

FY 2004-2005

LONG BILL NARRATIVE

JOINT BUDGET COMMITTEE

STATE OF COLORADO

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John Ziegler

JOINT BUDGET COMMITTEE

200 East 14th Avenue, 3rd Floor
LEGISLATIVE SERVICES BUILDING
Denver, CO 80203
Telephone 303-866-2061

March 29, 2004

To: Members of the Sixty-fourth General Assembly

The Joint Budget Committee recommends for your consideration the FY 2004-05 Long Bill, H.B. 04-1422 and its companion document, this Long Bill Narrative.

Based on the Legislative Council staff March 2004 revenue estimate, further measures are necessary to maintain a balanced budget for the current fiscal year. As a result, The JBC is recommending a separate bill (H.B. 04-1420) introduced as a companion bill to the Long Bill, to reduce the statutory General Fund reserve for FY 2003-04 by \$48.0 million.

The Legislative Council staff March 2004 revenue estimate also indicates that General Fund revenues in FY 2004-05 will not be sufficient to appropriate a 6 percent increase as permitted by the Arveschoug/Bird limit. As a result, the JBC's recommendations for FY 2004-05 General Fund appropriations are based on an appropriations growth of 3.7 percent over the FY 2003-04 base. Overall, the recommendations seek to provide funding for necessary programs and services for citizens in light of limited General Fund revenues. In order to provide for these necessary services, the JBC's budget reduction package (including special bills) reflect no inflationary increases for operating expenses (including food and medical costs), reductions in the amount requested by the Governor for various departments, and limited funding for computer technology upgrades. Unfortunately, there will only be enough revenues to support a severely limited capital construction budget in the upcoming fiscal year.

The total General Fund appropriations subject to the statutory six percent General Fund limit for FY 2004-05 are \$5,800.0 million, for an increase of \$209.1 million (3.7 percent) over the adjusted FY 2003-04 appropriation level of \$5,590.9 million General Fund. The Long Bill contains recommendations of \$5,784.8 million General Fund. The separate Legislative Appropriation bill contains an appropriation of \$26.2 million General Fund, and \$3.4 million is appropriated from five-year statutory appropriations from prior years for sentencing bills. There is a net reduction of \$14.4 million General Fund included in special bills in the budget reduction package recommended by the Joint Budget Committee. The JBC's package also includes \$39.9 million in cash transfers to the General Fund, including \$39.6 million as a result of a recommended special bill (H.B. 04-1421) to restructure the statutory distribution of moneys from Tobacco litigation.

Members of the Sixty-fourth General Assembly
March 29, 2004
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The JBC's recommendation includes funding the TABOR reserve with \$189.7 million designated in several cash funds in the Department of Labor and Employment and the Department of Natural Resources and \$69.0 million in equity from state buildings as designated by the Governor.

Respectfully submitted,

Representative Brad Young, Chairman

Senator Dave Owen, Vice-Chairman

Representative John Witwer

Senator Ron Teck

Representative Tom Plant

Senator Peggy Reeves

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FY 2003-04 GENERAL FUND OVERVIEW (in millions)

GENERAL FUND REVENUES AVAILABLE:

| | |
|--------------------------------|---------------------|
| Beginning General Fund Reserve | \$ 225.1 |
| Gross General Fund Revenues | 5,605.1 |
| Transfers/Paybacks | (0.9) ^{a/} |
| Transfer to Old Age Pension | (1.5) |
| Total General Fund Available | \$ 5,827.8 |

GENERAL FUND OBLIGATIONS:

| | |
|---|---------------------|
| General Fund Appropriations | \$ 5,590.9 |
| Capital Construction Transfer | 9.5 |
| Transfer of Prior Year Excess Reserve to HUTF | 5.6 |
| Transfer of Prior Year Excess to Capital Construction | 2.8 |
| Statutory General Fund Reserve | 175.6 ^{b/} |
| Rebates and Expenditures | 114.8 |
| Reversion of Federal Medicaid Assistance Enhancement for Medicaid | (71.4) |
| Total General Fund Obligations | \$ 5,827.8 |

EXCESS GENERAL FUND RESERVE: \$ 0.0

^{a/} Based on the March 2004 Legislative Council revenue estimate and JBC actions to date.
^{b/} The JBC is proposing that the 4 percent statutory reserve be reduced by \$48.0 million in FY 2003-04.

FY 2004-05 GENERAL FUND OVERVIEW (in millions)

GENERAL FUND REVENUES AVAILABLE:

| | |
|--------------------------------|------------|
| Beginning General Fund Reserve | \$ 175.6 |
| Gross General Fund Revenues | 5,955.4 |
| Transfers/Paybacks | 39.9 |
| Transfer to Old Age Pension | (1.5) |
| TABOR Surplus Liability | (20.3) |
| Total General Fund Available | \$ 6,149.1 |

GENERAL FUND OBLIGATIONS:

| | | |
|--|------------|---------------|
| Recommended General Fund Appropriations in the Long Bill | \$ 5,784.8 | ^{a/} |
| Other General Fund Appropriations | 29.6 | ^{b/} |
| Capital Construction Transfer | 0.0 | ^{c/} |
| Controlled Maintenance Trust Fund Transfer | 0.0 | ^{d/} |
| Proposed Legislation Reducing Operating Appropriations | (14.4) | |
| Rebates and Expenditures | 117.1 | |
| Homestead Exemption | 0.0 | ^{e/} |
| Total General Fund Obligations | \$ 5,917.1 | |

4% STATUTORY GENERAL FUND RESERVE 232.0

EXCESS GENERAL FUND RESERVE: \$ 0.0

^{a/} Does not include Rebates and Expenditures which are included in the Long Bill for informational purposes.

^{b/} Includes \$26.2 million for the Legislative Appropriation Bill, and \$3.4 pursuant to Sections 17-1-126 through 17-1-149, C.R.S.

^{c/} Current statutes authorize a transfer of \$101.8 million for capital construction. The JBC is recommending that no funds be transferred to the Capital Construction Fund.

^{d/} Current statutes authorize a transfer of \$138.2 million to the Controlled Maintenance Trust Fund. The JBC is recommending that transfer be eliminated.

^{e/} The expenditure for the Homestead Exemption in FY 2004-05 was eliminated in S.B. 03-265.

| PROPOSED APPROPRIATIONS | | | | | |
|---|----------------------|----------------------|--------------------------|----------------------|-----------------------|
| FY 2004-05 | | | | | |
| Department | General Fund | Cash Funds | Cash Funds Exempt | Federal Funds | TOTAL |
| Agriculture | 4,227,529 | 22,266,389 | 1,535,265 | 1,725,153 | 29,754,336 |
| Corrections | 496,828,987 | 3,436,067 | 52,274,745 | 2,915,688 | 555,455,487 |
| Education | 2,555,671,589 | 14,743,794 | 457,019,405 | 413,109,122 | 3,440,543,910 |
| Governor | 15,838,358 | 225,779 | 1,706,447 | 17,527,584 | 35,298,168 |
| Health Care Policy and Financing | 1,258,408,689 | 12,265,645 | 223,643,178 | 1,478,105,190 | 2,972,422,702 |
| Higher Education | 592,472,772 | 952,169,128 | 73,710,578 | 19,805,153 | 1,638,157,631 |
| Human Services | 465,036,061 | 88,047,281 | 797,921,073 | 502,779,870 | 1,853,784,285 |
| Judicial | 219,569,027 | 59,858,406 | 7,309,859 | 1,454,690 | 288,191,982 |
| Labor and Employment | 0 | 27,113,582 | 15,797,544 | 88,829,627 | 131,740,753 |
| Law | 6,856,156 | 3,222,094 | 23,722,066 | 823,591 | 34,623,907 |
| Legislature | 2,358,207 | 0 | 0 | 0 | 2,358,207 |
| Local Affairs | 4,955,244 | 25,439,159 | 99,200,426 | 48,392,667 | 177,987,496 |
| Military and Veterans Affairs | 3,952,227 | 26,244 | 2,051,821 | 122,220,128 | 128,250,420 |
| Natural Resources | 20,938,406 | 38,353,451 | 95,594,991 | 16,465,643 | 171,352,491 |
| Personnel and Administration | 8,393,430 | 11,690,338 | 153,552,160 | 71,531 | 173,707,459 |
| Public Health and Environment | 13,044,693 | 31,810,189 | 80,301,198 | 170,137,775 | 295,293,855 |
| Public Safety | 56,810,015 | 10,346,927 | 110,761,835 | 42,106,614 | 220,025,391 |
| Regulatory Agencies | 1,032,389 | 51,243,324 | 11,415,142 | 1,087,500 | 64,778,355 |
| Revenue | 89,077,571 | 44,666,357 | 387,807,332 | 1,806,849 | 523,358,109 |
| State | 0 | 13,066,355 | 9,120,572 | 31,897 | 22,218,824 |
| Transportation | 0 | 64,499,612 | 553,110,174 | 299,745,225 | 917,355,011 |
| Treasury | 4,525,569 | 2,152,689 | 261,627,000 | 0 | 268,305,258 |
| LONG BILL | | | | | |
| OPERATING TOTAL | 5,819,996,919 | 1,476,642,810 | 3,419,182,811 | 3,229,141,497 | 13,944,964,037 |
| Legislative Appropriation | 26,182,897 | 90,000 | 637,701 | 0 | 26,910,598 |
| Five-year Statutory Appropriations | 3,370,835 | 0 | 0 | 0 | 3,370,835 |
| TOTAL OPERATING | 5,849,550,651 | 1,476,732,810 | 3,419,820,512 | 3,229,141,497 | 13,975,245,470 |
| LESS: | | | | | |
| Amount Exempt from Statutory Limit | (35,190,894) | N/A | N/A | N/A | N/A |
| GRAND TOTAL SUBJECT TO STATUTORY LIMIT | 5,814,359,757 | N/A | N/A | N/A | N/A |
| Capital Construction | 9,273,940 | 19,400,000 | 210,400,354 | 26,683,562 | 265,757,856 |
| GRAND TOTAL | 5,823,633,697 | 1,496,132,810 | 3,630,220,866 | 3,255,825,059 | 14,241,003,326 |

Of the amounts shown for cash fund and cash funds exempt appropriations, \$986,327,971 contain (T) notations, which indicates that these amounts are transfers from other state agencies.

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 Corrections -- The recommendation includes the following increases: \$16.5 million General Fund for housing inmates in private prison facilities; \$10.6 million General Fund for salary survey, performance-based pay awards, and health, life, and dental insurance payments; \$4.0 million General Fund to annualize the cost of bringing 193 beds online at the Denver Women's Correctional Facility; \$2.1 million General Fund for workers' compensation payments and payments to risk management and property funds; \$1.2 million General Fund for increased medical expenses associated with caseload growth; \$1.0 million General Fund for 25.0 FTE for additional correctional officers in the Housing and Security Subprogram; \$836,000 General Fund for 12.8 FTE for additional parole officers and community corrections officers due to caseload growth; and \$574,000 General Fund for costs associated with a settlement agreement for a class action lawsuit related to the American's with Disabilities Act. These amounts are offset by the following reductions: \$3.3 million due to a recommended policy change to place 11.0 percent of the inmate population in community corrections placements; \$779,000 General Fund for miscellaneous base reductions; \$559,000 General Fund for personal services base reductions; and \$342,000 associated with placing more inmates in community return to custody facilities authorized pursuant to S.B. 03-252.

Department of Education -- The recommendation includes a \$136.1 million increase in the General Fund portion of the state share of districts' total program funding (6.1 percent); and a \$1.3 million increase for the Colorado student assessment program to partially reverse a temporary fund source change that was initiated in FY 2002-03.

Governor's Office -- The recommendation includes a \$2.5 million increase for the Colorado Tourism Office and the marketing of Colorado tourism.

Department of Health Care Policy and Financing -- The recommendation includes the following increases: \$67.5 million for Medicaid caseload growth and cost-per-client increases; \$3.6 million for Medicaid programs administered by the Department of Human Services; \$1.5 million for reimbursement increases for Federal Qualifying Health Centers; and \$185,000 for salary survey and performance-based pay.

These amounts are partially offset by the following decreases: \$36.8 million to eliminate one-time funding associated with payment of overexpenditures and lawsuits in FY 2003-04; \$4.8

million to reduce certain Medicaid services; and \$3.1 million for a reduction in the safety net provider payment to private hospitals.

Department of Human Services -- The recommended increase includes the following: \$5.0 million associated with centrally appropriated items such as salary survey, performance-based pay and workers' compensation; \$2.2 million for child welfare services for anticipated caseload increases; \$1.8 million for compliance with Health Insurance Portability and Accountability Act of 1996 (HIPAA) security rules; \$1.2 million associated with a decrease in patient revenues in the mental health institutes; and \$1.2 million for the Works Program, ensuring compliance with the federal maintenance of effort requirement for Temporary Assistance for Needy Families (TANF) funds.

These increases are offset by the following decreases: \$3.7 million for a 25.0 percent reduction in county contingency payments; \$1.0 million for base reductions in the Office of Performance Improvement; and a \$1.0 million base reduction in S.B. 91-94 funding.

Judicial Department -- The recommendation includes increases of: \$5.8 million to reinstate salary survey and anniversary increases; \$1.6 million for the state's contribution to health, life, and dental insurance; \$900,000 to restore the Juvenile Intensive Supervision Probation Program; \$700,000 to partially restore the Adult Intensive Supervision Probation Program; \$700,000 for caseload growth for the Office of the Child's Representative; \$600,000 for the Department's contribution to workers' compensation, risk management, and short-term disability; \$500,000 for caseload growth for the Alternate Defense Counsel; and other lesser increases.

