Budget Recommendation Detail by Long Bill Division

**Executive Director's Office:** The Executive Director's Office performs departmental administrative functions including public relations, information management, accounting, budgeting, data processing, and personnel management. The Office also administers the Industrial Claims Appeal Panel, which adjudicates appeals relating to unemployment insurance and workers' compensation issues, the Public Employees' Social Security Program, which administers the federal-state agreement with the U.S. Social Security Administration, and Investigations and Criminal Enforcement, which investigates potential fraud in the Unemployment Insurance and the Workers' Compensation programs.

<b>Executive Director's Office</b>	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Cash Fund Exempt</b>	<b>Federal Funds</b>	<b>FTE</b>
<b>FY 2004-05 Appropriation</b>	\$24,671,223	\$0	\$8,082,023	\$1,476,611	\$15,112,589	169.4
<i>Recommended Changes from FY 2004-05 Appropriation</i>						
Salary and benefits adjustments	554,499	0	584,166	78,184	(107,851)	(4.2)
Indirect Cost Assessment	280,184	0	295,174	39,506	(54,496)	0.0
Information Technology Asset Maintenance	265,948	0	280,176	37,499	(51,727)	0.0
Adjustments for central appropriations	73,091	0	77,046	10,286	(14,241)	0.0
Utilities	55,189	0	58,141	7,781	(10,733)	0.0
Operating Expense	(2,448)	0	(2,579)	(345)	476	0.0
Leased Space	(176,385)	0	(185,822)	(24,870)	34,307	0.0
<b>Total FY 2005-06 JBC Recommendation</b>	\$25,721,301	\$0	\$9,188,325	\$1,624,652	\$14,908,324	165.2
\$ Change from prior year	\$1,050,078	\$0	\$1,106,302	\$148,041	(\$204,265)	(4.2)
% Change from prior year	4.3%	n/a	13.7%	10.0%	(1.4)%	(2.5)%

## Issue Descriptions

**Salary and benefits adjustments:** The recommendation includes increases of \$636,485 for salary survey FY 2005-06 payments, \$405,292 for health, life, and dental payments, \$165,866 for PERA amortization equalization disbursements beginning January 1, 2006, and \$49,328 for FY 2004-05 salary survey and performance-based pay awards. These increases are partially offset by the decrease of \$705,388 in performance-based pay awards pursuant to the Joint Budget Committee common policy of not funding these awards in FY 2005-06.

**Indirect Cost Assessment:** The indirect cost assessment to the Office of Economic Development in the Governor's Office is decreasing pursuant to the Statewide Indirect Cost Allocation Plan. The recommendation makes the appropriate adjustments to the appropriations of the EDO in order to properly offset General Fund elsewhere in the Department.

**Information Technology Asset Maintenance:** This recommendation funds the Department's computer hardware replacement program.

**Adjustments for central appropriations:** These amounts reflect changes in the rates approved for workers' compensation, risk management and property, vehicle lease payments, legal services, and other centrally appropriated line items. The recommendation includes increases of \$124,860 for workers' compensation and \$22,158 for legal services, partially offset by decreases of \$59,690 for purchase of services from computer center and \$11,241 for multi-use network payments.

**Utilities:** The recommendation includes additional costs related to the addition of 40,000 square feet.

**Operating Expense:** The recommendation includes a slight decrease from FY 2004-05.

**Leased Space:** The recommendation includes a decrease of \$176,385, to reflect the reduction in leased space at 1515 Arapahoe, due to the relocation of the unemployment insurance program staff.

**Employment and Training:** The Division administers the following programs: (1) unemployment insurance, which is responsible for administering all aspects of unemployment insurance, including benefits, taxes, appeals, and fraud detection; (2) employment and training programs, which provide job placement and related services to job-seeking applicants and employers; and (3) the Labor Market Information section, which tracks and disseminates labor market and economic trend information and statistics.

<b>Employment and Training</b>	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Cash Fund Exempt</b>	<b>Federal Funds</b>	<b>FTE</b>
<b>FY 2004-05 Appropriation</b>	\$80,781,061	\$0	\$6,940,354	\$654,418	\$73,186,289	755.3
<b>Recommended Changes from FY 2004-05 Appropriation</b>						
Workforce Investment Act	14,643,548	0	0	0	14,643,548	5.5
State Operations	1,182,058	0	190,429	3	991,626	9.0
Trade Adjustment Act Assistance	206,108	0	0	0	206,108	0.0
One Stop County Contracts	110,853	0	0	0	110,853	(11.7)
Program Costs	(1,052,789)	0	423,092	69,485	(1,545,366)	(14.9)
<b>Total FY 2005-06 JBC Recommendation</b>	\$95,870,839	\$0	\$7,553,875	\$723,906	\$87,593,058	743.2
\$ Change from prior year	\$15,089,778	\$0	\$613,521	\$69,488	\$14,406,769	(12.1)
% Change from prior year	18.7%	n/a	8.8%	10.6%	19.7%	(1.6)%

**Issue Descriptions**

**Workforce Investment Act:** The recommendation reflects an increase of \$14.6 million, including \$12 million for a one time allocation of federal funds for dislocated workers.

**State Operations:** The recommendation includes a 9.0 FTE increase for employment and training programs to increase services.

**Trade Adjustment Act Assistance:** The recommendation includes a \$206,108 increase in federal funding.

**Stop County Contracts:** The recommendation includes a \$110,853 increase in federal funding.

**Program Costs:** The recommendation reflects a total reduction to the line item of \$1,052,789 and 14.9 FTE, to both the unemployment insurance and labor market programs.

**Division of Labor:** The Division ensures compliance with wage, youth employment, and labor practice laws. This division also administers labor relations programs in the public and private sectors.



Division of Labor	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
<b>FY 2004-05 Appropriation</b>	\$813,602	\$0	\$813,602	\$0	\$0	13.5
<i>Recommended Changes from FY 2004-05 Appropriation</i>						
Program Costs	21,842	0	21,842	0	0	(1.5)
<b>Total FY 2005-06 JBC Recommendation</b>	\$835,444	\$0	\$835,444	\$0	\$0	12.0
\$ Change from prior year	\$21,842	\$0	\$21,842	\$0	\$0	(1.5)
% Change from prior year	2.7%	n/a	2.7%	n/a	n/a	(11.1)%

### Issue Descriptions

**Program Costs:** The recommendation reflects an increase in personal services and operating expenses from FY 2004-05.

**Division of Oil and Public Safety:** This division is comprised of the public safety unit and the Office of the State Oil Inspector. The public safety unit conducts annual inspections of all boilers and pressure vessels in commercial and multi-unit residential buildings; regulates the distribution and storage of petroleum products; regulates the remediation of contamination caused by leaking underground storage tanks; and enforces statutory requirements pertaining to safety in public schools, carnivals, explosives, and bungee jumping. The Office of the State Oil Inspector is responsible for monitoring and expediting the clean-up of leaking petroleum storage tanks and monitoring the sale and distribution of petroleum products.

Division of Oil and Public Safety	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
FY 2004-05 Appropriation	\$3,835,653	\$0	\$2,968,253	\$316,013	\$551,387	53.3
<i>Recommended Changes from FY 2004-05 Appropriation</i>						
Salary Survey and Performance Based Pay Awards	95,913	0	95,913	0	0	0.0
Operating Expense	(11,152)	0	0	(11,152)	0	0.0
<b>Total FY 2005-06 JBC Recommendation</b>	\$3,920,414	\$0	\$3,064,166	\$304,861	\$551,387	53.3
\$ Change from prior year	\$84,761	\$0	\$95,913	(\$11,152)	\$0	0.0
% Change from prior year	2.2%	n/a	3.2%	(3.5)%	0.0%	0.0%

### Issue Descriptions

**Salary Survey and Performance Based Pay Awards:** The recommendation includes an additional \$95,913 which represents the salary survey and performance-based pay awards allocated to the division in FY 2004-05.

**Operating Expense:** The recommendation includes a decrease of \$11,152 from prior year budget.

**Division of Workers' Compensation:** The Division of Worker's Compensation is responsible for assuring the quick and efficient delivery of disability and medical benefits to injured workers at a reasonable cost to employers. The Division is comprised of five major sections: customer service, dispute resolution, medical cost containment, employer services, and special funds.

<b>Division of Workers' Compensation</b>	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Cash Fund Exempt</b>	<b>Federal Funds</b>	<b>FTE</b>
<b>FY 2004-05 Appropriation</b>	\$21,625,649	\$0	\$8,260,336	\$13,365,313	\$0	128.3
<b>Recommended Changes from FY 2004-05 Appropriation</b>						
Administrative Law Judge Services	215,340	0	206,962	8,378	0	0.0
Salary Survey and Performance Based Pay Awards	209,650	0	168,695	40,955	0	0.0
Legal Services	(82,091)	0	0	(82,091)	0	0.0
<b>Total FY 2005-06 JBC Recommendation</b>	\$21,968,548	\$0	\$8,635,993	\$13,332,555	\$0	128.3
\$ Change from prior year	\$342,899	\$0	\$375,657	(\$32,758)	\$0	0.0
% Change from prior year	1.6%	n/a	4.5%	(0.2)%	n/a	0.0%

### Issue Descriptions

**Administrative Law Judge Services:** The recommendation reflects the rate approved for administrative law judge services by the Joint Budget Committee.

**Salary Survey and Performance Based Pay Awards:** The recommendation includes an additional \$209,650 that represents the salary increases and performance-based pay awards allocated to the division in FY 2004-05.

**Legal Services:** The recommendation includes a projected decrease of 1,400 hours for subsequent injury legal services.

## Department of Law

**Department Description:** The Attorney General's Office serves as the chief legal counsel for the State's various agencies and departments. The Department represents the State in criminal appeals; in legal actions before the Colorado Supreme Court, the State Court of Appeals, and federal courts; and in other circumstances as required by law.

<b>Summary Table for Department of Law</b>						
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Cash Fund Exempt</b>	<b>Federal Funds</b>	<b>FTE</b>
<b>FY 2004-05 Appropriation</b>	\$34,710,891	\$6,818,152	\$3,256,881	\$23,810,560	\$825,298	337.3
<i>Recommended Changes from FY 2004-05 by Long Bill Division</i>						
Administration	476,106	128,234	9,745	333,274	4,853	0.0
Legal Services to State Agencies	225,768	0	0	225,768	0	(2.6)
Criminal Justice and Appellate	278,635	268,718	(15,602)	6,250	19,269	3.0
Water and Natural Resources	127,124	(95,081)	0	222,205	0	0.0
Consumer Protection	122,573	20,011	47,363	55,199	0	1.0
Special Purpose	(475,713)	(9,513)	0	(466,200)	0	0.0
<b>Total FY 2005-06 JBC Recommendation</b>	<b>\$35,465,384</b>	<b>\$7,130,521</b>	<b>\$3,298,387</b>	<b>\$24,187,056</b>	<b>\$849,420</b>	<b>338.7</b>
\$ Change from prior year	\$754,493	\$312,369	\$41,506	\$376,496	\$24,122	1.4
% Change from prior year	2.2%	4.6%	1.3%	1.6%	2.9%	0.4%

### Recommendation Highlights:

1. A salary survey increase of five percent for exempt employees totaling \$444,998 across all funding sources. This is higher than the JBC common policy of three percent for other departments.
2. The addition of 1.0 FTE in the Special Prosecutions Unit, 2.0 FTE in the Securities Fraud Unit, and 1.0 FTE in the Collection Agency Board totaling \$183,122 across all funding sources. These are partially offset by a decrease of 2.6 FTE and \$182,737 cash funds exempt for the Legal Services to State Agencies (LSSA) program.
3. The addition of \$137,500 cash funds exempt in the Water and Natural Resources Unit to begin litigating natural resource damages (NRDs) at the Rocky Mountain Arsenal.
4. The elimination of funding for Trinidad Correctional Facility construction litigation totaling \$466,200 cash funds exempt.

## Budget Recommendation Detail by Long Bill Division

**Administration:** This division covers overhead costs for the entire Department as well as personal services and operating costs that include: the Attorney General's staff, human resources, accounting and budgeting, information technology services, and text management.

Administration	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
<b>FY 2004-05 Appropriation</b>	\$5,761,785	\$1,074,249	\$211,726	\$4,409,598	\$66,212	38.7
<i>Recommended Changes from FY 2004-05 Appropriation</i>						
Salary Survey for Exempt Employees	444,998	97,151	7,933	335,830	4,084	0.0
Health, Life, and Dental	105,346	44,452	(1,078)	60,425	1,547	0.0
Salary Survey for Classified Employees	80,679	37,076	12,298	26,740	4,565	0.0
Capitol Complex Leased Space	80,490	17,816	9,140	51,781	1,753	0.0
Salary and benefits adjustments	63,302	63,302	0	0	0	0.0
Fund mix adjustment	0	(85,300)	0	85,300	0	0.0
Elimination of Performance-based Pay	(285,756)	(76,839)	(14,910)	(186,326)	(7,681)	0.0
Other 'POTS' adjustments	(12,953)	30,576	(3,638)	(40,476)	585	0.0
<b>Total FY 2005-06 JBC Recommendation</b>	<b>\$6,237,891</b>	<b>\$1,202,483</b>	<b>\$221,471</b>	<b>\$4,742,872</b>	<b>\$71,065</b>	<b>38.7</b>
\$ Change from prior year	\$476,106	\$128,234	\$9,745	\$333,274	\$4,853	0.0
% Change from prior year	8.3%	11.9%	4.6%	7.6%	7.3%	0.0%

### Issue Descriptions

**Salary Survey for Exempt Employees:** These amounts reflect the total increase necessary to provide a salary survey of five percent for all exempt employees in the Department. This recommendation is an exception to the JBC common policy for a salary survey of three percent for all State employees.

**Health, Life, and Dental:** These amounts reflect the common policy approved by the JBC to increase contributions between 6.2 percent and 9.6 percent depending on the tier of elected coverage.

**Salary Survey for Classified Employees:** These amounts reflect the common policy of three percent approved by the JBC for this line item.

**Capitol Complex Leased Space:** These amounts reflect the rates approved by the JBC for this line item; however, the recommendation includes an additional 7,620 square feet that the Department of Personnel and Administration is vacating at 1525 Sherman Street.

**Salary and benefits adjustments:** These amounts reflect salary survey of \$43,302 and performance-based pay of \$20,000 distributed in FY 2004-05.

**Fund mix adjustment:** This line represents changes to the Department's indirect cost recovery plan for FY 2005-06, which fluctuates according to various cash and cash exempt sources that can be charged for departmental overhead.

**Elimination of Performance-based Pay:** This is consistent with the JBC common policy to eliminate the distribution of performance-based pay in FY 2005-06.

**Other 'POTS' adjustments:** These amounts summarize changes to other centrally-appropriated line items ('POTS') through common policies approved by the JBC. Such line items include the following: short-term disability, amortization equalization disbursement for S.B. 04-257, workers' compensation, purchase of services from the computer center, payments to risk management and property funds, and vehicle lease payments.

**Legal Services to State Agencies:** This division receives appropriations for attorneys, paralegals, and other personnel who support the Legal Services to State Agencies (LSSA) program, as well as enterprises and non-State agencies such as the Public Employees Retirement Association, Correctional Industries, the State Lottery, the Colorado Student Obligation Bonding Authority, and the Auraria Higher Education Center.

Legal Services to State Agencies	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
<b>FY 2004-05 Appropriation</b>	\$16,848,012	\$0	\$520,000	\$16,328,012	\$0	194.8
<i>Recommended Changes from FY 2004-05 Appropriation</i>						
Salary and benefits adjustments	469,481	0	0	469,481	0	0.0
Indirect Cost Assessment adjustment	56,492	0	0	56,492	0	0.0
Legal rate reconciliation	(259,705)	0	0	(259,705)	0	(2.6)
Operating and Litigation	(40,500)	0	0	(40,500)	0	0.0
<b>Total FY 2005-06 JBC Recommendation</b>	\$17,073,780	\$0	\$520,000	\$16,553,780	\$0	192.2
\$ Change from prior year	\$225,768	\$0	\$0	\$225,768	\$0	(2.6)
% Change from prior year	1.3%	n/a	0.0%	1.4%	n/a	(1.3)%

### Issue Descriptions

**Salary and benefits adjustments:** These amounts reflect salary survey of \$296,942 and performance-based pay of \$172,539 distributed in FY 2004-05.

**Indirect Cost Assessment adjustment:** Where applicable, these recoveries offset General Fund expenses in the Administration section. This amount increased by \$56,492 for the LSSA program in FY 2005-06.

**Legal rate reconciliation:** This amount reflects a decrease of \$182,737 for personal services pertaining to the calculation of the statewide blended rate for legal services. It also includes the elimination of \$48,022 for special bills, as well as a 0.2 percent personal services base reduction of \$27,870 as approved by the JBC for all programs.

**Operating and Litigation:** This amount reflects the elimination of \$25,500 for special bills, and a reduction of \$15,000 to better reflect anticipated expenses in FY 2005-06.

**Criminal Justice and Appellate:** This division includes the special prosecutions unit, the insurance and securities fraud units, the appellate unit, Medicaid fraud, capital crimes prosecution, and the Peace Officers Standards and Training (P.O.S.T.) Board.

<b>Criminal Justice and Appellate</b>	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Cash Fund Exempt</b>	<b>Federal Funds</b>	<b>FTE</b>
<b>FY 2004-05 Appropriation</b>	\$5,990,804	\$3,110,262	\$1,440,991	\$680,465	\$759,086	65.0
<b>Recommended Changes from FY 2004-05 Appropriation</b>						
Securities Fraud Unit	436,519	113,806	0	322,713	0	5.6
Insurance Fraud Unit	233,071	0	0	233,071	0	2.6
Salary and benefits adjustments	176,726	123,169	12,731	19,254	21,572	0.0
Special Prosecutions Unit adjustments	(520,586)	39,099	6,099	(565,784)	0	(5.2)
Other changes	(35,118)	(849)	(31,767)	(1,760)	(742)	0.0
JBC Personal Services reduction	(11,977)	(6,507)	(2,665)	(1,244)	(1,561)	0.0
<b>Total FY 2005-06 JBC Recommendation</b>	<b>\$6,269,439</b>	<b>\$3,378,980</b>	<b>\$1,425,389</b>	<b>\$686,715</b>	<b>\$778,355</b>	<b>68.0</b>
\$ Change from prior year	\$278,635	\$268,718	(\$15,602)	\$6,250	\$19,269	3.0
% Change from prior year	4.7%	8.6%	(1.1)%	0.9%	2.5%	4.6%

**Issue Descriptions**

**Securities Fraud Unit:** The recommendation reflects separating this unit from the Special Prosecutions Unit, a larger program line, to increase accountability. This expands the previous Long Bill structure for the Division, but does not affect the number of unit FTE or its funding. These amounts also include the addition of 2.0 FTE and \$113,806 General Fund to strengthen the Unit's investigative capabilities.

**Insurance Fraud Unit:** The recommendation reflects separating this unit from the Special Prosecutions Unit, a larger program line, to increase accountability. This expands the previous Long Bill structure for the Division, but does not affect the number of unit FTE or its funding.

**Salary and benefits adjustments:** These amounts reflect salary survey of \$117,083 and performance-based pay of \$59,643 distributed in FY 2004-05.

**Special Prosecutions Unit adjustments:** These amounts include the addition of a legal assistant at an annual salary of \$25,198, and a transfer of spending authority to better reflect the sources of operating expenses for this program. The latter requires an increase of \$20,000 General Fund and a decrease of \$10,000 cash funds exempt. There is also a reduction of \$555,784 cash funds exempt to separate the insurance and securities fraud units into separate Long Bill line items as previously described.

**Other changes:** These include the elimination of \$45,401 for special bills, as well as an increase to indirect cost recoveries of \$10,262.

**JBC Personal Services reduction:** This amount represents a common policy approved by the Joint Budget Committee to reduce the personal services base appropriation for all programs by 0.2 percent.

**Water and Natural Resources:** This division contains the Federal and Interstate Water Unit which provides legal counsel and representation for cases related to federal water rights, compliance with federal regulatory programs, and interstate water allocation agreements such as the Arkansas River compact. This division also include appropriations for litigation and remediation contracts at sites contaminated by hazardous substances under the federal Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA).

<b>Water and Natural Resources</b>	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Cash Fund Exempt</b>	<b>Federal Funds</b>	<b>FTE</b>
<b>FY 2004-05 Appropriation</b>	\$1,632,993	\$613,989	\$0	\$1,019,004	\$0	9.8
<i>Recommended Changes from FY 2004-05 Appropriation</i>						
Recovery of natural resource damages (NRDs) at Rocky Mountain Arsenal	137,500	0	0	137,500	0	0.0
Salary and benefits adjustments	24,599	15,883	0	8,716	0	0.0
Adjustment for S.B. 03-280	0	(58,611)	0	58,611	0	0.0
Elimination of Consultant Expenses	(25,000)	(25,000)	0	0	0	0.0
Other changes	(9,975)	(27,353)	0	17,378	0	0.0
<b>Total FY 2005-06 JBC Recommendation</b>	\$1,760,117	\$518,908	\$0	\$1,241,209	\$0	9.8
\$ Change from prior year	\$127,124	(\$95,081)	\$0	\$222,205	\$0	0.0
% Change from prior year	7.8%	(15.5)%	n/a	21.8%	n/a	0.0%

### Issue Descriptions

**Recovery of natural resource damages (NRDs) at Rocky Mountain Arsenal:** These moneys will hire technical experts to collect and assemble preliminary data to pursue the recovery of NRDs at the Rocky Mountain Arsenal against Shell Oil and the United States Army. The source of funds is the Hazardous Substance Response Fund.

**Salary and benefits adjustments:** These amounts reflect salary survey of \$15,404 and performance-based pay of \$9,195 distributed in FY 2004-05.

**Adjustment for S.B. 03-280:** This adjustment is related to increased revenue from a surcharge on tipping fees created by this legislation.

**Elimination of Consultant Expenses:** No appropriations are necessary for this line item in FY 2005-06, which typically represents moneys paid for expert witness testimony on water rights litigation.

**Other changes:** These changes include an increase of \$1,693 for indirect cost recoveries, personal services base reductions of \$1,668, and a total decrease of \$10,000 to fund the defense of the Arkansas River Compact.

**Consumer Protection:** This division includes the State's anti-trust program, consumer protection, the Collection Agency Board, and enforcement of the Uniform Consumer Credit Code (UCCC).

Consumer Protection	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
<b>FY 2004-05 Appropriation</b>	\$2,344,109	\$677,664	\$1,084,164	\$582,281	\$0	29.0
<i>Recommended Changes from FY 2004-05 Appropriation</i>						
Salary and benefits adjustments	66,057	22,642	33,746	9,669	0	0.0
Collection Agency Board FTE	44,118	0	0	44,118	0	1.0
Other changes	12,398	(2,631)	13,617	1,412	0	0.0
<b>Total FY 2005-06 JBC Recommendation</b>	\$2,466,682	\$697,675	\$1,131,527	\$637,480	\$0	30.0
\$ Change from prior year	\$122,573	\$20,011	\$47,363	\$55,199	\$0	1.0
% Change from prior year	5.2%	3.0%	4.4%	9.5%	n/a	3.4%

**Issue Descriptions**

**Salary and benefits adjustments:** These amounts reflect salary survey of \$41,679 and performance-based pay of \$24,378 distributed in FY 2004-05.

**Collection Agency Board FTE:** The recommendation provides moneys to hire a Compliance Investigator I to address the significant growth in complaints by both debt collection companies and their customers over the last several fiscal years.

**Other changes:** These changes include an increase of \$16,853 for indirect cost recoveries, as well as personal services base reductions of \$4,455.

**Special Purpose:** This division contains the 'pass-through' appropriation to subsidize Colorado's twenty-two district attorneys' salaries, as well as separate line items to fund large dollar lawsuits.

Special Purpose	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
<b>FY 2004-05 Appropriation</b>	\$2,133,188	\$1,341,988	\$0	\$791,200	\$0	0.0
<i>Recommended Changes from FY 2004-05 Appropriation</i>						
Elimination of Trinidad Correctional Facility Construction Litigation	(466,200)	0	0	(466,200)	0	0.0
Other changes	(9,513)	(9,513)	0	0	0	0.0



Special Purpose	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
<b>Total FY 2005-06</b>						
<b>JBC Recommendation</b>	\$1,657,475	\$1,332,475	\$0	\$325,000	\$0	0.0
\$ Change from prior year	(\$475,713)	(\$9,513)	\$0	(\$466,200)	\$0	0.0
% Change from prior year	(22.3)%	(0.7)%	n/a	(58.9)%	n/a	n/a

### Issue Descriptions

**Elimination of Trinidad Correctional Facility Construction Litigation:** Since this lawsuit was settled in December 2004, funding for this line item is no longer necessary.

**Other changes:** These changes include an increase of \$2,948 related to the State's subsidy of district attorneys' salaries, as well as a reduction to HIPAA legal services of \$12,461.

## Legislative Branch

**Department Description:** The Legislative Branch includes the elected officials of the House of Representatives and the Senate and the necessary staff to support them in their duties and responsibilities. The staff includes those assigned to both the House and the Senate; the State Auditor's Office; the Joint Budget Committee; the Legislative Council; the Office of Legislative Legal Services; and the Colorado Reapportionment Commission. The majority of the legislative appropriation is contained in a separate legislative appropriation bill. However, several specific lines are contained in the Long Bill. This narrative only addresses the lines contained in the Long Bill.

Summary Table for Legislative Branch						
	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
<b>FY 2004-05 Appropriation</b>	\$2,445,622	\$2,445,622	\$0	\$0	\$0	0.0
<i>Recommended Changes from FY 2004-05 by Long Bill Division</i>						
Legislative Council	(61,500)	(61,500)	0	0	0	0.0
General Assembly	(56)	(56)	0	0	0	0.0
<b>Total FY 2005-06 JBC Recommendation</b>	\$2,384,066	\$2,384,066	\$0	\$0	\$0	0.0
\$ Change from prior year	(\$61,556)	(\$61,556)	\$0	\$0	\$0	0.0
% Change from prior year	(2.5)%	(2.5)%	n/a	n/a	n/a	n/a

### Recommendation Highlights:

- The property tax study annually conducted by the Legislative Council is decreasing by \$62,000; the recommendation accounts for the reduction in costs to perform the study.

### Budget Recommendation Detail by Long Bill Division

**Legislative Council:** This section contains line items the Legislative Branch is required by statute or the Constitution to fund.

Legislative Council	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
<b>FY 2004-05 Appropriation</b>	\$1,192,322	\$1,192,322	\$0	\$0	\$0	0.0
<i>Recommended Changes from FY 2004-05 Appropriation</i>						
Property tax study	(61,500)	(61,500)	0	0	0	0.0
<b>Total FY 2005-06 JBC Recommendation</b>	\$1,130,822	\$1,130,822	\$0	\$0	\$0	0.0
\$ Change from prior year	(\$61,500)	(\$61,500)	\$0	\$0	\$0	0.0
% Change from prior year	(5.2)%	(5.2)%	n/a	n/a	n/a	n/a

## Issue Descriptions

**Property tax study:** The recommendation contains a decrease of \$61,500 General Fund for the annual property tax study. Legislative Council is required to conduct an audit of county assessor values each year. The reduction represents the anticipated cost associated with the study for FY 2005-06.

**General Assembly:** This section contains line items associated with statewide appropriations, such as, workers' compensation, legal services, purchase of services from the computer center, risk management, and capitol complex leased space.

General Assembly	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
<b>FY 2004-05 Appropriation</b>	\$1,253,300	\$1,253,300	\$0	\$0	\$0	0.0
<i>Recommended Changes from FY 2004-05 Appropriation</i>						
Operating adjustments	(56)	(56)	0	0	0	0.0
<b>Total FY 2005-06 JBC Recommendation</b>	\$1,253,244	\$1,253,244	\$0	\$0	\$0	0.0
\$ Change from prior year	(\$56)	(\$56)	\$0	\$0	\$0	0.0
% Change from prior year	0.0%	0.0%	n/a	n/a	n/a	n/a

## Issue Descriptions

**Operating adjustments:** The recommendation contains various changes in centrally appropriated line items. These centrally appropriated items include workers' compensation, risk management and property, vehicle lease payments, and legal services. Operating adjustments are a function of recoverable overhead in the Department of Personnel and Administration or the Department of Law, as is the case with legal services, that are allocated to other departments based on a proportionate share of risk or utilization.

## Department of Local Affairs

**Department Description:** The Department is responsible for building community and local government capacity by providing training, technical, and financial assistance to localities. Major divisions include the Executive Director's Office, Property Taxation, the Division of Housing, and the Division of Local Government.

<b>Summary Table for Department of Local Affairs</b>						
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Cash Fund Exempt</b>	<b>Federal Funds</b>	<b>FTE</b>
<b>FY 2004-05 Appropriation</b>	\$181,789,450	\$8,665,475	\$25,438,627	\$99,285,237	\$48,400,111	175.1
<b>Recommended Changes from FY 2004-05 by Long Bill Division</b>						
Executive Director's Office	233,366	70,033	57,279	13,683	92,371	0.0
Property Taxation	73,548	(226,176)	1,684	298,040	0	0.0
Division of Housing	357,804	82,813	(83,757)	8,127	350,621	0.0
Division of Local Government	37,465,111	79,328	361,763	566,294	36,457,726	5.0
<b>Total FY 2005-06 JBC Recommendation</b>	<b>\$219,919,279</b>	<b>\$8,671,473</b>	<b>\$25,775,596</b>	<b>\$100,171,381</b>	<b>\$85,300,829</b>	<b>180.1</b>
\$ Change from prior year	\$38,129,829	\$5,998	\$336,969	\$886,144	\$36,900,718	5.0
% Change from prior year	21.0%	0.1%	1.3%	0.9%	76.2%	2.9%

### Recommendation Highlights:

1. Includes \$36.8 million federal funds for homeland security program grants in the Long Bill.
2. Includes \$459,000 federal funds and 6.9 FTE to administer the homeland security program in the Long Bill. Part of the 6.9 FTE is a reallocation of 1.9 federally funded FTE, so the net increase is 5.0 FTE.
3. Adjusts funding for several constitutional, statutory and federal grant programs based on projected revenues, including mineral and energy impact grants, waste tire grants, gaming impact grants, Conservation Trust Fund grants, and Community Development Block Grant funds. These programs utilize dedicated fund sources that can not be used for other purposes without constitutional, statutory or federal law changes.

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### Budget Recommendation Detail by Long Bill Division

**Executive Director's Office:** This division is responsible for the management and administration of the Department, including accounting, budgeting, and human resources. The appropriation to this office includes centrally-appropriated funds which are further distributed to the various divisions. The Division also conducts several miscellaneous functions statutorily assigned to the Department, including administration of the Moffat Tunnel Improvement District and support of the federal Workforce Development Council.

<b>Executive Director's Office</b>	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Cash Fund Exempt</b>	<b>Federal Funds</b>	<b>FTE</b>
<b>FY 2004-05 Appropriation</b>	\$3,679,103	\$949,764	\$127,898	\$1,863,114	\$738,327	19.0
<i>Recommended Changes from FY 2004-05 Appropriation</i>						
Salary and benefit adjustments	162,932	52,296	52,171	(17,010)	75,475	0.0
Annualize salary increases	37,295	0	0	37,295	0	0.0
Other	33,139	17,737	5,108	(6,602)	16,896	0.0
<b>Total FY 2005-06 JBC Recommendation</b>	\$3,912,469	\$1,019,797	\$185,177	\$1,876,797	\$830,698	19.0
\$ Change from prior year	\$233,366	\$70,033	\$57,279	\$13,683	\$92,371	0.0
% Change from prior year	6.3%	7.4%	44.8%	0.7%	12.5%	0.0%

### Issue Descriptions

**Salary and benefit adjustments:** The recommendation includes a net increase for salary and benefit adjustments, including the following: an increase of \$109,729 for salary survey and senior executive service; an increase of \$146,299 for health, life and dental benefits; an increase of \$22,869 for the S.B. 04-257 amortization equalization disbursement; and the elimination of \$115,965 for performance-based pay.

**Annualize salary increases:** The recommendation includes \$37,295 for the department administration to annualize salary survey increases and performance-based pay awarded in FY 2004-05. This figure is net of the 0.2 percent common policy base reduction.

**Property Taxation:** This division supervises property tax collection by local governments to ensure property tax laws are administered consistently and fairly throughout the State. This includes training county assessors, calculating property tax for certain multi-county companies such as utilities, pipelines, and railroads, as well as determining eligibility for property tax exemptions. The Division includes the Board of Assessment Appeals, which is responsible for hearing appeals of decisions by county boards of equalization, county boards of commissioners, and the State Property Tax Administrator on the valuation of real and personal property, property tax abatements, and property tax exemptions.

<b>Property Taxation</b>	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Cash Fund Exempt</b>	<b>Federal Funds</b>	<b>FTE</b>
<b>FY 2004-05 Appropriation</b>	\$3,197,850	\$1,758,890	\$634,029	\$804,931	\$0	53.5
<i>Recommended Changes from FY 2004-05 Appropriation</i>						
Annualize salary increases	78,275	77,978	1,684	(1,387)	0	0.0
Fund source adjustment	0	(304,154)	0	304,154	0	0.0
Indirect cost assessment	(4,727)	0	0	(4,727)	0	0.0
<b>Total FY 2005-06 JBC Recommendation</b>	\$3,271,398	\$1,532,714	\$635,713	\$1,102,971	\$0	53.5
\$ Change from prior year	\$73,548	(\$226,176)	\$1,684	\$298,040	\$0	0.0
% Change from prior year	2.3%	(12.9)%	0.3%	37.0%	n/a	0.0%

## Issue Descriptions

**Annualize salary increases:** The recommendation includes \$61,446 for the Office of the Property Tax Administrator and \$16,829 for the Board of Assessment Appeals to annualize salary survey increases and performance-based pay awarded in FY 2004-05. These figures are net of the 0.2 percent common policy base reduction.

**Fund source adjustment:** The recommendation includes applying \$304,154 of indirect cost recoveries to offset the need for General Fund in this division.

**Indirect cost assessment:** The recommendation includes decreasing the indirect cost assessment against this division by \$4,727 based on the statewide and departmental indirect cost plans.