Department of Public Safety -- The recommended increase reflects \$1.8 million in the Division of Criminal Justice. Of this amount, \$1.3 million is associated with additional community corrections placements for transition inmates related to a recommended policy change to place 11.0 percent of inmates in community corrections placements; and \$553,000 associated with caseload increases for transition inmates. The recommended increase also reflects an additional \$490,000 for salary survey and performance-based pay awards; and \$440,000 due to a reduction in indirect cost recoveries to offset General Fund in the Executive Director's Office.

| GENERAL FUND APPROPRIATION COMPARISON | | | | |
|---|--------------------------------------|-------------------------------------|--------------------|-------------------------|
| Department | FY 2003-04 Appropriation* | FY 2004-05 Appropriation | Difference | % Difference |
| Agriculture | 4,112,471 | 4,227,529 | 115,058 | 2.8 |
| Corrections | 466,074,648 | 496,828,987 | 30,754,339 | 6.6 |
| Education | 2,417,670,435 | 2,555,671,589 | 138,001,154 | 5.7 |
| Governor | 13,380,007 | 15,838,358 | 2,458,351 | 18.4 |
| Health Care Policy and Financing | 1,231,103,256 | 1,258,408,689 | 27,305,433 | 2.2 |
| Higher Education | 591,409,402 | 592,472,772 | 1,063,370 | 0.2 |
| Human Services | 458,601,429 | 465,036,061 | 6,434,632 | 1.4 |
| Judicial | 208,617,893 | 219,569,027 | 10,951,134 | 5.2 |
| Labor and Employment | 0 | 0 | 0 | N/A |
| Law | 6,543,957 | 6,856,156 | 312,199 | 4.8 |
| Legislature | 2,132,486 | 2,358,207 | 225,721 | 10.6 |
| Local Affairs | 4,755,544 | 4,955,244 | 199,700 | 4.2 |
| Military and Veterans Affairs | 3,897,319 | 3,952,227 | 54,908 | 1.4 |
| Natural Resources | 19,710,055 | 20,938,406 | 1,228,351 | 6.2 |
| Personnel and Administration | 7,986,986 | 8,393,430 | 406,444 | 5.1 |
| Public Health and Environment | 12,500,105 | 13,044,693 | 544,588 | 4.4 |
| Public Safety | 54,171,145 | 56,810,015 | 2,638,870 | 4.9 |
| Regulatory Agencies | 1,051,133 | 1,032,389 | (18,744) | (1.8) |
| Revenue | 90,632,602 | 89,077,571 | (1,555,031) | (1.7) |
| State | 0 | 0 | 0 | N/A |
| Transportation | 0 | 0 | 0 | N/A |
| Treasury | 4,353,913 | 4,525,569 | 171,656 | 3.9 |
| LONG BILL | | | | |
| OPERATING TOTAL | 5,598,704,786 | 5,819,996,919 | 221,292,133 | 4.0 |
| Legislative Appropriation | 24,930,795 | 26,182,897 | 1,252,102 | 5.0 |
| Five-year Statutory Appropriations | 3,542,361 | 3,370,835 | (171,526) | (4.8) |
| TOTAL OPERATING | 5,627,177,942 | 5,849,550,651 | 222,372,709 | 4.0 |
| LESS: | | | | |
| Amount Exempt from Statutory Limit | (36,361,551) | (35,190,894) | 1,170,657 | (3.2) |
| GRAND TOTAL SUBJECT TO STATUTORY LIMIT | 5,590,816,391 | 5,814,359,757 | 223,543,366 | 4.0 |
| Capital Construction | 9,489,965 | 9,273,940 | (216,025) | (2.3) |
| GRAND TOTAL | 5,600,306,356 | 5,823,633,697 | 223,327,341 | 4.0 |

* 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 Corrections -- The recommendation reflects the following increases: \$186,000 for monitoring private prisons; \$165,000 for increased medical copayments from inmates; and \$142,000 for increased expenditures from the drug offender surcharge fund for treating inmates.

Department of Higher Education -- The recommendation reflects projected revenues with a 1.1 percent increase in resident and nonresident tuition rates. It also reflects elimination of the Enrollment/Cash Fund Contingency line item. The Enrollment/Cash Fund Contingency line item previously provided extra spending authority if enrollment, and thus revenues, at one of the higher education institutions exceeded the projections used for the Long Bill. Eliminating the line item means schools will need to request supplementals if revenues exceed the appropriation in the Long Bill.

Department of Human Services -- The recommendation includes increases of: \$2.0 million in Adult Assistance Programs, Old Age Pension; \$1.0 million in the Division of Mental Health and Alcohol and Drug Abuse Services, primarily attributable to the annualization of funding for the Traumatic Brain Injury Program; \$0.5 million in the Executive Director's Office, primarily associated with increases in centrally appropriated items such as health, life, and dental costs; and \$0.1 million in the Division of Child Care, reflecting child care licensure-related fee revenues. These increases are partially offset by decreases of \$1.0 million in Services for People with Disabilities, primarily attributable to changes in the way revenue from school districts is counted in the Division of Vocational Rehabilitation, offset by other areas and \$0.5 million in the Division of Child Welfare.

Department of Law -- The recommendation includes increases of \$500,000 in Consumer Protection to refinance both the Collection Agency Board and the enforcement of the Uniform Consumer Credit Code from reserves to fee revenue. There are also increases of \$193,000 for centrally appropriated items, such as salary survey and performance-based pay awards, and \$116,000 related to the Peace Officers Standards and Training (P.O.S.T.) Board.

Department of Personnel and Administration -- The recommendation includes increases in fees assessed to enterprises and other non-state agencies for risk management programs including: (1) \$437,000 for workers' compensation premiums; (2) \$78,000 for property premiums; and (3) \$59,000 for liability premiums. The recommendation also includes an

increase of \$376,000 related to expected revenue from non-state agencies' use of the multiuse network. The recommended increases are partially offset by a decrease of \$123,000 in the department's appropriation for capitol complex leased space.

Department of State -- The recommendation reflects: (1) a decrease relating to a one-time \$1.3 million contribution in FY 2003-04 to the cash fund that supports the Help America Vote Act program; (2) an \$888,000 decrease in IT-related expenditures; (3) an \$880,000 increase in Electronic Filing Grants to Counties; and (4) a \$450,000 increase for Initiatives and Referendums.

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 Corrections -- The recommendation reflects a reduction of \$5.8 million for Correctional Industries and a reduction of \$1.7 million for the Canteen based primarily on historical reversions.

Department of Health Care Policy and Financing -- The recommendation includes the following decreases: (1) \$10.0 million to correct a double counting of the appropriation for the Old Age Pension Program that occurred in FY 2003-04 when the program was transferred from the Department of Human Services to the Department of Health Care Policy and Financing; and (2) \$3.5 million to the Children's Basic Health Plan programs to reflect a lower estimated children's caseload in FY 2004-05 and to correct an over-appropriation in FY 2003-04. The decreases are partially offset by an increase of \$1.2 million for the Medicare Upper Payment Limit refinancing.

Department of Human Services -- The recommendation includes increases of: (1) \$5.6 million for the Executive Director's Office, of which \$3.3 million is for increases associated with centrally appropriated items such as health, life, and dental; (2) \$2.6 million for caseload increases in the Division of Child Welfare; (3) \$0.7 million in the Division of Child Care, primarily associated with reflecting the actual county share of administrative costs; (4) \$2.7 million in the Division of Mental Health and Alcohol and Drug Abuse Services, primarily for mental health community programs, offset somewhat by decreases in one-time Medicare patient revenues in the mental health institutes; (5) \$2.6 million for Services for People with Disabilities of which \$1.6 million is for Developmental Disability Services and \$1.0 million is for the Division of Vocational Rehabilitation; and (6) \$1.8 million in the Division of Youth Corrections. Offsetting the increases are the following decreases: (1) \$4.0 million in the Office of Information Technology Services, primarily associated with the elimination of one-time funding for CBMS implementation; (2) the elimination of \$1.0 million in the Office of Operations, including \$0.8 million associated with the elimination of funds for which revenues have not been received in recent years; (3) \$2.9 million in County Administration associated with county incentive payments for child support payments; (4) \$1.4 million in the Office of Self-Sufficiency, primarily attributable to a reduction in "offsetting revenues" for the Works Program; and (5) \$1.9 million for Adult Assistance Programs, primarily associated with Other Grant Programs.

Department of Personnel and Administration -- The recommendation includes the following increases: (1) \$4.6 million for statewide workers' compensation premiums; (2) \$2.0 million for various projects in the Document Solutions Group; (3) \$1.8 million for the annualization of Colorado State Patrol vehicles purchased in FY 2003-04 and the purchase of replacement vehicles in FY 2004-05; and (4) \$1.5 million for statewide property premiums. These increases are partially offset by a decrease of \$750,000 associated with a telecommunications audit which began in FY 2003-04 that is scheduled to end in the first quarter of FY 2004-05.

Department of Public Health and Environment -- The recommended \$25.2 million increase is primarily driven by a \$23.7 million increase in line items associated with the department's tobacco settlement funded programs. All of the programs except for the Tony Grampsas program are counted twice in the Long Bill—once when funding flows from the Tobacco Litigation Settlement Cash Fund to the program's individual fund and again when money flows from the program fund to finance personal services, operating expenses and grant-making within the program. The increases to each of the programs are as follows: (1) \$9.2 million for STEPP; (2) \$2.3 million for Tony Grampsas Youth Services program; (3) \$2.0 million for the Nurse Home Visitor Program; and (4) \$17,000 for the Dental Loan Repayment program. The recommendation also includes a \$1.1 million increase in cash funds exempt transfers of indirect cost assessments to federal and cash-funded programs throughout the department to centrally appropriated items like leased space and utilities.

Department of Public Safety -- The recommendation reflects increases of \$19.0 million in continuous appropriation authority for the Colorado 1122 Federal Procurement Program in the Colorado State Patrol (CSP); \$2.0 million in Highway Users Tax Fund (HUTF) dollars for salary survey and performance-based pay awards, and Health, Life, Dental payments; \$1.2 million in HUTF dollars for new and replacement vehicle lease payments for CSP; and \$900,000 in indirect cost recoveries for workers' compensation. These increases are partially offset by the elimination of a one-time \$500,000 appropriation from the Read-to-Achieve cash fund for juvenile diversions programs in the Division of Criminal Justice.

Department of State -- The recommendation reflects an \$8.4 million increase for operation of the Help America Vote Act program.

Department of Transportation -- The recommendation reflects increases of \$64.9 million to reflect proceeds and interest related to the issuance of Transportation Revenue Anticipation Notes (TRANs) that are budgeted for use by the Transportation Commission during FY 2004-05; and approximately \$18.0 million in revenues for the Department's statutory share of the Highway Users Tax Fund that is credited to the State Highway Fund for construction.

| CASH FUNDS EXEMPT APPROPRIATION COMPARISON | | | | |
|---|--------------------------------------|-------------------------------------|---------------------|-------------------------|
| Department | FY 2003-04 Appropriation* | FY 2004-05 Appropriation | Difference | % Difference |
| Agriculture | 1,517,498 | 1,535,265 | 17,767 | 1.2 |
| Corrections | 59,904,567 | 52,274,745 | (7,629,822) | (12.7) |
| Education | 461,334,608 | 457,019,405 | (4,315,203) | (0.9) |
| Governor | 1,827,420 | 1,706,447 | (120,973) | (6.6) |
| Health Care Policy and Financing | 236,020,640 | 223,643,178 | (12,377,462) | (5.2) |
| Higher Education | 77,780,351 | 73,710,578 | (4,069,773) | (5.2) |
| Human Services | 793,016,876 | 797,921,073 | 4,904,197 | 0.6 |
| Judicial | 6,475,448 | 7,309,859 | 834,411 | 12.9 |
| Labor and Employment | 15,252,400 | 15,797,544 | 545,144 | 3.6 |
| Law | 23,754,809 | 23,722,066 | (32,743) | (0.1) |
| Legislature | 0 | 0 | 0 | N/A |
| Local Affairs | 101,519,458 | 99,200,426 | (2,319,032) | (2.3) |
| Military and Veterans Affairs | 2,086,791 | 2,051,821 | (34,970) | (1.7) |
| Natural Resources | 94,945,569 | 95,594,991 | 649,422 | 0.7 |
| Personnel and Administration | 142,570,558 | 153,552,160 | 10,981,602 | 7.7 |
| Public Health and Environment | 55,108,546 | 80,301,198 | 25,192,652 | 45.7 |
| Public Safety | 87,771,436 | 110,761,835 | 22,990,399 | 26.2 |
| Regulatory Agencies | 14,136,326 | 11,415,142 | (2,721,184) | (19.2) |
| Revenue | 379,766,587 | 387,807,332 | 8,040,745 | 2.1 |
| State | 879,395 | 9,120,572 | 8,241,177 | 937.1 |
| Transportation | 469,487,824 | 553,110,174 | 83,622,350 | 17.8 |
| Treasury | 255,213,000 | 261,627,000 | 6,414,000 | 2.5 |
| LONG BILL | | | | |
| OPERATING TOTAL | 3,280,370,107 | 3,419,182,811 | 138,812,704 | 4.2 |
| Legislative Appropriation | 1,335,757 | 637,701 | (698,056) | (52.3) |
| TOTAL OPERATING | 3,281,705,864 | 3,419,820,512 | 138,114,648 | 4.2 |
| Capital Construction | 405,974,065 | 210,400,354 | (195,573,711) | (48.2) |
| GRAND TOTAL | 3,687,679,929 | 3,630,220,866 | (57,459,063) | (1.6) |

* 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 a net increase of \$32.4 million in federal funds anticipated to be available to the Department of Education, including: (1) \$21.2 million for special education programs for children with disabilities; (2) \$7.5 million in federal Title 1 funds; and (3) \$2.7 million for U.S.D.A. food and nutrition programs.

Department of Health Care Policy and Financing -- The federal funds recommendation includes the following increases: (1) \$67.3 million for Medicaid caseload growth and cost-per-client increases; (2) \$1.5 million for reimbursement increases for Federal Qualifying Health Centers; and (3) \$214,000 for salary survey and performance-based pay. These amounts are partially offset by the following decreases: (1) \$36.8 million to eliminate one-time funding associated with payment of overexpenditures and lawsuits in FY 2003-04; (2) \$4.9 million to eliminate one-time funding associated with the implementation of the Health Insurance Portability and Accountability Act of 1996; (3) \$4.7 million to reduce certain Medicaid services; (4) 4.5 million to the Children's Basich Health Plan programs to reflect a lower estimated children's caseload in FY 2004-05 and to correct an over appropriation in FY 2003-04; and (5) \$3.1 million for a reduction in the safety net provider payment to private hospitals.