**Division of Housing:** The Division provides financial and technical assistance to help communities meet their goal of providing affordable housing to low-income, elderly, and disabled people. Financial assistance programs include state and federal grants, loans, loan guarantees, and other means to provide incentives for the construction, acquisition, and rehabilitation of affordable housing.

Division of Housing	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
<b>FY 2004-05 Appropriation</b>	\$27,760,031	\$415,222	\$909,873	\$152,324	\$26,282,612	28.4
<i>Recommended Changes from FY 2004-05 Appropriation</i>						
Increased federal funds	345,419	0	0	0	345,419	0.0
Annualize salary increases	64,067	10,048	27,061	3,184	23,774	0.0
Private activity bond fee	0	72,765	(72,765)	0	0	0.0
Indirect cost assessment	(51,682)	0	(38,053)	4,943	(18,572)	0.0
<b>Total FY 2005-06 JBC Recommendation</b>	\$28,117,835	\$498,035	\$826,116	\$160,451	\$26,633,233	28.4
\$ Change from prior year	\$357,804	\$82,813	(\$83,757)	\$8,127	\$350,621	0.0
% Change from prior year	1.3%	19.9%	(9.2)%	5.3%	1.3%	0.0%

## Issue Descriptions

**Increased federal funds:** The recommendation reflects a projected increase of \$345,419 from the federal government, including \$316,000 for low income rental subsidies and \$29,419 for administration of federal Housing and Urban Development programs

**Annualize salary increases:** The recommendation includes \$38,908 for the Division of Housing Administration and \$25,159 for the Manufactured Buildings Program to annualize salary survey increases and performance-based pay awarded in FY 2004-05. These figures are net of the 0.2 percent common policy base reduction.

**Private activity bond fee:** The recommendation includes replacing \$70,265 cash funds with General Fund. In FY 2004-05 functions of the Private Activity Bond Allocation Committee were funded with fee revenue. The statutory authority to charge the fees expires in FY 2005-06.

**Indirect cost assessment:** The recommendation includes decreasing the indirect cost assessment against this division by \$51,682 based on the statewide and departmental indirect cost plans.

**Division of Local Government:** This division includes programs to assist local governments in identifying and responding to financial issues, problem-solving, administrative, and leadership developments needs. To provide this assistance to local governments, the Division operates eight field offices.

<b>Division of Local Government</b>	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Cash Fund Exempt</b>	<b>Federal Funds</b>	<b>FTE</b>
FY 2004-05 Appropriation	\$147,152,466	\$5,541,599	\$23,766,827	\$96,464,868	\$21,379,172	74.2
<b>Recommended Changes from FY 2004-05 Appropriation</b>						
Homeland security program grants	36,798,900	0	0	0	36,798,900	0.0
Homeland security program staff	458,729	0	0	0	458,729	6.9
Mineral and energy impact grants	300,000	0	100,000	200,000	0	0.0
Indirect cost assessment	299,415	0	(9,215)	109,963	198,667	0.0
Waste tire grants	263,044	0	263,044	0	0	0.0
Gaming impact grants	142,551	0	0	142,551	0	0.0
Annualize salary increases	133,351	69,713	2,934	30,827	29,877	0.0
Conservation Trust Fund	93,416	0	0	93,416	0	0.0
Increased federal administration funds	17,207	0	0	0	17,207	0.0
Volunteer firefighter retirement plans	9,615	9,615	0	0	0	0.0
Training fees paid by higher education	0	0	5,000	(5,000)	0	0.0
Disaster response and recovery	(617,700)	0	0	(5,463)	(612,237)	0.0
Community Development Block Grant	(300,453)	0	0	0	(300,453)	0.0
Reallocate federal FTE	(132,964)	0	0	0	(132,964)	(1.9)
<b>Total FY 2005-06 JBC Recommendation</b>	<b>\$184,617,577</b>	<b>\$5,620,927</b>	<b>\$24,128,590</b>	<b>\$97,031,162</b>	<b>\$57,836,898</b>	<b>79.2</b>
\$ Change from prior year	\$37,465,111	\$79,328	\$361,763	\$566,294	\$36,457,726	5.0
% Change from prior year	25.5%	1.4%	1.5%	0.6%	170.5%	6.7%

### Issue Descriptions

**Homeland security program grants:** The recommendation includes showing the homeland security program grants in the Long Bill for informational purposes. Colorado's FY 2005-06 allocation from these grants is \$36.8 million.

**Homeland security program staff:** The recommendation includes showing the homeland security program staff in the Long Bill for informational purposes. The Department reports that 6.9 FTE and \$458,729 federal funds are used to administer the grant program and comply with federal reporting requirements.

**Mineral and energy impact grants:** The recommendation includes an increase of \$300,000 for mineral and energy impact grants based on projected expenditures and encumbrances.

**Indirect cost assessment:** The recommendation includes increasing the indirect cost assessment against this division by \$299,415 based on the statewide and departmental indirect cost plans.

**Waste tire grants:** The recommendation includes an increase of \$263,044 cash funds spending authority for waste tire recycling and reuse grants based on projected revenues.

**Gaming impact grants:** The recommendation includes an increase in gaming impact grants of \$142,551 cash funds exempt based on projected revenues.

**Annualize salary increases:** The recommendation includes \$53,126 for the Division of Local Government Administration, \$41,442 for Field Services, and \$38,783 for the Division of Emergency Management to annualize salary survey increases and performance-based pay awarded in FY 2004-05. These figures are net of the 0.2 percent common policy base reduction.

**Conservation Trust Fund:** The recommendation includes an increase of \$93,416 cash funds exempt for grants from the Conservation Trust Fund based on projected revenues.

**Increased federal administration funds:** The recommendation includes an increase of \$17,207 federal funds for administering various federal grant programs, such as the Community Services Block Grant and the Community Development Block Grant.

**Volunteer firefighter retirement plans:** The recommendation includes a slight increase of \$9,615 General Fund in the state's obligation to support volunteer firefighter retirement plans and death and disability insurance pursuant to Section 31-30-1112 (2), C.R.S. These funds are exempt from the six percent statutory limit on the annual growth of General Fund appropriations.

**Training fees paid by higher education:** The recommendation reflects the change in TABOR status of training fees paid by higher education institutions to the Division of Emergency Management. Payments by enterprises to state agencies are subject to TABOR and shown as cash funds.

**Disaster response and recovery:** The recommendation reflects a projected \$617,700 decrease in disaster response and recovery payments, primarily due to the completion of payments for the forest fires of the last two summers. The source of cash funds exempt is the Disaster Emergency Response Fund.

**Community Development Block Grant:** The recommendation reflects a projected \$300,453 decrease in federal funds available through the Community Development Block Grant.

**Reallocate federal FTE:** The recommendation reflects plans by the Department to reallocate 1.9 federally funded FTE to the homeland security grant program. These FTE previously worked on other training and grant programs administered by the Division of Emergency Management that have been folded into the homeland security grant program.



## Department of Military and Veterans Affairs

**Department Description:** The Department of Military and Veterans Affairs consists of the Executive Director's Office and the Army National Guard, the Division of Veterans Affairs, the Air National Guard, and the Civil Air Patrol. The Adjutant General is the administrative head of the Department as well as the Chief of Staff of the Colorado National Guard. The Colorado National Guard is a federal and state military organization whose primary mission is to support federal, state, and local governments in times of need.

Summary Table for Department of Military and Veterans Affairs						
	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
<b>FY 2004-05 Appropriation</b>	\$128,566,383	\$3,884,923	\$26,244	\$2,444,462	\$122,210,754	1,184.8
<i>Recommended Changes from FY 2004-05 by Long Bill Division</i>						
Executive Director and Army National Guard	116,336	86,715	72	5,292	24,257	0.0
Division of Veterans Affairs	171,620	131,197	0	25,423	15,000	0.0
Air National Guard	16,384	7,159	0	0	9,225	0.0
Federal Funded Programs	2,573,723	0	0	0	2,573,723	0.0
Civil Air Patrol	27,734	27,734	0	0	0	0.0
<b>Total FY 2005-06 JBC Recommendation</b>	\$131,472,180	\$4,137,728	\$26,316	\$2,475,177	\$124,832,959	1,184.8
\$ Change from prior year	\$2,905,797	\$252,805	\$72	\$30,715	\$2,622,205	0.0
% Change from prior year	2.3%	6.5%	0.3%	1.3%	2.1%	0.0%

### Recommendation Highlights:

1. Recommendation to fund replacement of capital equipment at the Western Slope Veterans Cemetery in FY 2005-06 at \$60,000 cash funds exempt.
2. Restore funding of annual seminars related to veterans affairs service operations. Currently, the division conducts one annual seminar for the county veterans service officers. Additional funding of \$27,688 cash funds exempt, will enable the division to conduct two annual seminars.
3. Funding of \$22,094 General Fund to upgrade the Colorado civil air patrol's radio repeater sites.
4. The national civil air patrol requires the State civil air patrol to purchase additional insurance premiums of \$3,840 General Fund yearly.

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### Budget Recommendation Detail by Long Bill Division

**Executive Director and Army National Guard:** This division is responsible for the overall management and administration of the Department. The appropriation includes the operating budget for the Executive Director

as well as all centrally appropriated items for the Department. In addition, this section includes appropriations for tuition assistance for National Guard members attending college and the state's share of maintenance upkeep for the state's Army National Guard facilities.

<b>Executive Director and Army National Guard</b>	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Cash Fund Exempt</b>	<b>Federal Funds</b>	<b>FTE</b>
<b>FY 2004-05 Appropriation</b>	\$6,341,327	\$2,956,600	\$26,244	\$516,477	\$2,842,006	50.2
<b>Recommended Changes from FY 2004-05 Appropriation</b>						
Salary Survey and Performance Based Pay Awards	47,651	42,804	121	2,796	1,930	0.0
Adjustments for Central Appropriations	39,540	32,815	0	0	6,725	0.0
Army National Guard Cooperative Agreements	23,251	0	0	0	23,251	0.0
Administrative Services	6,755	3,852	0	0	2,903	0.0
Salary and Benefits Adjustments	(861)	7,244	(49)	2,496	(10,552)	0.0
<b>Total FY 2005-06 JBC Recommendation</b>	\$6,457,663	\$3,043,315	\$26,316	\$521,769	\$2,866,263	50.2
\$ Change from prior year	\$116,336	\$86,715	\$72	\$5,292	\$24,257	0.0
% Change from prior year	1.8%	2.9%	0.3%	1.0%	0.9%	0.0%

**Issue Descriptions**

**Salary Survey and Performance Based Pay Awards:** The recommendation includes \$47,651 for salary increases and performance-based pay awards distributed in FY 2004-05.

**Adjustment for Central Appropriations:** These amounts reflect the rates approved for other centrally appropriated line items by the JBC. Such line items include the following: capital complex leased space, and purchase of services from computer center. The recommendation contains various changes in centrally appropriated line items. These centrally appropriated items include workers' compensation, risk management and property, vehicle lease payments, and legal services. Operating adjustments are a function of recoverable overhead in the Department of Personnel and Administration or the Department of Law, as is the case with legal services, that are allocated to other departments based on a proportionate share of risk or utilization.

**Army National Guard Cooperative Agreements:** The recommendation includes an additional \$23,251 in federal funding.

**Administrative Services:** The recommendation provides additional accounting services cost of \$6,755 shared between the State and federal government.

**Salary and Benefits Adjustments:** The recommendation adjusts various line items that contain salary and benefits funding. These centrally appropriated items include state contributions to health, life, and dental and others such as shift differential and S.B. 04-257 Amortization Equalization Disbursement. The recommendation does not fund performance-based pay for FY 2005-06, but it does include a 3.0 percent salary survey increase. The recommendation for Health, Life, and Dental includes increases between 6.2 percent and 9.58 percent, depending on the tier of coverage elected for health. Beginning January 1, 2006, the state will contribute an

additional 0.5 percent of base salary to the Public Employees' Retirement Associated pursuant to S.B. 04-257; the recommendation includes six months of funding for this new policy.

**Division of Veterans Affairs:** The Division of Veterans Affairs is responsible for acquiring the necessary services the state's veterans need from the federal government based on reports from division case workers and the County Veterans Services Officers. The Division also works with the State Board of Veterans Affairs to administer the State Veterans Trust Fund which consists of a portion of the tobacco settlement money the State receives each year.

Division of Veterans Affairs	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
<b>FY 2004-05 Appropriation</b>	\$2,338,860	\$374,875	\$0	\$1,927,985	\$36,000	10.5
<i>Recommended Changes from FY 2004-05 Appropriation</i>						
Western Slope Military Veterans Cemetery Fund	59,401	120,000	0	(75,599)	15,000	0.0
Veterans Services Operations	42,500	11,197	0	31,303	0	0.0
Colorado State Veterans Trust Fund Expenditures	35,374	0	0	35,374	0	0.0
Colorado State Veterans Trust Fund	31,945	0	0	31,945	0	0.0
County Veterans Services Officer Payments	2,400	0	0	2,400	0	0.0
<b>Total FY 2005-06 JBC Recommendation</b>	\$2,510,480	\$506,072	\$0	\$1,953,408	\$51,000	10.5
\$ Change from prior year	\$171,620	\$131,197	\$0	\$25,423	\$15,000	0.0
% Change from prior year	7.3%	35.0%	n/a	1.3%	41.7%	0.0%

### Issue Descriptions

**Western Slope Military Veterans Cemetery Fund:** The recommendation includes an increase in funding to the Western Slope Military Cemetery for purchase of capital equipment.

**Veterans Services Operations:** The recommendation includes an increase of \$27,688 to restore funding for two annual seminars provided to county veterans service officers.

**Colorado State Veterans Trust Fund Expenditures:** The recommendation provides a 5 percent increase in veterans trust fund moneys from FY 2004-05.

**Colorado State Veterans Trust Fund:** The recommendation reflects veterans trust fund moneys derived from the master settlement agreement, tobacco litigation settlement trust fund.

**County Veterans Services Officer Payments:** The recommendation reflects an increase of \$2,400 from the veterans trust fund to pay for additional county veterans service officer expenses.

**Air National Guard:** This division provides funding for the operations of the Buckley and Greeley Air National Guard bases. The state's share of operating and maintenance costs for facilities varies under agreements with the federal government based on the type of building, how it is used, and whether it is on state or federal land.

<b>Air National Guard</b>	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Cash Fund Exempt</b>	<b>Federal Funds</b>	<b>FTE</b>
<b>FY 2004-05 Appropriation</b>	\$3,034,050	\$428,506	\$0	\$0	\$2,605,544	46.1
<b>Recommended Changes from FY 2004-05 Appropriation</b>						
Buckley Cooperative Agreement	9,265	0	0	0	9,265	0.0
Security Space Command Facility at Greeley	4,546	0	0	0	4,546	0.0
Operations and Maintenance for Buckley and Greeley	2,573	7,159	0	0	(4,586)	0.0
<b>Total FY 2005-06 JBC Recommendation</b>	\$3,050,434	\$435,665	\$0	\$0	\$2,614,769	46.1
\$ Change from prior year	\$16,384	\$7,159	\$0	\$0	\$9,225	0.0
% Change from prior year	0.5%	1.7%	n/a	n/a	0.4%	0.0%

**Issue Descriptions**

**Buckley Cooperative Agreement:** The recommendation reflects an increase of \$9,265 in federal funding.

**Security Space Command Facility at Greeley:** The recommendation reflects an increase of \$4,546 in federal funding.

**Operations and Maintenance for Buckley and Greeley:** The recommendation reflects an adjustment to the State's obligation of General Fund to match federal funds.

**Federal Funded Programs:** Federal Funded Programs include funding for weekend and annual training for all members of the National Guard. These federal funds do not flow through the State's accounting system, but are shown for informational purposes to demonstrate the full scope of the Department's activities.

<b>Federal Funded Programs</b>	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Cash Fund Exempt</b>	<b>Federal Funds</b>	<b>FTE</b>
FY 2004-05 Appropriation	\$116,727,204	\$0	\$0	\$0	\$116,727,204	1,077.0
<b>Recommended Changes from FY 2004-05 Appropriation</b>						
Personal Services	1,991,271	0	0	0	1,991,271	0.0
Operating and Maintenance	582,452	0	0	0	582,452	0.0
<b>Total FY 2005-06 JBC Recommendation</b>	\$119,300,927	\$0	\$0	\$0	\$119,300,927	1,077.0
\$ Change from prior year	\$2,573,723	\$0	\$0	\$0	\$2,573,723	0.0
% Change from prior year	2.2%	n/a	n/a	n/a	2.2%	0.0%

## Issue Descriptions

**Adjustments to Federal Funded Program:** The recommended funds are shown for informational purpose only, and are intended to illustrate the scope of the Department's activities.

**Civil Air Patrol:** The Civil Air Patrol provides skilled volunteer personnel to assist in the following activities: the search and rescue of missing and lost persons; the search and rescue of missing and downed aircraft; the airlift of blood, drugs, and medical supplies; the transport of Red Cross and state emergency personnel to disaster areas; and the activities of the Office of Emergency Management during natural disasters.

Civil Air Patrol	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
<b>FY 2004-05 Appropriation</b>	\$124,942	\$124,942	\$0	\$0	\$0	1.0
<i>Recommended Changes from FY 2004-05 Appropriation</i>						
Repeater Upgrade	22,094	22,094	0	0	0	0.0
Operating Expenses	3,840	3,840	0	0	0	0.0
Salary Survey and Performance Based Pay Awards	1,800	1,800	0	0	0	0.0
<b>Total FY 2005-06 JBC Recommendation</b>	\$152,676	\$152,676	\$0	\$0	\$0	1.0
\$ Change from prior year	\$27,734	\$27,734	\$0	\$0	\$0	0.0
% Change from prior year	22.2%	22.2%	n/a	n/a	n/a	0.0%

## Issue Descriptions

**Repeater Upgrade:** The recommended increase of \$22,094 will purchase three repeaters and two antennas/accessories for the Colorado civil air patrol's radio repeater sites.

**Operating Expenses:** The recommended increase of \$3,840 will purchase additional insurance premiums for the civil air patrol as required by the national civil air patrol.

**Salary Survey and Performance Based Pay Awards:** The recommendation includes \$1,800.. for salary increases and performance-based pay awards distributed in FY 2004-05.

## Department of Natural Resources

**Department Description:** The Department is responsible for developing, protecting and enhancing Colorado's natural resources for the use and enjoyment of the state's present and future residents and visitors. The Department is comprised of the following agencies and divisions: Executive Director's Office, Minerals and Geology, Geological Survey, Oil and Gas Conservation Commission, State Board of Land Commissioners, Parks and Outdoor Recreation, Colorado Water Conservation Board, Water Resources (State Engineer's Office), and the Division of Wildlife.

<b>Summary Table for Department of Natural Resources</b>						
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Cash Fund Exempt</b>	<b>Federal Funds</b>	<b>FTE</b>
<b>FY 2004-05 Appropriation</b>	\$176,033,344	\$22,356,999	\$36,791,001	\$100,425,808	\$16,459,536	1,537.2
<b>Recommended Changes from FY 2004-05 by Long Bill Division</b>						
Executive Director's Office	1,838,576	335,281	271,332	1,140,487	91,476	0.0
Minerals and Geology	106,592	0	82,026	8,591	15,975	0.0
Geological Survey	75,725	0	52,184	16,620	6,921	0.0
Oil and Gas Conservation Commission	439,465	0	633,740	(194,275)	0	2.7
State Board of Land Commissioners	(133,344)	0	0	(133,344)	0	0.0
Parks and Outdoor Recreation	2,122,679	(510,508)	924,962	1,544,000	164,225	4.5
Colorado Water Conservation Board	(3,356,877)	0	255,000	(3,709,859)	97,982	2.0
Water Resources (State Engineer's Office)	688,382	647,434	142,218	(106,811)	5,541	(0.5)
Division of Wildlife	(1,047,159)	0	0	(235,913)	(811,246)	0.0
<b>Total FY 2005-06 JBC Recommendation</b>	<b>\$176,767,383</b>	<b>\$22,829,206</b>	<b>\$39,152,463</b>	<b>\$98,755,304</b>	<b>\$16,030,410</b>	<b>1,545.9</b>
\$ Change from prior year	\$734,039	\$472,207	\$2,361,462	(\$1,670,504)	(\$429,126)	8.7
% Change from prior year	0.4%	2.1%	6.4%	(1.7)%	(2.6)%	0.6%

### Recommendation Highlights:

1. Reduces the budget by \$202,884 from various sources in the Executive Director's Office and the Division of Wildlife associated with violations of FY 2003-04 Long Bill headnotes.
2. Adds \$305,725 cash funds exempt for environmental response services and \$171,910 cash funds for 2.7 new FTE to address oil and gas inspections and surface protection in the Colorado Oil and Gas Commission.
3. Adds \$188,980 General Fund in the Division of Water Resources (State Engineer's Office) for 3.3 FTE new water administration staff to address workload demands in Water Divisions 1, 3, 4, and 5.
4. Adds \$255,000 cash funds from the Operational Account of the Severance Tax Trust Fund to the Colorado Water Conservation Board for water projects recommended by the Board.

5. Adds \$99,248 total funds and 1.0 FTE for flood plains staff in the Colorado Water Conservation Board in conjunction with FEMA dollars authorized by Homeland Security directives in order to help communities receive the \$3.0 to \$5.0 million in annual federal funds anticipated.
6. Adds \$875,000 for lottery-funded IT projects and \$613,000 and 4.5 for GOCO funded projects in the Parks and Outdoor Recreation Division.
7. Reflects an increase of \$56,000 GOCO funding associated with opening Cheyenne Mountain State Park.
8. Reduces the General Fund in the Parks and Outdoor Recreation Division by \$931,197 and increases the appropriation from cash funds by the same amount in order to save General Fund.
9. Reduces the discretionary funding for the Wildlife Commission by \$90,000 cash funds exempt to reflect the significant historical underutilization of funds in this area.
10. The recommendation reflects the anticipated decrease of \$800,000 federal funds from the U.S. Fish and Wildlife in Biological Programs for species conservation work, instead now reflected in the Division's capital budget.

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### Budget Recommendation Detail by Long Bill Division

**Executive Director's Office:** This office is responsible for the management and administration of the Department, including the following functional areas: departmental administration and policy development, human resources, accounting and purchasing, budgeting, and information technology services.

Executive Director's Office	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
<b>FY 2004-05 Appropriation</b>	\$24,204,755	\$5,903,265	\$5,522,966	\$11,612,939	\$1,165,585	56.6
<i>Recommended Changes from FY 2004-05 Appropriation</i>						
Salary and benefits adjustments	1,425,492	339,541	(85,506)	1,089,157	82,300	0.0
Operating adjustments	449,664	18,740	370,418	51,330	9,176	0.0
Reductions associated with violation of FY 2003-04 headnotes	(36,580)	(23,000)	(13,580)	0	0	0.0
<b>Total FY 2005-06 JBC Recommendation</b>	\$26,043,331	\$6,238,546	\$5,794,298	\$12,753,426	\$1,257,061	56.6
\$ Change from prior year	\$1,838,576	\$335,281	\$271,332	\$1,140,487	\$91,476	0.0
% Change from prior year	7.6%	5.7%	4.9%	9.8%	7.8%	0.0%

### Issue Descriptions

**Salary and benefits adjustments:** The recommendation adjusts various line items that contain salary and benefits funding. These centrally appropriated items include salary survey, performance-based pay awards, state contributions to health, life, and dental, and others such as shift differential and the S.B. 04-257 Amortization Equalization Disbursement. The recommendation does not fund performance-based pay for FY 2005-06, but

it does includes a 3.0 percent salary survey increase. The recommendation for Health, Life, and Dental includes increases between 6.2 percent and 9.58 percent, depending on the tier of coverage elected for health. Beginning January 1, 2006, the state will contribute an additional 0.5 percent of base salary to the Public Employees' Retirement Association pursuant to S.B. 04-257; the recommendation includes six months of funding for this new policy.

**Operating adjustments:** The recommendation contains various changes in centrally appropriated line items. These centrally appropriated items include workers' compensation, risk management and property, vehicle lease payments, and legal services. Operating adjustments are a function of recoverable overhead in the Department of Personnel and Administration or the Department of Law, as is the case with legal services, that are allocated to other departments based on a proportionate share of risk or utilization.

**Reductions associated with FY 2003-04 headnote violations:** The recommendation reduces the budget by an amount equal to the Executive Director's Office violation of the FY 2003-04 headnotes.

**Minerals and Geology:** This division includes the following programs:

- Coal Land Reclamation -- This program protects society and the environment from the adverse effects of coal mining, as well as complying with the requirements of the federal Surface Mining Control and Reclamation Act.
- Inactive Mines -- This program safeguards mine openings, inspects and monitors mine sites, and reclaims abandoned mines. There are over 23,000 hazardous mine openings in Colorado, of which only about 6,000 have been safeguarded.
- Minerals -- This program issues and enforces mining and reclamation permits for all non-coal mines in Colorado on state, federal, and private lands. The program permits and inspects the 1,735 non-coal mines in Colorado with permitted areas covering 100,386 acres and regulates 374 active prospecting operations.
- Mine Safety Training -- This program regulates active mines for safety, inspects tourist mines, performs safety audits, administers certification programs for mining employees, provides training in mine rescue/safety, and regulates underground diesel equipment and mining explosives.

Minerals and Geology	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
<b>FY 2004-05 Appropriation</b>	\$5,758,141	\$0	\$2,962,451	\$87,493	\$2,708,197	65.7
<i>Recommended Changes from FY 2004-05 Appropriation</i>						
Annualization of salary increases	133,770	0	81,952	8,591	43,227	0.0
Indirect cost assessment	(32,178)	0	(4,926)	0	(27,252)	0.0
Elimination of shrub establishment research	(20,000)	0	(20,000)	0	0	0.0
Emergency response costs	25,000	0	25,000	0	0	0.0



Minerals and Geology	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
<b>Total FY 2005-06</b>						
<b>JBC Recommendation</b>	\$5,864,733	\$0	\$3,044,477	\$96,084	\$2,724,172	65.7
\$ Change from prior year	\$106,592	\$0	\$82,026	\$8,591	\$15,975	0.0
% Change from prior year	1.9%	n/a	2.8%	9.8%	0.6%	0.0%

## Issue Descriptions

**Annualization of salary increases:** The recommendation makes common policy adjustments to personal services to reflect salary increases awarded in FY 2004-05.

**Indirect cost assessment:** The recommendation reflects changes in the indirect cost assessment for the Division.

**Elimination of shrub establishment research:** The recommendation eliminates funding for shrub establishment research. Fiscal year FY 2004-05 was year five of the five-year funding requirement for the study.

**Emergency response costs:** The recommendation adds \$25,000 from the Operational Account of the Severance Tax Trust Fund to fund mine-related emergency response costs.

**Geological Survey:** This division includes the following three programs:

Environmental Geology and Geological Hazards -- This program is designed to lessen the impact of, and increase the awareness and understanding of, geological hazards in Colorado.

Mineral Resources and Mapping -- This program promotes the development of the state's mineral resources through the publication and distribution of maps, reports, and presentations on geological conditions, mineral potential, mineral reserves, and actual mineral production.

Colorado Avalanche Information Center -- This program provides avalanche forecasting services and education to back country recreation users, industry, and travelers.

Geological Survey	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
<b>FY 2004-05 Appropriation</b>	\$4,583,941	\$0	\$2,273,989	\$1,143,473	\$1,166,479	37.0
<i>Recommended Changes from FY 2004-05 Appropriation</i>						
Annualization of salary increases	75,725	0	52,184	16,620	6,921	0.0
<b>Total FY 2005-06</b>						
<b>JBC Recommendation</b>	\$4,659,666	\$0	\$2,326,173	\$1,160,093	\$1,173,400	37.0
\$ Change from prior year	\$75,725	\$0	\$52,184	\$16,620	\$6,921	0.0
% Change from prior year	1.7%	n/a	2.3%	1.5%	0.6%	0.0%

## Issue Descriptions

**Annualization of salary increases:** The recommendation makes common policy adjustments to personal services to reflect salary increases awarded in FY 2004-05.

**Oil and Gas Conservation Commission:** The Commission is responsible for promoting the exploration, development, and conservation of Colorado's oil and natural gas resources. The Commission also has the authority to regulate oil and gas operations so as to protect public health, prevent significant adverse environmental impacts, and prevent waste. In addition to enforcement, this responsibility involves answering complaints and inquiries, responding to oil and gas spills and other environmental emergencies at production sites, managing plugging and reclamation work at abandoned well sites, and performing baseline water quality studies. The appropriation reflects the workload attributable to the increase in active wells statewide. Active wells increased from 21,870 active wells in 1999 to over 26,500 active wells last year. In 2004, drilling permits for the top six counties increased over 33 percent, from 1,855 to 2,470 drilling permits. Since 1999, the number of active wells in Weld County alone has grown 26 percent.

Oil and Gas Conservation Commission	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
FY 2004-05 Appropriation	\$3,595,106	\$0	\$2,520,113	\$970,000	\$104,993	35.3
<b>Recommended Changes from FY 2004-05 Appropriation</b>						
Piceance and D-J Basin water studies and environmental data tool development	300,725	0	0	300,725	0	0.0
New field inspection staff for Weld and Garfield counties	117,688	0	117,688	0	0	2.0
Annualization of salary increases	67,203	0	67,203	0	0	0.0
Annualization of surface protection specialist added in FY 2004-05	54,222	0	54,222	0	0	0.7
Environmental Assistance Projects	5,000	0	0	5,000	0	0.0
Elimination of one-time FY 2004-05 ERF Fund financing	0	0	500,000	(500,000)	0	0.0
Elimination of one-time FY 2004-05 funding	(98,254)	0	(98,254)	0	0	0.0
Indirect cost assessment	(7,119)	0	(7,119)	0	0	0.0
<b>Total FY 2005-06 JBC Recommendation</b>	<b>\$4,034,571</b>	<b>\$0</b>	<b>\$3,153,853</b>	<b>\$775,725</b>	<b>\$104,993</b>	<b>38.0</b>
\$ Change from prior year	\$439,465	\$0	\$633,740	(\$194,275)	\$0	2.7
% Change from prior year	12.2%	n/a	25.1%	(20.0)%	0.0%	7.6%

## Issue Descriptions

**Piceance and D-J Basin water studies and environmental data tool development:** The recommendation adds funding for a two-year project to perform water studies and environmental data tool development at the Piceance (Garfield County) and D-J Basin (Weld County) sites.

**New field inspection staff for Weld and Garfield counties:** The recommendation adds 2.0 new FTE for field inspectors. This staffing increase reflects the significant growth in operations in these areas of the state. Drilling permits increased by 40.4 percent in Garfield county from 2003 to 2004 and by 9.9 percent in Weld county. Wells in Weld County increased from 9,519 to 11,731 over the last five years, an increase of 23 percent. Wells in Garfield County have increased from 775 to 1,703 over this time period, an increase of 120 percent.

**Annualization of salary increases:** The recommendation makes common policy adjustments to personal services to reflect salary increases awarded in FY 2004-05.

**Annualization of surface protection specialist FTE added in FY 2004-05:** In the FY 2004-05 supplemental for the Department of Natural Resources (S.B. 05-121), the General Assembly added funding for 1.0 FTE surface protection specialist for a partial year. The recommendation annualizes the funding for the FTE for a full year.

**Environmental Assistance Projects:** In the FY 2004-05 supplemental for the Department of Natural Resources (S.B. 05-121), the General Assembly added \$70,000 in additional funding. The recommendation slightly increases that amount to ensure that sufficient funding exists to respond to the increasing workload.

**Elimination of one-time FY 2004-05 ERF Fund financing:** The recommendation decreases the amount of funding from the Oil and Gas Environmental Response Fund by \$500,000 cash funds exempt and increases the amount of funding from the Oil and Gas Conservation Fund by a like amount of cash funds. The Oil and Gas Environmental Response Fund currently has a balance over \$4.4 million compared to the statutory goal of \$1.0 million.

**Elimination of one-time FY 2004-05 funding:** The recommendation reflects a decrease of \$96,995 cash funds associated with the Hearing and Environmental Record Imaging and Indexing System and \$1,259 cash funds associated with the discontinuation of one-time expenses associated with adding new FTE in FY 2004-05.

**Indirect cost assessment:** The recommendation reflects changes in the indirect cost assessment for the Division.

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**State Board of Land Commissioners:** The five member volunteer Board is responsible for managing 2.6 million surface acres and 4.5 million mineral acres of state lands for the benefit of eight trusts, as well as managing 300,000 acres for a Stewardship Trust designed to preserve the long-term value of designated lands. Appropriations in this division support management of state lands carried out by the Director and staff in the six district offices throughout the state, and minerals, real estate, finance, and operations sections.

Approximately 96 percent of the land managed by the State Board of Land Commissioners is for the School Trust. These lands generate cash fund and cash fund exempt revenues for the public school system (K-12). In FY 2003-04, \$36.4 million was generated for K-12 from the following sources: (1) \$11.8 million from leases and other cash funds sources; and (2) \$24.6 million from mineral royalties and other cash fund exempt sources. For FY 2005-06, the School Trust revenue generated by the State Land Board is anticipated to be the following: (1) \$12.5 million from leases and other cash funds sources; and (2) \$30.1 million from mineral royalties and other cash fund exempt sources.

State Board of Land Commissioners	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
<b>FY 2004-05 Appropriation</b>	\$3,567,843	\$0	\$115,000	\$3,452,843	\$0	34.0
<b>Recommended Changes from FY 2004-05 Appropriation</b>						
Annualization of salary increases	54,072	0	0	54,072	0	0.0
Indirect cost assessment	12,061	0	0	12,061	0	0.0
Elimination of FY 2004-05 one-time funding for a document imaging system	(199,477)	0	0	(199,477)	0	0.0
<b>Total FY 2005-06 JBC Recommendation</b>	\$3,434,499	\$0	\$115,000	\$3,319,499	\$0	34.0
\$ Change from prior year	(\$133,344)	\$0	\$0	(\$133,344)	\$0	0.0
% Change from prior year	(3.7)%	n/a	0.0%	(3.9)%	n/a	0.0%

### Issue Descriptions

**Annualization of salary increases:** The recommendation makes common policy adjustments to personal services to reflect salary increases awarded in FY 2004-05.