Department of Human Services -- The recommendation includes the elimination of a \$19.8 million one-time appropriation from the federal Temporary Assistance for Needy Families (TANF) bonus related to a reduction in Colorado's out-of-wedlock birth rate. This reduction is partially offset by the following increases: (1) \$4.1 million to reflect, for informational purposes, the amount of federal Title IV-E funds anticipated to be distributed to counties in FY 2004-05; (2) \$1.2 million in centrally appropriated items such as salary survey, performance-based pay, and workers' compensation; and (3) \$1.0 million for the Child Care Assistance Program.

Department of Labor and Employment -- The recommendation reflects the following increases in reflected federal funds: (1) \$7.6 million for unemployment insurance programs; (2) \$5.5 million for the Workforce Investment Act program; (3) \$3.4 million for county run one-stop job centers; (4) \$2.7 million for administration of the Executive Director's Office; and (5) \$800,000 for the Trade Adjustment Act job training program. These increases are

offset by federal fund decreases of \$5.0 million for welfare-to-work block grants and \$450,000 for the Labor Market Information program.

Department of Public Health and Environment -- The recommended \$10.4 million increase in the federal funds appropriation reflects a \$10.9 million increase in the expected grant levels for sexually transmitted disease programs, homeland security-related programs and the Environmental Leadership and Pollution Prevention program. Note that expected grant amounts are not significantly higher than FY 2003-04 levels; the expected amounts provided by the Department for the FY 2003-04 Long Bill were significantly lower than the grant levels actually received. The overall increase also reflects higher grant levels expected by the Ryan White HIV/AIDS program (\$2.0 million) and higher federal funds support of centrally appropriated items such as health, life and dental and performance-based pay (\$1.3 million). These increases are partially offset by a \$2.7 million reduction in federal funding of contaminated site cleanup, a \$623,000 decrease for Rocky Flats programs and a \$254,000 decrease in anticipated environmental epidemiology grants.

Department of State -- The recommendation reflects a \$36.7 million reduction relating to the Help America Vote Act (HAVA) program. Most of the federal money that the state is to receive for HAVA was recognized in H.B. 03-1356 along with the matching state money. The decline of the Department's recommended federal funds appropriation reflects this one-time item.

Department of Transportation -- The recommended decrease in federal funds reflects a \$12.3 million anticipated reduction in federal funds for FY 2004-05.

| FEDERAL FUNDS APPROPRIATION COMPARISON | | | | |
|---|--------------------------------------|-------------------------------------|---------------------|-------------------------|
| Department | FY 2003-04 Appropriation* | FY 2004-05 Appropriation | Difference | % Difference |
| Agriculture | 1,169,502 | 1,725,153 | 555,651 | 47.5 |
| Corrections | 3,869,707 | 2,915,688 | (954,019) | (24.7) |
| Education | 380,677,569 | 413,109,122 | 32,431,553 | 8.5 |
| Governor | 18,718,117 | 17,527,584 | (1,190,533) | (6.4) |
| Health Care Policy and Financing | 1,463,624,107 | 1,478,105,190 | 14,481,083 | 1.0 |
| Higher Education | 19,402,298 | 19,805,153 | 402,855 | 2.1 |
| Human Services | 515,404,093 | 502,779,870 | (12,624,223) | (2.4) |
| Judicial | 1,758,609 | 1,454,690 | (303,919) | (17.3) |
| Labor and Employment | 74,727,828 | 88,829,627 | 14,101,799 | 18.9 |
| Law | 800,790 | 823,591 | 22,801 | 2.8 |
| Legislature | 0 | 0 | 0 | N/A |
| Local Affairs | 48,742,407 | 48,392,667 | (349,740) | (0.7) |
| Military and Veterans Affairs | 122,156,060 | 122,220,128 | 64,068 | 0.1 |
| Natural Resources | 16,399,689 | 16,465,643 | 65,954 | 0.4 |
| Personnel and Administration | 71,531 | 71,531 | 0 | 0.0 |
| Public Health and Environment | 159,729,485 | 170,137,775 | 10,408,290 | 6.5 |
| Public Safety | 43,085,120 | 42,106,614 | (978,506) | (2.3) |
| Regulatory Agencies | 1,090,361 | 1,087,500 | (2,861) | (0.3) |
| Revenue | 1,925,618 | 1,806,849 | (118,769) | (6.2) |
| State | 36,729,252 | 31,897 | (36,697,355) | (99.9) |
| Transportation | 312,110,611 | 299,745,225 | (12,365,386) | (4.0) |
| Treasury | 0 | 0 | 0 | N/A |
| LONG BILL | | | | |
| OPERATING TOTAL | 3,222,192,754 | 3,229,141,497 | 6,948,743 | 0.2 |
| Capital Construction | 51,153,641 | 26,683,562 | (24,470,079) | (47.8) |
| GRAND TOTAL | 51,153,641 | 26,683,562 | (24,470,079) | (47.8) |

* 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 FTE recommendation includes the following increases: 63.0 FTE associated with the annualization of bringing 193 beds "online" at the Denver Women's Correctional Facility (DWCF) during FY 2003-04; 25.0 FTE for additional correctional officers; 19.1 FTE for additional community corrections and parole officers; 4.0 FTE to comply with a settlement agreement related to the American's with Disabilities Act; and 1.5 FTE for the private prison monitoring unit. These are offset by base reductions of 80.0 FTE (primarily vacant unfunded FTE); and 5.5 FTE that were appropriated in FY 2003-04 for one-time appropriations.

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. Last year no attempt was made to estimate in the Long Bill how the implementation of budget reductions would impact FTE. The recommended reduction for this year's Long Bill will true up the reported FTE to match current employment levels at the higher education institutions.

Department of Human Services -- The recommendation includes the following increases: 30.7 FTE to convert 48 contract beds at Lookout Mountain to state operated beds; 14.0 FTE responsible for administering the OAP program, which were previously not included in the Long Bill; 11.0 FTE to annualize a supplemental appropriation in FY 2003-04 to convert 24 contract beds at Mount View to state-operated beds; and 10.9 FTE attributable to annualization of staffing increases added in FY 2003-04 for the mental health institutes.

These increases are partially offset by the following reductions: 24.4 FTE reflecting the actual impact of General Fund reductions taken in FY 2002-03 and FY 2003-04 on the Division's capacity to employ staff; 21.9 FTE associated with base reductions in the Office of Performance Improvement; and 6.8 FTE for the elimination of legacy systems related to the implementation of the Colorado Benefits Management System.

Judicial Department -- The increase in recommended FTE is primarily due to an increase of 63.0 FTE to more correctly account for long-term contract FTE in various programs (long-term contract FTE are allowed under the Judicial Branch's personnel system but not the Executive Branch's personnel system; there was no funding change associated with these FTE). In addition, there are increases of: 6.0 FTE for the Public Defender's Office due to caseload growth; 4.2 FTE because the Demonstration Drug Courts and staff were made permanent; and 3.0 FTE for a new water court referee and staff in Water Court Division One.

These increases are partially offset by reductions of 2.0 FTE to correct the appropriation to the Supreme Court Library, and 1.3 FTE due to the elimination of the Family Preservation Matching Funds line item.

Department of Labor and Employment -- The recommendation includes 14.0 FTE of new hires, 8.0 FTE attributable to increased federal funding for the Executive Director's Office and a cash funded increase of 6.0 FTE to form an Unemployment Insurance Benefit Overpayment Collections Unit. The 32.7 FTE remainder of the reflected increase more accurately represents actual numbers of federally-funded positions in the Unemployment Insurance Benefits program (19.2 FTE) and the Workforce Investment Act program (13.5 FTE). The total increase in FTE partially offset by a decrease of 3.3 FTE associated with federal funding reductions for the Labor Market Information program.

Department of Military and Veterans Affairs -- The recommendation includes a total increase of 28.0 FTE, 6.0 FTE under the Executive Director's Office and 22.0 FTE under the Federal Funded Programs division. All new FTE are in federally-funded positions associated with the National Guard.

Department of Public Health and Environment -- The recommended net increase of 21.3 FTE reflects the following changes: (1) an increase of 32.0 FTE in the Disease Control and Environmental Epidemiology New Federal Grants line item, which better reflects the actual staffing level supported by these grant in FY 2003-04; (2) an increase of 4.0 federally funded FTE in the Environmental Leadership and Pollution Prevention Program, which again reflects actual staffing levels in FY 2003-04; (3) 1.0 new FTE to conduct the "pockets of need" demographic and geographic research within the new immunization promotion program; (4) 1.0 FTE in the Tony Grampsas line item to administer the program now funded by tobacco settlement moneys; and (5) 0.3 FTE to increase enforcement activities in the Assisted Living Residence (ALR) program. These increases are partially offset by: (1) an 8.5 FTE reduction for the Rocky Flats Agreement program due to the anticipated conclusion of cleanup activities; (2) a 4.2 FTE reduction in the State Tobacco Education Prevention Program (STEPP) to reflect actual staffing levels for the program; and (3) a reduction of 4.3 FTE in various other programs and line items throughout the department.

Department of Public Safety -- The recommended increase includes 6.3 FTE associated with federal Homeland Security funds anticipated to be received in FY2004-05 in the Office of Preparedness, Security, and Fire Safety; 6.0 FTE based on the conversion of contract services to FTE in the Colorado Integrated Criminal Justice Information System (CICJIS); and 6.0 FTE additional field troopers in the Colorado State Patrol.

Department of State -- The recommendation includes an increase of 15.5 FTE, of which 13.5 FTE are for the Help America Vote Act program, which is funded from the Federal Elections Assistance fund, a cash funds exempt source that derives more than 95 percent of

its revenue from federal funds. The remaining 2.0 FTE result from: (1) S.B. 03-230 which added 1.5 FTE in FY 2004-05; (2) H.B. 02-1119 which added 0.1 FTE; and (3) an initiative that added 0.4 FTE for administration of H.B. 02-1119. The FTE for H.B. 02-1119 will sunset by FY 2006-07.

| FTE APPROPRIATION COMPARISON | | | | |
|-------------------------------------|--------------------------------------|-------------------------------------|-------------------|-------------------------|
| Department | FY 2003-04 Appropriation* | FY 2004-05 Appropriation | Difference | % Difference |
| Agriculture | 271.2 | 278.2 | 7.0 | 2.6 |
| Corrections | 5,825.6 | 5,852.7 | 27.1 | 0.5 |
| Education | 419.7 | 433.8 | 14.1 | 3.4 |
| Governor | 106.9 | 106.9 | 0.0 | 0.0 |
| Health Care Policy and Financing | 198.4 | 196.1 | (2.3) | (1.2) |
| Higher Education | 18,501.9 | 18,281.3 | (220.6) | (1.2) |
| Human Services | 4,516.7 | 4,531.7 | 15.0 | 0.3 |
| Judicial | 3,212.1 | 3,285.0 | 72.9 | 2.3 |
| Labor and Employment | 1,076.4 | 1,119.8 | 43.4 | 4.0 |
| Law | 335.7 | 337.3 | 1.6 | 0.5 |
| Legislature | 272.8 | 272.8 | 0.0 | 0.0 |
| Local Affairs | 172.1 | 174.1 | 2.0 | 1.2 |
| Military and Veterans Affairs | 1,156.8 | 1,184.8 | 28.0 | 2.4 |
| Natural Resources | 1,532.2 | 1,538.7 | 6.5 | 0.4 |
| Personnel and Administration | 570.1 | 571.8 | 1.7 | 0.3 |
| Public Health and Environment | 1,094.6 | 1,115.9 | 21.3 | 1.9 |
| Public Safety | 1,247.4 | 1,265.7 | 18.3 | 1.5 |
| Regulatory Agencies | 518.2 | 520.1 | 1.9 | 0.4 |
| Revenue | 1,455.7 | 1,449.1 | (6.6) | (0.5) |
| State | 113.6 | 129.1 | 15.5 | 13.6 |
| Transportation | 3,297.2 | 3,301.2 | 4.0 | 0.1 |
| Treasury | 25.5 | 25.5 | 0.0 | 0.0 |
| LONG BILL | | | | |
| OPERATING TOTAL | 45,920.8 | 45,971.6 | 50.8 | 0.1 |

* Includes supplemental appropriations.

**HIGHWAY USERS TAX FUND
APPROPRIATION COMPARISON**

The table below shows the FY 2004-05 recommendation for "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 may also be used to offset General Fund expenditures in the Motor Vehicle Division in the Department of Revenue.

| HUTF "Off-the-Top" Appropriation Comparison | | | | |
|--|-------------------------------------|--------------------------------------|--------------------|---------------------------|
| Department | FY 2003-04 Appropriation | FY 2004-05 Recommendation | Change | Percent Change |
| Public Safety, State Patrol | \$69,378,263 | \$74,508,126 | \$5,129,863 | 7.4% |
| Revenue - Ports of Entry and Motor Vehicle | 12,921,384 | 15,329,802 | 2,408,418 | 18.6% |
| Capital Construction Projects | 2,453,097 | 0 | (2,453,097) | n/a |
| Total | \$84,752,744 | \$89,837,928 | \$5,085,184 | 6.0% |
| Allowable 6% Limit | \$84,752,965 | \$89,837,909 | | |
| Amount Over/(Under) 6% limit | (\$221) | \$19 | | |

The recommended increase for the Department of Public Safety includes the following major increases: \$2.0 million for salary survey and performance-based pay awards, and health life, dental payments; \$1.9 million related to vehicle lease payments for the Colorado State Patrol; \$818,000 in indirect cost recoveries; and \$436,000 for 6.0 FTE new field troopers.

The recommended increase for the Department of Revenue is primarily comprised of refinancing \$2.4 million of General Fund expenditures in the Motor Vehicle Division with moneys from the HUTF "Off-the-Top" limit as permitted by S.B. 03-267.

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 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 methodology is a cost allocation based on data from the last complete year of actual usage by each agency. Percentages of actual usage for this year are applied to the total projected costs of Division of Administrative Hearings to produce each agency's appropriation. An amount of cash funds exempt spending authority that matches total agency appropriations is included for the Department of Personnel and Administration, Administrative Hearings. That spending authority is sufficient to fund personal services, centrally appropriated items such as salary survey and short-term disability insurance, operating expenses, and indirect costs. In FY 2004-05, that spending authority totals approximately \$3.8 million.

ADP Capital Outlay and Information Technology Asset Maintenance

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

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 \$10.31 per square foot for the Capitol Complex, \$3.81 per square foot for the North Campus, \$5.37 per square foot for the Pierce Street Building, \$6.43 per square foot for the Grand Junction State Office Building, and \$0.90 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' 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, \$9.3 million for FY 2004-05, is appropriated to the Department of Personnel and Administration to pay all costs associated with maintenance and upkeep for 753,671 square feet of space in the Capital Complex, 42,871 square feet

of space in the North Campus, 119,615 square feet for the Pierce Street Building, 34,241 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. In FY 2002-03, the Joint Budget Committee sponsored S.B. 03-178 to lift the restrictions on the revenue the Department of Personnel and Administration can collect regarding the telecommunications fund. This line item represents each department's share of the overhead related to the public safety communications infrastructure. For FY 2004-05, 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 \$2.4 million, including \$1.0 million General Fund.

Community Provider Rates

For FY 2004-05 no provider rate increases were provided, due to statewide revenue shortfalls. For the same reason, no provider rate increases were provided in FY 2003-04, and provider rates initially awarded for FY 2002-03 were subsequently eliminated through supplemental adjustments to the FY 2002-03 appropriation.

Health, Life, and Dental

This line item appears in each department's executive director's office. For FY 2004-05, the total statewide cost of health, life, and dental benefits for all employees (except higher education faculty and administration) is expected to be approximately \$61.5 million, including approximately \$31.1 million from the General Fund. The state contribution rate for employee benefits is \$173.92 per month for a single employee, \$250.39 per month for an employee with one dependent, and \$344.33 per month for an employee with two or more dependents until December 31, 2004. Commencing on January 1, 2005, the state contribution rate will be \$199.00 per month for a single employee, \$324.44 per month for an employee with one dependent, and \$440.97 per month for an employee with two or more dependents. 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 16,400 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 two areas: 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 do not charge a fee for services provided. 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 identified as cash funds exempt in an executive director's office, where they are applied, and as cash funds, cash funds exempt, or federal funds at the divisional level, where they are earned as appropriated in the Indirect Cost Assessment line item. In FY 2004-05, the statewide indirect cost recovery plan is estimated to recover \$1,580,306 less than was recovered in FY 2003-04 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

No funds may be expended for lease purchase except those specifically appropriated for that purpose. The recommendation is for continuation of existing lease purchase agreements, except for the Lease Purchase for Academic Facilities at Fitzsomons. This appropriation will increase by \$1.9 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.

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 2004-05, agencies will pay a blended rate of \$61.57 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 303,763 hours of statewide legal services; this equates to \$18.7 million in FY 2004-05.

Multiuse Network Payments

This line item appears in each department's executive director's office, with a few exceptions. The multiuse network represents the aggregation of 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 with the private sector entity responsible for building the network. In FY 2004-05, billings are recommended to recover \$8.8 million from other state agencies.

Operating Expenses

For FY 2004-05, the recommended amounts for operating expenses are funded at continuation levels, with the exception of base reductions which may have occurred. Traditionally, operating expenses related to food, medical, and laboratory services in departments in which these costs are not incidental, have been inflated. The recommendations for FY 2004-05 do not include any common inflationary factors for these expenditures. 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 2004-05, the risk management and property program will cost \$21.8 million, of which approximately \$11.3 million is supported by the General Fund.

Performance-based Pay

This line item appears in each department's executive director's office. Recommended funding for performance-based pay awards, not including the Department of Higher Education, is approximately \$13.7. This figure includes \$7.6 million General Fund. Pursuant to Section 24-50-104 (1) (c) (I), C.R.S., the Department of Personnel and Administration adopts procedures for periodic salary increases for employees in the state personnel system based on performance.

Personal Services

In FY 2004-05, 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 1.5 and 2.5 percent, which accounted for vacancies and turnovers. This policy saves approximately \$1.4 million General Fund in the FY 2004-05 budget for personal services.

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-funding of unfunded liability of the PERA trust funds that may exist. For FY 2004-05, 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

This line item appears in each department's executive director's office, with some exceptions. The operating costs of the General Government Computer Center (GGCC) are completely cash-funded. The estimated usage for FY 2004-05 represents the actual usage, in terms of percentages, of the state's departments in FY 2002-03. These percentages of actual usage are then applied to the total projected costs for providing computer services, in order to produce each agency's appropriation. The corresponding spending authority appropriated to the Department of Personnel and Administration, Division of Information Technology, for the operation of the computer center does not exceed its anticipated revenues. The recommendation for FY 2004-05 is approximately \$12.7 million statewide in funds to purchase GGCC services.

Salary Survey and Senior Executive Service

This line item appears 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 "2004 Total Compensation Survey" published on August 1, 2003, and submitted by the State Personnel Director pursuant to Section 24-50-104 (4) (c), C.R.S., and updated on January 7, 2004. This survey uses 19 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, 2004. The survey recommended wage increases for all ten occupational groups. The recommended salary survey increase ranges from 2.0 percent to 5.1 percent, with an average salary survey increase of 3.0 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 2.0 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 \$26.1 million, including approximately \$15.3 million from the General Fund.

Shift Differential

This line item appears in each department's executive director's office. Shift differential payments provide higher wages for evening, night, and weekend shifts. In FY 2004-05, shift differential payments for all state employees total approximately \$9.8 million, including approximately \$7.6 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. On August 1, 1988, all state employees became eligible for employer-paid short-term disability insurance. The recommended amounts are based on a factor of 0.155 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 2004-05 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 750 vehicles and the acquisition of 25 additional vehicles statewide. Statewide vehicle variable costs (including fuel, maintenance, and insurance) are estimated to be \$12.3 million in FY 2004-05 to maintain 5,515 vehicles yielding an average cost of \$2,231 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 is a self-insured program administered by Pinnacle Assurance (formerly Colorado Compensation Insurance Authority) that covers employees in all departments, except the University of Colorado, which operates a separate self-insured program. A matching amount of spending authority is provided to the Department of Personnel and Administration to pay administration, legal, and claims costs. In FY

2004-05, this coverage will cost \$34.9 million, of which \$20.5 million is supported by the General Fund. Note that these figures include the Department of Higher Education.

SUMMARY

DEPARTMENT OF AGRICULTURE

The proposed FY 2004-05 budget includes recommendations which:

- Provide \$277,000 across all funding sources for salary survey;
- Provide \$165,000 across all funding sources for performance-based pay awards; and
- Provide \$15,000 cash funds exempt to Noxious Weed Management Grant Program to manage a cooperative effort to eradicate newly emerging species.

| | 2003-04 | 2004-05 | Net | % |
|--|---------------|----------------|--------|--------|
| | Appropriation | Recommendation | Change | Change |

DEPARTMENT OF AGRICULTURE

| | | | | | | | |
|-------------------|----|------------|----|------------|----|----------|-------|
| General Fund | \$ | 4,112,471 | \$ | 4,227,529 | \$ | 115,058 | 2.8 |
| Cash Funds | | 22,334,351 | | 22,266,389 | | (67,962) | (0.3) |
| Cash Funds Exempt | | 1,517,498 | | 1,535,265 | | 17,767 | 1.2 |
| Federal Funds | | 1,169,502 | | 1,725,153 | | 555,651 | 47.5 |
| Total | \$ | 29,133,822 | \$ | 29,754,336 | | 620,514 | 2.1 |
| FTE | | 271.2 | | 278.2 | | 7.0 | |

Commissioner's Office and Administrative Services

| | | | | | | | |
|-------------------|----|-----------|----|-----------|--|-----------|-------|
| General Fund | \$ | 872,255 | \$ | 991,946 | | 119,691 | 13.7 |
| Cash Funds | | 1,254,784 | | 1,675,926 | | 421,142 | 33.6 |
| Cash Funds Exempt | | 1,338,011 | | 1,340,778 | | 2,767 | 0.2 |
| Federal Funds | | 257,574 | | 817,887 | | 560,313 | 217.5 |
| Total | \$ | 3,722,624 | \$ | 4,826,537 | | 1,103,913 | 29.7 |
| FTE | | 18.7 | | 26.7 | | 8.0 | |

The FTE recommendation includes an increase of 8.0 FTE related to increased funding from various federal grants.

The General Fund recommendation includes an increase of \$76,000 for salary survey and an increase of \$47,000 for performance-based pay awards. This is partially offset by higher indirect cost recoveries of \$3,000.

The cash funds recommendation includes the following increases: (1) \$190,000 for salary survey; (2) \$118,000 for performance-based pay awards; (3) \$42,000 for workers' compensation; (4) \$32,000 for health, life and dental; (5) \$25,000 for payments to risk management and property funds; and (6) \$9,000 for vehicle lease payments.

The cash funds exempt recommendation reflects slightly higher indirect cost recoveries within the Department to offset personal services expenses in the Commissioner's Office.

| | 2003-04 Appropriation | 2004-05 Recommendation | Net Change | %Change |
|--|--------------------------|---------------------------|---------------|---------|
|--|--------------------------|---------------------------|---------------|---------|

The federal funds recommendation reflects higher grant receipts in FY 2004-05.

Agricultural Services Division

| | | | | |
|-------------------|-------------------|-------------------|---------------|-----------|
| General Fund | \$ 2,187,220 | \$ 2,183,149 | (4,071) | (0.2) |
| Cash Funds | 8,251,978 | 8,001,492 | (250,486) | (3.0) |
| Cash Funds Exempt | 25,000 | 40,000 | 15,000 | 60.0 |
| Federal Funds | 411,928 | 407,266 | (4,662) | (1.1) |
| Total | \$ 10,876,126 | \$ 10,631,907 | (244,219) | (2.2) |
| FTE | 146.6 | 145.6 | (1.0) | |

The FTE recommendation reflects the reduction of a federally-funded FTE.

The General Fund recommendation includes a 0.2 percent personal services base reduction.

The decrease to the cash funds recommendation is comprised of the following: (1) \$208,000 for the elimination of a FY 2003-04 supplemental related to the 'Paydate Shift'; (2) \$30,000 for lower indirect cost recoveries; and (3) \$13,000 for a 0.2 percent personal services base reduction for FY 2004-05.

The recommended \$15,000 increase in the cash funds exempt appropriation is to fund a cooperative effort between the Department and local municipalities to eradicate newly emerging noxious weed species.

The federal funds recommendation represents a decrease to indirect cost recoveries from federal sources.

| | 2003-04 Appropriation | 2004-05 Recommendation | Net Change | % Change |
|--|--------------------------|---------------------------|---------------|-------------|
|--|--------------------------|---------------------------|---------------|-------------|

Agricultural Markets Division

| | | | | |
|-------------------|------------|------------|------|-----|
| General Fund | \$ 388,082 | \$ 388,000 | (82) | 0.0 |
| Cash Funds | 75,337 | 75,337 | 0 | 0.0 |
| Cash Funds Exempt | 119,837 | 119,837 | 0 | 0.0 |
| Total | \$ 583,256 | \$ 583,174 | (82) | 0.0 |
| FTE | 5.2 | 5.2 | 0.0 | |

The recommendations for this Division related to FTE and all funding sources are essentially unchanged from that of the previous fiscal year.

Brand Board

| | | | | |
|------------|--------------|--------------|-----------|-------|
| Cash Funds | \$ 4,017,193 | \$ 3,781,302 | (235,891) | (5.9) |
| Total | \$ 4,017,193 | \$ 3,781,302 | (235,891) | (5.9) |
| FTE | 66.3 | 66.3 | 0.0 | |

The decrease in the cash funds recommendation is primarily comprised of the elimination of \$208,000 for a decision item from FY 2003-04 as well as lower indirect cost recoveries of \$22,000.

Special Purpose

| | | | | |
|-------------------|------------|------------|-------|-------|
| Cash Funds | \$ 543,847 | \$ 543,376 | (471) | (0.1) |
| Cash Funds Exempt | 34,650 | 34,650 | 0 | 0.0 |
| Total | \$ 578,497 | \$ 578,026 | (471) | (0.1) |
| FTE | 1.0 | 1.0 | 0.0 | |

The recommendation for both FTE and funding is essentially unchanged from that of the previous fiscal year.

| | 2003-04 | 2004-05 | Net | % |
|--|---------------|----------------|--------|--------|
| | Appropriation | Recommendation | Change | Change |

Colorado State Fair

| | | | | | |
|------------|----|--------------|--------------|---------|-----|
| Cash Funds | \$ | 8,080,712 \$ | 8,078,677 \$ | (2,035) | 0.0 |
| Total | \$ | 8,080,712 \$ | 8,078,677 \$ | (2,035) | 0.0 |
| FTE | | 26.9 | 26.9 | 0.0 | |

The cash funds recommendation reflects a 0.2 percent personal services base reduction.

Soil Conservation Board

| | | | | | |
|---------------|----|--------------|--------------|-------|-------|
| General Fund | \$ | 664,914 \$ | 664,434 \$ | (480) | (0.1) |
| Cash Funds | | 110,500 | 110,279 | (221) | (0.2) |
| Federal Funds | | 500,000 | 500,000 | 0 | 0.0 |
| Total | \$ | 1,275,414 \$ | 1,274,713 \$ | (701) | (0.1) |
| FTE | | 6.5 | 6.5 | 0.0 | |

The recommendation for FTE and all three fund sources remains essentially unchanged from that of the previous fiscal year.