**Indirect cost assessment:** The recommendation reflects changes in the indirect cost assessment for the Division.

**Elimination of FY 2004-05 one-time funding for a document imaging system:** In FY 2004-05 the General Assembly funded a document imaging system intended to provide efficiencies for the Division. As this funding was one-time in nature, the recommendation does not continue it for FY 2005-06.

**Parks and Outdoor Recreation:** This division manages approximately 41 parks and associated park projects. The Division also manages statewide recreation programs, including the snowmobile program, the off-highway vehicle program, and river outfitters regulation.

State parks are estimated to have 11,869,897 visitors in FY 2005-06, a 3.4 percent increase over FY 2004-05. As of 2004, Colorado's Parks were among the most self-sufficient in the nation based on a national comparison. Self-sufficiency is defined as the degree to which division cash fund sources cover the costs of the program. Colorado ranked 5th lowest in General Fund support as a percent of operating costs (16.4 percent), received the 6th lowest General Fund support per acre managed (\$20.95), received the 9th lowest General Fund support per visitor (\$0.40), received the 7th lowest General Fund support as a percentage of total state government annual expenditures (0.034 percent), and led nationally in terms of park-generated revenue per visitor at a state park (\$1.57).

Parks and Outdoor Recreation	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
<b>FY 2004-05 Appropriation</b>	\$26,811,737	\$2,831,763	\$18,150,983	\$4,940,060	\$888,931	250.6
<b>Recommended Changes from FY 2004-05 Appropriation</b>						
Lottery-funded IT projects	875,000	0	0	875,000	0	0.0

<b>Parks and Outdoor Recreation</b>	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Cash Fund Exempt</b>	<b>Federal Funds</b>	<b>FTE</b>
Increase in GOCO grants	613,000	0	0	613,000	0	4.5
Annualization of salary increases	427,332	423,113	4,219	0	0	0.0
Federal grants	138,141	0	0	0	138,141	0.0
Opening of Cheyenne Mountain State Park	56,000	0	0	56,000	0	0.0
Indirect cost assessment	28,968	0	2,884	0	26,084	0.0
Payment for dispatch services to the Department of Public Safety	11,445	1,146	10,299	0	0	0.0
Refinancing of base	0	(931,197)	931,197	0	0	0.0
0.2 percent base reduction	(27,207)	(3,570)	(23,637)	0	0	0.0
<b>Total FY 2005-06 JBC Recommendation</b>	\$28,934,416	\$2,321,255	\$19,075,945	\$6,484,060	\$1,053,156	255.1
\$ Change from prior year	\$2,122,679	(\$510,508)	\$924,962	\$1,544,000	\$164,225	4.5
% Change from prior year	7.9%	(18.0)%	5.1%	31.3%	18.5%	1.8%

## Issue Descriptions

**Lottery-funded IT projects:** The recommendation provides lottery funding for four information technology (IT) projects. First, the recommendation adds \$175,000 from lottery funds to analyze the current vehicle registration system to determine how to improve it and to revise the system based on that analysis. Second, the recommendation provides \$426,000 from lottery funds for systems operation and support. Third, the recommendation provides \$230,000 lottery funds for asset management for on-going replacement of computers and other IT equipment. Finally, the recommendation provides \$44,000 lottery funds to provide adequate bandwidth and reliability for State Parks. These projects are shown for informational purposes only, as lottery funds are continuously appropriated pursuant to the state constitution.

**Increase in GOCO grants:** The recommendation reflects the estimate for anticipated Greater Outdoor Colorado (GOCO) grants anticipated for FY 2005-06.

**Annualization of salary increases:** The recommendation makes common policy adjustments to personal services to reflect salary increases awarded in FY 2004-05.

**Federal grants:** The recommendation reflects the estimate for federal grants, shown for informational purposes.

**Opening of Cheyenne Mountain State Park:** The recommendation reflects the GOCO portion of the new moneys required for two new staff at Cheyenne Mountain State Park. The recommendation does not provide new cash funds spending authority or FTE for this purpose. The Division has underutilized its cash funds and FTE authorization and therefore increases in this area are not necessary.

**Indirect cost assessment:** The recommendation reflects changes in the indirect cost assessment for the Division.

**Payment for dispatch services to the Department of Public Safety:** The recommendation reflects billing to State Parks for Department of Public Safety dispatch services. The costs are based on a two-year rolling average.

**Refinancing of base:** The recommendation uses additional cash funds available to offset the General Fund need in the Division.

**0.2 percent base reduction:** The recommendation incorporates a reduction to reflect anticipated vacancy savings in the base.

**Colorado Water Conservation Board:** Under the guidance of the Board, this division is responsible for protecting, conserving, and developing the state's water resources, and to minimize the risk of flood damage and associated economic loss. The Colorado Water Conservation Board is divided into two main functional areas: administration and special purpose programs.

Colorado Water Conservation Board	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
<b>FY 2004-05 Appropriation</b>	\$8,869,237	\$0	\$949,777	\$7,819,265	\$100,195	38.5
<i>Recommended Changes from FY 2004-05 Appropriation</i>						
Severance tax projects	255,000	0	255,000	0	0	0.0
FEMA flood plains staff	99,248	0	0	24,812	74,436	1.0
Annualization of salary increases	86,835	0	0	86,835	0	0.0
Indirect cost assessment	70,591	0	0	47,045	23,546	0.0
Administrative assistant for finance unit	36,197	0	0	36,197	0	1.0
Estimate of S.B. 02-87 Colorado Watershed Protection Fund	10,942	0	0	10,942	0	0.0
Interstate compact increase	4,810	0	0	4,810	0	0.0
Discontinuation of H.B. 04-1221 water projects bill funding	(3,920,500)	0	0	(3,920,500)	0	0.0
<b>Total FY 2005-06 JBC Recommendation</b>	\$5,512,360	\$0	\$1,204,777	\$4,109,406	\$198,177	40.5
\$ Change from prior year	(\$3,356,877)	\$0	\$255,000	(\$3,709,859)	\$97,982	2.0
% Change from prior year	(37.8)%	n/a	26.8%	(47.4)%	97.8%	5.2%

**Issue Descriptions**

**Severance tax projects:** The recommendation adds \$255,000 from the Operational Account of the Severance Tax Trust Fund for water projects that were judged as "medium priority" by the Colorado Water Conservation Board. The recommendation funds the following: (1) \$60,000 of a \$120,000 project to provide assistance to entities to develop and implement conservation plans; (2) \$40,000 of an \$80,000 project to link the Atlas system to existing databases for internet uses; (3) \$105,000 of a \$3,162,309 project to determine the availability of additional water supply storage at Chatfield Reservoir; and (4) \$50,000 total for a digital map showing up-to-date designations of covered streams and areas of frequent flooding.

**FEMA flood plains staff:** The recommendation adds funding and 1.0 FTE for Federal Emergency Management Assistance (FEMA) flood plain mapping services. The position will work with the 113 Colorado communities that need updated flood plain maps and coordinate the estimated \$3.0 to \$5.0 million in annual federal funding that will be provided by FEMA, associated with Homeland Security efforts.

**Annualization of salary increases:** The recommendation makes common policy adjustments to personal services to reflect salary increases awarded in FY 2004-05.

**Indirect cost assessment:** The recommendation reflects changes in the indirect cost assessment for the Division.

**Administrative assistant for finance unit:** The recommendation adds funding for 1.0 FTE for an administrative assistant for the finance unit. While the unit has a significant administrative workload associated with loans and grants processing, it has no administrative support staff, and has consequently received a few critical audit findings by the State Auditor's Office, which the funding and FTE is intended to address.

**Estimate of S.B. 02-87 Colorado Watershed Protection Fund:** The recommendation reflects the estimate of revenues anticipated to be spent in FY 2005-06. This information is shown for informational purposes.

**Interstate compact increase:** The recommendation funds increases in compact dues for the Upper Colorado River Compact. Since FY 2000-01, compact dues have increased from \$218,000 to \$231,000, increases which have been absorbed from the operations and travel portion of the line item.

**Discontinuation of H.B. 04-1221 water projects bill funding:** The recommendation discontinues the one-time funding for water projects authorized in H.B. 04-1221; FY 2005-06 funding is provided in the annual water projects bill (S.B. 05-84).

**Water Resources Division:** This division, also called the Office of the State Engineer, is primarily responsible for administration of water resources. This includes daily oversight of water allocations within the state and downstream interstate compact compliance, monitoring of water supply through stream-flow measurements, and groundwater regulation. The Division administers 88,487 direct flow water rights. The Division is also responsible for dam safety inspections and groundwater well construction regulation.

Water Resources Division	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
<b>FY 2004-05 Appropriation</b>	\$18,674,023	\$13,621,971	\$4,295,722	\$667,730	\$88,600	257.1
<i>Recommended Changes from FY 2004-05 Appropriation</i>						
Annualization of salary increases	472,078	461,021	4,475	6,582	0	0.0
Increase in water administration personnel	188,980	188,980	0	0	0	0.0
Indirect cost assessment	107,378	0	137,743	(30,824)	459	0.0
Refinancing of FY 2004-05 mileage increases	0	87,569	0	(87,569)	0	0.0
Interstate compacts increase	5,102	5,102	0	0	0	0.0
Federal grants	5,082	0	0	0	5,082	0.0

<b>Water Resources Division</b>	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Cash Fund Exempt</b>	<b>Federal Funds</b>	<b>FTE</b>
Satellite monitoring workload	5,000	0	0	5,000	0	0.0
Annualization of Republican River Compact compliance funding	(88,882)	(88,882)	0	0	0	(0.5)
Elimination of one-time FY 2004-05 funding	(6,356)	(6,356)	0	0	0	0.0
<b>Total FY 2005-06 JBC Recommendation</b>	<b>\$19,362,405</b>	<b>\$14,269,405</b>	<b>\$4,437,940</b>	<b>\$560,919</b>	<b>\$94,141</b>	<b>256.6</b>
\$ Change from prior year	\$688,382	\$647,434	\$142,218	(\$106,811)	\$5,541	(0.5)
% Change from prior year	3.7%	4.8%	3.3%	(16.0)%	6.3%	(0.2)%

## Issue Descriptions

**Annualization of salary increases:** The recommendation makes common policy adjustments to personal services to reflect salary increases awarded in FY 2004-05.

**Increase in water administration personnel:** The recommendation funds the equivalent of 3.3 FTE water administrative staff in Divisions 1, 3, 4, and 5 to address increased workload in the Division and is intended to ensure that senior water rights owners are properly delivered the water to which they are entitled. Because of the significant personal services funding deficit in the Division, no additional FTE authority is necessary to reflect the 3.3 FTE; the Division will use its existing FTE authority for the increase.

**Indirect cost assessment:** The recommendation reflects changes in the indirect cost assessment for the Division.

**Refinancing of FY 2004-05 mileage increases:** In FY 2004-05, the General Assembly funded a supplemental appropriation for water administrator mileage. This increase was funded from various sources of cash funds exempt; the recommendation continues the funding but finances the mileage from the General Fund.

**Interstate compacts increase:** The recommendation increases funding for the Costilla Creek Compact to reflect increased costs approved by the Compact.

**Federal grants:** The recommendation reflects the anticipated increase in federal funds, shown for informational purposes.

**Satellite monitoring workload:** The recommendation annualizes the FY 2004-05 funding provided for the satellite monitoring system. The increases are primarily necessary to operate and provide maintenance for gages abandoned by the U.S. Geological Survey and other entities.

**Annualization of Republican River Compact compliance funding:** The recommendation reflects lower FY 2005-06 annualized costs of the Republican River Compact and continues the FTE added in FY 2004-05.

**Elimination of one-time FY 2004-05 funding:** The recommendation discontinues one-time funding added in FY 2004-05 associated with new FTE.



**Division of Wildlife:** The Division manages the state’s 960 game and non-game wildlife species by issuing hunting and fishing licenses, enforcing wildlife regulations, protecting habitat and native wildlife populations and managing more than 250 state wildlife areas. The Division appropriations contain funding for 13 major programs, including the following: Wildlife Habitat, Wildlife Species, Hunting Recreation, Fishing Recreation, Watchable Wildlife, Law Enforcement, Licensing, Wildlife Education, Wildlife Information, Customer Service, Public Policy, Human Resources, and Internal Systems.

Division of Wildlife	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
<b>FY 2004-05 Appropriation</b>	\$79,968,561	\$0	\$0	\$69,732,005	\$10,236,556	762.4
<i>Recommended Changes from FY 2004-05 Appropriation</i>						
Annualization of salary increases	1,285,101	0	0	1,285,101	0	0.0
Habitat Partnership Program	520,242	0	0	520,242	0	0.0
Dispatch payment to the Department of Public Safety	59,442	0	0	59,442	0	0.0
Annualization of H.B. 04-1135	8,998	0	0	8,998	0	0.0
Discontinuation of S.B. 04-97 one-time funding	(1,600,000)	0	0	(1,600,000)	0	0.0
Funding adjustment	(800,000)	0	0	0	(800,000)	0.0
Indirect cost assessment	(179,456)	0	0	(179,456)	0	0.0
Reduction to reflect FY 2003-04 violation of Long Bill headnotes	(166,304)	0	0	(166,304)	0	0.0
Reduction in Wildlife Commission discretionary spending	(90,000)	0	0	(90,000)	0	0.0
0.2 percent base reduction	(85,182)	0	0	(73,936)	(11,246)	0.0
<b>Total FY 2005-06 JBC Recommendation</b>	\$78,921,402	\$0	\$0	\$69,496,092	\$9,425,310	762.4
\$ Change from prior year	(\$1,047,159)	\$0	\$0	(\$235,913)	(\$811,246)	0.0
% Change from prior year	(1.3)%	n/a	n/a	(0.3)%	(7.9)%	0.0%

### Issue Descriptions

**Annualization of salary increases:** The recommendation makes common policy adjustments to personal services to reflect salary increases awarded in FY 2004-05.

**Habitat Partnership Program:** The recommendation reflects the estimate for the Habitat Partnership Program, shown for informational purposes only.

**Dispatch payment to the Department of Public Safety:** The recommendation reflects billing to State Parks for Department of Public Safety dispatch services. The costs are based on a two-year rolling average.

**Annualization of H.B. 04-1135:** The recommendation annualizes the fiscal impact of H.B. 04-1135 (authorizing wildlife sanctuaries) as reflected in the Legislative Council Staff Fiscal Note.

**Discontinuation of S.B. 04-97 one-time funding:** Senate Bill 04-97 appropriated \$1.6 million for the acquisition of a property. The recommendation discontinues this one-time funding in FY 2005-06.

**Funding adjustment:** The recommendation reflects the anticipated decrease of \$800,000 federal funds from the U.S. Fish and Wildlife in Biological Programs for species conservation work. These moneys, along with matching GOCO funds, are instead used to purchase conservation easements for species conservation in the capital budget.

**Indirect cost assessment:** The recommendation reflects changes in the indirect cost assessment for the Division.

**Reduction to reflect FY 2003-04 violation of Long Bill headnotes:** The recommendation decreases various line items in the Division in response to violation of the FY 2003-04 violation of the Long Bill headnotes which prohibits the expenditure of personal services costs in the Operating Expenses line item. The recommendation also reflects the addition of a related footnote to review these expenditures in greater detail.

**Reduction in Wildlife Commission discretionary spending:** The recommendation reduces the discretionary funding for the Wildlife Commission by \$90,000 to reflect the significant historical underutilization of funds in this area.

**0.2 percent base reduction:** The recommendation incorporates a reduction to reflect vacancy savings in the base.

## Department of Personnel and Administration

**Department Description:** The Department of Personnel and Administration is responsible for administering the state personnel system, which includes approximately 27,700 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; maintenance 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; maintenance of the State's telecommunications system; provision of centralized computer services; 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 of state agencies; and oversight of the State's liability, property, and workers' compensation insurance program.

<b>Summary Table for Department of Personnel and Administration</b>						
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Cash Fund Exempt</b>	<b>Federal Funds</b>	<b>FTE</b>
<b>FY 2004-05 Appropriation</b>	\$162,214,467	\$7,863,549	\$10,385,054	\$143,894,333	\$71,531	571.8
<i>Recommended Changes from FY 2004-05 by Long Bill Division</i>						
Executive Office	(170,636)	317,141	(64,610)	(423,167)	0	(4.5)
Human Resources	3,020,205	0	1,025,418	1,994,787	0	(3.5)
Personnel Board	13,749	34,415	0	(20,666)	0	0.0
Central Services	(2,878,185)	0	(294,619)	(2,583,566)	0	(7.5)
Finance and Procurement	226,271	506,603	(32,814)	(247,518)	0	(4.0)
Information Technology	(1,465,676)	(274,475)	316,304	(1,556,974)	49,469	(10.0)
Administrative Hearings	(128,693)	0	28,746	(157,439)	0	0.0
<b>Total FY 2005-06 JBC Recommendation</b>	\$160,831,502	\$8,447,233	\$11,363,479	\$140,899,790	\$121,000	542.3
\$ Change from prior year	(\$1,382,965)	\$583,684	\$978,425	(\$2,994,543)	\$49,469	(29.5)
% Change from prior year	(0.9)%	7.4%	9.4%	(2.1)%	69.2%	(5.2)%

### Recommendation Highlights:

1. The Department of Personnel and Administration is responsible for managing the state's risk program. The recommendation includes an increase of \$2.5 million for liability, property, and workers' compensation premiums. The funding is cash funds (from non-state agencies) and cash funds exempt (from other state agencies). All participants in the state's risk program receive matching appropriations. Statewide, appropriations for Workers' Compensation and Payments to Risk Management and Property Funds are also recommended to increase. Increases are based on prospective losses in each program as identified by the Department of Personnel and Administration's actuarial assessments.
2. The recommendation includes an increase of \$964,000 (from all fund sources) to annualize salary and performance awards granted in FY 2004-05.

3. The recommendation includes an increase of \$617,000 (all fund sources) for salary, benefits, and other common operating adjustments.
4. The elimination of a number of one-time funding in FY 2004-05 is reducing the recommended appropriations to the department by \$3.6 million (General Fund, cash funds, and cash funds exempt). One-time projects funded last year include CBMS data entry, HIPAA security rule implementation, and information technology projects (Systems Network Architecture and a Kronos timekeeping system).
5. The recommendation includes a \$3.1 million cash funds exempt reduction due to workload reductions and Fleet Management expenses associated with H.B. 04-1009. Major workload reductions include \$1.6 million associated with the end of contractual obligations for the Multiuse Network. Per H.B. 04-1009m the University of Colorado, Colorado State University, and Ft. Lewis College are exempting themselves from the Fleet Management Program. These institutions will be liable for approximately \$1.3 million cash funds exempt in costs no longer the responsibility of Fleet Management.

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### Budget Recommendation Detail by Long Bill Division

**Executive Office:** This division is responsible for personnel appeals, affirmative action, and disability issues affecting all classified state employees, and is charged with reviewing the overall management and programs of state government. The Division also provides centralized accounting, personnel, and budgeting services for the department. The executive director has administrative responsibility for the Total Compensation Advisory Council, the Deferred Compensation Committee, and the Short-term Disability Fund.

Executive Office	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
<b>FY 2004-05 Appropriation</b>	\$9,359,791	\$3,107,538	\$103,319	\$6,148,934	\$0	28.0
<b><i>Recommended Changes from FY 2004-05 Appropriation</i></b>						
Operating adjustments	146,004	(63,604)	(6,943)	216,551	0	0.0
Salary and benefits adjustments	135,695	342,003	(55,639)	(150,669)	0	0.0
Annualize FY 2004-05 salary survey and performance-based pay awards	56,714	0	0	56,714	0	0.0
FTE accounting adjustments	0	0	0	0	0	(4.5)
One-time funding reductions	(440,041)	(32,482)	(10,471)	(397,088)	0	0.0
Leased space adjustments	(44,585)	71,344	8,443	(124,372)	0	0.0
Base reductions	(24,423)	(120)	0	(24,303)	0	0.0
<b>Total FY 2005-06 JBC Recommendation</b>	\$9,189,155	\$3,424,679	\$38,709	\$5,725,767	\$0	23.5
\$ Change from prior year	(\$170,636)	\$317,141	(\$64,610)	(\$423,167)	\$0	(4.5)
% Change from prior year	(1.8)%	10.2%	(62.5)%	(6.9)%	n/a	(16.1)%

## Issue Descriptions

**Operating adjustments:** The recommendation contains various changes in centrally appropriated line items. These centrally appropriated items include workers' compensation, risk management and property, vehicle lease payments, and legal services. Operating adjustments are a function of recoverable overhead in the Department of Personnel and Administration or the Department of Law, as is the case with legal services, that are allocated to other departments based on a proportionate share of risk or utilization.

**Salary and benefits adjustments:** The recommendation adjusts various line items that contain salary and benefits funding. These centrally appropriated items include salary survey, performance-based pay awards, state contributions to health, life, and dental, shift differential, and S.B. 04-257 Amortization Equalization Disbursement. The recommendation does not fund performance-based pay for FY 2005-06, but it does include a 3.0 percent salary survey increase. The recommendation for Health, Life, and Dental includes increases between 6.2 percent and 9.58 percent, depending on the tier of coverage elected for health. Beginning January 1, 2006, the state will contribute an additional 0.5 percent of base salary to the Public Employees' Retirement Association pursuant to S.B. 04-257; the recommendation includes six months of funding for this new policy.

**Annualize FY 2004-05 salary survey and performance-based pay awards:** The recommendation includes annualization of the salary increases and performance awards allocated to the Division in FY 2004-05.

**FTE accounting adjustment:** The recommendation includes reducing the number of FTE appropriated in the Long Bill to more accurately reflect staffing levels in the department. This recommendation is an accounting adjustment and does not contain associated funding reductions.

**One-time funding reductions:** The recommendation eliminates several one-time funding increases in FY 2004-05 including: (1) funding for the department's compliance with the Health Insurance Portability and Accountability Act of 1996 (HIPAA); (2) legal hours associated with the passage of S.B. 04-257; and (3) operating expenses for 1.0 FTE associated with the department's budget preparation.

**Leased space adjustments:** The Department has negotiated a 10-year lease beginning July 1, 2005, at 633 17th Street beginning with a \$15.00 per square foot rate. This lease allows the Department to consolidate many of its divisions currently located throughout downtown Denver and replaces leases ranging from \$19.00 to \$25.00 a square foot. The consolidation also results in the Department vacating a portion of its Capitol Complex space, which results in a reduction to the appropriation. The recommendations for both leased space and Capitol Complex Leased Space account for the relocations.

**Base reductions:** The recommendation includes reductions associated with FY 2003-04 expenditures that violate headnote definitions, and with a 0.2 percent personal services base reduction.

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**Division of Human Resources:** This division is responsible for administration of the State's selection, classification, and compensation programs and administration of the state's employee benefit programs. It also administers the risk management program for all state agencies, which involves supervising the investigation, adjustment, and legal defense of property, liability, and workers' compensation claims, as well as administering loss-control programs designed to decrease the state's claims exposure and liability.

<b>Division of Human Resources</b>	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Cash Fund Exempt</b>	<b>Federal Funds</b>	<b>FTE</b>
<b>FY 2004-05 Appropriation</b>	\$50,690,837	\$0	\$3,891,194	\$46,799,643	\$0	58.2
<b>Recommended Changes from FY 2004-05 Appropriation</b>						
Liability, property, and workers' compensation premiums	2,548,000	0	1,129,520	1,418,480	0	0.0
Deferred compensation contract	682,000	0	0	682,000	0	0.0
Legal services	91,757	0	0	91,757	0	0.0
Annualize FY 2004-05 salary survey and performance-based pay awards	86,602	0	0	86,602	0	0.0
S.B. 04-257	4,087	0	(106,544)	110,631	0	1.0
Fund mix adjustment	0	0	(874)	874	0	0.0
One-time funding reductions	(161,597)	0	0	(161,597)	0	0.0
Indirect cost assessment	(115,455)	0	0	(115,455)	0	0.0
Workload reductions and FTE accounting	(98,344)	0	3,318	(101,662)	0	(4.5)
Base reduction	(16,845)	0	(2)	(16,843)	0	0.0
<b>Total FY 2005-06 JBC Recommendation</b>	<b>\$53,711,042</b>	<b>\$0</b>	<b>\$4,916,612</b>	<b>\$48,794,430</b>	<b>\$0</b>	<b>54.7</b>
\$ Change from prior year	\$3,020,205	\$0	\$1,025,418	\$1,994,787	\$0	(3.5)
% Change from prior year	6.0%	n/a	26.4%	4.3%	n/a	(6.0)%

## Issue Descriptions

**Liability, property, and workers' compensation premiums:** The Department collects premiums from all state agencies, except for CU and CSU, for the state's risk management program. The changes include: (a) an increase of \$888,932 for liability premiums; (b) a decrease of \$212,246 for property premiums; and (c) an increase of \$1,871,314 for workers' compensation premiums. The changes are based on actuarial estimates of prospective losses in FY 2005-06 relative to FY 2004-05.

**Deferred compensation contract:** This recommended is for the current estimate of the new contract for the Deferred Compensation Plan. Fiscal year 2005-06 will be the first time the contract will be included in the Long Bill due to technical changes in how the Department accounts for Section 12b-1 fees.

**Legal Services:** The recommendation reflects the incremental change of the blended rate for legal services (\$64.45 per hour in FY 2005-06). The liability program's allotment of hours remains unchanged from FY 2004-05.

**Annualize FY 2004-05 salary survey and performance-based pay awards:** The recommendation includes the salary increases and performance awards allocated to the Division in FY 2004-05.

**S.B. 04-257:** During the 2004 session, the General Assembly passed S.B. 04-257 which contained funding to implement a new Deferred Compensation Plan. The fiscal note contained 1.0 FTE for the Department, but the General Assembly chose not to fund it in FY 2004-05. The recommendation includes this 1.0 FTE for FY 2005-

06, consistent with the Fiscal Note of the bill as well as fund mix adjustments to correctly label the revenue as exempt from TABOR revenue limitations.

**Fund mix adjustment:** The Division of Human Resources receives funding that originates as user fees from non-state agencies. Fees from these entities are categorized as cash fund revenue for purposes of TABOR. The fund mix adjustment correctly identifies revenue expected in the upcoming fiscal year. A corresponding decrease to cash funds exempt occurs to ensure the division does not receive additional appropriations.

**One-time funding reductions:** The recommendation includes reductions due to the elimination of one-time funding increases in FY 2004-05. The reductions include \$98,477 associated with a 457 plan marketing campaign to employees of the Department of Higher Education, and \$63,120 associated with an audit expense.

**Indirect cost assessment:** The indirect cost assessment to the Division of Human Resources is decreasing pursuant to the Statewide Indirect Cost Allocation Plan. The recommendation makes the appropriate adjustments to the appropriations of the division in order to properly offset General Fund elsewhere in the department.

**Workload reductions and FTE accounting:** The recommendation contains funding reductions to the Training Services program. It also a reduction to the number of FTE appropriated in the Long Bill to more accurately reflect staffing levels in the department. This recommendation is an accounting adjustment and does not contain associated funding reductions.

**Base reductions:** The recommendation includes funding reductions associated with FY 2003-04 expenditures that violate headnote definitions, and a 0.2 percent personal services base reduction.

**Personnel Board:** This division provides staff support for the five-member State Personnel Board authorized in Article XII, Sections 13 through 15, of the Colorado Constitution. The Board has the authority to adopt, by rule, a uniform grievance procedure to be used by all state agencies for classified employees in the state personnel system. The Board adjudicates employment disputes within the state classified system and is responsible for promulgating rules to ensure that state employment is based on merit.

<b>Personnel Board</b>	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Cash Fund Exempt</b>	<b>Federal Funds</b>	<b>FTE</b>
<b>FY 2004-05 Appropriation</b>	\$416,862	\$225,564	\$1,200	\$190,098	\$0	4.8
<i>Recommended Changes from FY 2004-05 Appropriation</i>						
Annualize FY 2004-05 salary survey and performance-based pay awards	17,822	17,822	0	0	0	0.0
Indirect cost recovery and other adjustments	0	20,284	2	(20,286)	0	0.0
Base reductions	(4,073)	(3,691)	(2)	(380)	0	0.0
<b>Total FY 2005-06 JBC Recommendation</b>	\$430,611	\$259,979	\$1,200	\$169,432	\$0	4.8
\$ Change from prior year	\$13,749	\$34,415	\$0	(\$20,666)	\$0	0.0
% Change from prior year	3.3%	15.3%	0.0%	(10.9)%	n/a	0.0%

## Issue Descriptions

**Annualize FY 2004-05 salary survey and performance-based pay awards:** The recommendation includes the annualization of the salary increases and performance awards allocated to the Division in FY 2004-05.

**Indirect cost recovery and other adjustments:** The Department collects indirect cost assessments on a variety of programs that it operates. FY 2005-06 indirect costs, available to the department, are less than those available in FY 2004-05. This results in an additional General Fund appropriation because indirect costs are used to offset General Fund. The recommended FY 2005-06 appropriation to the Personnel Board increases because indirect costs are lower in the upcoming fiscal year.

**Base reductions:** The recommendation includes funding reductions associated with FY 2003-04 expenditures that violate headnote definitions and a 0.2 percent personal services base reduction.

**Central Services:** This division is responsible for realizing savings in governmental costs by providing centralized services to state agencies. The services provided include: management of the statewide travel program; processing of incoming and outgoing mail; mail delivery and messenger services; copying printing and graphics design; microfilming and imaging services; vehicle leasing; management of the state's motor vehicle fleet; and operation and maintenance of buildings in the capitol complex and other various state-owned facilities.

Central Services	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
FY 2004-05 Appropriation	\$56,402,486	\$0	\$3,277,930	\$53,124,556	\$0	191.0
<b>Recommended Changes from FY 2004-05 Appropriation</b>						
Mail Services workload	540,831	0	0	540,831	0	0.0
Utility costs	381,870	0	0	381,870	0	0.0
Annualize salary survey and performance-based pay awards in FY 2004-05	212,247	0	0	212,247	0	0.0
Noxious weed mitigation at Camp George West	42,083	0	0	42,083	0	0.0
Fund mix adjustment	0	0	(294,619)	294,619	0	0.0
FTE accounting	0	0	0	0	0	(7.5)
One-time funding reductions	(2,028,514)	0	0	(2,028,514)	0	0.0
Fleet Management costs	(1,251,679)	0	0	(1,251,679)	0	0.0
Indirect cost assessments	(572,139)	0	0	(572,139)	0	0.0
Workload reductions	(181,632)	0	0	(181,632)	0	0.0
Base reductions	(21,252)	0	0	(21,252)	0	0.0
<b>Total FY 2005-06 JBC Recommendation</b>	<b>\$53,524,301</b>	<b>\$0</b>	<b>\$2,983,311</b>	<b>\$50,540,990</b>	<b>\$0</b>	<b>183.5</b>
\$ Change from prior year	(\$2,878,185)	\$0	(\$294,619)	(\$2,583,566)	\$0	(7.5)
% Change from prior year	(5.1)%	n/a	(9.0)%	(4.9)%	n/a	(3.9)%



## Issue Descriptions

**Mail Services workload:** This recommendation annualizes a FY 2004-05 supplemental appropriation to this program needed to accommodate large volumes of client notices generated by the Colorado Benefits Management System (CBMS).

**Utility costs:** The recommended increase is due to rising utility rates for the Capitol Complex, Grand Junction, and Camp George West. Utility rates are increasing between 0.39 percent and 17.4 percent depending on the commodity and campus, although Grand Junction is anticipated to experience a decrease in its electric rate. The rate increases are incorporated into departments' appropriations for the Capitol Complex Leased Space line item.

**Annualize FY 2004-05 salary survey and performance-based pay awards:** The recommendation includes the annualization of salary increases and performance awards allocated to the Division in FY 2004-05.

**Noxious weed mitigation at Camp George West:** Jefferson County notified the department of a noxious weed infestation at Camp George West. The recommendation includes funding for two applications of herbicides to fulfill the state's responsibility under section 35-5.5-110 (1), C.R.S.

**Fund mix adjustment:** Central Services receives funding that originates as user fees from non-state agencies such as the Division of Wildlife. Fees from these entities are categorized as cash fund revenue for purposes of TABOR. The fund mix adjustment correctly identifies revenue expected in the upcoming fiscal year. A corresponding decrease to cash funds exempt occurs to ensure the division does not receive additional appropriations.

**FTE accounting:** The recommendation includes reducing the number of FTE appropriated in the Long Bill to more accurately reflect staffing levels in the department. This recommendation is an accounting adjustment and does not contain associated funding reductions.

**One-time funding reductions:** The recommendation eliminates funding for two FY 2004-05 one-time projects: a \$1.7 million project associated with CBMS and a \$261,000 project associated with the Department of Natural Resources.

**Fleet Management costs:** Fleet Management costs are decreasing as a result of H.B. 04-1009 which allows institutions of the Department of Higher Education to exempt themselves from certain centralized services. Operating expenses will decrease as well as the need for funding in the vehicle replacement line item. However, the recommendation does include funding for an increase in operating expenses that result from the price of fuel and an increase in vehicle replacement costs for those departments still a part of the program.

**Indirect cost assessment:** The indirect cost assessment to Central Services is decreasing pursuant to the Statewide Indirect Cost Allocation Plan. The recommendation makes the appropriate adjustments to the Division's appropriation in order to properly offset General Fund elsewhere in the department.

**Workload reductions:** The Department of Personnel and Administration is billed by the Department of Public Safety for the cost of Capitol security. The recommendation reduces the appropriation by \$181,632 to account for a reduction in anticipated billings.

**Base reductions:** The recommendation contains a 0.2 percent personal services base reduction.

**Finance and Procurement:** This division administers a statewide procurement program through the Bid Information and Distribution System (BIDS), and meets the product and service needs of state agencies by negotiating contracts for acceptable goods and services in order to maximize the purchasing power of the State. This division manages the financial affairs of all departments through the State Controller's Office by using the Colorado Financial Reporting Systems (COFRS). It conducts statewide financial reporting, policy and procedural guidance, contract management, and the development of the statewide indirect cost allocation plan.

<b>Finance and Procurement</b>	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Cash Fund Exempt</b>	<b>Federal Funds</b>	<b>FTE</b>
<b>FY 2004-05 Appropriation</b>	\$4,689,660	\$890,773	\$920,822	\$2,878,065	\$0	65.5
<b>Recommended Changes from FY 2004-05 Appropriation</b>						
Indirect cost assessments	165,820	0	0	165,820	0	0.0
Annualize FY 2004-05 salary survey and performance-based pay awards	130,747	100,186	9,951	20,610	0	0.0
Fund mix adjustments	0	427,830	0	(427,830)	0	0.0
FTE accounting	0	0	0	0	0	(4.0)
Workload reductions	(42,417)	0	(42,417)	0	0	0.0
Base reductions	(27,879)	(21,413)	(348)	(6,118)	0	0.0
<b>Total FY 2005-06 JBC Recommendation</b>	\$4,915,931	\$1,397,376	\$888,008	\$2,630,547	\$0	61.5
\$ Change from prior year	\$226,271	\$506,603	(\$32,814)	(\$247,518)	\$0	(4.0)
% Change from prior year	4.8%	56.9%	(3.6)%	(8.6)%	n/a	(6.1)%

## Issue Descriptions

**Indirect cost assessments:** The indirect cost assessment to Finance and Procurement is increasing pursuant to the Statewide Indirect Cost Allocation Plan. The recommendation makes the appropriate adjustments to the Division's appropriation in order to properly offset General Fund elsewhere in the department.

**Annualize FY 2004-05 salary survey and performance-based pay awards:** The recommendation includes the salary increases and performance awards allocated to the division in FY 2004-05.

**Fund mix adjustments:** The FY 2004-05 appropriation included a number of General Fund offsets such as indirect cost recoveries from other departments, procurement card rebates, and fund reserves, that are not available in FY 2005-06. The recommendation accounts for the loss of indirect costs from the Department of Transportation, the Department of State, and the Department of Local Affairs with a corresponding amount of General Fund.

**FTE accounting:** The recommendation includes reducing the number of FTE appropriated in the Long Bill to more accurately reflect staffing levels in the department. This recommendation is an accounting adjustment and does not contain associated funding reductions.

**Workload Reductions:** The recommendation decreases the appropriation to the Supplier Database program due to historical reversions in its appropriation.

**Base reduction:** The recommendation contains a base reduction of 0.2 percent of base salaries. For this division, the reduction is \$8,426. Other reductions include \$19,453 associated with the department's use of legal services from personal services appropriations in violation of FY 2003-04 Long Bill headnote definitions.

**Division of Information Technology:** This division integrates the State's information services into one group. Its responsibilities include: (1) planning, coordinating, and integrating communication capabilities such as radio and wireless technologies and data, voice, internet, text, video and graphics content associated with the multiuse network (MNT); (2) planning, managing, operating, and delivering the State's computer infrastructure; (3) developing data sharing technologies; (4) archiving historical records; and (5) supporting all statewide applications.

Division of Information Technology	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
<b>FY 2004-05 Appropriation</b>	\$37,271,709	\$3,639,674	\$2,190,589	\$31,369,915	\$71,531	185.3
<i>Recommended Changes from FY 2004-05 Appropriation</i>						
Annualize FY 2004-05 salary survey and performance-based pay awards	376,588	105,140	0	271,448	0	0.0
Indirect cost assessment	275,864	0	0	275,864	0	0.0
Snocat replacements	244,000	0	0	244,000	0	0.0
Local systems development	49,469	0	0	0	49,469	0.0
FTE accounting	0	0	0	0	0	(10.0)
Fund mix adjustment	0	(373,331)	316,304	57,027	0	0.0
Workload reductions	(1,661,133)	0	0	(1,661,133)	0	0.0
One-time funding reductions	(725,215)	0	0	(725,215)	0	0.0
Base reductions	(25,249)	(6,284)	0	(18,965)	0	0.0
<b>Total FY 2005-06 JBC Recommendation</b>	\$35,806,033	\$3,365,199	\$2,506,893	\$29,812,941	\$121,000	175.3
\$ Change from prior year	(\$1,465,676)	(\$274,475)	\$316,304	(\$1,556,974)	\$49,469	(10.0)
% Change from prior year	(3.9)%	(7.5)%	14.4%	(5.0)%	69.2%	(5.4)%

### Issue Descriptions

**Annualize FY 2004-05 salary survey and performance-based pay awards:** The recommendation includes the annualization of salary increases and performance awards allocated to the division in FY 2004-05.

**Indirect cost assessment:** The indirect cost assessment to the Division of Information Technology is increasing pursuant to the Statewide Indirect Cost Allocation Plan. The recommendation makes the appropriate adjustments to the Division's appropriation in order to properly offset General Fund elsewhere in the department.

**Snocat replacements:** The recommendation includes replacing two Snocats (model year 1958 and 1959) used by the Communications Services program to gain access to communications infrastructure in winter conditions.

**Local systems development:** The recommendation reflects additional federal funds received from the National Oceanic and Atmospheric Administration (NOAA). NOAA contracts with the Department to maintain communications infrastructure used by this federal agency.

**FTE accounting:** The recommendation includes reducing the number of FTE appropriated in the Long Bill to more accurately reflect staffing levels in the department. This recommendation is an accounting adjustment and does not contain associated funding reductions.

**Fund mix adjustment:** The recommendation includes various fund mix adjustments in the Communications Services program, the Network Services program, and the Information and Archival Services program. These fund mix adjustments occur due to the level of non-state agencies using the services of Network Services and Information and Archival Services, and the recommendation to fully charge other state departments the overhead of Communications Services attributable to local, sub-political divisions of the state.

**Workload reductions:** The recommendation includes reductions due to workload changes affecting Network Services. Beginning in FY 2005-06, Multiuse Network costs will decrease because the contractual obligations the state has with Qwest and its consortium partners reserving bandwidth end on June 30, 2005. Additionally, the recommendation reduces the appropriation to reflect the end of a telecommunications audit.

**One-time funding reductions:** The recommendation eliminates funding for two one-time projects: Systems Network Architecture migration and a time-keeping upgrade.

**Base reductions:** The recommendation contains a 0.2 percent of personal services base salaries and a \$703 reduction associated with the department's use of legal services from personal services appropriations in violation of FY 2003-04 Long Bill headnote definitions.

**Administrative Hearings:** This division provides an independent administrative law adjudication system for state agencies in order to resolve cases that deal with workers' compensation, human services, and regulatory law. The Division offers a full range of alternative dispute resolution options, including evidentiary hearings, settlement conferences, and mediation. Approximately one half of all hearings are related to workers' compensation cases.

<b>Administrative Hearings</b>	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Cash Fund Exempt</b>	<b>Federal Funds</b>	<b>FTE</b>
<b>FY 2004-05 Appropriation</b>	\$3,383,122	\$0	\$0	\$3,383,122	\$0	39.0
<b>Recommended Changes from FY 2004-05 Appropriation</b>						
Annualize FY 2004-05 salary survey and performance-based pay awards	82,878	0	0	82,878	0	0.0
Fund mix adjustment	0	0	28,746	(28,746)	0	0.0
Eliminate one-time funding for case management software	(200,000)	0	0	(200,000)	0	0.0
Base reduction	(5,754)	0	0	(5,754)	0	0.0
Indirect cost assessment	(5,817)	0	0	(5,817)	0	0.0

Administrative Hearings	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
<b>Total FY 2005-06</b>						
<b>JBC Recommendation</b>	\$3,254,429	\$0	\$28,746	\$3,225,683	\$0	39.0
\$ Change from prior year	(\$128,693)	\$0	\$28,746	(\$157,439)	\$0	0.0
% Change from prior year	(3.8)%	n/a	n/a	(4.7)%	n/a	0.0%

## Issue Descriptions

**Annualize FY 2004-05 salary survey and performance-based pay awards:** The recommendation includes the annualization of salary increases and performance awards allocated to the Division in FY 2004-05.

**Fund mix adjustment:** Administrative Hearings provides services to agencies that are enterprises as defined in TABOR. The fund mix adjustment correctly identifies revenue from these agencies as cash funds. A corresponding decrease to cash funds exempt occurs.

**Eliminate one-time funding for case management software:** The recommendation eliminates funding received in FY 2004-05 to purchase case management software.

**Base reduction:** The recommendation contains a 0.2 percent of personal services base reduction.

**Indirect cost assessment:** The indirect cost assessment to Administrative Hearings is decreasing pursuant to the Statewide Indirect Cost Allocation Plan. The recommendation makes the appropriate adjustments to the Division's appropriation in order to properly offset General Fund elsewhere in the department.

## Department of Public Health and Environment

**Department Description:** The Department of Public Health and Environment is responsible for administering programs intended to protect and improve the health of the people of Colorado; maintain the quality of Colorado's environment; and assure the availability of health and medical care services to individuals and families.

Summary Table for Department of Public Health and Environment						
	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
<b>FY 2004-05 Appropriation</b>	\$279,355,286	\$13,106,464	\$32,135,179	\$64,448,511	\$169,665,132	1,115.5
<b>Recommended Changes from FY 2004-05 by Long Bill Division</b>						
Administration and Support	915,347	263,200	(68,148)	476,804	243,491	(2.5)
Center for Health and Environmental Information and Statistics	196,565	0	70,869	44,548	81,148	(6.3)
Laboratory Services	522,918	(3,483)	327,860	154,193	44,348	(0.3)
Local Health Services	14,461	7,869	0	0	6,592	0.0
Air Quality Control Division	828,193	0	156,951	117,812	553,430	1.9
Water Quality Control Division	1,320,482	1,668,672	(1,431,291)	20,246	1,062,855	8.2
Hazardous Materials and Waste Management Division	731,005	0	94,413	(30,745)	667,337	4.4
Consumer Protection	225,198	34,473	16,058	65,611	109,056	1.0
Disease Control and Environmental Epidemiology Division	16,505,635	(15,554)	0	88,902	16,432,287	17.0
Prevention Services Division	13,765,143	(1,748)	7,905	1,971,447	11,787,539	(9.0)
Health Facilities and Emergency Medical Services Division	206,628	2,485	29,984	(24,351)	198,510	0.4
<b>Total FY 2005-06 Long Bill Recommendation</b>	<b>\$314,586,861</b>	<b>\$15,062,378</b>	<b>\$31,339,780</b>	<b>\$67,332,978</b>	<b>\$200,851,725</b>	<b>1,130.3</b>
<b>JBC Sponsored Budget Legislation</b>						
H.B. 05-1261	0	0	0	0	0	0.0
<b>Total FY 2005-06 JBC Recommendation</b>	<b>\$314,586,861</b>	<b>\$15,062,378</b>	<b>\$31,339,780</b>	<b>\$67,332,978</b>	<b>\$200,851,725</b>	<b>1,130.3</b>
\$ Change from prior year	\$35,231,575	\$1,955,914	(\$795,399)	\$2,884,467	\$31,186,593	14.8
% Change from prior year	12.6%	14.9%	(2.5)%	4.5%	18.4%	1.3%

### Recommendation Highlights:

- Federal funds projections increase:** In several line items throughout the budget, the Department has consistently underestimated the amount of federal funding it will receive. Therefore, the recommended federal funds for this Department have been raised by \$31,186,593 in order to better reflect the amount of such funding anticipated for FY 2005-06.

2. **Water quality fees:** Fee increases enacted in 2003 are scheduled to sunset on July 1, 2005. At that time, fees will revert to their former, lower rates. This change necessitates a \$1.7 million increase in General Fund support of the Water Quality Control Division.
3. **Newborn screening:** Colorado's newborn screening program will incorporate tests for seven additional metabolic disorders starting in January 2006. Cash fees will not be increased until FY 2006-07. There is a sufficient fund balance within the Newborn Genetics Fund to provide \$281,000 cash funds exempt for start-up costs and the first six months of increased testing.

**JBC Sponsored Budget Legislation Summary:**

**H.B. 05-1261:** This bill does not change the *amount* of funding to the Department's tobacco cessation and education programs, but it does change the *source* of that funding. This bill is expected to become law by the end of April so that the May and June expenses of the cessation programs will be paid with the new tobacco taxes mandated by Amendment 35, not with tobacco settlement proceeds. The \$1,352,500 cash funds exempt from the settlement payment that would have been used for tobacco cessation during May and June will instead flow to the General Fund, as per the provisions of H.B. 04-1421.

The source of funding for tobacco cessation and education in FY 2005-06 will also change from the tobacco settlement payment to revenue from the new tobacco tax. Based upon recent projections, the tobacco cessation program's share of the 2005 payment is expected to be \$4,438,893. Therefore, substitution of the new tobacco tax revenues will "free up" \$4,438,893 in tobacco settlement funding which will flow into the General Fund at the end of FY 2004-05 because those funds will not be encumbered for use in FY 2005-06.

This change in funding for tobacco cessation and the resulting transfer of \$5,791,393 of tobacco settlement moneys to the General Fund in FY 2004-05 is required, along with the Long Bill and other special bills in the Committee's package, to balance the FY 2004-05 budget.

**Budget Recommendation Detail by Long Bill Division**

**Administration and Support:** This division includes the executive director's office, support services, business services, and human resources. Under the purview of the executive director is the chief medical officer, the Office of Policy and Public/Private Initiatives, customer services, and communications. Support services include building operations, telecommunications, and internal audit and management analysis. Business services include accounting, budgeting, contracts, payroll, and purchasing.

Administration and Support	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
<b>FY 2004-05 Appropriation</b>	\$18,911,791	\$246,460	\$1,705,326	\$13,250,444	\$3,709,561	65.5
<i>Recommended Changes from FY 2004-05 Appropriation</i>						
Department-wide FY 2005-06 salary and benefit adjustments	574,877	263,200	(46,756)	(27,470)	385,903	0.0
Scheduled lease rate increase	250,000	0	0	250,000	0	0.0
Salary base increases	209,899	0	4,706	183,858	21,335	0.0

<b>Administration and Support</b>	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Cash Fund Exempt</b>	<b>Federal Funds</b>	<b>FTE</b>
Operating adjustments	85,953	0	5,973	78,173	1,807	0.0
Indirect cost assessment	10,000	0	10,000	0	0	0.0
FTE reduction	0	0	0	0	0	(2.5)
Cash funds and federal funds adjustments	(207,226)	0	(41,853)	0	(165,373)	0.0
Personal services base reduction	(8,156)	0	(218)	(7,757)	(181)	0.0
<b>Total FY 2005-06 JBC Recommendation</b>	\$19,827,138	\$509,660	\$1,637,178	\$13,727,248	\$3,953,052	63.0
\$ Change from prior year	\$915,347	\$263,200	(\$68,148)	\$476,804	\$243,491	(2.5)
% Change from prior year	4.8%	106.8%	(4.0)%	3.6%	6.6%	(3.8)%

## Issue Descriptions

**Department-wide salary and benefit adjustments:** The recommendation adjusts various line items that contain salary and benefits funding. These centrally appropriated items include salary survey, state contributions to health, life, and dental and others such as shift differential and S.B. 04-257 Amortization Equalization Disbursement. The recommendation does not fund performance-based pay for FY 2005-06, but it does include a 3.0 percent salary survey increase. The recommendation for Health, Life, and Dental includes increases between 6.2 percent and 9.58 percent, depending on individual employees' coverage decisions. Beginning January 1, 2006, the state will contribute an additional 0.5 percent of base salary to the Public Employees' Retirement Association pursuant to S.B. 04-257; the recommendation includes six months of funding for this new policy.

**Scheduled lease rate increase:** The lease for the Department's main facility in Denver has a lease rate increase of \$250,000 scheduled in FY 2005-06.

**Salary base increases:** The salary survey and performance-based pay increases which were centrally appropriated (from the Administration and Support division) in FY 2004-05 are incorporated in each division's personal services base amount for FY 2005-06.

**Operating adjustments:** The recommended changes to the legal services, administrative law judge, risk management, vehicle lease, capitol complex leased space and communications services line items are based upon common policies adopted by the Joint Budget Committee.

**Indirect cost assessment:** The indirect cost assessment to this division is increasing based upon departmental overhead used to support the statewide indirect cost allocation plan and current federal indirect cost recovery regulations.

**FTE reduction:** In past years, this division has not fully utilized the FTE appropriated in the Long Bill, but it has spent its full personal services appropriation. The FTE authorization cannot be supported with the funds appropriated. Therefore, a reduction in FTE authority is recommended.



**Cash funds and federal funds adjustments:** In the past, actual cash funds and federal grant moneys expended by this division have not equaled the amounts shown in the Long Bill. Therefore, a decrease in these amounts is recommended. This decrease does not necessitate a corresponding increase in General Fund support for the division.

**Personal services base reduction:** The recommendation includes a 0.2 percent personal services base reduction.

**Center for Health and Environmental Information and Statistics:** The Center for Health and Environmental Information and Statistics division is divided into two subdivisions: (1) Health Statistics and Vital Records, and (2) Information Technology Services. Health Statistics and Vital Records is divided into three areas: registration, certification, and health statistics. Activities under the registration section include administration of birth, death, marriage, divorce, fetal death, and induced pregnancy termination records. The certification area issues certified copies of birth and death certificates, corrects and updates records, and administers the Voluntary Adoption Registry. The health statistics area provides statistical analysis for vital records collected by the Department and provides information internally as well as to outside agencies.

Center for Health and Environmental Information and Statistics	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
<b>FY 2004-05 Appropriation</b>	\$6,264,677	\$0	\$2,111,739	\$2,637,982	\$1,514,956	77.6
<i>Recommended Changes from FY 2004-05 Appropriation</i>						
Salary base increases	123,032	0	25,166	60,161	37,705	0.0
Federal funding adjustments	58,614	0	0	0	58,614	(6.3)
Indirect cost assessment	50,000	0	10,000	0	40,000	0.0
Changes in fund splits	0	0	40,000	29,000	(69,000)	0.0
Operating adjustments	(26,176)	0	(1,136)	(41,127)	16,087	0.0
Personal services base reduction	(8,905)	0	(3,161)	(3,486)	(2,258)	0.0
<b>Total FY 2005-06 JBC Recommendation</b>	\$6,461,242	\$0	\$2,182,608	\$2,682,530	\$1,596,104	71.3
\$ Change from prior year	\$196,565	\$0	\$70,869	\$44,548	\$81,148	(6.3)
% Change from prior year	3.1%	n/a	3.4%	1.7%	5.4%	(8.1)%

### Issue Descriptions

**Salary base increases:** The salary survey and performance-based pay increases which were centrally appropriated (from the Administration and Support Division) in FY 2004-05 are incorporated in each division's personal services base amount for FY 2005-06.

**Federal funding adjustments:** The recommendation for the Information Technology Services subdivision includes reductions of a \$52,386 federal funds and 6.3 FTE from the Personal Services line item. It also includes an increase of \$111,000 federal funds to the Operating Expenses appropriation, to better account for anticipated federal funding and FTE usage.

**Indirect cost assessment:** The indirect cost assessment to this division is increasing based upon departmental overhead used to support the statewide indirect cost allocation plan and current federal indirect cost recovery regulations.

**Changes in fund splits:** Fund splits within Health Statistics and Vital Records section were changed to reflect projections of higher cash fund collections and lower federal grant payments.

**Operating adjustments:** The recommendation includes a total reductions for the Purchase of Services from the Government Computing Center, and for Multi-use Network Payments. These operating adjustments are a function of recoverable overhead in the Department of Personnel and Administration that are allocated to other departments based on a proportionate share of utilization.

**Personal services base reduction:** The recommendation includes a 0.2 percent personal services base reduction.

**Laboratory Services:** This division provides scientific support for communicable disease outbreak and control and testing support to the Department's environmental quality programs. The division performs genetic screening tests for more than 70,000 Colorado newborns each year. The division also ensures and certifies quality standards in labs and law enforcement agencies through inspection of and consultation with clinical, water testing, and dairy labs throughout the state. Lastly, the division also provides operator training and certification for breath alcohol testing equipment.

Laboratory Services	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
<b>FY 2004-05 Appropriation</b>	\$7,526,559	\$170,701	\$5,318,160	\$557,391	\$1,480,307	74.0
<i>Recommended Changes from FY 2004-05 Appropriation</i>						
Salary base increases	201,101	4,278	131,912	1,939	62,972	0.0
Newborn screening	198,634	0	0	198,634	0	0.8
Operating increase	135,000	0	135,000	0	0	0.0
Indirect cost assessment	90,000	0	50,000	25,000	15,000	0.0
Equipment replacement	10,750	(9,250)	75,000	(55,000)	0	0.0
Annualize improved milk testing	1,800	1,800	0	0	0	0.0
Annualize air quality test privatization	(105,084)	0	(57,881)	(15,885)	(31,318)	(1.1)
Personal services base reduction	(9,283)	(311)	(6,171)	(495)	(2,306)	0.0
<b>Total FY 2005-06 JBC Recommendation</b>	\$8,049,477	\$167,218	\$5,646,020	\$711,584	\$1,524,655	73.7
\$ Change from prior year	\$522,918	(\$3,483)	\$327,860	\$154,193	\$44,348	(0.3)
% Change from prior year	6.9%	(2.0)%	6.2%	27.7%	3.0%	(0.4)%

## Issue Descriptions

**Salary base increases:** The salary survey and performance-based pay increases which were centrally appropriated (from the Administration and Support Division) in FY 2004-05 are incorporated in each division's personal services base amount for FY 2005-06.

**Newborn screening:** Colorado's newborn screening program will incorporate tests for seven additional metabolic disorders starting in January 2006. Cash fees will not be increased until FY 2006-07. There is a sufficient fund balance within the Newborn Genetics Fund to finance start-up costs and the first six months of increased testing.

**Operating increase:** The reagents used by the laboratory are increasing in price faster than the medical inflation rate approved by JBC common policy (2.5 percent). Therefore, an increase of \$135,000 cash funds is recommended for the lab.

**Indirect cost assessment:** The indirect cost assessment to this division is increasing based upon departmental overhead used to support the statewide indirect cost allocation plan and current federal indirect cost recovery regulations.

**Equipment replacement:** The recommended \$117,000 allocation for equipment replacement in FY 2005-06 exceeds FY 2004-05 equipment purchase appropriations by \$10,750.

**Annualize improved milk testing:** FDA regulations required the lab to buy new equipment and use more expensive reagents for milk testing partway through FY 2004-05. The recommended annualized increase for FY 2005-06 reflects the higher cost of a one-year supply of the new reagents.

**Annualize air quality control test privatization:** The Air Quality Control division began using an outside lab for some air testing functions during FY 2004-05. The recommended FY 2005-06 decrease applies these reduced fees and staffing levels to the lab for a full year.

**Personal services base reduction:** The recommendation includes a 0.2 percent personal services base reduction.

**Local Health Services:** This division contracts with local agencies and governments to provide public health nurses and environmental health specialists in areas not served by local health departments. The division also administers the Community Nursing Program which provides technical assistance to local and county public health nurses.

Local Health Services	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
FY 2004-05 Appropriation	\$1,679,414	\$1,441,334	\$0	\$0	\$238,080	5.4
<i>Recommended Changes from FY 2004-05 Appropriation</i>						
Salary base increases	15,343	8,327	0	0	7,016	0.0
Personal services base reduction	(882)	(458)	0	0	(424)	0.0

Local Health Services	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
<b>Total FY 2005-06</b>						
<b>JBC Recommendation</b>	\$1,693,875	\$1,449,203	\$0	\$0	\$244,672	5.4
\$ Change from prior year	\$14,461	\$7,869	\$0	\$0	\$6,592	0.0
% Change from prior year	0.9%	0.5%	n/a	n/a	2.8%	0.0%

## Issue Descriptions

**Salary base increases:** The salary survey and performance-based pay increases which were centrally appropriated (from the Administration and Support division) in FY 2004-05 are incorporated in each division's personal services base amount for FY 2005-06.

**Personal services base reduction:** The recommendation includes a 0.2 percent personal services base reduction.

**Air Quality Control Division:** This division is responsible for identifying the nature and impact of Colorado's air pollution, and for implementing measures to prevent, control, and abate air pollution, under the direction of the Air Quality Control Commission. The Division is divided into four programs: Administration, Technical Services, Mobile Sources, and Stationary Sources.

Air Quality Control Division	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
<b>FY 2004-05 Appropriation</b>	\$14,923,394	\$0	\$6,408,110	\$5,384,450	\$3,130,834	149.7
<b>Recommended Changes from FY 2004-05 Appropriation</b>						
Federal funding adjustments	391,136	0	0	0	391,136	1.9
Salary base increases	288,759	0	115,941	105,390	67,428	0.0
Indirect cost assessment	95,000	0	10,000	10,000	75,000	0.0
Local contracts adjustment	74,597	0	39,798	10,183	24,616	0.0
Personal services base reduction	(21,299)	0	(8,788)	(7,761)	(4,750)	0.0
<b>Total FY 2005-06</b>						
<b>JBC Recommendation</b>	\$15,751,587	\$0	\$6,565,061	\$5,502,262	\$3,684,264	151.6
\$ Change from prior year	\$828,193	\$0	\$156,951	\$117,812	\$553,430	1.9
% Change from prior year	5.6%	n/a	2.4%	2.2%	17.7%	1.3%

## Issue Descriptions

**Federal funding adjustments:** The recommendation includes federal funds and FTE increases in the following programs to better reflect anticipated federal funding: Administration (Personal Services, \$16,871); Modeling and Analysis (Personal Services, \$234,305 and 2.6 FTE, and Operating Expenses, \$88,158); Visibility and Risk Assessment (Personal Services, \$10,081, and Operating Expenses, \$8,722); and Stationary Sources, Hazardous and Toxics Control (Personal Services, \$32,999). The recommendation also includes a 0.7 FTE reduction in Air Quality Monitoring to better account for anticipated federal FTE usage.

**Salary base increases:** The salary survey and performance-based pay increases which were centrally appropriated (from the Administration and Support Division) in FY 2004-05 are incorporated in each division's personal services base amount for FY 2005-06.

**Indirect cost assessment:** The indirect cost assessment is increasing pursuant to the statewide indirect cost allocation plan and current federal indirect cost recovery regulations.

**Local contracts adjustment:** The recommendation includes a total increase of \$74,597 over the current appropriation to annualize a FY 2004-05 supplemental change. That change reduced funding to the Laboratory Services Division and increased funding to the Local Contracts line item in the Air Quality Control Division to allow the Monitoring Program to contract out for laboratory services.

**Personal services base reduction:** The recommendation includes a 0.2 percent personal services base reduction.

**Water Quality Control Division:** The Water Quality Control Division enforces the water quality regulations of the Water Quality Control Commission and the State Board of Health. Its responsibilities include developing stream classifications and standards, issuing permits to ensure that discharges comply with water quality standards, and performing monitoring and enforcement activities. This division also oversees water quality management planning, manages state and federal construction grant assistance programs, and provides technical assistance to local governments. In the area of drinking water, it conducts surveillance of public and non-public drinking water consistent with minimum federal and state standards, and reviews designs and specifications of new or expanding treatment facilities. It also is responsible for enforcing water quality regulations at commercial hog facilities.

Water Quality Control Division	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
<b>FY 2004-05 Appropriation</b>	\$12,559,107	\$0	\$4,945,269	\$312,272	\$7,301,566	113.9
<i>Recommended Changes from FY 2004-05 Appropriation</i>						
Federal funding adjustments	916,600	0	0	0	916,600	8.2
Salary base increases	263,768	0	132,846	2,714	128,208	0.0
Indirect cost assessment	155,000	0	130,000	0	25,000	0.0
Fund adjustments due to the statutory repeal of fees	1,170	1,668,672	(1,686,728)	18,075	1,151	0.0
Personal services base reduction	(16,056)	0	(7,409)	(543)	(8,104)	0.0
<b>Total FY 2005-06 JBC Recommendation</b>	\$13,879,589	\$1,668,672	\$3,513,978	\$332,518	\$8,364,421	122.1
\$ Change from prior year	\$1,320,482	\$1,668,672	(\$1,431,291)	\$20,246	\$1,062,855	8.2
% Change from prior year	10.5%	n/a	(28.9)%	6.5%	14.6%	7.2%

### Issue Descriptions

**Federal funding adjustments:** The recommendation includes an increase in federal funding and federally-funded FTE to more accurately reflect anticipated federal fund receipts and FTE usage.

**Salary base increases:** The salary survey and performance-based pay increases which were centrally appropriated (from the Administration and Support Division) in FY 2004-05 are incorporated in each division's personal services base amount for FY 2005-06.

**Indirect cost assessment:** The indirect cost assessment is increasing pursuant to the statewide indirect cost allocation plan and current federal indirect cost recovery regulations.

**Fund adjustments due to the statutory repeal of fees:** Fee increases enacted in 2003 are scheduled to repeal statutorily on July 1, 2005. At that time, fees will revert to their former, lower rates. This change will result in a need to provide General Fund support to the Division.

**Personal services base reduction:** The recommendation includes a 0.2 percent personal services base reduction.

**Hazardous Materials and Waste Management Division:** This division regulates the treatment, storage, and disposal of solid and hazardous wastes under the direction of the Hazardous Waste Commission. The Division is responsible for inspecting solid waste facilities; overseeing large- and small-quantity hazardous waste generators, transporters, and storage facilities; responding to public complaints about such facilities; reviewing corrective action plans for technical compliance with applicable state environmental regulations; and regulating commercial radioactive materials in Colorado.

Hazardous Materials and Waste Management Division	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
<b>FY 2004-05 Appropriation</b>	\$19,571,371	\$0	\$8,095,311	\$475,284	\$11,000,776	139.7
<i>Recommended Changes from FY 2004-05 Appropriation</i>						
Federal funding adjustments	543,886	0	0	0	543,886	4.4
Salary base increases	256,114	0	125,991	4,018	126,105	0.0
Transfer to Department of Law	201,825	0	201,825	0	0	0.0
Legal services rate change	18,849	0	10,339	86	8,424	0.0
Cash funds adjustments	(233,000)	0	(233,000)	0	0	0.0
Discontinue Cathode Ray Tube Recycling Pilot Program	(34,247)	0	0	(34,247)	0	
Personal services base reduction	(22,422)	0	(10,742)	(602)	(11,078)	0.0
<b>Total FY 2005-06 JBC Recommendation</b>	\$20,302,376	\$0	\$8,189,724	\$444,539	\$11,668,113	144.1
\$ Change from prior year	\$731,005	\$0	\$94,413	(\$30,745)	\$667,337	4.4
% Change from prior year	3.7%	n/a	1.2%	(6.5)%	6.1%	3.2%

### Issue Descriptions

**Federal funding adjustments:** The recommendation includes federal funds and FTE increases in the following programs to better reflect anticipated federal funding: Hazardous Waste Control (Personal Services, \$376,395

and 3.2 FTE, and Operating Expenses, \$128,967), Contaminated Sites Cleanups (Personal Services, 1.2 FTE), and Rocky Flats Agreement (program line, \$38,524).

**Salary base increases:** The salary survey and performance-based pay increases which were centrally appropriated (from the Administration and Support Division) in FY 2004-05 are incorporated in each division's personal services base amount for FY 2005-06.

**Transfer to Department of Law:** Revenues from a solid waste tipping fees created by S.B. 03-280 are transferred to the Department of Law from the Hazardous Substance Response Fund for the payment of unrecoverable costs related to Superfund litigation and response activities. The recommendation includes an increase in the amount transferred to better reflect anticipated revenues, damages at the Rocky Mountain Arsenal, and CERCLA-litigation across the State.

**Legal services rate change:** The legal services rate charged by the Department of Law is adjusted annually. Legal services hours are billed to the Division based on utilization.

**Cash funds adjustments:** The recommendation includes reductions to cash funds spending authority in the following programs to better reflect anticipated receipts and expenditures: Administration (Personal Services, \$33,000), and Solid Waste Control (program line, \$200,000).

**Discontinue Cathode Ray Tube Recycling Pilot Program:** This two-year pilot program was created in 2001 to minimize the disposal of cathode ray tubes in landfills. The program has been funded with gifts, grants, and donations; however, there are insufficient funds available for the current fiscal year, and no additional funds anticipated to be received in FY 2005-06. Since the two-year period of the pilot is complete and no funding is available to continue the program, the recommendation is to discontinue this appropriation.

**Personal services base reduction:** The recommendation includes a 0.2 percent personal services base reduction.

**Consumer Protection:** This division is responsible for enforcing sanitation standards to prevent and control diseases transmitted by food and insects; eliminating unsanitary conditions in public accommodations; and preventing injuries to persons using potentially dangerous consumer products.

Consumer Protection	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
<b>FY 2004-05 Appropriation</b>	\$2,127,186	\$956,927	\$791,800	\$152,685	\$225,774	26.7
<i>Recommended Changes from FY 2004-05 Appropriation</i>						
Federal funding adjustments	95,628	0	0	0	95,628	1.0
Salary base increases	67,052	36,425	22,283	755	7,589	0.0
Web-based database	62,900	0	0	56,387	6,513	0.0
Indirect cost assessment	3,449	0	(5,000)	8,740	(291)	0.0
Personal services base reduction	(3,831)	(1,952)	(1,225)	(271)	(383)	0.0

Consumer Protection	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
<b>Total FY 2005-06</b>						
<b>JBC Recommendation</b>	\$2,352,384	\$991,400	\$807,858	\$218,296	\$334,830	27.7
\$ Change from prior year	\$225,198	\$34,473	\$16,058	\$65,611	\$109,056	1.0
% Change from prior year	10.6%	3.6%	2.0%	43.0%	48.3%	3.7%

## Issue Descriptions

**Federal funding adjustments:** The recommendation includes Personal Services increases of \$88,723 and 1.0 FTE and an Operating Expenses increase of \$6,905 to better reflect anticipated federal funding and FTE usage.

**Salary base increases:** The salary survey and performance-based pay increases which were centrally appropriated (from the Administration and Support Division) in FY 2004-05 are incorporated in each division's personal services base amount for FY 2005-06.

**Web-based database:** The recommendation includes funding for a web-based inspection database which will allow inspection data to be entered into the database in real time. This upgrade will improve the Division's ability to monitor compliance, complaints, violations, and trends so interventions can be applied to prevent further occurrences of illness and/or injury.

**Indirect cost assessment:** The indirect cost assessment is increasing pursuant to the statewide indirect cost allocation plan and departmental administrative overhead used to support this division.

**Personal services base reduction:** The recommendation includes a 0.2 percent personal services base reduction.

**Disease Control and Environment Epidemiology Division:** This division helps prevent and control communicable diseases, investigate the incidence of environmental and chronic diseases, and evaluate potential risks posed by environmental toxicological exposures. The division is divided into four subdivisions: (1) administration, general disease control and surveillance; (2) special purpose disease control programs; (3) environmental epidemiology; and (4) emergency management.