SUMMARY
DEPARTMENT OF CORRECTIONS

The proposed FY 2004-05 budget includes recommendations which:

- Provide \$16.5 million General Fund for housing inmates in private prison facilities (\$950,000 is to offset a reduction in federal funds);
- Provide \$10.6 million General Fund for salary survey, performance-based pay awards, and health, life, and dental insurance payments;
- Provide \$4.0 million General Fund to annualize the cost of bringing beds online at the Denver Women's Correctional Facility;
- Provide an increase of \$2.1 million General Fund for workers' compensation payments and payments to risk management and property funds;
- Provide an increase of \$1.2 million General Fund for increased medical expenses associated with caseload growth;
- Provide an increase of \$1.0 million General Fund for 25.0 FTE for additional correctional officers in the Housing and Security Subprogram;
- Provide an increase of \$836,000 General Fund for 12.8 FTE for additional parole officers and community corrections officers due to caseload growth;
- Provide an increase of \$574,000 General Fund for costs associated with a settlement agreement for a class action lawsuit related to the American's with Disabilities Act;
- Reduce \$3.3 million General Fund due to a recommended policy change to place 11.0 percent of the inmate population in community corrections placements;
- Reduce \$779,000 General Fund for miscellaneous base reductions;
- Reduce \$559,000 General Fund for a 0.2 percent reduction in personal services lines;
- Reduce \$342,000 General Fund associated with placing more inmates in community return to custody facilities authorized pursuant to S.B. 03-252; and
- Reduce \$7.5 million cash funds exempt based on historical reversions from the Canteen Operation and Correctional Industries.

| | 2003-04 Appropriation | 2004-05 Recommendation | Net Change | % Change |
|--|--------------------------|---------------------------|---------------|-------------|
|--|--------------------------|---------------------------|---------------|-------------|

DEPARTMENT OF CORRECTIONS

| | | | | |
|-------------------|-----------------------|-----------------------|-------------------|------------|
| General Fund | \$ 469,617,009 | \$ 500,199,822 | \$ 30,582,813 | 6.5 |
| Cash Funds | 2,912,102 | 3,436,067 | 523,965 | 18.0 |
| Cash Funds Exempt | 59,904,567 | 52,274,745 | (7,629,822) | (12.7) |
| Federal Funds | 3,869,707 | 2,915,688 | (954,019) | (24.7) |
| Total | \$ 536,303,385 | \$ 558,826,322 | 22,522,937 | 4.2 |
| FTE | 5,825.6 | 5,852.7 | 27.1 | |

* Recommendation includes \$3,370,835 General Fund in statutory appropriations.

The Long Bill contains eight major programs and further reflects 36 separate subprogram cost centers. The eight major program areas are summarized below.

Management

| | | | | |
|-------------------|----------------------|-----------------------|-------------------|-------------|
| General Fund | \$ 90,631,102 | \$ 116,077,624 | \$ 25,446,522 | 28.1 |
| Cash Funds | 898,545 | 1,148,654 | 250,109 | 27.8 |
| Cash Funds Exempt | 1,062,283 | 1,432,030 | 369,747 | 34.8 |
| Federal Funds | 3,087,747 | 2,137,747 | (950,000) | (30.8) |
| Total | \$ 95,679,677 | \$ 120,796,055 | 25,116,378 | 26.3 |
| FTE | 75.3 | 73.8 | (1.5) | |

The Management program contains the main departmental management functions including the Executive Director's Office and the External Capacity subprogram.

The recommendation includes a net reduction of 1.5 FTE. This amount includes the following changes: (1) a base reduction 3.0 FTE from the Executive Director's Office; and (2) an increase of 1.5 FTE for the private prison monitoring unit.

The recommended General Fund increase is attributable to the following increases: (1) \$15.6 million for external capacity to house inmates in private prisons and county jails; (2) \$5.8 million for salary survey for FY 2004-05; (3) \$3.2 million for performance-based pay awards; (4) \$1.7 million for health, life, and dental insurance; (5) \$1.6 million for

| | 2003-04 | 2004-05 | Net | % |
|--|---------------|----------------|--------|--------|
| | Appropriation | Recommendation | Change | Change |

workers' compensation; (6) \$950,000 for housing inmates to offset an anticipated loss of federal funds; (7) \$664,000 for payments to risk management; (8) \$284,000 to annualize health, life, and dental, short-term disability and salary survey for 63.0 FTE approved for FY 2003-04 at Denver Women's Correctional Facility; (9) \$266,200 for legal expenses for a lawsuit with a contractor that built the Trinidad prison; and (10) \$114,000 for benefits for 25.0 FTE for a recommended increased in correctional officers.

These amounts are partially offset by the following recommended General Fund reductions: (1) \$3.7 million in savings for a recommended policy change to place 11.0 percent of inmates in community corrections placements; (2) \$317,000 in savings for placing more inmates in community return to custody beds authorized pursuant to S.B. 03-252; (3) \$308,000 for elimination of one-time expenses in FY 2003-04 related to the issuance of certificates of participation; (4) \$192,000 for a base reduction associated with eliminating 3.0 FTE; and (5) \$7,900 for a 0.2 percent personal services reduction.

The recommended cash funds increase is attributable to the following factors: (1) \$179,000 in additional funding for the private prison monitoring unit to fill unfunded FTE and 1.5 new FTE; (2) a \$73,000 increase for changes attributable to health, life, and dental insurance, salary survey, and leased space for employees responsible for monitoring private prisons; and (3) a reduction of \$1,400 for a 0.2 percent reduction in the personal services appropriation.

The recommended cash funds exempt increase is attributable to the following changes: (1) a \$183,000 increase for salary survey for employees in Correctional Industries and the Canteen Operation; (2) a \$134,000 increase for performance-based pay awards for employees in Correctional Industries and the Canteen Operation; (3) a \$59,000 increase for workers' compensation; (4) a \$14,000 increase for payments to risk management; (5) a \$37,000 reduction for shift differential; and (6) other miscellaneous changes.

The recommended reduction of federal funds stems from anticipated federal grants to be received from the State Criminal Alien Assistance Program. This federal program reimburses governmental agencies for holding illegal aliens.

Institutions

| | | | | | | | |
|--------------|----|-------------|----|-------------|----|-----------|-------|
| General Fund | \$ | 308,887,181 | \$ | 312,258,107 | \$ | 3,370,926 | 1.1 |
| Cash Funds | | 59,262 | | 224,679 | | 165,417 | 279.1 |

| | 2003-04 Appropriation | 2004-05 Recommendation | Net Change | % Change |
|-------------------|--------------------------|---------------------------|------------------|-------------|
| Cash Funds Exempt | 997,707 | 2,060,936 | 1,063,229 | 106.6 |
| Federal Funds | 80,000 | 80,000 | 0 | 0.0 |
| Total | \$ 310,024,150 | \$ 314,623,722 | \$ 4,599,572 | 1.5 |
| FTE | 4,568.7 | 4,620.5 | 51.8 | |

* Recommendation includes \$3,370,835 General Fund in statutory appropriations.

The Institutions program area includes all cost centers directly attributable to operation of the State's adult correctional facilities. Some of these subprogram cost centers include utilities, maintenance, housing and security, food service, medical services, superintendents, the Youthful Offender System, and the specialized San Carlos Correctional Facility.

The recommendation includes a net increase of 51.8 FTE. This increase includes the following changes: (1) an increase of 55.3 FTE to annualize the cost of 193 beds that were brought online at Denver Women's Correctional Facility in FY 2003-04; (2) an increase of 25.0 FTE for additional correctional officers in the Housing and Security Subprogram; and (3) an increase of 2.0 FTE to comply with a settlement agreement from a class action lawsuit regarding the American's with Disabilities Act. These increases are partially offset by base reductions equal to 30.5 FTE. Of these, 30.0 FTE were vacant FTE in the Medical Services Subprogram, and 0.5 FTE was a vacant position in the Water Rights Management Subprogram.

The recommended change in General Fund is attributable to the following increases: (1) \$3.1 million to annualize expenses related to bringing 193 beds online at the Denver Women's Correctional Facility in FY 2003-04; (2) \$1.2 million for additional medical expenses related to caseload increases; (3) \$1.0 million for 25.0 additional correctional officers; (4) \$356,000 for expenses associated with a settlement agreement from a class action lawsuit regarding the American's with Disabilities Act; and (5) \$116,000 for inmate clothing. In addition to recommended Long Bill appropriation, \$3.4 million General Fund will be appropriated in FY 2004-05 through statutory appropriations from sentencing bills enacted in prior years to the personal services line item in the Housing and Security Subprogram.

This increase is offset by the following General Fund reductions: (1) a \$1.1 million reduction associated with refinancing utilities expenses with transfer payments from operating expense line items; (2) a \$454,000 due to 0.2 percent reduction for personal services line items;

| | 2003-04 Appropriation | 2004-05 Recommendation | Net Change | % Change |
|--|--------------------------|---------------------------|---------------|-------------|
|--|--------------------------|---------------------------|---------------|-------------|

(3) \$265,000 in savings for medical expenses associated with a policy to place 11.0 percent of the inmate population in community corrections programs; (4) \$165,000 in savings associated with refinancing the medical expenses with inmate co-payments; (5) \$151,000 in savings associated with elimination of the Water Rights Management Subprogram. These functions will be performed by the Facility Services Subprogram using the utilities line item to pay for contract costs; (6) \$111,000 in savings for medical expenses associated with the placement of more inmates in community return to custody facilities pursuant to S.B. 03-252; and (7) a \$85,000 reduction for one-time costs in FY 2003-04.

The cash funds increase is for an anticipated increase in medical co-pays from inmates.

The cash funds exempt increase reflects an appropriation of transfer payments from other operating expense line items in the Department for utilities.

Support Services

| | | | | | | |
|-------------------|--------|----------------|--------|----------------|------------|---------|
| General Fund | \$ | 21,358,643 | \$ | 21,426,560 | 67,917 | 0.3 |
| Cash Funds | | 692,418 | | 659,673 | (32,745) | (4.7) |
| Cash Funds Exempt | | 122,324 | | 140,338 | 18,014 | 14.7 |
| Total | \$ | 22,173,385 | \$ | 22,226,571 | 53,186 | 0.2 |
| FTE | | 290.3 | | 293.8 | 3.5 | |

The Support Services program area includes the Department's operations programs, such as business operations, personnel, offender services, communications, transportation, training, information systems, and facility services.

The recommendation includes an increase of 3.5 FTE. Of this amount, 2.0 FTE are to comply with a settlement agreement from a class action lawsuit regarding the American's with Disabilities Act and 1.5 FTE are to annualize costs associated with bringing 193 beds online at the Denver Women's Correctional Facility in FY 2003-04.

The recommended net increase in General Fund includes the following increases: (1) \$218,000 for expenses associated with a settlement agreement from a class action lawsuit regarding the American's with Disabilities Act; (2) \$63,000 to annualize FY 2003-04 appropriations associated with bringing 193 beds online at the Denver Women's Correctional

| | 2003-04 Appropriation | 2004-05 Recommendation | Net Change | % Change |
|--|--------------------------|---------------------------|---------------|-------------|
|--|--------------------------|---------------------------|---------------|-------------|

Facility; (3) \$43,000 due to lower indirect cost recoveries from cash and cash exempt sources available to offset General Fund; (4) \$30,000 for higher costs associated with the multiuse network; and (5) \$4,000 for costs associated with additional parole officers and community corrections officers due to caseload increases;

These increases are partially offset by the following recommended reductions: (1) \$117,000 for lower costs associated with communications payments to the Department of Personnel and Administration; (2) \$84,000 for one-time expenses in FY 2003-04 associated with a settlement agreement from a class action lawsuit regarding the American's with Disabilities Act; (3) \$68,000 for lower vehicle lease payments; and (4) \$30,000 for a 0.2 percent personal services reduction.

The recommended cash fund reduction is the result of the following changes: (1) a \$43,000 reduction for lower indirect cost recoveries; and (2) an increase of \$10,000 for fees paid by private prisons to offset the cost of the private prison monitoring unit.

The recommended cash funds exempt increase is attributable to the following changes: (1) an increase of \$16,600 for vehicle lease payments; (2) an increase of \$1,700 for payments to the Multi-use Network; and (3) a reduction of \$300 due to lower indirect cost recoveries.

Inmate Programs

| | | | | | | |
|-------------------|----|------------|----|------------|-------------|--------|
| General Fund | \$ | 28,117,619 | \$ | 28,288,157 | 170,538 | 0.6 |
| Cash Funds | | 1,261,877 | | 1,403,061 | 141,184 | 11.2 |
| Cash Funds Exempt | | 5,331,303 | | 3,766,401 | (1,564,902) | (29.4) |
| Federal Funds | | 701,960 | | 697,941 | (4,019) | (0.6) |
| Total | \$ | 35,412,759 | \$ | 34,155,560 | (1,257,199) | (3.6) |
| FTE | | 436.7 | | 418.4 | (18.3) | |

The Inmate Programs section includes all educational, vocational, recreational, and inmate labor programs operated by the Department. Also included in this section are the sex offender treatment program and drug and alcohol treatment programs.

The recommendation includes a net reduction of 18.3 FTE due to the following reductions:

| | 2003-04 | 2004-05 | Net | % |
|--|---------------|----------------|--------|--------|
| | Appropriation | Recommendation | Change | Change |

(1) 10.0 FTE in the Education Subprogram; (2) 7.5 FTE in the Community Reintegration Subprogram; (3) 6.0 FTE in the Recreation Subprogram; and (4) and 1.0 FTE in the Labor Subprogram. These recommended reductions are partially offset by the following increases: (1) 3.2 FTE in the Recreation Subprogram; and (2) 3.0 FTE in the Education Subprogram. These increases were to annualize the costs associated with for bringing 193 new beds online at Denver Women's Correctional Facility in FY 2003-04.

The recommended net increase in General Fund includes the following increases: (1) \$629,000 to annualize the costs associated with bringing 193 new beds online at Denver Women's Correctional Facility in FY 2003-04; and (2) \$19,000 related to treatment costs for parole caseload increases. These amounts a partially offset by the following base reductions: (1) \$312,000 to the Community Reintegration Subprogram; (2) \$49,000 to the Education Subprogram; (3) a \$43,000 base reduction to the Labor Subprogram; (4) a \$42,000 reduction associated with a 0.2 percent reduction to personal services line items; and (5) a \$32,000 base reduction to the Recreation Subprogram.

The recommended increase in cash funds is attributable to an increase in appropriations from the Drug Offender Surcharge Fund, which is used to pay for the treatment of inmates.

The recommended reduction in cash funds exempt reflects an anticipated reduction in federal grants received from the Division of Criminal Justice in the Department of Public Safety and from the Alcohol and Drug Abuse Division in the Department of Human Services.

The recommended reduction in federal funds is due to a reduction in anticipated federal grants for vocational education and a reduction in statewide indirect cost recoveries for FY 2004-05.

Community Services

| | | | | | | | |
|-------------------|----|------------|----|------------|----|-----------|-----|
| General Fund | \$ | 19,595,721 | \$ | 21,078,665 | \$ | 1,482,944 | 7.6 |
| Cash Funds Exempt | | 69,477 | | 69,477 | | 0 | 0.0 |
| Total | \$ | 19,665,198 | \$ | 21,148,142 | \$ | 1,482,944 | 7.5 |
| FTE | | 224.4 | | 238.0 | | 13.6 | |

| 2003-04 Appropriation | 2004-05 Recommendation | Net Change | %Change |
|--------------------------|---------------------------|---------------|---------|
|--------------------------|---------------------------|---------------|---------|

The Community Services program area includes the parole, parole intensive supervision program (ISP), community supervision (transition), and community ISP (transition) subprograms. This major program area is designed to isolate most costs associated with supervising inmates and parolees in a community setting. Other costs associated with residential community corrections placements are appropriated to the Department of Public Safety, Division of Criminal Justice.

The recommendation includes an increase of 13.6 FTE, which includes the following increases: (1) 6.9 FTE for community corrections officers based on increased community corrections caseload; (2) 5.6 FTE for community corrections officers based on a policy change to place 11.0 percent of the inmates in community corrections; (3) 0.7 FTE for community corrections officers based on an increase in community return to custody placements pursuant to S.B. 03-252; and (4) 0.4 FTE for parole officers based on an increase in the parole caseload.

The recommended net General Fund increase is primarily attributable to the following increases: (1) \$655,000 for inmate supervision costs associated with a policy change to place 11.0 percent of the inmate population in community corrections; (2) \$411,000 for supervision costs associated with caseload increases in community corrections; (3) \$354,000 due to a larger parole caseload; and (4) \$85,000 for caseload expenses associated with an increase in community return to custody placements pursuant to S.B. 03-252. These increases are partially offset a \$23,000 reduction associated with a 0.2 percent reduction to personal services line items.

Parole Board

| | | | | | | |
|----------------------|----|-----------|----|-----------|--------|-----|
| Total - General Fund | \$ | 1,026,743 | \$ | 1,070,709 | 43,966 | 4.3 |
| FTE | | 13.5 | | 13.5 | 0.0 | |

The General Fund recommendation includes three changes: (1) an increase of \$28,500 for a contract hearing officer; (2) an increase of \$17,000 for a contract attorney to represent inmates who are incapable of representing themselves at parole revocation hearings; and (3) a reduction of \$1,800 for a 0.2 percent reduction in personal services.

| | 2003-04 Appropriation | 2004-05 Recommendation | Net Change | % Change |
|--|--------------------------|---------------------------|---------------|-------------|
|--|--------------------------|---------------------------|---------------|-------------|

Correctional Industries

| | | | | |
|------------------------------|---------------|---------------|-------------|--------|
| Total - Cash Funds Exempt \$ | 40,332,396 \$ | 34,472,960 \$ | (5,859,436) | (14.5) |
| FTE | 191.0 | 171.0 | (20.0) | |

The recommendation includes a reduction of 20.0 FTE to reflect historical utilization of FTE, which included significant reversions in recent years.

The recommended net reduction in cash funds exempt is the result of the following reductions: (1) \$2.5 million for the purchase of raw materials based on historical expenditures for this purpose; (2) \$1.5 million for operating expenses based on historical expenditures; (3) \$1.0 million for personal services based on historical expenditures; (4) \$800,000 for inmate pay based on historical expenditures; and (5) \$40,000 for lower indirect cost recoveries from correctional industries.

Canteen Operation

| | | | | |
|------------------------------|---------------|---------------|-------------|--------|
| Total - Cash Funds Exempt \$ | 11,989,077 \$ | 10,332,603 \$ | (1,656,474) | (13.8) |
| FTE | 25.7 | 23.7 | (2.0) | |

The recommendation includes a base reduction of 2.0 FTE.

The recommended reduction in cash funds exempt is the result of the following three reductions: (1) \$1,651,000 for personal services based on historical expenditures and for information technology staff previously paid from other divisions; (2) \$2,400 associated with a 0.2 percent personal services reduction; and (3) \$3,200 for lower indirect cost recoveries from the canteen operation.

SUMMARY

DEPARTMENT OF EDUCATION

The proposed FY 2004-05 budget includes recommendations which:

- Provide for a *total* increase in funding for schools pursuant to the School Finance Act of 1994, as amended, of \$139.7 million (3.3 percent) based on the following:
 - a 0.7 percent projected increase in student enrollment (\$31.8 million);
 - a 2.1 percent increase in the statewide base per pupil funding amount to meet the “inflation plus one” requirement of Section 17 of Article IX of the Colorado Constitution (\$91.8 million); and
 - an increase in the statewide average per pupil funding based on adjustments to districts' cost-of-living factors required under current law based on the statutorily-required study recently completed by the Legislative Council Staff (\$16.1 million).

Although current law requires *total* funding to increase by 3.3 percent in FY 2004-05, it is anticipated that *local* tax revenues (which are not reflected in the Long Bill) will increase by only 1.0 percent (\$16.2 million). The recommendation thus reflects an increase of \$123.4 million (4.7 percent) for the *state* share of funding for districts' total program funding. The recommendation includes \$2.3 million state funding associated with the local property tax revenues that are foregone due to locally negotiated business incentive agreements; this amount is estimated to cover 50 percent of the additional state funding required as a result of such agreements.

The total recommended increase in the State share of total program funding includes:

- an increase of \$136.1 million General Fund (6.1 percent);
- a decrease of \$0.5 million cash funds based on projected rental income earned on state trust lands;
- a decrease of \$6.1 million from the State Education Fund; and

- a decrease of \$6.1 million cash funds exempt from the State Public School Fund based on projected federal mineral lease revenues and interest earnings on the Public School Fund;
- Reflect an overall \$32.4 million net increase in federal funds anticipated to be available, including the following significant increases: \$21.2 million for special education programs for children with disabilities; \$7.5 million in federal Title 1 funds; and \$2.7 million for U.S.D.A. food and nutrition programs;
- Provide a total of \$10.0 million from the State Education Fund for capital construction programs, including \$5.0 million for the School Capital Construction Expenditures Reserve and \$5.0 million for charter schools, as required under current law;
- Add \$4.8 million in tobacco settlement funds for the Read-to-Achieve Program;
- Reflect increases totaling \$3.4 million from the State Education Fund for the purpose of providing the 2.1 percent increase for categorical programs to meet the “inflation plus one percent” requirement of Section 17 of Article IX of the Colorado Constitution;
- Add \$1.3 million General Fund for the Colorado student assessment program as a portion of the federal funds that are being used to support the ongoing administration of existing assessments will need to be used to develop 3rd- and 4th-grade math assessments to comply with federal requirements;
- Reflect a change in fund sources for 9.0 FTE in the school finance unit, so that these FTE will be supported by a \$762,000 cash funds exempt transfer of state funds appropriated for the state share of districts' total program funding rather than with General Fund;
- Add \$580,00 for salary survey and performance-based pay awards to be distributed in FY 2004-05;
- Add \$233,000 for workers' compensation costs;
- Add \$181,000 for health, life, and dental benefits; and
- Reflect a change in fund sources (from federal funds to General Fund) for 2.0 FTE responsible for tracking student identifiers.

| | 2003-04 Appropriation | 2004-05 Recommendation | Net Change | % Change |
|--|--------------------------|---------------------------|---------------|-------------|
|--|--------------------------|---------------------------|---------------|-------------|

DEPARTMENT OF EDUCATION

| | | | | |
|-------------------|-------------------------|-------------------------|--------------------|------------|
| General Fund | \$ 2,417,670,435 | \$ 2,555,671,589 | \$ 138,001,154 | 5.7 |
| Cash Funds | 15,233,415 | 14,743,794 | (489,621) | (3.2) |
| Cash Funds Exempt | 461,334,608 | 457,019,405 | (4,315,203) | (0.9) |
| Federal Funds | 380,677,569 | 413,109,122 | 32,431,553 | 8.5 |
| Total | \$ 3,274,916,027 | \$ 3,440,543,910 | 165,627,883 | 5.1 |
| FTE | 419.7 | 433.8 | 14.1 | |

Management and Administration

| | | | | |
|-------------------|----------------------|----------------------|------------------|------------|
| General Fund | \$ 19,811,606 | \$ 21,017,070 | \$ 1,205,464 | 6.1 |
| Cash Funds | 2,526,130 | 2,583,794 | 57,664 | 2.3 |
| Cash Funds Exempt | 1,616,642 | 2,361,644 | 745,002 | 46.1 |
| Federal Funds | 6,896,414 | 7,401,712 | 505,298 | 7.3 |
| Total | \$ 30,850,792 | \$ 33,364,220 | 2,513,428 | 8.1 |
| FTE | 105.3 | 110.0 | 4.7 | |

The recommendation includes an increase of 4.7 FTE to reflect an increase in the number of staff that are supported with the federal grant for state assessments and related activities.

The recommendation reflects a net increase in General Fund, including the following significant increases:

- a \$1,318,000 increase in the General Fund share of Colorado student assessment program costs as a portion of the federal funds that are being used to support the ongoing administration of existing assessments will need to be used to begin developing 3rd- and 4th-grade math assessments to comply with federal requirements;
- a \$228,000 increase in the General Fund share of administrative costs (primarily related to workers' compensation costs);

| | 2003-04 Appropriation | 2004-05 Recommendation | Net Change | % Change |
|--|--------------------------|---------------------------|---------------|-------------|
|--|--------------------------|---------------------------|---------------|-------------|

- a \$180,000 increase due to the reversal of a one-time fund source change for the unit responsible for tracking individual student identifiers; and
- a \$161,000 increase for salary survey and performance-based pay awards to be distributed in FY 2004-05.

The above General Fund increases are offset by a \$762,000 decrease based on a change in fund sources for 9.0 FTE in the school finance unit. These FTE will be supported by a cash funds exempt transfer of state funds appropriated for the state share of districts' total program funding rather than with General Fund.

The recommendation reflects an increase in the cash funds share of various administrative costs (primarily workers' compensation and capitol complex leased space).

The recommendation reflects a \$682,000 increase in cash funds exempt based on the change in funding sources for 9.0 FTE in the school finance unit, as well as an increase in the cash funds exempt share of various administrative costs.

The increase in federal funds includes \$316,000 for salary survey and performance-based pay awards to be distributed in FY 2004-05, and a \$189,000 increase in the federal funds share of various administrative costs.

Assistance to Public Schools

| | | | | | | | |
|-------------------|--------|-------------------|--------|-------------------|--------|-----------------|---------|
| General Fund | \$ | 2,389,683,265 | \$ | 2,525,785,118 | \$ | 136,101,853 | 5.7 |
| Cash Funds | | 12,622,285 | | 12,075,000 | | (547,285) | (4.3) |
| Cash Funds Exempt | | 456,496,970 | | 451,731,271 | | (4,765,699) | (1.0) |
| Federal Funds | | 373,781,155 | | 405,707,410 | | 31,926,255 | 8.5 |
| Total | \$ | 3,232,583,675 | \$ | 3,395,298,799 | \$ | 162,715,124 | 5.0 |
| FTE | | 154.3 | | 163.7 | | 9.4 | |

| | 2003-04 Appropriation | 2004-05 Recommendation | Net Change | % Change |
|--|--------------------------|---------------------------|---------------|-------------|
|--|--------------------------|---------------------------|---------------|-------------|

Public School Finance

| | | | | |
|-------------------|------------------|------------------|--------------|-------|
| General Fund | \$ 2,247,917,791 | \$ 2,384,019,644 | 136,101,853 | 6.1 |
| Cash Funds | 12,047,285 | 11,500,000 | (547,285) | (4.5) |
| Cash Funds Exempt | 367,108,976 | 354,996,744 | (12,112,232) | (3.3) |
| Total | \$ 2,627,074,052 | \$ 2,750,516,388 | 123,442,336 | 4.7 |

The recommendation provides for a *total* increase in funding for schools pursuant to the School Finance Act of 1994, as amended, of \$139.7 million (3.3 percent) based on the following:

- a 0.7 percent projected increase in student enrollment (\$31.8 million);
- a 2.1 percent increase in the statewide base per pupil funding amount based on the actual 1.1 percent inflation rate for the Denver-Boulder area for calendar year 2003 plus an additional one percent as required by Section 17 of Article IX of the Colorado Constitution (\$91.8 million); and
- an increase in the statewide average per pupil funding based on adjustments to districts' cost-of-living factors required under current law based on the cost-of-living study recently completed by the Legislative Council staff (\$16.1 million).