Disease Control and Environmental Epidemiology Division	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
<b>FY 2004-05 Appropriation</b>	\$45,523,886	\$3,527,745	\$6,441	\$3,444,512	\$38,545,188	168.2
<b>Recommended Changes from FY 2004-05 Appropriation</b>						
Cash funds exempt, federal funds and FTE projections	16,184,140	0	0	(11,331)	16,195,471	17.0
Salary base increases	296,727	28,778	0	731	267,218	0.0
Projected tobacco settlement payment	99,870	0	0	99,870	0	0.0



<b>Disease Control and Environmental Epidemiology Division</b>	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Cash Fund Exempt</b>	<b>Federal Funds</b>	<b>FTE</b>
General Fund reduction	(43,000)	(43,000)	0	0	0	0.0
Personal services base reduction	(32,102)	(1,332)	0	(368)	(30,402)	0.0
<b>Total FY 2005-06 JBC Recommendation</b>	\$62,029,521	\$3,512,191	\$6,441	\$3,533,414	\$54,977,475	185.2
\$ Change from prior year	\$16,505,635	(\$15,554)	\$0	\$88,902	\$16,432,287	17.0
% Change from prior year	36.3%	(0.4)%	0.0%	2.6%	42.6%	10.1%

## Issue Descriptions

**Cash funds exempt, federal funds and FTE adjustments:** In the past, cash funds exempt spending authority has consistently exceeded actual expenditures while actual federal grants received and the associated FTE have consistently exceeded the numbers shown in the Long Bill. Therefore, a decrease in cash funds exempt and an increase in federal funds and FTE are recommended.

**Salary base increases:** The salary survey and performance-based pay increases which were centrally appropriated (from the Administration and Support Division) in FY 2004-05 are incorporated in each division's personal services base amount for FY 2005-06.

**Projected tobacco settlement payment:** The projected \$88.9 million tobacco settlement payment for FY 2005-06 is \$2.9 million higher than the payment received for FY 2004-05. Therefore, a higher cash funds exempt appropriation is recommended for the Ryan White HIV/AIDS Drug program within this division.

**General Fund reduction:** In FY 2004-05, the Children's immunization promotion program received a one-time increase of \$43,000 cash funds exempt from the Infant Immunization Fund to pay consultants' fees and other start-up costs for a media campaign. In FY 2005-06, some of the General Fund support of this program is offset by the remaining \$43,000 balance in the Infant Immunization Fund. Therefore, the recommended General Fund appropriation for this division decreases by \$43,000.

**Personal services base reduction:** The recommendation includes a 0.2 percent personal services base reduction.

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**Prevention Services Division:** This division contains the following subdivisions: (1) prevention partnerships; (2) maternal and child health; (3) nutrition services; (4) prevention programs; (5) women's health-family planning; and (6) rural-primary care. Prevention partnerships includes the Tony Gramscas Youth Services grant programs and the Colorado Children's Trust. The maternal and child health subdivision includes the Nurse Home Visitor Program and the Health Care Program for Children with Special Needs. The Women, Infants and children Supplemental Food Grant (WIC) program and the Child and Adult Food Care program make up the nutrition services subdivision. The prevention programs subdivision includes the state's cancer registry, chronic disease and cancer prevention grants, suicide prevention and the tobacco education and prevention program. The rural-primary care subdivision includes dental programs, the State Dental Loan Repayment fund, and federal grants for rural health care.

<b>Prevention Services Division</b>	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Cash Fund Exempt</b>	<b>Federal Funds</b>	<b>FTE</b>
<b>FY 2004-05 Appropriation</b>	\$135,223,168	\$5,566,945	\$1,290,603	\$29,308,828	\$99,056,792	172.2
<b>Recommended Changes from FY 2004-05 Appropriation</b>						
Cash funds exempt, federal funds, and FTE adjustments	11,545,801	0	0	(40,836)	11,586,637	(5.6)
Projected tobacco settlement payment	2,688,678	0	0	2,688,678	0	0.0
Salary base increases	247,039	34,270	8,239	0	204,530	0.0
Newborn screening	82,250	0	0	82,250	0	0.0
Medical inflation	18,967	18,967	0	0	0	0.0
Indirect cost assessment	5,000	0	0	5,000	0	0.0
Prenatal Plus administration	0	0	0	0	0	0.6
Annualize Traumatic Brain Injury staffing	0	0	0	0	0	0.5
Termination of American Legacy grant	(676,135)	0	0	(676,135)	0	(4.5)
Elimination of Dental Loan Repayment fund balance grants	(87,510)	0	0	(87,510)	0	0.0
Elimination of Nurse Home Visitor contingency fee	(52,521)	(52,521)	0	0	0	0.0
Personal services base reduction	(6,426)	(2,464)	(334)	0	(3,628)	0.0
<b>Total FY 2005-06 JBC Recommendation</b>	\$148,988,311	\$5,565,197	\$1,298,508	\$31,280,275	\$110,844,331	163.2
\$ Change from prior year	\$13,765,143	(\$1,748)	\$7,905	\$1,971,447	\$11,787,539	(9.0)
% Change from prior year	10.2%	0.0%	0.6%	6.7%	11.9%	(5.2)%

## Issue Descriptions

**Cash funds exempt, federal funds and FTE adjustments:** In the past, cash funds exempt spending authority and FTE appropriations in the Long Bill have consistently exceeded actual expenditures and staffing levels while actual federal grants received have consistently exceeded the numbers shown in the Long Bill. Therefore, a decrease in cash funds exempt and FTE authority and an increase in federal funds are recommended.

**Projected tobacco settlement payment:** The projected \$88.9 million tobacco settlement payment for FY 2005-06 is \$2.9 million higher than the payment received for FY 2004-05. Therefore, higher cash funds exempt appropriation is recommended for the Nurse Home Visitor, Tony Grampsas Youth Services, Dental Loan Repayment and Tobacco Education and Cessation programs within this division. (Please note that these programs receive two appropriations--one when tobacco settlement funds are transferred to individual program funds and one when those program funds are transferred to operating and personal services line items. Therefore, funding increases to these programs are reflected twice in the Long Bill.)

**Salary base increases:** The salary survey and performance-based pay increases which were centrally appropriated (from the Administration and Support Division) in FY 2004-05 are incorporated in each division's personal services base amount for FY 2005-06.

**Newborn screening:** Genetic counseling for families with infants whose metabolic disorders are identified under the expanded newborn screening program are included in this division. Reserves within the Newborn Genetics Fund will be used to cover these increased costs during FY 2005-06.

**Medical inflation:** The JBC recommended a 2.5 percent increase for medical inflation. For most of the programs within this Department that purchase medical supplies or services, the projected increases in federal funding were sufficient to cover the projected medical inflation costs. That was not the case for dental program (including the Old Age Pension dental program and dental services provided to the homebound). Therefore, a \$18,967 General Fund increase is recommended to cover these costs.

**Indirect cost assessment:** The indirect cost assessment to this division is increasing based upon departmental overhead used to support the statewide indirect cost allocation plan and current federal indirect cost recovery regulations.

**Prenatal Plus administration:** The recommendation for this program includes a \$40,000 decrease in purchased services and a \$40,000 and 0.6 FTE increase in personal services so that certain administrative functions can be brought in-house.

**Annualize Traumatic Brain Injury staffing:** During FY 2004-05, the Health Care Program for Children with Special Needs began providing care coordination services for children with brain injuries who are in Human Services' Traumatic Brain Injury program. The recommended FTE increase will provide a full-year of staffing for this program. Funding does not need to be increased to support this increased staffing level.

**Termination of American Legacy grant:** As part of the settlement with tobacco manufacturers, the American Legacy Foundation provided five years of grant funding for youth anti-tobacco programs. FY 2004-05 was the last year of this funding.

**Elimination of Dental Loan Repayment fund balance grants:** In FY 2004-05, the Dental Loan Repayment program used a fund balance that had accumulated during the slower-than-expected program start-up to finance loan repayments for three additional dental professionals who will serve approximately 5,000 low-income patients during their contract terms.

**Elimination of Nurse Home Visitor contingency fee:** During FY 2003-04 and FY 2004-05, the Department paid a consultant to help the Nurse Home Visitor Program recover federal matching funds for Targeted Case Management (TCM) services provided to Medicaid-eligible families within this program. This outside assistance will no longer be needed during FY 2005-06.

**Personal services base reduction:** The recommendation includes a 0.2 percent personal services base reduction.

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**Health Facilities and Emergency Medical Services Division:** This division establishes and enforces standards for the operation of health care facilities throughout the state. This division's activities include: licensure of hospitals, other health care facilities, health maintenance organizations, and assisted living facilities; certification of nursing homes; training of non-licensed individuals to administer medications in residential care facilities and adult day programs; medical services training and certification of emergency personnel; technical assistance to local emergency medical services agencies; and grants to support local emergency services activities.

<b>Health Facilities and Emergency Medical Services Division</b>	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Cash Fund Exempt</b>	<b>Federal Funds</b>	<b>FTE</b>
<b>FY 2004-05 Appropriation</b>	\$15,044,733	\$1,196,352	\$1,462,420	\$8,924,663	\$3,461,298	122.6
<b>Recommended Changes from FY 2004-05 Appropriation</b>						
Salary base increases	197,053	2,662	16,508	91,793	86,090	0.0
Federal funds and FTE adjustments	67,642	0	0	0	67,642	0.4
Annualize air ambulance licensing changes	15,900	0	15,900	0	0	0.0
Indirect cost assessment	(57,874)	0	0	(107,874)	50,000	0.0
Personal services base reduction	(16,093)	(177)	(2,424)	(8,270)	(5,222)	0.0
<b>Total FY 2005-06 JBC Recommendation</b>	\$15,251,361	\$1,198,837	\$1,492,404	\$8,900,312	\$3,659,808	123.0
\$ Change from prior year	\$206,628	\$2,485	\$29,984	(\$24,351)	\$198,510	0.4
% Change from prior year	1.4%	0.2%	2.1%	(0.3)%	5.7%	0.3%

### Issue Descriptions

**Salary base increases:** The salary survey and performance-based pay increases which were centrally appropriated (from the Administration and Support Division) in FY 2004-05 are incorporated in each division's personal services base amount for FY 2005-06.

**Federal funds and FTE adjustments:** In the past, actual federal grants and the FTE supported by these grants received have consistently exceeded the numbers shown in the Long Bill. Therefore, an increase in federal funds and associated FTE is recommended.

**Annualize air ambulance licensing changes:** During FY 2004-05, the number of air ambulance services greatly exceeded the number projected when the licensing legislation was enacted. Therefore, cash funds spending authority for the program was increased. The additional increase recommended for FY 2005-06 provides a full year of spending authority.

**Indirect cost assessment:** The indirect cost assessment to this division is increasing based upon departmental overhead used to support the statewide indirect cost allocation plan and current federal indirect cost recovery regulations.

**Personal services base reduction:** The recommendation includes a 0.2 percent personal services base reduction.

## Department of Public Safety

**Department Description:** The Department of Public Safety's responsibilities include: enforcing motor vehicle laws on state highways; conducting automobile and truck safety checks; coordinating emergency responses to hazardous materials incidents; training emergency responders for hazardous materials accidents; providing assistance to local governments related to the delivery of fire safety services; providing investigative, forensic, and criminal history services to local law enforcement agencies; and administering adult and youth community corrections programs.

Summary Table for Department of Public Safety						
	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
<b>FY 2004-05 Appropriation</b>	\$218,578,891	\$56,498,955	\$10,374,569	\$109,623,522	\$42,081,845	1,265.7
<i>Recommended Changes from FY 2004-05 by Long Bill Division</i>						
Executive Director's Office	1,665,776	121,793	103,048	1,424,082	16,853	0.0
Colorado State Patrol	3,637,583	51,325	195,070	3,375,247	15,941	2.0
Office of Preparedness, Security, and Fire Safety	(447,284)	(336)	14,397	(53,271)	(408,074)	(5.3)
Division of Criminal Justice	(3,751,053)	2,320,861	(205,753)	346,257	(6,212,418)	(6.0)
Colorado Bureau of Investigation	513,080	419,609	41,211	53,136	(876)	0.0
<b>Total FY 2005-06 JBC Recommendation</b>	\$220,196,993	\$59,412,207	\$10,522,542	\$114,768,973	\$35,493,271	1,256.4
\$ Change from prior year	\$1,618,102	\$2,913,252	\$147,973	\$5,145,451	(\$6,588,574)	(9.3)
% Change from prior year	0.7%	5.2%	1.4%	4.7%	(15.7)%	(0.7)%

### Recommendation Highlights:

1. Provides an increase of \$974,737 General Fund associated with caseload increases in community corrections. The increase will provide funding for 74 additional residential community corrections beds based on the anticipated increase in caseload of transition inmates in the custody of the Department of Corrections.
2. Provides \$947,688 in additional salary survey awards of 5.2 percent for state patrol troopers pursuant to Section 24-50-104 (1) (a) (III) (A), C.R.S. This includes \$847,482 from HUTF "off-the-top" revenues.
3. Provides \$808,200 in additional cash funds exempt spending authority for federal grants transferred from the Colorado Department of Transportation for overtime payments to troopers to provide coverage and increased safety for CDOT maintenance crews in overnight work zones.
4. Provides an increase of \$770,768 General Fund associated with a 2.0 percent increase in the reimbursement rates for community corrections providers.

5. Provides an increase of \$343,719 General Fund for community corrections programs. Of this amount, \$217,084 funds 75 additional slots in the day reporting center, and \$126,635 funds 20 additional intensive residential treatment beds. The recommendation includes a corresponding reduction to the line item in the Department of Corrections budget used to reimburse private prisons.
6. Provides an additional \$280,821 Highway Users Tax Fund (HUTF) "off-the-top" for overtime payments to troopers to keep pace with recent salary increases, and to continue the state patrol's traffic safety improvement initiative.
7. Provides an increase of \$275,335 General Fund for continuing operating and personal services costs to help reduce the casework evidence analysis backlog in the DNA casework laboratory section of the Colorado Bureau of Investigation.
8. Provides an increase of \$178,273 HUTF "off-the-top" funding to add 2.0 FTE new communications (dispatch) officers, and \$94,908 for overtime payments in the state patrol's dispatch centers.
9. Decreases federal funding by \$408,074 in the Office of Preparedness, Security, and Fire Safety to reflect the transfer of federal Homeland Security grant administration responsibilities to the Department of Local Affairs.

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### Budget Recommendation Detail by Long Bill Division

**Executive Director's Office:** This Office is responsible for managing the administrative and fiscal affairs of the Department and providing policy direction. In addition, it also is responsible for making distributions to local governments for hazardous materials equipment, and operating the Witness Protection Program. The Office also houses the Colorado Integrated Criminal Justice Information System (CICJIS).

Executive Director's Office	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
<b>FY 2004-05 Appropriation</b>	\$15,992,224	\$2,497,678	\$382,154	\$12,540,022	\$572,370	40.5
<i>Recommended Changes from FY 2004-05 Appropriation</i>						
Salary and benefits adjustments	1,479,846	143,708	101,338	1,072,685	162,115	0.0
Operating adjustments	185,930	(21,915)	1,710	351,397	(145,262)	0.0
<b>Total FY 2005-06 JBC Recommendation</b>	\$17,658,000	\$2,619,471	\$485,202	\$13,964,104	\$589,223	40.5
\$ Change from prior year	\$1,665,776	\$121,793	\$103,048	\$1,424,082	\$16,853	0.0
% Change from prior year	10.4%	4.9%	27.0%	11.4%	2.9%	0.0%

### Issue Descriptions

**Salary and benefits adjustments:** The recommendation includes an increase of \$1,664,780 for salary survey awards for the divisions within the Department, of which \$847,482 in additional HUTF dollars is for the statutory 5.2 percent salary increase for Troopers in the state patrol. It also includes increases of \$263,662 for

health, life, dental, \$179,000 in federal grants for salaries and contract services in CICJIS, and \$170,084 for the required amortization equalization PERA distribution. These increases are partially offset by the \$854,626 decrease in performance-based pay awards per the Joint Budget Committee approved common policy of not funding these awards for FY 2005-06.

**Operating adjustments:** The recommendation provides increases for miscellaneous administrative costs including communications services, workers compensation, risk management and property insurance, and leased space payments. The increases are partially offset by recommended decreases in federal funds for operating expenses in CICJIS, and a reduction in multiuse network payments for the Department.

**Colorado State Patrol:** This division is responsible for the safe and efficient movement of motor vehicle traffic on federal, state, and county roads in Colorado. The State Patrol enforces motor vehicle laws, assists motorists in need, conducts automotive and motor carrier safety checks, investigates traffic accidents, and oversees the transportation of hazardous materials.

<b>Colorado State Patrol</b>	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Cash Fund Exempt</b>	<b>Federal Funds</b>	<b>FTE</b>
<b>FY 2004-05 Appropriation</b>	\$100,822,167	\$1,242,352	\$2,848,109	\$92,896,345	\$3,835,361	937.0
<b>Recommended Changes from FY 2004-05 Appropriation</b>						
Salary and benefits adjustments	1,658,036	51,325	38,691	1,527,845	40,175	0.0
Maintenance zone grant spending authority	808,200	0	0	808,200	0	0.0
Indirect cost assessment	365,124	0	31,875	355,723	(22,474)	0.0
Operating adjustments	363,258	0	4,645	363,592	(4,979)	0.0
Overtime	280,821	0	0	280,821	0	0.0
Communications Services FTE and OT	162,144	0	0	162,144	0	2.0
Dispatch services fee schedule adjustment	0	0	119,859	(123,078)	3,219	0.0
<b>Total FY 2005-06 JBC Recommendation</b>	\$104,459,750	\$1,293,677	\$3,043,179	\$96,271,592	\$3,851,302	939.0
\$ Change from prior year	\$3,637,583	\$51,325	\$195,070	\$3,375,247	\$15,941	2.0
% Change from prior year	3.6%	4.1%	6.8%	3.6%	0.4%	0.2%

### Issue Descriptions

**Salary and benefits adjustments:** The recommendation includes an increase of \$1,776,129 for salary survey and performance-based pay awards in FY 2004-05, partially offset by the approved common policy 0.2 percent base reduction.

**Maintenance zone grant spending authority:** The recommendation provides an increase in cash funds exempt spending authority for overtime payments to troopers assigned to overnight Colorado Department of Transportation (CDOT) maintenance highway work zones for increased safety for CDOT maintenance crews. The CDOT funding will be from federal safety grants.

**Indirect cost assessment:** The recommendation represents the associated increases in indirect cost recoveries based on various centrally appropriated common policy items, and the trooper overtime increase.

**Operating adjustments:** The recommendation includes miscellaneous adjustments to operating expense appropriations including a \$763,474 increase for statewide adjustments to vehicle lease reconciliations and payments. The recommended increases are partially offset by miscellaneous decreases including \$44,944 in the CSP Operating Expenses line, and \$28,963 in the Training Academy operating expenses due to one-time appropriations in FY 2004-05.

**Overtime:** This recommendation provides additional HUTF "off-the-top" funding within the current six percent growth for "off-the-top" HUTF moneys for overtime payments to troopers to keep pace with recent salary increases and allow the patrol to continue its traffic safety improvement initiative.

**Communication Services FTE and OT:** This recommendation provides the personal services and operating increases for adding 2.0 FTE communications officers plus overtime, to the Patrol's Communications Services (Dispatch) line item. An additional \$16,129 in this initiative is included in the indirect cost assessment recommended appropriation.

**Dispatch services fee schedule adjustment:** This recommended appropriation represents changes in expected fees to be received to support the Patrol's Communication Services (Dispatch) operations from users, based on a new updated fee schedule for FY 2005-06. This is a net zero change, the increases for certain users are offset by decreases for other users under the new schedule.

**Office of Preparedness, Security, and Fire Safety:** The Office of Preparedness, Security, and Fire Safety (OPSFS), consists of the Division of Fire Safety and the newly-created Office of Anti-terrorism Planning and Training. The Office is responsible for creating and implementing terrorist preparedness plans and developing protocols concerning the State's response to terrorism. The Office is also responsible for assisting local governments in developing solutions to fire safety issues that are common to local, state, and federal government units.

Office of Preparedness, Security, and Fire Safety	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
<b>FY 2004-05 Appropriation</b>	\$1,799,157	\$91,703	\$325,764	\$192,990	\$1,188,700	16.8
<i>Recommended Changes from FY 2004-05 Appropriation</i>						
Salary and benefits adjustments	11,804	(336)	12,578	(438)	0	0.0
Federal grants	(247,059)	0	0	0	(247,059)	(4.3)
Indirect cost assessment	(160,707)	0	1,819	(1,511)	(161,015)	0.0
Federal grants administration	(38,651)	0	0	(38,651)	0	(1.0)
Operating adjustments	(12,671)	0	0	(12,671)	0	0.0
<b>Total FY 2005-06 JBC Recommendation</b>	\$1,351,873	\$91,367	\$340,161	\$139,719	\$780,626	11.5
\$ Change from prior year	(\$447,284)	(\$336)	\$14,397	(\$53,271)	(\$408,074)	(5.3)
% Change from prior year	(24.9)%	(0.4)%	4.4%	(27.6)%	(34.3)%	(31.5)%



## Issue Descriptions

**Salary and benefits adjustments:** The recommendation reflects the increases for FY 2004-05 salary survey and performance-based pay awards in the Division of Fire Safety, partially offset by the Joint Budget Committee approved 0.2 percent base personal services reduction.

**Federal grants:** The recommended decrease in federal funds and FTE reflects the transfer of the administration responsibilities for federal Homeland Security grants received by the state, to the Department of Local Affairs as of July, 2004, from the Office of Anti-terrorism Planning and Training.

**Indirect cost assessment:** The recommendation includes a decrease of \$161,015 federal funds based on the reduced Homeland Security federal fund appropriation in OPSFS.

**Federal grants administration:** The recommendation reflects a decrease of \$38,651 cash funds exempt and 1.0 FTE for program administration required indirect costs from federal Homeland Security grants that were never used based on the transfer of Homeland Security grants administration to the Department of Local Affairs.

**Operating adjustments:** The recommendation reflects the \$12,671 decrease in cash funds exempt corresponding to the 1.0 FTE reduction for federal grants administration.

**Division of Criminal Justice:** This division collects criminal justice system data and analyzes that information for planning, research, coordination, and technical assistance purposes. Technical assistance is provided to local and state criminal justice agencies in the areas of crime prevention, needs assessment, jail planning, information dissemination, and management studies. The Division manages several types of federal funds in the areas of juvenile justice, anti-drug programs, victim assistance, and victim compensation. The Division also administers the Victims Assistance and Law Enforcement Fund Program. Additionally, the Division is responsible for the administration of community corrections contracts for both transition and diversion programs, and for the management of juvenile diversion programs.

Division of Criminal Justice	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
FY 2004-05 Appropriation	\$77,657,268	\$39,084,642	\$2,316,112	\$618,866	\$35,637,648	66.2
<i>Recommended Changes from FY 2004-05 Appropriation</i>						
Caseload increase for community corrections transition programs	974,737	974,737	0	0	0	0.0
2.0 percent provider rate increase	770,768	770,768	0	0	0	0.0
Increase funding for Colorado Regional Policing Institute	317,763	0	0	317,763	0	2.5
Increase in day reporting slots	217,084	217,084	0	0	0	0.0
Fund additional intensive residential treatment (IRT) beds	126,635	126,635	0	0	0	0.0
Personal services adjustments	73,235	36,000	14,632	13,096	9,507	0.0
Refinance Substance Abuse Treatment Program	0	195,637	(195,637)	0	0	0.0

<b>Division of Criminal Justice</b>	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Cash Fund Exempt</b>	<b>Federal Funds</b>	<b>FTE</b>
Change in federal funds	(6,169,803)	0	0	0	(6,169,803)	(8.5)
Change in indirect cost assessment	(33,810)	0	2,914	15,398	(52,122)	0.0
Reduction from Sex Offender Surcharge Fund	(27,662)	0	(27,662)	0	0	0.0
<b>Total FY 2005-06 JBC Recommendation</b>	\$73,906,215	\$41,405,503	\$2,110,359	\$965,123	\$29,425,230	60.2
\$ Change from prior year	(\$3,751,053)	\$2,320,861	(\$205,753)	\$346,257	(\$6,212,418)	(6.0)
% Change from prior year	(4.8)%	5.9%	(8.9)%	56.0%	(17.4)%	(9.1)%

## Issue Descriptions

**Caseload increase for community corrections transition programs:** The recommendation includes funding for 74 additional residential community corrections placements based on the anticipated increase in the prison population using the December 2004 Legislative Council Staff inmate population projections.

**2.0 percent provider rate increase:** The recommendation includes funding for a 2.0 percent increase to community corrections providers.

**Increase funding for Colorado Regional Policing Institute:** The recommendation provides \$317,763 cash funds exempt (transfer from the Department of Law). The funds will be from the Police Officer Standards and Training (P.O.S.T.) Board cash fund for the purposes of providing training to local law enforcement agencies.

**Increase in day reporting slots:** The recommendation provides funds for 75 additional community corrections day reporting slots. The recommended increase for these slots includes a recommendation for a corresponding reduction to payments to private prisons in the Department of Corrections.

**Fund additional intensive residential treatment (IRT) beds:** The recommendation provides funding for 20 additional intensive residential treatment beds. The recommended increase for these beds includes with a recommendation for a corresponding reduction to payments to private prisons in the Department of Corrections.

**Personal services adjustments:** The recommendation includes the following adjustments to the line items used for personal services: (1) an increase of \$44,204 in total funds to annualize salary survey awarded in FY 2004-05; (2) an increase of \$33,583 in total funds to annualize performance-based pay awarded in FY 2004-05; and (3) a reduction of \$4,552 associated with a 0.2 percent reduction.

**Refinance Substance Abuse Treatment Program:** The recommendation refinances the appropriation for substance abuse programs based on a shortage of funds in the Drug Offender Surcharge Fund.

**Change in federal funds:** The recommendation reflects the anticipated level of federal funds to be received by the Division of Criminal Justice in FY 2005-06.

**Change in indirect cost assessment:** The recommendation makes technical changes to reflect the anticipated indirect cost recoveries from cash funds, exempt cash funds, and federal funds.

**Reduction from Sex Offender Surcharge Fund:** The recommendation reduces the funding from the Sex Offender Surcharge Fund to prevent a negative fund balance.

**Colorado Bureau of Investigation:** This division assists local law enforcement agencies by collecting, processing, and analyzing criminal evidence. In addition, it collects, maintains, and disseminates computerized information on crime in Colorado, conducts background checks for firearms, and provides training to other agencies in investigative techniques.

Colorado Bureau of Investigation	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
<b>FY 2004-05 Appropriation</b>	\$22,308,075	\$13,582,580	\$4,502,430	\$3,375,299	\$847,766	205.2
<i>Recommended Changes from FY 2004-05 Appropriation</i>						
Salary and benefits adjustments	283,729	229,514	30,360	23,855	0	0.0
DNA database automation project	275,335	275,335	0	0	0	0.0
Operating adjustments	(45,984)	(85,240)	10,851	29,281	(876)	0.0
<b>Total FY 2005-06 JBC Recommendation</b>	\$22,821,155	\$14,002,189	\$4,543,641	\$3,428,435	\$846,890	205.2
\$ Change from prior year	\$513,080	\$419,609	\$41,211	\$53,136	(\$876)	0.0
% Change from prior year	2.3%	3.1%	0.9%	1.6%	(0.1)%	0.0%

### Issue Descriptions

**Salary and benefits adjustments:** The recommendation includes a \$385,713 increase for salary survey and performance-based pay awards for FY 2004-05, partially offset by a \$70,000 decrease in General Fund for one-time contract services expenditures in FY 2004-05 and the approved common policy 0.2 percent base reduction in personal services costs.

**DNA database automation project:** This recommendation provides increases of \$240,815 for operating expenses and \$34,520 for personal services expenses associated with on-going laboratory services costs to support the DNA Offender Database section new robotics instrumentation and the DNA casework section FTE transfer.

**Operating adjustments:** The recommendation includes increases of \$25,162 cash funds exempt from the Offender Identification Fund to offset the same amount of General Fund, and \$12,955 for indirect cost assessments, offset by a \$58,939 decrease for vehicle lease payments and reconciliations.

## Department of Regulatory Agencies

**Department Description:** The Department of Regulatory Agencies protects the citizens of Colorado from fraudulent or dangerous businesses and professionals by regulating the following industries: (1) state-chartered financial institutions such as banks, trust companies, credit unions and money transmitters; (2) public utilities such as electricity, gas and telecommunications; (3) providers of automobile, homeowners, life, health and other types of insurance; and (4) professionals in more than thirty occupations. The Department also administers and enforces Colorado's civil rights laws.

<b>Summary Table for Department of Regulatory Agencies</b>						
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Cash Fund Exempt</b>	<b>Federal Funds</b>	<b>FTE</b>
<b>FY 2004-05 Appropriation</b>	\$64,616,218	\$1,029,665	\$51,095,062	\$11,404,339	\$1,087,152	520.1
<i>Recommended Changes from FY 2004-05 by Long Bill Division</i>						
Executive Director's Office and Administrative Services	(3,003,263)	6,398	159,950	(3,175,325)	5,714	0.0
Division of Banking	71,604	0	71,604	0	0	0.0
Civil Rights Division	231,469	60,329	0	(32,012)	203,152	0.0
Office of Consumer Counsel	18,608	0	18,608	0	0	0.0
Division of Financial Services	22,670	0	22,670	0	0	0.0
Division of Insurance	245,300	0	148,246	4,036	93,018	0.5
Public Utilities Commission	(78,280)	0	548,213	(626,493)	0	0.8
Division of Real Estate	(258,545)	0	(258,545)	0	0	0.0
Division of Registrations	500,366	0	422,826	77,540	0	0.8
Division of Securities	38,510	0	38,510	0	0	0.0
<b>Total FY 2005-06 JBC Recommendation</b>	<b>\$62,404,657</b>	<b>\$1,096,392</b>	<b>\$52,267,144</b>	<b>\$7,652,085</b>	<b>\$1,389,036</b>	<b>522.2</b>
\$ Change from prior year	(\$2,211,561)	\$66,727	\$1,172,082	(\$3,752,254)	\$301,884	2.1
% Change from prior year	(3.4)%	6.5%	2.3%	(32.9)%	27.8%	0.4%

### Recommendation Highlights:

1. An increase of \$244,000 for legal expenses, comprised of an increase of General Fund, cash funds, and cash funds exempt. The number of legal hours is unchanged, but the recommended common-policy blended legal rate is higher.
2. An increase of \$76,000 cash funds and 1.5 FTE for extra electrical inspectors in the Durango area.
3. An increase of \$62,000 cash funds for implementation of Amendment 37, the Renewable Energy initiative voters passed last November.
4. A decrease of \$109,000 cash funds and 0.7 FTE from outsourcing barber and cosmetologist exams.

5. A reduction of \$73,000 cash funds for the Personal Injury Protection (PIP) Exam Program, which is being phased out due to the elimination of no fault auto insurance.

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### Budget Recommendation Detail by Long Bill Division

**Executive Director's Office and Administrative Services:** This division coordinates and oversees the operations of the divisions within the Department and performs administrative functions, including accounting, budgeting, data processing, personnel, purchasing, facilities planning, and management reporting. This division also includes the Office of Policy and Research, which conducts sunrise and sunset evaluations for state agencies.

Executive Director's Office and Administrative Services	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
<b>FY 2004-05 Appropriation</b>	\$18,802,683	\$230,837	\$10,180,493	\$8,242,306	\$149,047	53.0
<i>Recommended Changes from FY 2004-05 Appropriation</i>						
Legal services rate increase	244,128	2,105	219,935	16,659	5,429	0.0
Salary and benefit adjustments	137,578	43	(32,887)	170,827	(405)	0.0
Leased Space	66,329	1,970	(77,241)	141,107	493	0.0
Operating adjustments	54,583	2,280	53,483	(1,377)	197	0.0
Decision items	9,370	0	9,370	0	0	0.0
CoverColorado	(3,515,251)	0	(12,710)	(3,502,541)	0	0.0
<b>Total FY 2005-06 JBC Recommendation</b>	\$15,799,420	\$237,235	\$10,340,443	\$5,066,981	\$154,761	53.0
\$ Change from prior year	(\$3,003,263)	\$6,398	\$159,950	(\$3,175,325)	\$5,714	0.0
% Change from prior year	(16.0)%	2.8%	1.6%	(38.5)%	3.8%	0.0%

### Issue Descriptions

**Legal services rate increase:** The recommended appropriation provides an additional \$244,128 for Legal Services. The number of legal hours is unchanged, but the recommended common-policy blended legal rate is higher.

**Salary and benefit adjustments:** The recommended increase reflects the FY 2004-05 distribution of \$40,605 of performance-based pay and \$70,992 of salary survey; a 0.2 percent salary base reduction; an increase of \$105,864 for Health, Life, and Dental, Short Term Disability, S.B. 04-257 Amortization Equalization Disbursement, and Workers' Compensation; an increase of \$304,554 for FY 2005-06 salary survey and the elimination of \$377,166 for performance-based pay in FY 2005-06.

**Leased Space:** The recommended increase is due to escalator provisions in the Department's leases and increases in operating expenses, including utilities.

**Operating adjustments:** The recommended increase reflects changes in the following centrally appropriated items that are governed by Joint Budget Committee common policy: Administrative Law Judges, Purchase of

Services from Computer Center, Multiuse Network Payments, Payment to Risk Management and Property Funds, and the statewide Indirect Cost Assessment.

**Decision items:** The recommendation includes central appropriations arising from two decision items recommended this year, Renewable Energy and Electrical Inspectors, plus a decision item that was approved last year, Expedited Settlement. These decision items are explained in more detail below.

**CoverColorado:** The appropriation for CoverColorado has been moved to the Treasury portion of the Long Bill. The recommended decrease reflects that transfer.

**Division of Banking:** This division regulates state-chartered commercial and industrial banks, trust companies, debt adjusters, and money order companies. Staff conduct examinations and enforce compliance related to the Public Deposit Protection Act, trust department operations, electronic funds transfers, electronic data processing, and the Uniform Consumer Credit Code.