Although current law requires *total* funding to increase by 3.3 percent in FY 2004-05, it is anticipated that *local* property and specific ownership tax revenues (which are not reflected in the Long Bill) will increase by only 1.0 percent (\$16.2 million). The recommendation thus reflects an increase of \$123.4 million (4.7 percent) for the *state* share of funding for districts' total program funding. In addition, it is anticipated that \$4.7 million in local property tax revenues will be foregone in FY 2004-05 due to locally-negotiated business incentive agreements (an increase of \$2.3 million compared to FY 2003-04). The recommendation includes \$2.3 million associated with business incentive agreements, which is estimated to cover 50 percent of the local revenues foregone as a result of these agreements. The table on the following page details the data and figures referenced above related to overall school finance funding.

| | 2003-04 Appropriation | 2004-05 Recommendation | Net Change | % Change |
|--|--------------------------|---------------------------|---------------|-------------|
|--|--------------------------|---------------------------|---------------|-------------|

| School Finance: Total Program | FY 03-04 Amended Appropriation | FY 04-05 Recommendation | Change |
|---|--------------------------------|-------------------------|---------------|
| Funded Pupil Count | 723,230.0 | 728,575.3 | 5,345.3 |
| <i>Annual Percent Change</i> | <i>0.8%</i> | <i>0.7%</i> | |
| Statewide <u>Base</u> Per Pupil Funding | \$4,570.31 | \$4,666.29 | \$95.98 |
| <i>Annual Percent Change</i> | <i>2.9%</i> | <i>2.1%</i> | |
| Statewide <u>Average</u> Per Pupil Funding | \$5,943.16 | \$6,091.28 | \$148.12 |
| <i>Annual Percent Change</i> | <i>2.5%</i> | <i>2.5%</i> | |
| Total Program Funding | \$4,298,271,399 | \$4,437,954,903 | \$139,683,504 |
| <i>Annual Percent Change</i> | <i>3.4%</i> | <i>3.3%</i> | |
| <u>Local Share</u> of Districts' Total Program Funding (excluding amounts related to BIAs) | \$1,671,197,347 | \$1,685,099,414 | \$13,902,067 |
| <i>Annual Percent Change</i> | <i>-0.2%</i> | <i>0.8%</i> | |
| <u>State Share</u> of Districts' Total Program Funding (including amount related to BIAs) | \$2,627,074,052 | \$2,750,516,388 | \$123,442,336 |
| <i>Annual Percent Change</i> | <i>5.8%</i> | <i>4.7%</i> | |
| <i>State Share as % of Districts' Total Program</i> | <i>61.1%</i> | <i>62.0%</i> | |

Of the total \$123,442,000 increase in *state* funding, the recommendation reflects the following fund source changes:

- an increase of \$136,101,000 million General Fund (6.1 percent);
- a decrease of \$547,000 cash funds based on projected rental income earned on state trust lands;
- a decrease of \$6,051,000 cash funds exempt from the State Education Fund; and
- a reduction of \$6,061,000 cash funds exempt from the State Public School Fund based on projected federal mineral lease revenues and interest earnings on the Public School Fund.

| | 2003-04 Appropriation | 2004-05 Recommendation | Net Change | % Change |
|--|--------------------------|---------------------------|---------------|-------------|
|--|--------------------------|---------------------------|---------------|-------------|

Categorical Programs

| | | | | |
|-------------------|----------------|----------------|------------|------|
| General Fund | \$ 141,765,474 | \$ 141,765,474 | 0 | 0.0 |
| Cash Funds Exempt | 21,212,584 | 24,516,827 | 3,304,243 | 15.6 |
| Federal Funds | 110,534,882 | 131,439,569 | 20,904,687 | 18.9 |
| | | | | |
| Total | \$ 273,512,940 | \$ 297,721,870 | 24,208,930 | 8.9 |
| FTE | 54.6 | 58.9 | 4.3 | |

The recommendation reflects an increase of 3.8 federally-funded staff for special education programs for children with disabilities and an increase of 0.5 FTE in federally-funded staff for English language proficiency programs.

The recommended cash funds exempt increase reflects an increase in appropriations from the State Education Fund for the purpose of providing the 2.1 percent increase required by Section 17 of Article IX of the Colorado Constitution. The following table details the allocation of the required increase by program area.

| Required Increase in State Funding for Categorical Programs for FY 2004-05 | | | | |
|---|--|--|-------------|--|
| Long Bill Line Item | FY 2003-04 Appropriation of State Funds | Allocation of Required FY 2004-05 Increase in State Funds | | FY 2004-05 Appropriation of State Funds |
| Special education - children with disabilities | \$84,172,756 | \$2,496,961 | 3.0% | \$86,669,717 |
| English Language Proficiency Program | 3,658,392 | 108,238 | 3.0% | 3,766,630 |
| Public school transportation | 40,967,748 | 450,645 | 1.1% | 41,418,393 |
| Colorado Vocational Act distributions | 19,742,390 | 217,166 | 1.1% | 19,959,556 |
| Special education - gifted and talented children | 6,190,647 | 68,097 | 1.1% | 6,258,744 |
| Expelled and at-risk student services grant program | 6,216,786 | 68,385 | 1.1% | 6,285,171 |
| Small attendance center aid | 808,089 | 0 | 0.0% | 808,089 |
| Comprehensive health education | 600,000 | 0 | 0.0% | 600,000 |
| Total | \$162,356,808 | \$3,409,492 | 2.1% | \$165,766,300 |

| | 2003-04 Appropriation | 2004-05 Recommendation | Net Change | % Change |
|--|--------------------------|---------------------------|---------------|-------------|
|--|--------------------------|---------------------------|---------------|-------------|

The recommendation also reflects a \$21,225,000 increase in federal funds anticipated to be available for special education programs for children with disabilities. This increase is partially offset by \$320,000 decrease in federal funds anticipated to be available for English language proficiency programs.

Grant Programs and Other Distributions

| | | | | |
|-------------------|-------------------|-------------------|---------------|---------|
| General Fund | \$ 0 | \$ 0 | 0 | N/A |
| Cash Funds Exempt | 64,510,003 | 68,829,671 | 4,319,668 | 6.7 |
| Federal Funds | 9,001,783 | 9,650,058 | 648,275 | 7.2 |
| Total | \$ 73,511,786 | \$ 78,479,729 | 4,967,943 | 6.8 |
| FTE | 2.4 | 11.2 | 8.8 | |

The recommendation includes an increase of 8.8 FTE to reflect staff that are currently funded with a portion of the federal Title 1 Reading First grant to assist school districts in meeting federal requirements related to "adequate yearly progress".

The recommendation reflects a net increase in cash funds exempt, including the following significant changes:

- an increase of \$10,734,000 for the Read-to-Achieve Program, including \$4,817,000 in tobacco settlement funds and \$5,917,000 in spending authority out of the Read-to-Achieve Cash Fund;
- the elimination of a \$5,000,000 State Education Fund appropriation to the School Construction and Renovation Fund, as well as the elimination of \$5,000,000 in spending authority out of the School Construction and Renovation Fund; and
- an increase of \$3,586,000 to reflect the amount potentially available to the State Board of Education if school districts reimburse the State for amounts awarded from the Contingency Reserve in previous fiscal years.

The recommended increase in federal funds reflects an anticipated increase in the federal Title 1 Reading First grant.

| | 2003-04 Appropriation | 2004-05 Recommendation | Net Change | % Change |
|--|--------------------------|---------------------------|---------------|-------------|
|--|--------------------------|---------------------------|---------------|-------------|

Appropriated Sponsored Programs

| | | | | |
|-------------------|--------------------|--------------------|----------------|---------|
| Cash Funds | \$ 575,000 | \$ 575,000 | 0 | 0.0 |
| Cash Funds Exempt | 3,665,407 | 3,388,029 | (277,378) | (7.6) |
| Federal Funds | 254,244,490 | 264,617,783 | 10,373,293 | 4.1 |
| Total | \$ 258,484,897 | \$ 268,580,812 | 10,095,915 | 3.9 |
| FTE | 97.3 | 93.6 | (3.7) | |

The recommendation reflects a net decrease of 3.0 federally-funded FTE based on anticipated changes in federal grants, as well as a 0.7 decrease in FTE supported by cash funds exempt sources.

The recommended decrease in cash funds exempt reflects a net decrease in anticipated donations, grants, and transfers from other departments for a variety of programs.

The recommendation reflects a net increase in the amount of federal funds the Department anticipates receiving for a variety of programs, including the following significant changes in funding for programs reflected in this section of the Long Bill:

- an increase of \$7.5 million in federal Title 1 funding;
- an increase of \$2.7 million for U.S.D.A. food and nutrition service programs;
- an increase of \$1.5 million for adult education; and
- the elimination of \$1.3 million for an advanced placement incentive program.

Library Programs

| | | | | |
|-------------------|------------------|------------------|-----------|---------|
| General Fund | \$ 359,796 | \$ 959,796 | 600,000 | 166.8 |
| Cash Funds Exempt | 713,800 | 113,800 | (600,000) | (84.1) |
| Total | \$ 1,073,596 | \$ 1,073,596 | 0 | 0.0 |

The General Fund increase is recommended for regional library service systems. The recommended decrease in cash funds exempt reflects the elimination of one-time funding for regional library service systems provided through S.B. 03-282.

| | 2003-04 | 2004-05 | Net | % |
|--|---------------|----------------|--------|--------|
| | Appropriation | Recommendation | Change | Change |

School for the Deaf and the Blind

| | | | | | |
|-------------------|----|---------------|---------------|---------|------|
| General Fund | \$ | 7,815,768 \$ | 7,909,605 \$ | 93,837 | 1.2 |
| Cash Funds | | 85,000 | 85,000 | 0 | 0.0 |
| Cash Funds Exempt | | 2,507,196 | 2,812,690 | 305,494 | 12.2 |
| Total | \$ | 10,407,964 \$ | 10,807,295 \$ | 399,331 | 3.8 |
| FTE | | 160.1 | 160.1 | 0.0 | |

The recommended net General Fund increase includes \$206,000 for salary survey increases awarded in FY 2003-04 to employees whose salaries are tied to those of the local school district. This increase is partially offset by a \$15,000 (0.2 percent) base reduction, and a reduction of \$99,000 due to an increase in the amount of funding anticipated to be available from districts' total program funding.

The recommended increase in cash funds exempt includes \$205,000 in federal grants anticipated to be available to the School plus a \$99,000 increase in amounts anticipated to be received from districts' total program funding.

SUMMARY

GOVERNOR-LIEUTENANT GOVERNOR- STATE PLANNING AND BUDGETING

The proposed FY 2004-05 budget includes recommendations that:

- Increase the General Fund appropriation for Colorado Promotion by \$2.5 million;
- Restore funding for salary survey (\$91,000) and performance-based pay (\$57,000);
and
- Reduce base funding for operations of the International Trade Office by \$91,000
General Fund to reflect historical usage of operating funds and recent reductions in
FTE.

| | 2003-04 Appropriation | 2004-05 Recommendation | Net Change | % Change |
|--|--------------------------|---------------------------|---------------|-------------|
|--|--------------------------|---------------------------|---------------|-------------|

GOVERNOR-LIEUTENANT GOVERNOR-STATE PLANNING AND BUDGETING

| | | | | |
|-------------------|----------------------|----------------------|------------------|------------|
| General Fund | \$ 13,380,007 | \$ 15,838,358 | 2,458,351 | 18.4 |
| Cash Funds | 144,950 | 225,779 | 80,829 | 55.8 |
| Cash Funds Exempt | 1,827,420 | 1,706,447 | (120,973) | (6.6) |
| Federal Funds | 18,718,117 | 17,527,584 | (1,190,533) | (6.4) |
| Total | \$ 34,070,494 | \$ 35,298,168 | 1,227,674 | 3.6 |
| FTE | 106.9 | 106.9 | 0.0 | |

Office of the Governor

| | | | | |
|-------------------|----------------------|----------------------|--------------------|--------------|
| General Fund | \$ 2,887,143 | \$ 2,936,811 | 49,668 | 1.7 |
| Cash Funds | 75,000 | 81,359 | 6,359 | 8.5 |
| Cash Funds Exempt | 228,158 | 198,703 | (29,455) | (12.9) |
| Federal Funds | 17,676,983 | 16,326,079 | (1,350,904) | (7.6) |
| Total | \$ 20,867,284 | \$ 19,542,952 | (1,324,332) | (6.3) |
| FTE | 35.4 | 35.4 | 0.0 | |

The recommended General Fund appropriation includes the following increases: (1) \$91,000 for salary survey; (2) \$57,000 for performance-based pay; (3) \$33,000 for administration, to compensate for a lower amount of offsetting indirect cost recoveries; (4) \$13,000 in risk management and property fund payments; and (5) \$12,000 in contributions for Capitol Complex leased space. These increases are partially offset by: (1) a \$138,000 legal services reduction compared with the total FY 2003-04 appropriated amount; (2) a \$18,000 reduction in health, life and dental costs; and (3) a \$3,600 reduction to implement the 0.2 percent personal services base reduction.

The recommended increase in cash funds is due to a technical adjustment to reflect the proper classification of Division of Insurance Cash Funds used to pay for CAPCO administration.

The recommended decrease in cash funds exempt is due to (1) a \$33,000 decrease in indirect

| | 2003-04 Appropriation | 2004-05 Recommendation | Net Change | % Change |
|--|--------------------------|---------------------------|---------------|-------------|
|--|--------------------------|---------------------------|---------------|-------------|

cost recoveries; (2) a \$32,000 reduction in legal services; and (3) a \$4,000 reduction in health, life and dental. These decreases are partially offset by increases of (1) \$24,000 for salary survey and (2) \$17,000 for performance-based pay.

The recommended decrease in reflected federal funds reflects a reduction in the amount of federal grants the office expects to receive.

Office of the Lieutenant Governor

| | | | | | |
|-------------------|----|------------|------------|-------|-------|
| General Fund | \$ | 268,902 \$ | 268,468 \$ | (434) | (0.2) |
| Cash Funds Exempt | | 1,500 | 1,500 | 0 | 0.0 |
| Total | \$ | 270,402 \$ | 269,968 \$ | (434) | (0.2) |
| FTE | | 5.0 | 5.0 | 0.0 | |

The recommended General Fund decrease is due to a 0.2 percent personal services base reduction for the staff of the Lieutenant Governor and the Commission of Indian Affairs.

Office of State Planning and Budgeting

| | | | | | |
|-------------------|----|--------------|--------------|---------|-------|
| Cash Funds Exempt | \$ | 1,287,684 \$ | 1,285,245 \$ | (2,439) | (0.2) |
| FTE | | 19.5 | 19.5 | 0.0 | |

The recommended cash funds exempt appropriation provides continuation funding for the Office of State Planning and Budgeting and includes a 0.2 percent personal services base reduction.

Economic Development Programs

| | | | | | |
|-------------------|----|--------------|---------------|-----------|--------|
| General Fund | \$ | 9,322,921 \$ | 11,733,519 \$ | 2,410,598 | 25.9 |
| Cash Funds | | 69,950 | 144,420 | 74,470 | 106.5 |
| Cash Funds Exempt | | 310,078 | 220,999 | (89,079) | (28.7) |
| Federal Funds | | 1,041,134 | 1,201,505 | 160,371 | 15.4 |

| | 2003-04 Appropriation | 2004-05 Recommendation | Net Change | % Change |
|-------|--------------------------|---------------------------|---------------|-------------|
| Total | \$ 10,744,083 | \$ 13,300,443 | 2,556,360 | 23.8 |
| FTE | 37.0 | 37.0 | 0.0 | |

The General Fund recommendation includes: (1) an increase of \$2.5 million for Colorado Promotion; and (2) an increase of \$14,000 for the Administration line because indirect cost recoveries used to offset General Fund will be less than in FY 2003-04. These increases are partially offset by decreases of: (1) \$91,000 in reduced operating expenses for the International Trade Office; and (2) a total 0.2 personal services base reduction for the Office of Economic Development of \$5,000.