Division of Banking	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
<b>FY 2004-05 Appropriation</b>	\$3,268,157	\$0	\$3,268,157	\$0	\$0	38.5
<i>Recommended Changes from FY 2004-05 Appropriation</i>						
Salary and benefit adjustments	71,859	0	71,859	0	0	0.0
Other	(255)	0	(255)	0	0	0.0
<b>Total FY 2005-06 JBC Recommendation</b>	\$3,339,761	\$0	\$3,339,761	\$0	\$0	38.5
\$ Change from prior year	\$71,604	\$0	\$71,604	\$0	\$0	0.0
% Change from prior year	2.2%	n/a	2.2%	n/a	n/a	0.0%

**Issue Descriptions**

**Salary and benefit adjustments:** The recommended increase reflects the FY 2004-05 distribution of \$26,540 of performance-based pay and \$50,601 of salary survey, less a 0.2 percent base reduction.

**Other:** The recommendation reduces the line item for Indirect Cost Assessment.

**Civil Rights Division:** The Division of Civil Rights is the administrative arm of the Colorado Civil Rights Commission. It carries out state laws that prohibit discrimination in employment, housing, and public accommodations on the basis of race, sex, national origin, ancestry, physical or mental disability, religion, color, or marital status. The primary duties of Division personnel are to investigate and adjudicate charges related to unfair or discriminatory practices and to supervise hearing upon complaints issued against a respondent according to statute. The Division also provides training and education, technical assistance with fair housing laws, public information, and community intervention.

Civil Rights Division	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
<b>FY 2004-05 Appropriation</b>	\$1,590,226	\$798,828	\$0	\$211,318	\$580,080	25.0
<i>Recommended Changes from FY 2004-05 Appropriation</i>						
Increased federal contract services	160,061	0	0	0	160,061	0.0
Other	43,969	31,589	0	(31,589)	43,969	0.0
Salary and benefit adjustments	27,439	28,740	0	(423)	(878)	0.0
<b>Total FY 2005-06 JBC Recommendation</b>	\$1,821,695	\$859,157	\$0	\$179,306	\$783,232	25.0
\$ Change from prior year	\$231,469	\$60,329	\$0	(\$32,012)	\$203,152	0.0
% Change from prior year	14.6%	7.6%	n/a	(15.1)%	35.0%	0.0%

### Issue Descriptions

**Increased federal contract services:** The recommendation reflects the increased use of contract funding from the Department of Housing and Urban Development and the Equal Employment Opportunity Commission.

**Other:** The recommendation includes a fund mix change and an increase in indirect cost assessments that will be paid from federal funds.

**Salary and benefit adjustments:** The recommended increase reflects the FY 2004-05 distribution of \$11,091 of performance-based pay and \$19,212 of salary survey, less a 0.2 percent base reduction.

**Office of Consumer Counsel:** The Office of Consumer Counsel represents the interests of residential, agricultural, and small businesses in cases before the Public Utilities Commission (PUC). These cases involve proposed changes to electric, gas, and telecommunications rates, services, and policies.

Office of Consumer Counsel	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
FY 2004-05 Appropriation	\$841,363	\$0	\$841,363	\$0	\$0	7.0
<i>Recommended Changes from FY 2004-05 Appropriation</i>						
Salary and benefit adjustments	18,655	0	18,655	0	0	0.0
Other	(47)	0	(47)	0	0	0.0
<b>Total FY 2005-06 JBC Recommendation</b>	\$859,971	\$0	\$859,971	\$0	\$0	7.0
\$ Change from prior year	\$18,608	\$0	\$18,608	\$0	\$0	0.0
% Change from prior year	2.2%	n/a	2.2%	n/a	n/a	0.0%

### Issue Descriptions

**Salary and benefit adjustments:** The recommended increase reflects the FY 2004-05 distribution of \$8,174 of performance-based pay and \$11,939 of salary survey, less a 0.2 percent base reduction.

**Other:** The recommendation reduces the indirect cost assessment.

**Division of Financial Services:** This division regulates state-chartered credit unions, saving and loans, and life care institutions. It also administers the federal Public Deposit Protection Act, which safeguards the uninsured deposits of public moneys in state and federal savings and loan associations. On-site examinations are conducted through a risk-based program to ensure financial stability and compliance with state and federal laws.

Division of Financial Services	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
<b>FY 2004-05 Appropriation</b>	\$974,803	\$0	\$974,803	\$0	\$0	11.0
<i>Recommended Changes from FY 2004-05 Appropriation</i>						
Salary and benefit adjustments	22,744	0	22,744	0	0	0.0
Other	(74)	0	(74)	0	0	0.0
<b>Total FY 2005-06 JBC Recommendation</b>	\$997,473	\$0	\$997,473	\$0	\$0	11.0
\$ Change from prior year	\$22,670	\$0	\$22,670	\$0	\$0	0.0
% Change from prior year	2.3%	n/a	2.3%	n/a	n/a	0.0%

### Issue Descriptions

**Salary and benefit adjustments:** The recommended increase reflects the FY 2004-05 distribution of \$9,003 of performance-based pay and \$15,352 of salary survey, less a 0.2 percent base reduction.

**Other:** The recommendation reduces the indirect cost assessment.

**Division of Insurance:** This division regulates insurance professionals and insurance companies, non-profit hospitals and health service corporations, health maintenance organizations, workers' compensation self-insurance pools, and pre-need funeral contracts.

Division of Insurance	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
<b>FY 2004-05 Appropriation</b>	\$6,965,209	\$0	\$6,607,184	\$0	\$358,025	78.5
<i>Recommended Changes from FY 2004-05 Appropriation</i>						
Salary and benefit adjustments	141,793	0	137,757	4,036	0	0.0
Senior Health Counseling Program	90,000	0	0	0	90,000	0.0
Workers' Compensation Studies	75,000	0	75,000	0	0	0.0
Other	11,784	0	8,766	0	3,018	0.0
PIP Exam Program	(73,277)	0	(73,277)	0	0	0.5



Division of Insurance	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
<b>Total FY 2005-06</b>						
<b>JBC Recommendation</b>	\$7,210,509	\$0	\$6,755,430	\$4,036	\$451,043	79.0
\$ Change from prior year	\$245,300	\$0	\$148,246	\$4,036	\$93,018	0.5
% Change from prior year	3.5%	n/a	2.2%	n/a	26.0%	0.6%

## Issue Descriptions

**Salary and benefit adjustments:** The recommended increase reflects the FY 2004-05 distribution of \$57,449 of performance-based pay and \$94,660 of salary survey, less a 0.2 percent base reduction.

**Senior Health Counseling Program:** This federally funded program provides senior citizens with Medicare information. The state expects to receive increased funding in FY 2005-06 for work resulting from the Medicare Modernization Act, which added prescription drug benefits for seniors.

**Workers' Compensation Studies:** The recommendation funds Workers' Compensation studies, which were suspended for two years by S.B. 03-302.

**Other:** The recommendation consists of a \$4,194 increase for insurance fraud prosecutions conducted by the Department of Law and an increase of \$7,590 in the Division's indirect cost assessment.

**PIP (Personal Injury Protection) Exam Program:** The PIP exam program is being phased out due to the elimination of no-fault auto insurance. The recommended appropriation, which includes an additional 0.5 FTE, will allow the Division to end its contract with a vendor and administer the program itself. The FTE will be eliminated when the exam program is no longer needed.

**Public Utilities Commission:** The Public Utilities Commission (PUC) regulates the rates and services of fixed utilities and transportation utilities located in the state and administers the Colorado Telecommunications High Cost Program, the Low-Income Telephone Assistance Program, the Highway Crossing Protection Program, and the Disabled Telephone Users Program.

Public Utilities Commission	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
<b>FY 2004-05 Appropriation</b>	\$12,151,040	\$0	\$11,187,605	\$963,435	\$0	92.7
<i>Recommended Changes from FY 2004-05 Appropriation</i>						
Salary and benefit adjustments	201,027	0	202,401	(1,374)	0	0.0
Transfer to Reading Services for the Blind Cash Fund	96,200	0	96,200	0	0	0.0
Amendment 37, Renewable Energy	62,362	0	62,362	0	0	0.8
Other	8,158	0	485,327	(477,169)	0	0.0
Disabled Telephone Users Fund	(293,725)	0	(144,598)	(149,127)	0	0.0
Low Income Telephone Assistance	(152,302)	0	(153,479)	1,177	0	0.0

Public Utilities Commission	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
<b>Total FY 2005-06</b>						
<b>JBC Recommendation</b>	\$12,072,760	\$0	\$11,735,818	\$336,942	\$0	93.5
\$ Change from prior year	(\$78,280)	\$0	\$548,213	(\$626,493)	\$0	0.8
% Change from prior year	(0.6)%	n/a	4.9%	(65.0)%	n/a	0.9%

## Issue Descriptions

**Salary and Benefit Adjustments:** The recommended increase reflects the FY 2004-05 distribution of \$79,552 of performance-based pay and \$135,818 of salary survey, less a 0.2 percent base reduction.

**Transfer to Reading Services for the Blind Cash Fund:** The recommendation appropriates an additional \$96,200 for reading services for the blind.

**Amendment 37, Renewable Energy:** The recommended increase, which includes 0.8 FTE, provides the PUC with additional resources to develop policies and rules for the implement Amendment 37, which was passed by voters in the November 2004 election.

**Other:** The recommendation includes a fund-mix adjustment and a \$8,158 increase in the Division's indirect cost assessment.

**Disabled Telephone Users Fund:** This appropriation is included in the Long Bill for informational purposes only as the related program, which provides relay telephone service for the hearing and speech impaired, is continuously appropriated. The recommendation reflects an expected reduction in program expenditures in FY 2005-06.

**Low Income Telephone Assistance:** This appropriation is included in the Long Bill for informational purposes only as the related program, which subsidizes phone service for certain low-income individuals, is continuously appropriated. The recommendation corresponds to the expected reduction in program expenditures in FY 2005-06.

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**Division of Real Estate:** The Division of Real Estate licenses real estate brokers and appraisal professionals, analyzes subdivision offerings on undeveloped land, and administers an enforcement program that is responsive to the needs of the industry and the consumer. Additional protection is offered to the public through the Real Estate Recovery Fund and errors and omissions insurance for all real estate licensees.

Division of Real Estate	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
<b>FY 2004-05 Appropriation</b>	\$3,730,355	\$0	\$3,730,355	\$0	\$0	37.0
<b>Recommended Changes from FY 2004-05 Appropriation</b>						
Salary and benefit adjustments	66,194	0	66,194	0	0	0.0
Payments from the Real Estate Recovery Fund	(323,067)	0	(323,067)	0	0	0.0

Division of Real Estate	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
Hearings Pursuant to Complaint	(1,427)	0	(1,427)	0	0	0.0
Other	(245)	0	(245)	0	0	0.0
<b>Total FY 2005-06 JBC Recommendation</b>	\$3,471,810	\$0	\$3,471,810	\$0	\$0	37.0
\$ Change from prior year	(\$258,545)	\$0	(\$258,545)	\$0	\$0	0.0
% Change from prior year	(6.9)%	n/a	(6.9)%	n/a	n/a	0.0%

## Issue Descriptions

**Salary and benefit adjustments:** The recommended increase reflects the FY 2004-05 distribution of \$28,771 of performance-based pay and \$42,299 of salary survey, less a 0.2 percent base reduction.

**Payments from the Real Estate Recovery Fund:** The recommended reduction adjusts the appropriation to equal expected distributions from the fund.

**Hearings Pursuant to Complaint:** The recommendation aligns the appropriation with actual expenditures in recent years.

**Other:** The recommendation reduces the indirect cost assessment.

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**Division of Registrations:** This division regulates over 221,000 licensees in more than 30 professions and occupations. Its boards and licensing programs ensure a minimum level of competency among the practitioners, facilities, programs, and equipment that it licenses. The Division also conducts inspections, investigates complaints, and restricts or revokes licenses when generally accepted standards of practice or safety have not been observed.

Division of Registrations	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
<b>FY 2004-05 Appropriation</b>	\$14,036,091	\$0	\$12,048,811	\$1,987,280	\$0	157.4
<b>Recommended Changes from FY 2004-05 Appropriation</b>						
Indirect Cost Assessment	302,103		302,103			
Salary and benefit adjustments	256,250	0	254,167	2,083	0	0.0
Increased inspector FTE for the Electrical Board	76,356	0	76,356	0	0	1.5
Other	1,808	0	(73,649)	75,457	0	0.0
Barber and cosmetologists exam costs	(108,760)	0	(108,760)	0	0	(0.7)
Expedited settlement	(27,391)	0	(27,391)	0	0	0.0

Division of Registrations	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
<b>Total FY 2005-06</b>						
<b>JBC Recommendation</b>	\$14,536,457	\$0	\$12,471,637	\$2,064,820	\$0	158.2
\$ Change from prior year	\$500,366	\$0	\$422,826	\$77,540	\$0	0.8
% Change from prior year	3.6%	n/a	3.5%	3.9%	n/a	0.5%

## Issue Descriptions

**Indirect Cost Assessment:** The recommendation includes an increase of \$302,103 cash funds for indirect cost assessments.

**Salary and benefit adjustments:** The recommended increase reflects the FY 2004-05 distribution of \$97,969 of performance-based pay and \$177,438 of salary survey, less a 0.2 percent base reduction.

**Increased inspector FTE for the Electrical Board:** The recommended increase will allow the Electrical Board to hire an additional 1.5 FTE to perform electrical inspections in the Durango area.

**Other:** The recommendation includes \$1,808 cash funds for nurse aide background checks, which will be offset by a reduction of \$1,808 General Fund in the Department of Health Care Policy and Financing, and a \$75,457 fund mix adjustment.

**Barber and cosmetologists exam costs:** Senate Bills 04-251 and 04-24 allow the Division to utilize a private contractor to administer Barber and Cosmetologist exams. The recommendation reflects the lower level of Division expenditures that will result from this change, including a reduction of 0.7 FTE.

**Expedited settlement:** During the 2004 session, the General Assembly approved an expedited settlement decision item that was designed to reduce legal costs by more aggressively seeking settlements with licensees before cases are referred to the Attorney General. The recommended decrease reflects the end of the program's start-up expenditures.

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**Division of Securities** This division monitors the conduct of broker-dealers and sales representatives throughout Colorado. It also investigates citizen complaints and other indications of investment fraud. In addition to license application screening, Division personnel perform on-site examinations of broker-dealer offices.

Division of Securities	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
<b>FY 2004-05 Appropriation</b>	\$2,256,291	\$0	\$2,256,291	\$0	\$0	20.0
<b>Recommended Changes from FY 2004-05 Appropriation</b>						
Salary and benefit adjustments	44,833	0	44,833	0	0	0.0
Securities Fraud Prosecution	10,493	0	10,493	0	0	0.0
Hearings Pursuant to Complaint	(15,242)	0	(15,242)	0	0	0.0

Division of Securities	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
Board Meeting Costs	(1,246)	0	(1,246)	0	0	0.0
Other	(328)	0	(328)	0	0	0.0
<b>Total FY 2005-06</b>						
<b>JBC Recommendation</b>	\$2,294,801	\$0	\$2,294,801	\$0	\$0	20.0
\$ Change from prior year	\$38,510	\$0	\$38,510	\$0	\$0	0.0
% Change from prior year	1.7%	n/a	1.7%	n/a	n/a	0.0%

## Issue Descriptions

**Salary and benefit adjustments:** The recommended increase reflects the FY 2004-05 distribution of \$18,012 of performance-based pay and \$30,043 of salary survey, less a 0.2 percent base reduction.

**Securities Fraud Prosecution:** The recommendation includes a \$10,493 increase for insurance fraud prosecutions conducted by the Department of Law

**Hearings Pursuant to Complaint:** During FY 2004-05, the division received increased funding for the Hearings Pursuant to Complaint line item to pay for the cost of investigating local mutual funds implicated in scandals uncovered by New York's Attorney General. The recommended reduction returns this appropriation to its base funding level.

**Board Meeting Costs:** The recommended reduction brings the appropriation in line with actual board meeting costs in recent years.

**Other:** The recommendation reduces the indirect cost assessment.

## Department of Revenue

**Department Description:** The Department of Revenue performs various revenue collection and regulatory activities related to taxation, motor vehicles, ports of entry, limited gaming, racing, and the Colorado Lottery. The Department is organized into the Executive Director's Office, the Cash and Document Processing Division, the Information Technology Division, Taxation Business Group, the Motor Vehicle Business Group, Motor Carrier Services, Enforcement Business Group, and the State Lottery Division.

Summary Table for Department of Revenue						
	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
<b>FY 2004-05 Appropriation</b>	\$522,106,838	\$87,137,300	\$44,545,391	\$388,617,298	\$1,806,849	1,444.6
<i>Recommended Changes from FY 2004-05 by Long Bill Division</i>						
Executive Director's Office	2,289,057	475,657	1,020,364	793,036	0	2.0
Cash and Document Processing	(80,494)	149,905	(162,449)	(67,950)	0	(7.7)
Information Technology Division	1,015,420	41,065	30,413	943,942	0	(3.9)
Taxation Business Group	(4,677,898)	(4,248,780)	(297,448)	720	(132,390)	0.4
Motor Vehicle Business Group	359,175	8,170,930	272,828	(8,084,583)	0	(4.5)
Motor Carrier Services	112,512	(120,855)	7,789	225,578	0	(0.6)
Enforcement Business Group	(1,167,064)	(1,661)	(1,245,285)	79,882	0	(0.1)
State Lottery Division	(1,844,506)	0	0	(1,844,506)	0	0.0
<b>Total FY 2005-06 Long Bill Recommendation</b>	\$518,113,040	\$91,603,561	\$44,171,603	\$380,663,417	\$1,674,459	1,430.2
<i>JBC Budget Package Legislation</i>						
H.B. 05-1196	0	(8,948,375)	0	8,948,375	0	0.0
<b>Total FY 2005-06 JBC Recommendation</b>	\$518,113,040	\$82,655,186	\$44,171,603	\$389,611,792	\$1,674,459	1,430.2
\$ Change from prior year	(\$3,993,798)	(\$4,482,114)	(\$373,788)	\$994,494	(\$132,390)	(14.4)
% Change from prior year	(0.8)%	(5.1)%	(0.8)%	0.3%	(7.3)%	(1.0)%

### Recommendation Highlights:

1. The recommendation includes an increase of \$1.4 million cash funds exempt to fund the following two projects related to the Colorado State Titling and Registration System (CSTARS):
  - a. **CSTARS Deployment** - These moneys will pay the salaries of nine contract trainers, as well as their related travel expenses and those of the current 4.5 FTE trainers in the Department's Information Technology Division. This is the final phase to implement the new CSTARS platform, which was started during FY 2001-02.
  - b. **CSTARS Infrastructure Replacement** - These moneys establish a four-year infrastructure replacement cycle for servers, uninterrupted power supplies (UPS), switches, and desktop PCs in all county and branch offices beginning in FY 2005-06.

2. The recommendation includes an increase of \$8.4 million General Fund and a corresponding decrease to cash fund exempt sources related to the sunset of Senate Bill 03-267. This legislation established a refinancing mechanism, which permitted the General Assembly to offset General Fund expenditures in the Motor Vehicle Division from the six percent 'off-the-top' limit of the Highway Users Tax Fund.
3. The recommendation includes a decrease of \$4.9 million General Fund to reflect Legislative Council Staff's March 2005 Revenue Forecast for the Cigarette Tax Rebate, Old Age Heat & Fuel Assistance Grants, and Old Age Property Tax Assistance Grants.
4. The recommendation for the State Lottery contains a total decrease of \$1.8 million cash funds exempt, which is the result of consolidating centrally-appropriated line items in the Executive Director's Office, and eliminating a one-time supplemental approved in FY 2004-05.

**JBC Budget Package Legislation Summary:**

**H.B. 05-1196:** As amended by the House Finance Committee, this legislation proposes to extend the refinance mechanism originally enacted in S.B. 03-267 for an additional two years. As introduced, H.B. 05-1196 exercises the full benefit of this mechanism, saving \$8.9 million of General Fund expenditures in the Motor Vehicle Division out of the six percent 'off-the-top' limit of the Highway Users Tax Fund in FY 2005-06.

**Budget Recommendation Detail by Long Bill Division**

**Executive Director's Office:** The Executive Director's Office is comprised of the Administration section, the Policy Analysis and Financial Services section, the Internal Auditor, and the Human Resources section.

Executive Director's Office	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
<b>FY 2004-05 Appropriation</b>	\$19,943,541	\$12,950,245	\$1,570,069	\$5,423,227	\$0	41.5
<i>Recommended Changes from FY 2004-05 Appropriation</i>						
'POTS' consolidation	1,945,144	0	1,119,001	826,143	0	0.0
Salary Survey	659,334	381,095	38,253	239,986	0	0.0
Health, Life and Dental	469,945	293,912	34,713	141,320	0	0.0
Salary and benefits adjustments	201,871	201,871	0	0	0	0.0
Department re-organization	141,392	141,392	0	0	0	2.0
Fund mix adjustment	0	87,472	(48,436)	(39,036)	0	0.0
Elimination of Performance-based Pay	(839,522)	(491,493)	(61,302)	(286,727)	0	0.0
Other 'POTS' adjustments	(282,619)	(134,964)	(60,872)	(86,783)	0	0.0
JBC Personal Services reduction	(6,488)	(3,628)	(993)	(1,867)	0	0.0
<b>Total FY 2005-06 JBC Recommendation</b>	<b>\$22,232,598</b>	<b>\$13,425,902</b>	<b>\$2,590,433</b>	<b>\$6,216,263</b>	<b>\$0</b>	<b>43.5</b>
\$ Change from prior year	\$2,289,057	\$475,657	\$1,020,364	\$793,036	\$0	2.0
% Change from prior year	11.5%	3.7%	65.0%	14.6%	n/a	4.8%

## Issue Descriptions

**'POTS' consolidation:** The Department presently accounts for centrally-appropriated items ('POTS') in the Executive Director's Office, the Limited Gaming Division, and the State Lottery Division. This recommendation will make it easier to track these appropriations by consolidating them into the Executive Director's Office. If approved by the General Assembly, fewer line items will be shown under the Limited Gaming and State Lottery Divisions and should help to avoid double counting through unnecessary transfers. Moneys for 'POTS' related to these two divisions will be appropriated directly to the Executive Director's Office.

**Salary Survey:** These amounts reflect the common policy of three percent for all classified employees as approved by the JBC for this line item.

**Health, Life, and Dental:** These amounts reflect the common policy approved by the JBC to increase contributions between 6.2 percent and 9.6 percent depending on the tier of elected coverage.

**Salary and benefits adjustments:** These amounts reflect salary survey of \$166,404 and performance-based pay of \$35,467 distributed in FY 2004-05.

**Department re-organization:** This increase reflects the transfer of 2.0 FTE from the Cash and Document Processing Division to the Executive Director's Office to consolidate business analysis functions within the Department. The transfer requires no additional funding and is a net zero to the Department's total budget.

**Fund mix adjustment:** This line represents changes to the Department's indirect cost recovery plan for FY 2005-06, which fluctuates according to various cash and cash exempt sources that can be charged for work performed by the Executive Director's Office for other divisions within the Department.

**Elimination of Performance-based Pay:** This reduction is consistent with the JBC common policy to eliminate the distribution of performance-based pay in FY 2005-06.

**Other 'POTS' adjustments:** These amounts summarize changes to other centrally-appropriated line items ('POTS') through common policies approved by the JBC. Such line items include the following: short-term disability, amortization equalization disbursement, workers' compensation, purchase of services from the computer center, payments to risk management and property funds, and vehicle lease payments.

**JBC Personal Services reduction:** This line represents a common policy approved by the Joint Budget Committee to reduce the personal services base appropriation for all programs by 0.2 percent.

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**Cash and Document Processing:** This division records and maintains transactions that enable the Department to meet various statutory responsibilities, many of which are related to taxes, licensing and various other fee payments. Such transactions also include the deposit of tax remittances; the processing of tax documents from the receipt of returns through the issuance of applicable refunds; and the processing of income tax refund warrants. This division also performs a variety of incoming and outgoing mail services.



Cash and Document Processing	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
<b>FY 2004-05 Appropriation</b>	\$11,156,807	\$10,141,294	\$450,373	\$565,140	\$0	122.2
<i>Recommended Changes from FY 2004-05 Appropriation</i>						
Salary and benefits adjustments	160,179	160,179	0	0	0	0.0
Adjustment for special bills	119,110	135,213	(16,103)	0	0	0.3
Fund mix adjustment	0	212,650	(145,462)	(67,188)	0	0.0
Reduction for vacant positions	0	0	0	0	0	(6.0)
Department re-organization	(141,392)	(141,392)	0	0	0	(2.0)
Operating Expenses reduction	(125,000)	(125,000)	0	0	0	0.0
Personal Services base reduction	(54,731)	(54,731)	0	0	0	0.0
Seasonal Tax Processing reduction	(27,500)	(27,500)	0	0	0	0.0
JBC Personal Services reduction	(11,160)	(9,514)	(884)	(762)	0	0.0
<b>Total FY 2005-06 JBC Recommendation</b>	\$11,076,313	\$10,291,199	\$287,924	\$497,190	\$0	114.5
\$ Change from prior year	(\$80,494)	\$149,905	(\$162,449)	(\$67,950)	\$0	(7.7)
% Change from prior year	(0.7)%	1.5%	(36.1)%	(12.0)%	n/a	(6.3)%

## Issue Descriptions

**Salary and benefits adjustments:** This amount reflects salary survey of \$102,107 and performance-based pay of \$58,072 distributed in FY 2004-05.

**Adjustment for special bills:** These amounts reflect the out-year fiscal impact of legislation related to the Cash and Document Processing Division.

**Reduction for vacant positions:** This reduction reflects the Division's utilization of appropriated FTE over the last three fiscal years, which has favored temporary employees over permanent hires.

**Fund mix adjustment:** This line represents changes to the Department's indirect cost recovery plan for FY 2005-06, which fluctuates according to various cash and cash exempt sources that can be charged for work performed by the Cash and Document Processing Division.

**Department re-organization:** This reduction is related to the transfer of 2.0 FTE from the Cash and Document Processing Division to the Executive Director's Office to consolidate business analysis functions within the Department. The transfer requires no additional funding and is a net zero to the Department's total budget.

**Operating Expenses reduction:** This reduction reflects reversions over the last two actual years.

**Personal Services base reduction:** This reduction was requested by the Department to eliminate vacancy savings that have caused personal services for this division to become slightly over-funded.

**Seasonal Tax Processing reduction:** This reduction reflects reversions over the last three actual years.

**JBC Personal Services reduction:** This line represents a common policy approved by the Joint Budget Committee to reduce the personal services base appropriation for all programs by 0.2 percent.

**Information Technology Division:** This division is divided between two subsections: Systems Support, which provides the bulk of the Department's various information technology requirements; and the Colorado State Titling and Registration System (CSTARS), which was created in 1983 to automate the distribution of vehicle registration taxes among the State, the counties, and the Highway Users Tax Fund (HUTF).

Information Technology Division	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
<b>FY 2004-05 Appropriation</b>	\$11,647,471	\$5,254,369	\$319,201	\$6,073,901	\$0	119.2
<i>Recommended Changes from FY 2004-05 Appropriation</i>						
CSTARS deployment	828,815	0	0	828,815	0	0.0
CSTARS infrastructure replacement	568,230	0	0	568,230	0	0.0
Salary and benefits adjustments	205,014	151,983	0	53,031	0	0.0
CSTARS expansion	22,256	0	0	22,256	0	0.0
Fund mix adjustment	0	136,531	28,301	(164,832)	0	0.0
Personal Services base reduction	(345,906)	0	0	(345,906)	0	(5.0)
Adjustment for special bills	(247,287)	(238,593)	2,748	(11,442)	0	1.1
JBC Personal Services reduction	(15,702)	(8,856)	(636)	(6,210)	0	0.0
<b>Total FY 2005-06 JBC Recommendation</b>	\$12,662,891	\$5,295,434	\$349,614	\$7,017,843	\$0	115.3
\$ Change from prior year	\$1,015,420	\$41,065	\$30,413	\$943,942	\$0	(3.9)
% Change from prior year	8.7%	0.8%	9.5%	15.5%	n/a	(3.3)%

**Issue Descriptions**

**CSTARS deployment:** The recommended increase reflects the salaries of nine contract trainers, as well as their related travel expenses, and the travel expenses of the current 4.5 FTE trainers in the Department's Information Technology Division. This is the final phase to implement the new CSTARS platform, which was started during FY 2001-02.

**CSTARS infrastructure replacement:** These moneys establish a four-year infrastructure replacement cycle for servers, uninterrupted power supplies (UPS), switches, and desktop PCs in all county and branch offices beginning in FY 2005-06.

**Salary and benefits adjustments:** These amounts reflect salary survey of \$130,221 and performance-based pay of \$74,793 distributed in FY 2004-05.

**CSTARS expansion:** Section 42-1-210 (2), C.R.S., requires the Department to provide the necessary equipment and services to support motor vehicle titling and registration services that are easily accessible to the public. This funding will be used to establish an additional branch office in Pueblo County and to purchase new equipment for Jefferson County for the relocation of a current office.

**Fund mix adjustment:** This line represents changes to the Department's indirect cost recovery plan for FY 2005-06, which fluctuates according to various cash and cash exempt sources that can be charged for work performed by the Information Technology Division.

**Personal Services base reduction:** This reduction was requested by the Department to eliminate resources for the CSTARS Re-Write Project that are no longer necessary.

**Adjustment for special bills:** These amounts reflect the out-year fiscal impact of legislation or the elimination of one-time initiatives related to the Information Technology Division.

**JBC Personal Services reduction:** This amount represents a common policy approved by the Joint Budget Committee to reduce the personal services base appropriation for all programs by 0.2 percent.

**Taxation Business Group:** This division is responsible for implementing programs related to the collection of taxes; the provision of customer service to taxpayers; the resolution of tax disputes; and the administration of certain tax rebate and assistance programs.

Taxation Business Group	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
FY 2004-05 Appropriation	\$52,934,072	\$50,248,899	\$504,412	\$992,859	\$1,187,902	323.9
<i>Recommended Changes from FY 2004-05 Appropriation</i>						
Salary and benefits adjustments	425,165	425,165	0	0	0	0.0
Adjustment for special bills	17,756	(6,043)	23,079	720	0	0.4
Old Age Grants estimate adjustment	(3,100,000)	(3,100,000)	0	0	0	0.0
Cigarette Rebate estimate adjustment	(1,800,000)	(1,800,000)	0	0	0	0.0
Funding mix adjustment	(132,390)	319,224	(319,546)	322	(132,390)	0.0
Personal Services base reductions	(48,405)	(48,405)	0	0	0	0.0
JBC Personal Services reduction	(40,024)	(38,721)	(981)	(322)	0	0.0
<b>Total FY 2005-06</b>						
<b>JBC Recommendation</b>	\$48,256,174	\$46,000,119	\$206,964	\$993,579	\$1,055,512	324.3
\$ Change from prior year	(\$4,677,898)	(\$4,248,780)	(\$297,448)	\$720	(\$132,390)	0.4
% Change from prior year	(8.8)%	(8.5)%	(59.0)%	0.1%	(11.1)%	0.1%

### Issue Descriptions

**Salary and benefits adjustments:** This amount reflects salary survey of \$234,806 and performance-based pay of \$190,359 distributed in FY 2004-05.

**Adjustment for special bills:** These amounts reflect the out-year fiscal impact of legislation related to the Taxation Business Group.

**Old Age Grants estimate adjustment:** This amount reflects adjustments to Legislative Council Staff's estimate for distribution of these grants from the previous fiscal year. Sections 39-31-101 and 104, C.R.S., specify the

qualifications for low-income individuals and couples to receive heat, fuel and property tax assistance grants. The actual General Fund disbursement for these programs may vary because any qualified applicants must receive the grants. This appropriation is exempt from the six percent limit on General Fund appropriations as set forth in Section 24-75-201.1 (1) (a) (III) (C), C.R.S.

**Cigarette Tax Rebate estimate adjustment:** This amount reflects adjustments to Legislative Council Staff's estimate of rebate distributions from the previous fiscal year. Pursuant to Section 39-22-623, C.R.S., this program distributes 27 percent of the gross state cigarette tax to incorporated cities and towns that levy taxes and adopt formal budgets, as well as to counties. Distributions are made according to a state sales tax collection formula that is certified each year by the State Treasurer. In order to qualify for the rebate, units of local government are prohibited from imposing fees, licenses or taxes on cigarettes. This appropriation is exempt from the six percent limit on General Fund appropriations as set forth in Section 24-75-201.1 (1) (a) (III) (C), C.R.S.

**Fund mix adjustment:** This line represents changes to the Department's indirect cost recovery plan for FY 2005-06, which fluctuates according to various cash and cash exempt sources that can be charged for work performed by the Taxation Business Group. There is also an adjustment to reflect reduced federal funds for the Mineral Audit Program.

**Personal Services base reduction:** This reduction was requested by the Department to reflect vacancy savings that have caused personal services in the Taxpayer Services Division to become slightly over-funded.

**JBC Personal Services reduction:** This amount represents a common policy approved by the Joint Budget Committee to reduce the personal services base appropriation for all programs by 0.2 percent.

**Motor Vehicle Business Group:** This division is responsible for licensing drivers; titling and registering motor vehicles; regulating commercial driving schools; enforcing the state's emissions program; and administering the Motorist Insurance Identification Database program.

<b>Motor Vehicle Business Group</b>	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Cash Fund Exempt</b>	<b>Federal Funds</b>	<b>FTE</b>
<b>FY 2004-05 Appropriation</b>	\$27,328,501	\$8,079,483	\$4,928,758	\$14,320,260	\$0	393.8
<b>Recommended Changes from FY 2004-05 Appropriation</b>						
Salary and benefits adjustments	495,271	409,387	0	85,884	0	0.0
License Plate Ordering	278,459	0	278,459	0	0	0.0
Sunset of S.B. 03-267	0	8,441,863	0	(8,441,863)	0	0.0
Funding mix adjustment	0	(339,141)	(5,614)	344,755	0	0.0
Reduction for vacant positions	0	0	0	0	0	(4.0)
Drivers License Documents reduction	(317,517)	(253,296)	0	(64,221)	0	0.0
Adjustment for special bills	(34,254)	(32,783)	0	(1,471)	0	(0.5)
JBC Personal Services reduction	(33,622)	(25,938)	(17)	(7,667)	0	0.0
Personal Services base reduction	(20,008)	(20,008)	0	0	0	0.0
Operating Expenses reduction	(9,154)	(9,154)	0	0	0	0.0

Motor Vehicle Business Group	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
<b>Total FY 2005-06</b>						
<b>JBC Recommendation</b>	\$27,687,676	\$16,250,413	\$5,201,586	\$6,235,677	\$0	389.3
\$ Change from prior year	\$359,175	\$8,170,930	\$272,828	(\$8,084,583)	\$0	(4.5)
% Change from prior year	1.3%	101.1%	5.5%	(56.5)%	n/a	(1.1)%

## Issue Descriptions

**Salary and benefits adjustments:** These amounts reflect salary survey of \$309,991 and performance-based pay of \$185,280 distributed in FY 2004-05.

**License Plate Ordering:** The increase reflects the Department's estimate of statewide license plate demand in FY 2005-06. This line item is used to pay Correctional Industries for the costs associated with producing and distributing motor vehicle license plates to the State's 64 counties.

**Sunset of S.B. 03-267:** The refinancing mechanism of this legislation - which permits the General Assembly to offset specific General Fund expenditures in the Motor Vehicle Division with moneys under the six percent 'off-the-top' limit of the Highway Users Tax Fund - will expire at the end of FY 2004-05.

**Fund mix adjustment:** This line represents changes to the Department's indirect cost recovery plan for FY 2005-06, which fluctuates according to various cash and cash exempt sources that can be charged for work performed by the Motor Vehicle Business Group.

**Reduction for vacant positions:** This reduction reflects positions the Department has held open during the last two fiscal years to manage the personal services appropriation for the Titles section.

**Drivers License Documents reduction:** This recommendation reflects significant reversions over the last two actual years. This line item funds production of drivers license documents, which includes both licenses and identification cards.

**Adjustment for special bills:** These amounts reflect the out-year fiscal impact of legislation related to the Cash and Document Processing Division.

**JBC Personal Services reduction:** This amount represents a common policy approved by the Joint Budget Committee to reduce the personal services base appropriation for all programs by 0.2 percent.

**Personal Services base reduction:** This reduction was requested by the Department to eliminate vacancy savings that have caused personal services in the Administration section to become slightly over-funded.

**Operating Expenses reduction:** This recommendation reflects reversions in the Administration section over the last two actual years.

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**Motor Carrier Services:** This division is responsible for registering motor carriers; collecting registration fees charged to fuel distributors, petroleum storage companies, and interstate carriers; ensuring compliance with vehicle safety regulations; and enforcing laws concerning both owners and operators of motor carriers.

Motor Carrier Services	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
<b>FY 2004-05 Appropriation</b>	\$7,819,234	\$288,220	\$240,647	\$6,671,420	\$618,947	145.8
<b>Recommended Changes from FY 2004-05 Appropriation</b>						
Salary and benefits adjustments	220,855	33,365	4,410	183,080	0	0.0
Funding mix adjustment	0	(100,366)	3,499	96,867	0	0.5
Tax collection system transfer	(94,339)	(52,759)	0	(41,580)	0	(1.1)
JBC Personal Services reduction	(14,004)	(1,095)	(120)	(12,789)	0	0.0
<b>Total FY 2005-06 JBC Recommendation</b>	\$7,931,746	\$167,365	\$248,436	\$6,896,998	\$618,947	145.2
\$ Change from prior year	\$112,512	(\$120,855)	\$7,789	\$225,578	\$0	(0.6)
% Change from prior year	1.4%	(41.9)%	3.2%	3.4%	0.0%	(0.4)%

### Issue Descriptions

**Salary and benefits adjustments:** These amounts reflect salary survey of \$140,630 and performance-based pay of \$80,225 distributed in FY 2004-05.

**Fund mix adjustment:** This line represents changes to the Department's indirect cost recovery plan for FY 2005-06, which fluctuates according to various cash and cash exempt sources that can be charged for work performed by the Motor Carrier Services Division.

**Tax collection system transfer:** This recommendation reflects transferring responsibilities related to the International Fuel Tax Agreement to the Taxpayer Services Division, which annualizes a supplemental adjustment made during FY 2004-05.

**JBC Personal Services reduction:** This amount represents a common policy approved by the Joint Budget Committee to reduce the personal services base appropriation for all programs by 0.2 percent.

**Enforcement Business Group:** This division is responsible for the regulation of the limited gaming industry; enforcement of the State's liquor and tobacco laws; and the licensing of liquor retailers, wholesalers, and manufacturers. Programs within this section also oversee the regulation of horse and dog racing events, the distribution of motor vehicles, as well as manage adjudication hearings related to drivers licenses, certain racing licenses, and some tax disputes.

Enforcement Business Group	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
<b>FY 2004-05 Appropriation</b>	\$38,967,485	\$174,790	\$36,531,931	\$2,260,764	\$0	172.2
<b>Recommended Changes from FY 2004-05 Appropriation</b>						
Salary and benefits adjustments	197,479	5,391	129,996	62,092	0	0.0
Other changes	11,936	(402)	8,847	3,491	0	(0.1)
Fund mix adjustment	0	(6,302)	(12,563)	18,865	0	0.0

<b>Enforcement Business Group</b>	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Cash Fund Exempt</b>	<b>Federal Funds</b>	<b>FTE</b>
'POTS' consolidation	(1,119,001)	0	(1,119,001)	0	0	0.0
Distribution to Gaming Cities and Counties adjustment	(233,648)	0	(233,648)	0	0	0.0
JBC Personal Services reduction	(23,830)	(348)	(18,916)	(4,566)	0	0.0
<b>Total FY 2005-06 JBC Recommendation</b>	\$37,800,421	\$173,129	\$35,286,646	\$2,340,646	\$0	172.1
\$ Change from prior year	(\$1,167,064)	(\$1,661)	(\$1,245,285)	\$79,882	\$0	(0.1)
% Change from prior year	(3.0)%	(1.0)%	(3.4)%	3.5%	n/a	(0.1)%

## Issue Descriptions

**Salary and benefits adjustments:** These amounts reflect salary survey of \$127,958 and performance-based pay of \$69,521 distributed in FY 2004-05.

**Other changes:** This line includes the elimination and inclusion of special bills, as well as the annualization of a supplemental base reduction made during FY 2004-05.

**Fund mix adjustment:** This line represents changes to the Department's indirect cost recovery plan for FY 2005-06, which fluctuates according to various cash and cash exempt sources that can be charged for work performed by the Enforcement Business Group.

**'POTS' consolidation:** The Department presently accounts for centrally-appropriated items ('POTS') in three parts of its Long Bill section, one of which is the Limited Gaming Division. This recommendation will make it easier to track these appropriations by consolidating them into the Executive Director's Office. If approved by the General Assembly, fewer line items will be shown under the Limited Gaming Division and should help to avoid double counting through unnecessary transfers. Moneys for 'POTS' related to the Limited Gaming Division will be appropriated directly to the Executive Director's Office.

**Distribution to Gaming Cities and Counties adjustment:** As designated by Section 12-47.1-701 (1) (c), C.R.S., this line reflects adjustments to the FY 2005-06 estimate of distributions to the State Historical Fund; to the governing bodies of Gilpin and Teller counties; to the governing bodies for the cities of Black Hawk, Central, and Cripple Creek; and to the General Fund or such other funds as determined by the General Assembly.

**JBC Personal Services reduction:** This amount represents a common policy approved by the Joint Budget Committee to reduce the personal services base appropriation for all programs by 0.2 percent.

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**State Lottery Division:** This division regulates and administers the State Lottery. The State Lottery Division is designated as an enterprise under the provisions of TABOR per Article X, Section 20 of the Colorado Constitution.

State Lottery Division	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
<b>FY 2004-05 Appropriation</b>	\$352,309,727	\$0	\$0	\$352,309,727	\$0	126.0
<b>Recommended Changes from FY 2004-05 Appropriation</b>						
Salary and benefits adjustments	233,174	0	0	233,174	0	0.0
Other changes	2,243	0	0	2,243	0	0.0
'POTS' consolidation	(1,128,284)	0	0	(1,128,284)	0	0.0
Vendor Fees adjustment	(542,298)	0	0	(542,298)	0	0.0
Elimination of Telecommunications	(216,809)	0	0	(216,809)	0	0.0
Operating efficiencies	(176,100)	0	0	(176,100)	0	0.0
JBC Personal Services reduction	(16,432)	0	0	(16,432)	0	0.0
<b>Total FY 2005-06</b>						
<b>JBC Recommendation</b>	\$350,465,221	\$0	\$0	\$350,465,221	\$0	126.0
\$ Change from prior year	(\$1,844,506)	\$0	\$0	(\$1,844,506)	\$0	0.0
% Change from prior year	(0.5)%	n/a	n/a	(0.5)%	n/a	0.0%

## Issue Descriptions

**Salary and benefits adjustments:** These amounts reflect salary survey of \$144,264 and performance-based pay of \$88,910 distributed in FY 2004-05.

**Other changes:** This amount reflects an increase to indirect cost recoveries paid by the State Lottery Division to the other divisions within the Department.

**'POTS' consolidation:** The Department presently accounts for centrally-appropriated items ('POTS') in three parts of its Long Bill section, one of which is the State Lottery Division. This recommendation will make it easier to track these appropriations by consolidating them into the Executive Director's Office. If approved by the General Assembly, fewer line items will be shown under the State Lottery Division and should help to avoid double counting through unnecessary transfers. Moneys for 'POTS' related to the State Lottery Division will be appropriated directly to the Executive Director's Office.

**Vendor Fees adjustment:** This amount reflects the elimination of a FY 2004-05 supplemental to extend the transition period between the old vendor and the new vendor.

**Elimination of Telecommunications:** Under the terms of the new on-line vendor contract with Scientific Games International, this line item is no longer necessary.

**Operating efficiencies:** This amount reflects the annualization of savings under the new on-line vendor contract, which were partially recognized in FY 2004-05.

**JBC Personal Services reduction:** This amount represents a common policy approved by the Joint Budget Committee to reduce the personal services base appropriation for all programs by 0.2 percent.



## Department of State

**Department Description:** The Department of State administers Colorado's election laws, including voter registration laws, initiative and referendum laws, and the Help America Vote Act (HAVA). It collects, stores and provides public access to disclosure statements filed by public officials and lobbyists under Colorado's Sunshine Law and Fair Campaign Practices Act. It collects, stores and provides public access to annual reports, articles of incorporation, liens and other documents filed by for-profit and not-for-profit businesses under the Corporation and Association laws and the Uniform Commercial Code. The Department collects, stores and provides public access to reports and other documents filed under the Bingo and Raffles charitable gaming laws and the Charitable Solicitations Act. It licenses entities that engage in charitable gaming and enforces related laws. It serves as the depository for many official state government records and documents and regulates notaries public while administering related laws.

Summary Table for Department of State						
	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
<b>FY 2004-05 Appropriation</b>	\$25,402,378	\$0	\$15,937,115	\$9,433,366	\$31,897	128.3
<i>Recommended Changes from FY 2004-05 by Long Bill Division</i>						
Administration	152,550	0	(58,176)	242,623	(31,897)	(2.0)
Special Purpose	5,203,697	0	(450,000)	5,653,697	0	(3.0)
Information Technology Services	924,205	0	1,050,542	(126,337)	0	5.4
<b>Total FY 2005-06 JBC Recommendation</b>	\$31,682,830	\$0	\$16,479,481	\$15,203,349	\$0	128.7
\$ Change from prior year	\$6,280,452	\$0	\$542,366	\$5,769,983	(\$31,897)	0.4
% Change from prior year	24.7%	n/a	3.4%	61.2%	(100.0)%	0.3%

### Recommendation Highlights:

1. An increase of \$5.6 million cash funds exempt for the Help America Vote Act Program for development of a statewide voter registration system.
2. An increase of \$3.6 million cash funds for Department of State disaster recovery computers and for a statewide center that will house disaster recovery computers of the Department of State and other state agencies.

### Budget Recommendation Detail by Long Bill Division

**Administration:** The Administration Division provides general management supervision for the entire Department, including budgeting, accounting, and human resources services. Most of the Department's functions are carried out by sections within this division, including Business Filings, Elections, and Licensing and Enforcement.

Administration	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
<b>FY 2004-05 Appropriation</b>	\$6,392,132	\$0	\$6,315,235	\$45,000	\$31,897	86.2
<b>Recommended Changes from FY 2004-05 Appropriation</b>						
Salary and benefit adjustments	189,932	0	147,135	74,694	(31,897)	0.0
HAVA indirect costs	124,143	0	(88,050)	212,193	0	1.0
Leased Space	115,100	0	115,100	0	0	0.0
Operating adjustments	11,251	0	10,515	736	0	0.0
Legal Services	(150,471)	0	(105,471)	(45,000)	0	0.0
Bills from the 2004 session	(85,988)	0	(85,988)	0	0	(3.0)
Zinc whiskers adjustments	(51,417)	0	(51,417)	0	0	0.0
<b>Total FY 2005-06 JBC Recommendation</b>	\$6,544,682	\$0	\$6,257,059	\$287,623	\$0	84.2
\$ Change from prior year	\$152,550	\$0	(\$58,176)	\$242,623	(\$31,897)	(2.0)
% Change from prior year	2.4%	n/a	(0.9)%	539.2%	(100.0)%	(2.3)%

## Issue Descriptions

**Salary and benefit adjustments:** The recommended increase reflects the FY 2004-05 distribution of \$108,559 of performance-based pay and salary survey increases; a 0.2 percent salary base reduction; an increase of \$77,022 for Health, Life, and Dental, Short Term Disability, S.B. 04-257 Amortization Equalization Disbursements, and Workers' Compensation; an increase of \$71,275 for FY 2005-06 salary survey and the elimination of \$58,817 for performance-based pay in FY 2005-06.

**HAVA indirect costs:** The Help America Vote Act Program will begin paying indirect cost assessments in FY 2005-06 for support provided by the Administration Division. The Department will use the moneys from these assessments to hire a new FTE and some contract workers, to increase operating expenses, and to pay for a portion of the Department's leased space. Because HAVA is continuously appropriated, the recommended increase is shown for informational purposes only.

**Leased Space:** The Department will move to a new location in June. The lease for the new location is less expensive than the lease for the Department's current location; the Department will occupy the new site rent free during the first year and subsequently will pay less annually than it currently pays. However, the Department's current lease does not expire until the end of FY 2005-06, so the Department must continue to pay rent on its old location. The recommended increase will provide a sufficient appropriation to pay the final year's lease expense for the old offices.

**Operating adjustments:** The recommended increase reflects changes in the following centrally appropriated items that are governed by common policy: Administrative Law Judges, Purchase of Services from Computer Center, Multiuse Network Payments, Payment to Risk Management and Property Funds, and the statewide Indirect Cost Assessment.

**Legal Services:** During FY 2004-05, the Department received a supplemental appropriation to pay legal expenses related to the November 2004 election. The recommended decrease reflects a return to base spending

levels. The decrease is offset somewhat by new, continuously appropriated, legal expenditures by the HAVA program.

**Bills from the 2004 session:** The recommended decrease equals the net FY 2005-06 impact of the following bills: a \$13,705 increase for H.B. 04-1448, Regulation of Trade Names, a \$80,000 decrease for S.B. 04-231, Electronic Filing with the Department of State, and a \$19,693 decrease for H.B. 04-1300, Regulation of Notaries Public.

**Zinc whiskers adjustments:** The Department received a \$51,417 supplemental appropriation to help it catch up on the backlog of work created by the zinc whiskers catastrophe, which struck the Department in June 2004 and knocked out much of its information technology capability. The recommended decrease reflects a return to base spending levels.

**Special Purpose:** This division includes the following: (1) the state's Help America Vote Act (HAVA) program; (2) Electronic Filing Grants to County Clerk and Recorders; (3) the Master Distribution List, in which agricultural-product security interests are filed; (4) reimbursements for certain local election expenses; and (5) initiative and referendum appropriations, which fund such activities as signature verification and the Title Setting Board.

Special Purpose	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
<b>FY 2004-05 Appropriation</b>	\$12,249,858	\$0	\$2,995,389	\$9,254,469	\$0	18.0
<i>Recommended Changes from FY 2004-05 Appropriation</i>						
Help America Vote Act Program	5,653,697	0	0	5,653,697	0	(3.0)
Initiative and Referendum	(450,000)	0	(450,000)	0	0	0.0
<b>Total FY 2005-06 JBC Recommendation</b>	\$17,453,555	\$0	\$2,545,389	\$14,908,166	\$0	15.0
\$ Change from prior year	\$5,203,697	\$0	(\$450,000)	\$5,653,697	\$0	(3.0)
% Change from prior year	42.5%	n/a	(15.0)%	61.1%	n/a	(16.7)%

### Issue Descriptions

**Help America Vote Act Program:** The recommended increase reflects the cost of developing and implementing a statewide voter registration system. This appropriation is for informational purposes only as moneys for the HAVA program are continuously appropriated from reserves in the Federal Elections Assistance fund.

**Initiative and Referendum:** These expenses rise and fall with the two-year election cycle. The recommended appropriation reduces the appropriation in anticipation of the biannual decline.

**Information Technology Services:** This division provides information technology support for the rest of the Department.

Information Technology Section	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
<b>FY 2004-05 Appropriation</b>	\$6,760,388	\$0	\$6,626,491	\$133,897	\$0	24.1
<i>Recommended Changes from FY 2004-05 Appropriation</i>						
Statewide disaster recovery center.	3,559,986	0	3,559,986	0	0	4.0
2004 session bills	360,057	0	360,057		0	1.4
Salary and benefit adjustments	45,602	0	45,602	0	0	0.0
HAVA indirect costs	7,560	0	0	7,560	0	0.0
Zinc whiskers adjustments.	(3,049,000)	0	(2,915,103)	(133,897)	0	0.0
<b>Total FY 2005-06 JBC Recommendation</b>	\$7,684,593	\$0	\$7,677,033	\$7,560	\$0	29.5
\$ Change from prior year	\$924,205	\$0	\$1,050,542	(\$126,337)	\$0	5.4
% Change from prior year	13.7%	n/a	15.9%	(94.4)%	n/a	22.4%

**Issue Descriptions**

**Statewide disaster recovery center:** The recommended appropriation includes \$3,559,986 cash funds and 4.0 FTE that will allow the Department to do the following: (1) acquire backup computers for its own disaster recovery needs; and (2) establish a statewide disaster recovery center that will host the Department's disaster recovery computers and disaster recovery computers provided by other state agencies. The following table summarizes projected costs over the next 7 years.

IT Services Division	FY 05-06	FY 06-07	FY 07-08	FY 08-09	FY 09-10	FY 10-11	FY 11-12
Personal Services	\$829,875	\$1,419,750	\$1,430,682	\$1,512,717	\$1,599,482	\$1,691,254	\$1,788,322
Operating Expenses	2,134,235	828,000	832,320	836,770	881,793	886,513	891,375
Hardware/Software Maintenance	87,958	89,938	95,334	101,054	107,118	113,545	120,357
IT Asset Maintenance	507,918	0	0	0	690,653	0	0
<b>Total</b>	<b>\$3,559,986</b>	<b>\$2,337,688</b>	<b>\$2,358,336</b>	<b>\$2,450,541</b>	<b>\$3,279,046</b>	<b>\$2,691,312</b>	<b>\$2,800,054</b>

**2004 session bills:** The recommended increase equals the FY 2005-06 impact, as foreseen in Legislative Council Staff Fiscal Notes, of the following bills: \$94,800 for H.B. 04-1300, Regulation of Notaries Public, and \$265,257 for H.B. 04-1448, Regulation of Trade Names.

**Salary and benefit adjustments:** The recommended increase reflects the FY 2004-05 distribution of \$18,025 of performance-based pay and \$32,328 of salary survey, less a 0.2 percent base reduction.

**HAVA indirect costs:** The HAVA program will begin paying indirect cost assessments in FY 2005-06 for support provided by the Information Technology Services Division. The Department will use these moneys to increase the Division's operating expense outlays. This appropriation is shown for informational purposes only as moneys for HAVA are continuously appropriated.

**Zinc whiskers adjustments:** The recommended decrease reflects an expenditure decrease following one-time spending for zinc-whiskers related repairs in FY 2004-05.

## Department of Transportation

**Department Description:** The Department is responsible for operating and maintaining Colorado's 9,135-mile state highway system under the policy direction of the eleven-member Transportation Commission, and maintaining the statewide aviation system 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.

<b>Summary Table for Department of Transportation</b>						
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Cash Fund Exempt</b>	<b>Federal Funds</b>	<b>FTE</b>
<b>FY 2004-05 Appropriation</b>	\$916,199,700	\$0	\$64,501,672	\$551,952,803	\$299,745,225	3,301.2
<i>Recommended Changes from FY 2004-05 by Long Bill Division</i>						
Office of Transportation Safety	(100,000)	0	(100,000)	0	0	0.0
Division of Aeronautics	(40,975)	0	(47,479)	0	6,504	0.0
Administration	620,809	0	0	620,809	0	0.0
Construction, Maintenance, and Operations	28,863,527	0	(9,783,701)	4,066,215	34,581,013	6.0
Transportation Revenue Anticipation Notes (TRANS)	(125,000,000)	0	0	(125,000,000)	0	0.0
Statewide Tolling Enterprise	1,777,568	0	0	1,777,568	0	0.0
<b>Total FY 2005-06 JBC Recommendation</b>	<b>\$822,320,629</b>	<b>\$0</b>	<b>\$54,570,492</b>	<b>\$433,417,395</b>	<b>\$334,332,742</b>	<b>3,307.2</b>
\$ Change from prior year	(\$93,879,071)	\$0	(\$9,931,180)	(\$118,535,408)	\$34,587,517	6.0
% Change from prior year	(10.2)%	n/a	(15.4)%	(21.5)%	11.5%	0.2%

### Recommendation Highlights:

1. Provides a \$28.6 million increase based on estimated revenues for the Transportation Commission allocated construction, maintenance, and operations budget.
2. Provides a \$1.8 million state highway fund allocation increase from the Transportation Commission to the Tolling Enterprise for tolling project start-up costs.
3. Provides a \$620,809 increase in the state highway funded Administration program line appropriation for centrally allocated personal services and miscellaneous operating costs.
4. Indicates a 6.0 FTE increase for the Transportation Commission allocated budget for the engineering and development environmental sections.
5. Removes the \$125.0 million TRANS bond issuances informational line item from the Long Bill. The bond program has currently reached its statutory debt service limits, and no further bond issuances are anticipated in FY 2005-06.

6. Eliminates the \$100,000 appropriation from the Persistent Drunk Driver Fund to the Office of Transportation Safety. The appropriation will be moved to the Department of Human Services to allow state matching funds for additional federal funds.

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### Budget Recommendation Detail by Long Bill Division

**Office of Transportation Safety:** This office prepares data and analyzes highway safety problems, as well as identifies appropriate transportation safety measures. Specific projects are designed to address traffic fatalities and injuries, reduce alcohol and impaired driving, increase the use of seat belts, and improve compliance with speed limits.

Office of Transportation Safety	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
<b>FY 2004-05 Appropriation</b>	\$100,000	\$0	\$100,000	\$0	\$0	0.0
<i>Recommended Changes from FY 2004-05 Appropriation</i>						
Persistent Drunk Driver Program	(100,000)	0	(100,000)	0	0	0.0
<b>Total FY 2005-06 JBC Recommendation</b>	\$0	\$0	\$0	\$0	\$0	0.0
\$ Change from prior year	(\$100,000)	\$0	(\$100,000)	\$0	\$0	0.0
% Change from prior year	(100.0)%	n/a	(100.0)%	n/a	n/a	n/a

### Issue Descriptions

**Persistent Drunk Driver Program:** The recommendation eliminates the \$100,000 appropriation from the Persistent Drunk Driver Fund to the Office of Transportation Safety. The appropriation will be moved to the Department of Human Services to allow state matching funds for additional federal funds. The Office of Transportation Safety will still be involved in the program for planning and advisement purposes.

**Division of Aeronautics:** Under the policy direction of the Colorado Aeronautical Board, this division supports the maintenance of the statewide aviation system plan. Division staff provide technical support to local airports regarding aviation safety, and administer reimbursement of aviation fuel tax revenues as well as discretionary grants to local airports.

Division of Aeronautics	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
<b>FY 2004-05 Appropriation</b>	\$12,835,126	\$0	\$12,509,932	\$0	\$325,194	8.0
<i>Recommended Changes from FY 2004-05 Appropriation</i>						
Salary and benefits adjustments	20,002	0	13,986	0	6,016	0.0
Operating adjustments	6,412	0	6,412	0	0	0.0
Other	(67,389)	0	(67,877)	0	488	0.0

Division of Aeronautics	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
<b>Total FY 2005-06 JBC Recommendation</b>	\$12,794,151	\$0	\$12,462,453	\$0	\$331,698	8.0
\$ Change from prior year	(\$40,975)	\$0	(\$47,479)	\$0	\$6,504	0.0
% Change from prior year	(0.3)%	n/a	(0.4)%	n/a	2.0%	0.0%

### Issue Descriptions

**Salary and benefits adjustments:** The recommendation reflects \$14,065 in salary survey and performance-based pay awards distributed in FY 2004-05, and an increase amount of \$11,273 for salary survey; health, life, and dental payments; and other common policy centrally appropriated benefits items for FY 2005-06. These increases are partially offset by a decrease of \$5,297 in performance-based pay awards pursuant to the approved common policy of not funding these awards in FY 2005-06.

**Operating adjustments:** The recommendation of \$6,412 includes small changes in funding for workers' compensation, legal services, leased space, vehicle lease payments, and communications services payments.

**Other:** The recommendation includes decreases of \$60,174 in discretionary grants funding, and \$7,702 in formula refunds. Both items are returned and distributed to local airports.

**Administration:** The Administration section consists of the following: the Transportation Commission; the Office of the Executive Director; the Office of Public Information; the Office of Information Technology; the Office of Financial Management and Budget; the Highways Administration; the Division of Human Resources and Administration; the Division of Audit; the Office of Policy; and other centralized administrative costs for the Department.

Administration	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
<b>FY 2004-05 Appropriation</b>	\$21,929,552	\$0	\$0	\$21,929,552	\$0	219.7
<b>Recommended Changes from FY 2004-05 Appropriation</b>						
Salary and benefits adjustments	733,004	0	0	733,004	0	0.0
Operating adjustments	511,534	0	0	511,534	0	0.0
Statewide indirect costs adjustment	(623,729)	0	0	(623,729)	0	0.0
<b>Total FY 2005-06 JBC Recommendation</b>	\$22,550,361	\$0	\$0	\$22,550,361	\$0	219.7
\$ Change from prior year	\$620,809	\$0	\$0	\$620,809	\$0	0.0
% Change from prior year	2.8%	n/a	n/a	2.8%	n/a	0.0%

### Issue Descriptions

**Salary and benefits adjustments:** The recommended amount includes an increase of \$390,640 in salary survey and performance-based pay awards for FY 2004-05, a \$251,000 increase for contract services, and the remainder for health, life, and dental, amortization equalization PERA distributions, and other miscellaneous centrally allocated items for FY 2005-06.



**Operating adjustments:** The recommendation contains various changes in centrally appropriated items including workers' compensation, risk management and property, vehicle lease payments, and legal services. The specific amount includes an increase of \$758,846 for risk management and property insurance payments, partially offset by a \$251,000 decrease in operating expenses to fund anticipated personal services costs for contract services.

**Statewide indirect cost adjustment:** This recommendation reflects a decrease based on a change in the billing method by the Department of Personnel and Administration in how it charges the Department for its share of statewide indirect costs.

**Construction, Maintenance, and Operations:** This division is responsible for transportation planning, inter-modal transportation programs, and all phases of highway operation including engineering, construction, and maintenance.

<b>Construction, Maintenance, and Operations</b>	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Cash Fund Exempt</b>	<b>Federal Funds</b>	<b>FTE</b>
FY 2004-05 Appropriation	\$756,112,590	\$0	\$51,891,740	\$404,800,819	\$299,420,031	3,073.5
<b>Recommended Changes from FY 2004-05 Appropriation</b>						
Cash funds (locals, miscellaneous, interest)	(9,783,701)	0	(9,783,701)	0	0	0.0
State Highway Funds (HUTF)	4,066,215	0	0	4,066,215	0	6.0
Federal funds	34,581,013	0	0	0	34,581,013	0.0
<b>Total FY 2005-06 JBC Recommendation</b>	<b>\$784,976,117</b>	<b>\$0</b>	<b>\$42,108,039</b>	<b>\$408,867,034</b>	<b>\$334,001,044</b>	<b>3,079.5</b>
\$ Change from prior year	\$28,863,527	\$0	(\$9,783,701)	\$4,066,215	\$34,581,013	6.0
% Change from prior year	3.8%	n/a	(18.9)%	1.0%	11.5%	0.2%

### Issue Descriptions

**Cash funds (locals, miscellaneous, interest):** This recommended amount includes anticipated decreases of \$6.5 million in bond interest received, and \$3.7 million in miscellaneous revenues (fines, permit fees, etc.). These are partially offset by an increase of \$360,000 in matches and reimbursements for highway projects from local governments.

**State Highway Funds (HUTF):** The recommendation represents the Department's forecasted increased share of Highway User Tax Fund (HUTF) revenues per statutory formulas. The increase in FTE is for additional engineering positions and positions in the development environmental section.

**Federal funds:** This recommendation represents the Department's new estimated apportionment increase in federal funds from the Federal Highway Administration federal transportation program.

**Transportation Revenue Anticipation Notes (TRANS):** This section contains appropriations that reflect the issuance of TRANS highway construction bonds pursuant to H.B. 99-1325. Totals reflect the estimated value of anticipated bond issuances for the budget request year.

Transportation Revenue Anticipation Notes (TRANS)	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
<b>FY 2004-05 Appropriation</b>	\$125,000,000	\$0	\$0	\$125,000,000	\$0	0.0
<i>Recommended Changes from FY 2004-05 Appropriation</i>						
TRANS bond issuances	(125,000,000)	0	0	(125,000,000)	0	0.0
<b>Total FY 2005-06</b>						
<b>JBC Recommendation</b>	\$0	\$0	\$0	\$0	\$0	0.0
\$ Change from prior year	(\$125,000,000)	\$0	\$0	(\$125,000,000)	\$0	0.0
% Change from prior year	(100.0)%	n/a	n/a	(100.0)%	n/a	n/a

### Issue Descriptions

**TRANS bond issuances:** The anticipated FY 2004-05 TRANS bonds were actually issued in late FY 2003-04 due to favorable market conditions. With those late FY 2003-04 bond issues, the program reached its statutory limitations on debt service amounts. Therefore, no new bond issuances are planned for FY 2005-06.

**Statewide Tolling Enterprise:** This section contains appropriations for the Statewide Tolling Enterprise created pursuant to S.B. 02-179 and H.B. 02-1310. Under the statute, the Department is authorized to create a Statewide Tolling Authority to oversee the finance, construction, operation, and maintenance of additional highway capacity. The Transportation Commission established this body on August 15, 2002, as a division within the Department that is granted enterprise status as long as it retains the authority to issue revenue bonds and receives less than 10 percent of its total revenues from grants from state and local governments.

Statewide Tolling Enterprise	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
<b>FY 2004-05 Appropriation</b>	\$222,432	\$0	\$0	\$222,432	\$0	0.0
<i>Recommended Changes from FY 2004-05 Appropriation</i>						
Transportation Commission allocation	1,777,568	0	0	1,777,568	0	0.0
<b>Total FY 2005-06</b>						
<b>JBC Recommendation</b>	\$2,000,000	\$0	\$0	\$2,000,000	\$0	0.0
\$ Change from prior year	\$1,777,568	\$0	\$0	\$1,777,568	\$0	0.0
% Change from prior year	799.2%	n/a	n/a	799.2%	n/a	n/a

### Issue Descriptions

**Transportation Commission allocation:** This recommended amount represents the increase in state highway funds allocated by the Transportation Commission to the Tolling Enterprise for tolling projects start-up costs in FY 2005-06.

## Department of the Treasury

**Department Description:** The Department has 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; (3) disburses Senior Citizen Property Tax Exemption payments to local governments; (4) provides short-term interest-free financing to school districts under the Interest Free School Loan Program; (5) helps charter schools with long-term financing obtained under the Charter School Facilities Financing Act; (6) transfers the state contribution for "old hire" fire and police pensions; and (7) distributes counties' and municipalities' shares of the Highway Users Tax Fund.

Summary Table for Department of the Treasury						
	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
<b>FY 2004-05 Appropriation</b>	\$264,677,777	\$749,822	\$2,300,955	\$261,627,000	\$0	25.5
<i>Recommended Changes from FY 2004-05 by Long Bill Division</i>						
Administration	18,896	117	18,779	0	0	0.0
Unclaimed Property Program	157,468	0	157,468	0	0	0.0
Special Purpose	43,309,511	25,321,079	0	17,988,432	0	0.0
<b>Total FY 2005-06 JBC Recommendation</b>	\$308,163,652	\$26,071,018	\$2,477,202	\$279,615,432	\$0	25.5
\$ Change from prior year	\$43,485,875	\$25,321,196	\$176,247	\$17,988,432	\$0	0.0
% Change from prior year	16.4%	3377.0%	7.7%	6.9%	n/a	0.0%

### Recommendation Highlights:

1. Resumes the \$25.3 million annual General Fund transfer to the Fire and Police Pension Association to help pay the unfunded liability of "old hire" pensions. This transfer is pursuant to statute and is included for informational purposes in the Long Bill.
2. Transmits an expected \$16.5 million cash funds exempt to the CoverColorado health insurance program from the Unclaimed Property Trust Fund. This transmittal is pursuant to statute and is included for informational purposes in the Long Bill.
3. Reflects an expected \$1.5 million increase in expected Highway Users Tax Fund payments to counties and municipalities. These cash funds exempt payments are pursuant to statute and are included for informational purposes in the Long Bill.
4. Provides \$103,000 cash funds for a new contract with an auditing firm that looks in other states for unclaimed property that belongs to Colorado citizens.
5. Adds \$38,000 cash funds to purchase new unclaimed-property software.

## Budget Recommendation Detail by Long Bill Division

**Administration:** This office is responsible for the operation and oversight of the Department. The Division provides accounting, cash management, and investment services for the State.

Administration	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
<b>FY 2004-05 Appropriation</b>	\$1,473,319	\$749,822	\$723,497	\$0	\$0	16.0
<i>Recommended Changes from FY 2004-05 Appropriation</i>						
Salary and benefit adjustments	50,574	46,761	3,813	0	0	0.0
Investment management tools	9,456	9,456	0	0	0	0.0
Replacement computers	6,776	(724)	7,500	0	0	0.0
Operating adjustments	955	955	0	0	0	0.0
Treasury transactions fee	0	(23,582)	23,582	0	0	0.0
Legal Services	(48,865)	(32,749)	(16,116)	0	0	0.0
<b>Total FY 2005-06 JBC Recommendation</b>	\$1,492,215	\$749,939	\$742,276	\$0	\$0	16.0
\$ Change from prior year	\$18,896	\$117	\$18,779	\$0	\$0	0.0
% Change from prior year	1.3%	0.0%	2.6%	n/a	n/a	0.0%

### Issue Descriptions

**Salary and benefit adjustments:** The recommended increase reflects the FY 2004-05 distribution of \$31,555 of performance-based pay and salary survey increases; a 0.2 percent salary base reduction; an increase of \$22,137 for Health, Life, and Dental, Short Term Disability, and S.B. 04-257 Amortization Equalization Disbursements; an increase of \$14,595 for FY 2005-06 salary survey and the elimination of \$15,591 for performance-based pay in FY 2005-06.

**Investment management tools:** The recommended increase provides an extra \$7,761 to lease Bloomberg Terminals and an extra \$1,695 to subscribe to a credit research service; both are used to manage the state's investments.

**Replacement computers:** The recommended increase provides a total appropriation of \$12,568 for Information Technology Asset Maintenance, which will replace aging computers used in the Administration and Unclaimed Property Divisions.

**Operating adjustments:** The recommended increase reflects changes in the following centrally appropriated items: Purchase of Services from Computer Center, Payment to Risk Management and Property Funds, and Capitol Complex Leased Space.

**Treasury transactions fee:** The Department imposes a fee on cash transactions conducted on behalf of the more than 100 interest-earning cash funds that are subject to the fee. The recommendation reflects the increased cash fund revenues the fee will generate next year.

**Legal Services:** The recommended decrease reflects a return to base funding levels following unusually high legal expenses in FY 2004-05 for the "cash funds" lawsuit (Barber et al v. Owens and Coffman) and for legal opinions on such matters as school district debt, the ability of the Treasurer to delegate authority, and College Invest.

**Unclaimed Property Program:** Pursuant to the Unclaimed Property Act, the state takes possession of dormant properties held by a wide range of institutions and tries to return the properties to their rightful owners. The Department deposits recovered moneys in the Unclaimed Property Trust Fund, using the principal and interest to pay claims and to pay the cost of running the program. The remaining principal and interest help support the CoverColorado health insurance program. The Department holds recovered securities for at least a year and then sells those that have not been returned, depositing sales proceeds in the Unclaimed Property Tourism Promotion Trust Fund. The State uses the interest earned by this fund to promote tourism and the State Fair. The fund source is the Unclaimed Property Trust fund.

Unclaimed Property Program	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
<b>FY 2004-05 Appropriation</b>	\$1,577,458	\$0	\$1,577,458	\$0	\$0	9.5
<i>Recommended Changes from FY 2004-05 Appropriation</i>						
Contract Auditor Services	102,571	0	102,571	0	0	0.0
Unclaimed property software upgrade	38,150	0	38,150	0	0	0.0
Salary and benefit adjustments	13,498	0	13,498	0	0	0.0
Leased Space	3,249	0	3,249	0	0	0.0
<b>Total FY 2005-06 JBC Recommendation</b>	\$1,734,926	\$0	\$1,734,926	\$0	\$0	9.5
\$ Change from prior year	\$157,468	\$0	\$157,468	\$0	\$0	0.0
% Change from prior year	10.0%	n/a	10.0%	n/a	n/a	0.0%

### Issue Descriptions

**Contract Auditor Services:** The recommended increase reflects the cost of a new contract with an auditing firm that examines businesses in other states, looking for unclaimed property that belongs to Colorado citizens. The added appropriation equals the amount the auditor will subtract as its 12 percent fee from amounts recovered. About a quarter of the remainder will be claimed by Colorado citizens with the other three quarters available to support CoverColorado pursuant to Section 38-13-116.5, C.R.S.

**Unclaimed property software upgrade:** The recommended increase will pay half the cost of replacing old unclaimed-property software. Existing appropriations will pay the remainder.

**Salary and benefit adjustments:** The recommended increase reflects the FY 2004-05 distribution of \$6,748 of performance-based pay and \$7,997 of salary survey, less a 0.2 percent base reduction.

**Leased Space:** The recommended appropriation reflects a 4 percent rent increase.

**Special Purpose:** The expenditures in this portion of the Long Bill are included for informational purposes only; they reflect continuous appropriations that are contained in statute. Included are (1) Expected transmittals from the Unclaimed Property Trust Fund to the CoverColorado health insurance program; (2) Transfers to the Fire and Police Pension Association to help pay the unfunded liability of "old hire" fire and police pension plans; and (3) Expected distributions to counties and municipalities from the Highway Users Tax Fund.

Special Purpose	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
<b>FY 2004-05 Appropriation</b>	\$261,627,000	\$0	\$0	\$261,627,000	\$0	0.0
<b>Recommended Changes from FY 2004-05 Appropriation</b>						
Transfer for old hire pensions	25,321,079	25,321,079	0	0	0	0.0
Transmittals to CoverColorado	16,500,000	0	0	16,500,000	0	0.0
HUTF payments to counties and municipalities	1,488,432	0	0	1,488,432	0	0.0
<b>Total FY 2005-06 JBC Recommendation</b>	\$304,936,511	\$25,321,079	\$0	\$279,615,432	\$0	0.0
\$ Change from prior year	\$43,309,511	\$25,321,079	\$0	\$17,988,432	\$0	0.0
% Change from prior year	16.6%	n/a	n/a	6.9%	n/a	n/a

### Issue Descriptions

**Transfer for old hire pensions:** Senate Bill 03-263 suspended for two years the state's annual transfer to the Fire and Police Pension Association, which amortizes a portion of the unfunded liability of "old hire" pension plans. These pensions cover police and fire officers who were hired by local governments before 1978. Pursuant to Section 31-30.5-307 (5), C.R.S., these annual payments resume in April 2006 and continue through April 2012. The recommended informational appropriation reports the amount that will be transferred.

**Transmittals to CoverColorado:** Senate Bill 04-211 changed state support for CoverColorado, the state program that provides health insurance for those who are otherwise uninsurable. The bill requires the Treasurer to transmit both interest and principal from the Unclaimed Property Trust Fund to CoverColorado in order to pay program expenses that are not met by health insurance premiums. The recommended informational appropriation reports the amount the Treasurer expects to transmit.

**HUTF payments to counties and municipalities:** The recommended informational appropriation reports the amounts the Treasury expects to distribute from the HUTF (Highway Users Tax Fund) to counties and municipalities under the rules of Sections 43-4-207 and 208, C.R.S.

# CAPITAL CONSTRUCTION

## Recommendation Highlights

The proposed FY 2005-06 budget includes recommendations that:

1. Provide \$21.0 million for controlled maintenance projects from the capital construction fund;
2. Provide \$20.6 million for new construction or major renovation projects from the capital construction fund;
3. Provide \$7.1 million from tobacco funds for the lease purchase of academic buildings at Fitzsimons; and
4. Provide \$3.0 million for ongoing certificates of participation from the capital construction fund.

## Budget Recommendation Detail by Department

Project	Total	CCFE	CF	CFE	FF
<b><u>AGRICULTURE</u></b>					
Colorado State Fair, Repair/Replace Primary Electrical Infrastructure	750,000	750,000	0	0	0
Replaces the primary, overhead, medium-voltage electrical system with an underground, low-voltage system.					
<b>TOTAL - AGRICULTURE</b>	<b>\$750,000</b>	<b>\$750,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b><u>CORRECTIONS</u></b>					
Correctional Industries, Minor Construction Projects	441,000	0	0	441,000	0
This ongoing appropriation allows Correctional Industries to accommodate growth and new business opportunities and to maintain safe operations.					
Freemont Correctional Facility, Repair Utility Tunnel	643,642	643,642	0	0	0
Repairs the utility tunnel including reinforcing the concrete beam and pilasters.					
Upgrade Fire Detection/ Alarm/Suppression Systems	1,701,592	1,701,592	0	0	0
Upgrades systems at Buena Vista, Colorado Correctional, Territorial, Fremont, Centennial, Skyline, Limon, and Pueblo Minimum.					
<b>TOTAL - CORRECTIONS</b>	<b>\$2,786,234</b>	<b>\$2,345,234</b>	<b>\$0</b>	<b>\$441,000</b>	<b>\$0</b>
<b><u>EDUCATION</u></b>					
School for the Deaf and Blind, ADA Compliant Signage	53,955	53,955	0	0	0

<b>Project</b>	<b>Total</b>	<b>CCFE</b>	<b>CF</b>	<b>CFE</b>	<b>FF</b>
Installs interior and exterior ADA-compliant signage throughout the campus.					
School for the Deaf and Blind, Adams HVAC Repair	425,400	425,400	0	0	0
Install a control system for heating, ventilation and air condition systems, replace the domestic hot water heat exchanger, install a back-flow prevention, replace the circulating pumps, repair the condensate line, and install equipment to allow chilled water to be used to cool the building.					
<b>TOTAL - EDUCATION</b>	<b>\$479,355</b>	<b>\$479,355</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**HIGHER EDUCATION**

**Adams State College**

Card Lock System and Door Replacement (202)	490,000	0	0	490,000	0
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Replace the current key card lock system and replace 200 doors in the college's dormitories.

Coronado Dormitory Renovation (202)	375,000	0	0	375,000	0
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Repair and replace floor tile, repaint walls, provide plumbing and electrical upgrades, and install new furniture in three floors of the wing.

**Mesa State College**

Emergency Lighting, Fire Suppression and Alarm Systems Upgrade	311,570	311,570	0	0	0
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Replaces the existing lighting and alarm systems and installs a suppression system.

Heiny Hall, Replace Chiller	218,364	218,364	0	0	0
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Replaces the 30-year-old chiller including the condenser motors.

Saunders Field House and Tomlinson Library, Repair Roofs	309,375	309,375	0	0	0
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Repairs the roofs on the two buildings. This phase addresses the Tomlinson Library.

Business and Information Technology Center, Phase I	1,150,000	0	0	1,150,000	0
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Construct a 51,240 GSF Business and Information Technology Center that will serve as a consolidated location for technology intensive programs on campus.

House Demolition and Ground Recovery	20,638,800	0	0	20,638,800	0
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Survey and re-plot lots into one parcel, and demolish existing structures on the lots.

**Colorado State University**

Replace Deteriorated Plumbing Items	481,390	481,390	0	0	0
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Replaces deteriorated plumbing components in the Administration, Chemistry, Physiology, Auditorium/Gym, Pathology, Ayleworth Hall, and Engineering South/Glover buildings on campus.

AIDL Annex Renovation	2,239,000	0	0	2,239,000	0
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<b>Project</b>	<b>Total</b>	<b>CCFE</b>	<b>CF</b>	<b>CFE</b>	<b>FF</b>
Renovate 2,380 GSF of the Antropod and Infections Disease Laboratory (AIDL) Annex to an Animal Biosafety Level 3 facility and construct an additional 2,300 GSF for small animal holding and support space.					
Engineering Entrance Enhancement and Office Addition	3,147,575	0	0	3,147,575	0
Construct a 13,500 GSF addition to the Engineering Building and remodel 4,700 GSF of existing space. The project will replace existing computer lab space in a more centralized location; provide updated technological equipment for the lab; expand office space in the Engineering Building; enhance the entrance to the Engineering Building to be more consistent with adjacent structures; and provide a waiting area and student project display area outside of room 100, a 265 seat auditorium.					
Marketplace at Corbett Hall (202)	904,437	0	0	904,437	0
Converts a 3,500 ASF dining hall into an open "marketplace" serving style, renovates beverage areas, cereal stations, waffle bar, and related movable equipment.					
Natural Resources Research Center (202)	1,497,380	0	0	1,497,380	0
Upgrades the electrical power supply system in the Natural Resources Research Center to accommodate the needs of federal agencies that occupy space in the center.					
New Academic Village (202)	43,848,576	0	0	43,848,576	0
Construct 128,500 GSF of residential student housing for 175 honors students and 240 engineering students as a "living learning center"; construct 42,300 GSF of central dining commons; construct 12,240 GSF of residence life operations space; and demolish the 86,198 GSF Ellis Hall.					
Regulated Materials Handling Facility	1,502,078	1,502,078	0	0	0
Builds a single-story 5,600 GSF Regulated Materials Handling Facility for the temporary storage and processing of hazardous waste, radiation waste, and mixed waste.					
Shortgrass Steppe Field Station Additions/Alterations	3,800,000	0	0	3,800,000	0
Construct 18,808 GSF and renovate 3,398 GSF of existing facilities at the Shortgrass Steppe Field Station located on the Central Plains Experimental Range in northeastern Colorado, seven miles north of Nunn on County Road 114.					
<b>Colorado State University at Pueblo</b>					
Life Sciences and Physics Math Buildings, Replace Roofs	437,497	437,497	0	0	0
Replaces leaking roofs.					
HPER Building Renovation, Life/Safety Upgrade, Phase I and II	5,298,600	5,298,600	0	0	0
Renovates 61,683 GSF and adds 15,000 GSF to the Health, Physical Education and Recreation (HPER) building used by the Exercise Science, Health Promotion and Recreation, Experiential Learning Center, Athletic Department, Intramurals, and Student Recreation programs. Phase I and II include architectural and engineering studies, roof replacement, air handling units, and replacement of the gym bleachers and the building entrance.					
<b>University of Colorado at Boulder</b>					
Campus Steam Line Upgrades	361,961	361,961	0	0	0
Replace direct buried steam and condensate lines serving the Speech Learning and Health Sciences buildings.					

<b>Project</b>	<b>Total</b>	<b>CCFE</b>	<b>CF</b>	<b>CFE</b>	<b>FF</b>
Main Campus Tunnel Security Projects	196,907	196,907	0	0	0
Replaces doorways to utility tunnels to prevent unauthorized access to unsafe areas, and to allow easy egress in an emergency.					
Steam Tunnel Structural Repairs	359,755	359,755	0	0	0
Replaces the top section of the steam tunnel.					
Upgrade Fire Sprinklers and Alarms, Various Buildings	914,654	914,654	0	0	0
Provides fire sprinkler coverage. This phases addresses the Duane Physics Building.					
Business School Renovation and Addition	25,072,420	0	0	25,072,420	0
Constructs a 54,000 GSF annex to the College of Business building and renovates 36,200 GSF of the existing building. The new annex will house outreach centers, new programs, and an expanded library. The current business library will be remodeled to house improved undergraduate computer laboratories, classrooms , and student space.					
Information Technology Infrastructure	13,524,930	0	0	13,524,930	0
Upgrade information technology infrastructure to add fiber optic cabling, provide secure communication rooms within buildings, and install new copper cabling to ensure high-speed network connections, as well as networking electronics and servers.					
<b>University of Colorado at Colorado Springs</b>					
Dwire Hall Renovation and Technology Upgrade	3,000,000	1,500,000	0	1,500,000	0
Renovate utilities equipment, and facilities to provide additional classroom, research and facility spaces for the College of Business and Administration.					
Parking Garage and Public Safety Facility (202)	4,802,000	0	0	4,802,000	0
Adds additional square footage to a parking garage, public safety facility, and student health center, and constructs a new signalized entrance to the campus from the Austin Bluffs Parkway to the Cragmor parcel immediately east of the parking garage.					
Science / Engineering Buildings	21,800,000	0	0	21,800,000	0
Construct approximately 220,000 GSF to house the College of Engineering and Applied Science, the Dean and several departments of the College of Liberal Arts and Sciences, the Institute of BioEnergetics, the NISSC, and the Science/Health Science Learning Center.					
<b>University of Colorado Health Sciences Center</b>					
Fire Protection Upgrade, Building 500	496,430	496,430	0	0	0
Improves fire detection equipment and expands sprinkler system.					
Fitzsimons, Infrastructure Phase 9	5,424,376	0	0	5,424,376	0
The project develops infrastructure to provide the foundation for the development of Fitzsimons into a campus with modern, up-to-date, high-tech research, education, and health care facilities.					
Fitzsimons Trust Fund	7,114,756	7,114,756	0	0	0

<b>Project</b>	<b>Total</b>	<b>CCFE</b>	<b>CF</b>	<b>CFE</b>	<b>FF</b>
Pursuant to H.B. 03-1256, when an amount is due to a lessor under a lease purchase agreement for Fitzsimons, the General Assembly shall appropriate from tobacco funds to the Capital Construction Fund the smallest of the amount due to the lessor, eight percent of tobacco revenues, or \$8.0 million. The amount shall then be appropriated from the Capital Construction Fund to the Fitzsimons Trust Fund and from the Fitzsimons Trust Fund for the payments due to the lessor. This project is for the appropriation from the Capital Construction Fund to the Fitzsimons Trust Fund.					
Lease Purchase of Academic Facilities at Fitzsimons	7,114,756	0	0	7,114,756	0
Pursuant to H.B. 03-1256, when an amount is due to a lessor under a lease purchase agreement for Fitzsimons, the General Assembly shall appropriate from tobacco funds to the Capital Construction Fund the smallest of the amount due to the lessor, eight percent of tobacco revenues, or \$8.0 million. The amount shall then be appropriated from the Capital Construction Fund to the Fitzsimons Trust Fund and from the Fitzsimons Trust Fund for the payments due to the lessor. This project is for the appropriation from the Fitzsimons Trust Fund to make the payments due to the lessor.					
<b>Colorado School of Mines</b>					
Repair/Replace Secondary Electrical Systems	413,404	413,404	0	0	0
Replaces secondary electrical system components, including electrical panels, breakers, and conductors in three buildings. This phase addresses Lakes Library.					
Addition to Center for Teaching and Learning Media	5,077,735	5,077,735	0	0	0
Completes construction of the addition, includes \$241,000 for Green Center Roof repair, and locates academic computing and networking staff in facilities adjacent to the relocated equipment room.					
Wellness Center (202)	18,095,348	0	0	18,095,348	0
Builds an 84,500 GSF athletic facility.					
<b>University of Northern Colorado</b>					
Butler Hancock Hall, McKee Hall and Frasier Hall, Replace Electrical Systems and Fire Alarm Systems	465,100	465,100	0	0	0
Upgrades main distribution panels and sub-panels throughout the buildings.					
Central/West Campus, Water Main Improvements	885,606	885,606	0	0	0
Increases the size of the Central Campus piping and upgrades the West Campus water supply including valving.					
Infrastructure Renewal Project - Replace Buried Mains from Heating Plant to 19th Street Vault	6,040,153	6,040,153	0	0	0
Replace high-temperature hot water mains.					
<b>Arapahoe Community College</b>					
Telephone Switch Deterioration and Life Safety Equipment	285,000	254,100	0	30,900	0
Upgrades a deteriorated telephone switch and installs life safety equipment.					

Project	Total	CCFE	CF	CFE	FF
<b>Colorado Northwestern Community College</b>					
Fire Detection and Protection System Upgrade	845,500	845,500	0	0	0
Installs a fire detection and response system in 18 buildings on the Rangely and Craig campuses.					
Rangely Campus, Southern Area Sewer Replacement and Repair	813,540	813,540	0	0	0
Install new sewer lines and manholes throughout the southern half of the campus.					
<b>Front Range Community College</b>					
Larimer Campus, Red Cloud Peak and Maroon Peak Buildings, Repair/Replace Rooftop HVAC Units	310,200	310,200	0	0	0
Repair and replace 30-year-old HVAC units.					
<b>Northeastern Junior College</b>					
Early Learners/Cosmetology Electrical/Mechanical/Fire Alarm System Upgrades	202,565	202,565	0	0	0
Replaces inadequate light fixtures and electrical panels, and installs a new fire alarm system.					
<b>Otero Junior College</b>					
Wheeler Hall and Life Science Building, HVAC Equipment Replacement	341,798	341,798	0	0	0
Provides for design work and replacement of all unit ventilators.					
<b>Pikes Peak Community College</b>					
Telephone System	834,793	834,793	0	0	0
Replace the college's telephone system					
<b>Pueblo Community College</b>					
College Center Roof Replacement (202)	314,000	0	0	314,000	0
Replaces the roof for the student union.					
Parking Expansion - Valdez and GATC Area (202)	453,000	0	0	453,000	0
Two new parking areas will be installed at Valdez Field and behind the GATC building to create 260 new parking spaces: 51 parking spaces at GATC and 200 at Valdez, with an additional three spaces at GATC and six spaces at Valdez for designated users. Paving, curbing, sidewalks, security lighting, drainage, signage, stops, striping, and landscaping will be included.					
Repair/Replace Electrical Distribution Panels, HVAC, and Interior Doors	301,290	301,290	0	0	0
Upgrades the fire alarm and monitoring system in the Academic Building and upgrades panels and wiring in four other campus buildings.					
<b>Red Rocks Community College</b>					

<b>Project</b>	<b>Total</b>	<b>CCFE</b>	<b>CF</b>	<b>CFE</b>	<b>FF</b>
Upper West Parking Lot Resurface (202)	566,071	0	0	566,071	0
Resurface the upper west parking lot and improve associated roads, walkways, parking areas, curbing, drainage, erosion control, parking lot control, fencing and recreation facilities.					
<b>Auraria Higher Education Center</b>					
Replace Fire Security Monitoring Infrastructure System	478,921	478,921	0	0	0
Finish building connections for new fire security monitoring system.					
Parking Lots K and L Renovation	1,422,484	0	0	1,422,484	0
Replace asphalt, upgrade lighting and upgrade storm water detention.					
<b>Colorado Historical Society</b>					
Regional Museum Preservation Projects	542,000	0	0	542,000	0
The project will address a number of historic preservation issues at regional museums with money in the State Historical Fund.					
<b>TOTAL - HIGHER EDUCATION</b>	<b>\$215,521,095</b>	<b>\$36,768,042</b>	<b>\$0</b>	<b>\$178,753,053</b>	<b>\$0</b>

### **HUMAN SERVICES**

#### **Executive Director's Office**

Grand Junction Regional Center, Replace Mechanical Equipment and Steam Lines	807,071	807,071	0	0	0
Install new chiller, air handlers, ductwork, piping, controls, and required electrical and code upgrades.					

#### **Office of Direct Services**

Colorado Mental Health Institute at Fort Logan, Repair Mechanical Equipment	225,563	225,563	0	0	0
Replaces the boiler in Building #23.					

Colorado Mental Health Institute at Fort Logan, Replace Panic/Duress and Fire Alarm Systems	749,900	749,900	0	0	0
Completes the replacement of the system, including testing, installation of fire alarms in Building E, and installation of the central fire alarm reporting and monitoring panels.					

Colorado Mental Health Institute at Pueblo, Critical Heat Plant Repairs	658,740	658,740	0	0	0
Repairs the heat plant.					

Colorado Mental Health Institute at Pueblo, Repair Automatic Transfer Switches and Electrical Panels	279,575	279,575	0	0	0
Repairs 50-year-old transfer switches.					

#### **Division of Youth Corrections**

<b>Project</b>	<b>Total</b>	<b>CCFE</b>	<b>CF</b>	<b>CFE</b>	<b>FF</b>
Lookout Mountain, Repair/Replace Tunnel Structure	274,173	274,173	0	0	0
Repairs tunnel structure including mitigating water infiltration, repairing steam leaks, and bringing chillers into code compliance.					
Lookout Mountain, Replace Emergency Generator and Transfer Switch	342,589	342,589	0	0	0
Replace the center's emergency generator and transfer switch.					
Repair/Replace Security Panels, Fire Alarm and Mechanical Equipment	341,771	341,771	0	0	0
Replaces door control panels at Grand Mesa.					
<b>TOTAL - HUMAN SERVICES</b>	<b>\$3,679,382</b>	<b>\$3,679,382</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b><u>LABOR AND EMPLOYMENT</u></b>					
Petroleum Storage Tank Site Cleanup	19,000,000	0	18,200,000	0	800,000
The ongoing project reimburses the cost of remediating storage sites contaminated by leaking petroleum products.					
<b>TOTAL - LABOR &amp; EMPLOYMENT</b>	<b>\$19,000,000</b>	<b>\$0</b>	<b>\$18,200,000</b>	<b>\$0</b>	<b>\$800,000</b>
<b><u>MILITARY AFFAIRS</u></b>					
Joint Forces Headquarters, Window Wall Replacement	1,111,086	555,543	0	0	555,543
Replaces leaking window walls in building #268.					
Safety Standards Compliance, Various Locations	930,094	756,859	0	0	173,235
Modify existing construction to address unsafe conditions. This phase will address issues at the La Junta and Aurora armories.					
<b>TOTAL - MILITARY AFFAIRS</b>	<b>\$2,041,180</b>	<b>\$1,312,402</b>	<b>\$0</b>	<b>\$0</b>	<b>\$728,778</b>
<b><u>NATURAL RESOURCES</u></b>					
<b>Division of Parks and Outdoor Recreation</b>					
Cheyenne Mountain State Park	3,618,000	0	0	3,043,000	575,000
The project is to develop the first state park in El Paso County, the Cheyenne Mountain State Park. The park will be open for limited day use in September 2005.					
Corps Cost Share Improvements Phase III	4,000,000	0	0	2,000,000	2,000,000
The project allows the division to make improvements to the Chatfield, Cherry Creek, and Trinidad State Parks. The project is a Corps of Engineers cost share project.					
Elkhead Reservoir	1,000,000	0	0	1,000,000	0
Rehabilitate existing facilities and construct new facilities at Elkhead Reservoir including upgrading and constructing campgrounds, roads, restrooms, parking areas, boat ramps and swim beaches.					
Front Range Trail	550,000	0	0	550,000	0

<b>Project</b>	<b>Total</b>	<b>CCFE</b>	<b>CF</b>	<b>CFE</b>	<b>FF</b>
The project creates a continuous trail to link the Colorado Front Range's communities and landscapes with a multi-use trail from New Mexico to Wyoming. The Colorado Front Range Trail (CFRT) will link existing and planned trail systems with new trail corridors.					
Major Repairs, Minor Recreation Improvements	4,250,000	0	0	4,250,000	0
Provides various repairs, replacements, and improvements, such as picnic and campsite renovations, water, sewer and electrical system improvements, toilets, docks, and ramps.					
Off-Highway Vehicle Program Grants and Minor New Construction and Renovation	1,410,000	0	1,300,000	0	110,000
Provides grants for project sponsors, which include local governments, federal agencies, and not-for-profit organizations.					
Park Improvements and Buffer Acquisitions	340,000	0	0	340,000	0
Acquire adjacent lands and in-fills to preserve the integrity of the parks, improve public access, address visitor safety and trespass issues, and to address boundary disputes, right-of-way problems, and easements.					
Reservoir Enhancements	1,573,000	0	0	0	1,573,000
The project allows the division to preserve and enhance reservoirs through various projects.					
Saint Vrain Corridor	5,052,000	0	0	5,052,000	0
The project allows the division to acquire land and water along the Saint Vrain River Corridor.					
State Trails Grant Program	1,685,000	0	0	500,000	1,185,000
Provides grant assistance for planning, design and construction of trails.					
Water Acquisitions/Lease Options and Dam Repairs	600,000	0	0	600,000	0
Provides lottery funds to secure water for selected existing parks and planned parks, and repair dams needed to protect downstream residents and property owners from the failure of state-owned dams.					
Wildfire Prevention	650,000	0	0	250,000	400,000
The project proposes to prevent wildfires and improve the resilience of state park areas to recover from the effects of wildfire.					
<b>Division of Wildlife</b>					
Cooperative Habitat Improvements	500,000	0	0	500,000	0
Increases the quality and quantity of habitats on private property and improves small game hunting opportunities.					
Dam Maintenance, Repair, and Improvement	136,500	0	0	136,500	0
This is an annual appropriation for ongoing maintenance, repair, and improvements to dams located on division-owned or leased property.					
Denver Headquarters Reroofing Project	399,000	0	0	399,000	0
Replace the entire main roof of the Division of Wildlife headquarters building in Denver.					
Employee Housing Repairs	290,850	0	0	290,850	0
The project repairs, maintains, and modernizes employee housing located on properties owned or managed by the Division of Wildlife.					

<b>Project</b>	<b>Total</b>	<b>CCFE</b>	<b>CF</b>	<b>CFE</b>	<b>FF</b>
Fish Unit Maintenance and Improvement	1,231,125	0	0	1,231,125	0
The project is for emergency repairs and improvements at five fish hatcheries, including water diversion, structural repair, building repair, major hatchery equipment purchases, and pollution control.					
Small Maintenance and Improvement Projects	195,300	0	0	195,300	0
Pays for emergency repairs and minor maintenance and improvements, including roof work, HVAC maintenance, fence installation, and comfort station improvements.					
Motorboat Access on Lakes and Streams	2,090,500	0	0	585,340	1,505,160
The project will address nine motorboat access facilities, including boat ramps, docks, roads, parking lots, comfort stations, and other facilities authorized for funding under the federal Aid Program. Seventy-five percent of each project is supported by moneys from the U.S. Fish and Wildlife Service. At least 10 percent of each state's apportionment is earmarked to improve motorboat access to fishing waters.					
Property Acquisition	3,500,000	0	0	3,500,000	0
The project allows the division to acquire fee title to property through a competitive bidding process. When the division identifies specific parcels to acquire, it provides a more detailed justification to the Capital Development Committee pursuant to Section 33-1-105 (3) (a), C.R.S.					
Property Maintenance, Improvement, and Development	587,200	0	0	484,272	102,928
The project funds facility and habitat projects on new and existing division-owned or leased property, in addition to habitat improvement projects on other public lands.					
Service Centers Improvements	845,250	0	0	845,250	0
Upgrades and renovates the Division of Wildlife's service centers.					
Stream and Lake Improvements	200,000	0	0	200,000	0
Funds habitat projects for selected streams and lakes such as replacing boulders in stream channels, seeding eroded banks, and fencing to keep livestock away.					
Wetlands Improvement Projects	800,000	0	0	800,000	0
Funds the Colorado Wetlands Initiative, a joint project with other private and government partners.					
<b>TOTAL - NATURAL RESOURCES</b>	<b>\$35,503,725</b>	<b>\$0</b>	<b>\$1,300,000</b>	<b>\$26,752,637</b>	<b>\$7,451,088</b>

**PERSONNEL**

2002 Issue (Refunding of 1992 Issue)	2,013,028	2,013,028	0	0	0
Makes the annual payment for the refinancing of the 1979 issue for developmental disabilities facilities, the 1986 issue for Division of Youth Corrections facilities, the 1988 issue for prison facilities, and the 1995-2005 part of the issue for the Auraria Higher Education Center North Classroom Building and the 690 Kipling Building.					
Lease Purchase of 1881 Pierce Street Building	1,784,190	980,948	0	803,242	0
Makes the annual payment for this building, which is occupied by the Department of Revenue.					
Emergency Controlled Maintenance	2,655,423	2,655,423	0	0	0
Provides a pool of funds for emergency controlled maintenance needs.					



<b>Project</b>	<b>Total</b>	<b>CCFE</b>	<b>CF</b>	<b>CFE</b>	<b>FF</b>
Camp George West, Soil Remediation and Courtyard Drainage Improvements	248,315	248,315	0	0	0
Remediates soil contaminated by an underground petroleum storage tank and improves courtyard drainage at the Colorado State Patrol Training Academy					
Capitol Complex, Upgrade/Replace Domestic Water Pump Systems and Heat Exchangers	359,535	359,535	0	0	0
Upgrades and replaces heat exchangers.					
Life/Safety Upgrade for the State Capitol Building	6,913,533	135,533	0	6,778,000	0
Provides for lease and moving costs to temporarily relocate tenant and contents during the completion of various construction phases of the project.					
<b>TOTAL - PERSONNEL</b>	<b>\$13,974,024</b>	<b>\$6,392,782</b>	<b>\$0</b>	<b>\$7,581,242</b>	<b>\$0</b>
<b><u>PUBLIC HEALTH AND ENVIRONMENT</u></b>					
Contaminated Sites Redevelopment Pursuant to H.B. 00-1306	250,000	0	250,000	0	0
House Bill 00-1306 authorizes the department to use moneys in the Hazardous Substance Response Fund to clean up contaminated sites in the state that are not being addressed through any other state or federal cleanup program.					
Natural Resources Damage Restoration	7,500,000	0	0	7,500,000	0
Restore or replace natural resources contaminated by hazardous substances at Cotter, Eagle, Globeville, Idarado, Shattuck, and Uravan.					
<b>TOTAL - PUBLIC HEALTH &amp; ENVIRONMENT</b>	<b>\$7,750,000</b>	<b>\$0</b>	<b>\$250,000</b>	<b>\$7,500,000</b>	<b>\$0</b>
<b><u>REVENUE</u></b>					
Fort Collins Port-of-Entry Building Replacement	325,000	0	0	325,000	0
Replace the northbound building at the Fort Collins Port-of-Entry facility.					
Port-of-Entry Mobile Scale Replacement	270,000	0	0	270,000	0
Purchase five sets of semi-portable scales and 26 handheld scales.					
Titling and Registration System	659,786	0	0	659,786	0
The project will continue replacing the department's motor vehicle titling and registration systems to streamline filing, recording, and retrieval processes; and simplify implementation of regulatory and statutory changes.					
<b>TOTAL - REVENUE</b>	<b>\$1,254,786</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,254,786</b>	<b>\$0</b>
<b>TOTAL - CAPITAL CONSTRUCTION</b>	<b>\$302,739,781</b>	<b>\$51,727,197</b>	<b>\$19,750,000</b>	<b>\$222,282,718</b>	<b>\$8,979,866</b>