The increase in cash funds is primarily due to a technical adjustment to reflect the proper classification of Division of Insurance cash funds used for CAPCO administration.

The decrease in cash funds exempt is due to (1) a reduction of \$14,000 in indirect cost recoveries; and (2) reclassification of CAPCO administration costs to cash funds.

The increase in federal funds is due to an anticipated increase in federal funds received by the state's Small Business Development Centers.

Office of Innovation and Technology

| | | | | |
|--------------|------------|------------|---------|-------|
| General Fund | \$ 901,041 | \$ 899,560 | (1,481) | (0.2) |
| Total | \$ 901,041 | \$ 899,560 | (1,481) | (0.2) |
| FTE | 10.0 | 10.0 | 0.0 | |

The General Fund recommendation includes a \$1,500 personal services base reduction.

SUMMARY

DEPARTMENT OF HEALTH CARE POLICY AND FINANCING

The proposed FY 2004-05 budget includes the following major recommendations:

- ❑ Provides an *increase* of \$135.1 million (\$67.5 million General Fund), or 7.3 percent, to fund caseload growth and cost-per-client growth for the Medicaid medical program. During FY 2004-05, the Medicaid program is projected to provide health care services to 375,411 Medicaid clients. This represents a caseload increase of 15,627 clients (4.3 percent).
- ❑ The caseload and cost-per-client growth is offset by a total reduction of \$50.9 million. This reduction is the net of the following changes:
 - ✓ An increase of \$3.0 million (\$1.5 million General Fund) for an inflationary increase to the reimbursement rates for Federal Qualifying Health Centers.
 - ✓ An increase of \$1.4 million (\$700,000 General Fund) for a rate increase for primary care physicians.
 - ✓ A *net* increase of \$1.2 million (\$600,000 General Fund decrease) for Medicare Upper Payment Limit refinancing.
 - ✓ A decrease of \$46.7 million (\$23.4 million General Fund) to eliminate one-time supplemental funding in FY 2003-04. The FY 2003-04 supplemental funding resulted from the "roll over" of FY 2002-03 expenses into FY 2003-04 when the Medicaid payment system was shut down during the last week in June 2003.
 - ✓ A decrease of \$9.8 million (\$5.0 million General Fund) to reflect the implementation of S.B. 03-176 (related to Medicaid coverage for legal immigrants) and for policy initiatives to reduce payments for inpatient hospitals, private duty nursing, and durable medical equipment.
- ✓ A decrease of \$32.9 million (\$14.7 million General Fund) from eliminating one-time expenditures incurred in FY 2003-04 in the Executive Director's Office. The majority of this decrease, \$27.0 million (\$13.5 million General Fund), is associated with the HMO lawsuit settlement payments for Kaiser and Colorado Health Plan of the

Rockies. Another \$6.0 million (\$915,000 General Fund) is associated with eliminating one-time expenses associated with implementing the Health Insurance Portability and Accountability Act of 1996.

- ✓ A decrease of \$12.8 million (\$1.3 million General Fund) to the programs in the Indigent Care Division as follows:
 - ✓ A decrease of \$6.2 million (\$3.1 million General Fund) in payments to private hospitals participating in the Colorado Indigent Care Program.
 - ✓ A net decrease of \$6.3 million (\$2.1 million General Fund increase) for the Children's Basic Health Plan. The reduced funding results mainly from a lower average children's caseload in FY 2004-05 than what was funded in FY 2003-04. However, the recommendation provides sufficient funding to uncap the children's caseload and to add back the adult prenatal program beginning in July 1, 2004.
 - ✓ Provides a decrease of \$358,000 (does not have General Fund impact) for the Comprehensive Primary and Preventive Care Fund and Program.
- ☐ Provides a net *decrease* of \$12.0 million (\$1.0 million General Fund) for the Other Medical Services Division as follows:
 - ✓ Provides a decrease of \$10.0 million cash funds exempt to eliminate a double count of appropriations for the Old Age Pension State Medical Program that resulted when legislation in FY 2003-04 transferred the program from the Department of Human Services to the Department of Health Care Policy and Financing. There is no change to the program from this correction.
 - ✓ Contains a decrease of \$1.9 million (\$975,000 General Fund) to eliminate the Primary Care Physician Incentive Program.
 - ✓ Contains a decrease of \$92,000 (\$46,000 General Fund) to reduce funding for the Family Medicine Residency Training program and the Enhanced Prenatal Care Training and Technical Assistance program.
- ☐ The recommendation also includes a net total fund increase of \$2.8 million (\$3.6 million General Fund) for programs in the Department of Human of Services that receive Medicaid funding through the Department of Health Care Policy and Financing.

| | 2003-04 | 2004-05 | Net | % |
|--|---------------|----------------|--------|--------|
| | Appropriation | Recommendation | Change | Change |

DEPARTMENT OF HEALTH CARE POLICY AND FINANCING

| | | | | |
|-------------------|-------------------------|-------------------------|----------------------|------------|
| General Fund | \$ 1,231,103,256 | \$ 1,258,408,689 | \$ 27,305,433 | 2.2 |
| Cash Funds | 12,385,915 | 12,265,645 | (120,270) | (1.0) |
| Cash Funds Exempt | 236,020,640 | 223,643,178 | (12,377,462) | (5.2) |
| Federal Funds | 1,463,624,107 | 1,478,105,190 | 14,481,083 | 1.0 |
| Total | \$ 2,943,133,918 | \$ 2,972,422,702 | \$ 29,288,784 | 1.0 |
| FTE | 198.4 | 196.1 | (2.3) | (1.2) |

Executive Director's Office and Administration

| | | | | |
|-------------------|----------------------|----------------------|---------------------|---------------|
| General Fund | \$ 32,539,793 | \$ 17,811,460 | (14,728,333) | (45.3) |
| Cash Funds | 425,659 | 417,366 | (8,293) | (1.9) |
| Cash Funds Exempt | 451,032 | 348,678 | (102,354) | (22.7) |
| Federal Funds | 52,480,367 | 34,418,092 | (18,062,275) | (34.4) |
| Total | \$ 85,896,851 | \$ 52,995,596 | (32,901,255) | (38.3) |
| FTE | 198.4 | 196.1 | (2.3) | (1.2) |

Note: The FY 2003-04 appropriation includes the supplemental add-on adjustments attached to the Long Bill.

FTE Positions: The recommendation provides a decrease of 2.3 FTE. The FTE change reflects a decrease of 2.5 FTE due to the completion of the implementation phase of the Colorado Benefits Management System project. The decrease is partially offset by an increase of 0.2 FTE to annualize a position added last year, pursuant to S.B. 03-011.

The recommended net General Fund *decrease* includes the following items: (1) \$13.5 million to eliminate the one-time FY 2003-04 Kaiser and Colorado Health Plan of the Rockies HMO lawsuit settlement payments; (2) \$878,000 to eliminate one-time expenses associated with implementing the Privacy and Transaction and Code Sets rules for the Health Insurance Portability and Accountability Act (HIPAA) of 1996; (3) \$396,000 for technical adjustments to the Medical Management Information System; (4) \$241,000 for cost savings associated with using plastic Medicaid identification cards; and (5) \$7,000 for savings associated with the nurse aid certification program and for a decrease in telecommunication rates. These

| 2003-04 Appropriation | 2004-05 Recommendation | Net Change | % Change |
|--------------------------|---------------------------|---------------|-------------|
|--------------------------|---------------------------|---------------|-------------|

decreases are partially offset by the following increases: (1) \$185,000 for personnel related expenses including salary survey, performance-based pay, and employee benefits; (2) \$61,000 for costs associated with the new HIPAA security rule; and (3) \$39,000 for increased costs for non-personnel centrally administered appropriations and for annualizing prior year expenses.

The recommended net cash funds decrease is attributable to a decrease of \$9,000 for cost savings associated with using plastic identification cards for the Old Age Pension Medical Program offset by \$800 for non-personnel related central administered appropriations.

The recommended cash funds exempt decrease is primarily attributable to eliminating \$92,000 for one-time expenses associated with implementing the HIPAA Privacy and Transaction and Code Sets rules and \$14,000 for technical adjustments including adjusting for a double count of an appropriation in S.B. 03-258. These adjustments are partially offset by an increases of \$2,000 for personnel related expenses and \$1,000 for implementing the HIPAA security rule.

The recommended federal funds decrease includes the following items: (1) \$13.5 million to eliminate the one-time FY 2003-04 Kaiser and Colorado Health Plan of the Rockies HMO lawsuit settlement payments; (2) \$4.9 million to eliminate one-time expenses associated with implementing the Privacy and Transaction and Code Sets rules for the Health Insurance Portability and Accountability Act (HIPAA) of 1996; (3) \$241,000 for cost savings associated with using plastic Medicaid identification cards; and (5) \$6,000 for savings associated with the nurse aid certification program and for a decrease in telecommunication rates. These decreases are partially offset by the following increases: (1) \$247,000 to annualize prior year expenses associated with the Medical Management Information System; (2) \$214,000 for personnel related increases including salary survey, performance-based pay, and employee benefits; (2) \$63,000 for costs associated with complying with the HIPAA security rule; and (3) \$57,000 for increased costs for non-personnel central administered appropriations and to annualize prior year expenses.

| | 2003-04 | 2004-05 | Net | % |
|--|---------------|----------------|--------|--------|
| | Appropriation | Recommendation | Change | Change |

Medical Services Premiums

| | | | | |
|-------------------|------------------|------------------|------------|-------|
| General Fund | \$ 898,830,766 | \$ 939,525,973 | 40,695,207 | 4.5 |
| Cash Funds | 253,318 | 813,076 | 559,758 | 221.0 |
| Cash Funds Exempt | 28,160,727 | 29,166,690 | 1,005,963 | 3.6 |
| Federal Funds | 927,674,965 | 969,619,247 | 41,944,282 | 4.5 |
| Total | \$ 1,854,919,776 | \$ 1,939,124,986 | 84,205,210 | 4.5 |

Note: The FY 2003-04 appropriation also includes the supplemental add-on adjustments attached to the Long Bill.

Highlights of FY 2004-05 Medical Services Premiums

Overall net funding increase of **4.5 percent** increase driving an additional **\$84.2 million (\$40.7 million General Fund, a 4.5 percent increase)**.

Reflects caseload increases of **4.3 percent** or **15,627 clients** over the FY 2003-04 supplemental base. Provides for a caseload total of **375,411 clients** and a medical service cost-per-client increase including policy changes and Medicare Upper Payment Limit of **2.6 percent** over the FY 2003-04 supplemental base.

The increase in the Medicaid budget can be explained by increases in costs due to caseload growth and cost-per-client increases. The caseload and service cost increases are partially offset by decreases from one-time expenses in FY 2003-04 and from budget reduction items recommended by the Joint Budget Committee. The following table provides a brief summary of these changes.

Reasons for the Increase in Medicaid Spending

| | | | | |
|---|---------------|---------------|--------------|---------|
| Medicaid Medical Service Costs | 1,781,232,088 | 1,916,380,309 | 135,148,221 | 7.6 |
| Expenses from Suspending the Last Week of FY 2002-03 Payments | 46,700,000 | 0 | (46,700,000) | (100.0) |
| Medicare Upper Payment Limit Financing | 26,919,594 | 28,151,642 | 1,232,048 | 4.6 |

| | 2003-04 | 2004-05 | Net | % |
|--|---------------|----------------|--------|--------|
| | Appropriation | Recommendation | Change | Change |

Reasons for the Increase in Medicaid Spending

| | | | | |
|--|----------------------|----------------------|-------------------|------------|
| Intermediate Care Facility Payment (H.B. 03-1292) | 68,094 | 72,180 | 4,086 | 6.0 |
| Rate increase for Federal Qualifying Health Centers | 0 | 3,000,000 | 3,000,000 | N/A |
| Rate increase for primary care physicians | 0 | 1,462,130 | 1,462,130 | N/A |
| Savings from Implementing S.B. 03-176 (legal immigrants) | 0 | (5,142,017) | (5,142,017) | N/A |
| 1.0 percent Rate Reduction to Inpatient Hospital | 0 | (3,060,710) | (3,060,710) | N/A |
| Limit on Duration of Private Duty Nursing Services | 0 | (991,188) | (991,188) | N/A |
| Decrease to Durable Medical Equipment | 0 | (747,360) | (747,360) | N/A |
| TOTAL | 1,854,919,776 | 1,939,124,986 | 84,205,210 | 4.5 |

Medicaid Medical Service Costs

Caseload Information: The recommendation supports medical services for an estimated 375,410 clients. This equates to approximately one out of every 12 Colorado residents receiving health coverage through Medicaid. The FY 2004-05 caseload estimate represents an increase of 4.3 percent over the FY 2003-04 supplemental caseload recommendation. The forecast represents a significant slowing of the Medicaid caseload growth rates. In FY 2003-04, caseload is forecasted to grow by 9.9 percent over the FY 2002-03 caseload and the FY 2002-03 caseload grew by 10.8 percent over the FY 2001-02 caseload actual.

The FY 2003-04 supplemental caseload recommendation results from a net increase of 19,393 clients over the original FY 2003-04 appropriation of 340,391.¹ The net increase of

¹The method for counting caseload was changed in FY 2002-03. Prior to FY 2002-03, caseload was adjusted for retroactivity. Under federal regulations, a Medicaid client's eligibility can be retroactive three months prior to their application. However with the move to cash accounting in FY 2002-03, caseload is no longer adjusted to reflect retroactivity. The original FY 2003-04 caseload appropriation has been adjusted to reflect this change.

| | 2003-04 | 2004-05 | Net | % |
|--|---------------|----------------|--------|--------|
| | Appropriation | Recommendation | Change | Change |

19,393 clients primarily results from increases in the categorically eligible children and low-income adult categories.

The caseload forecast for FY 2004-05 anticipates overall caseload growth of 15,627 or 4.3 percent growth over the FY 2003-04 adjusted caseload. The growth is primarily in the adult and children categories. The adult categories are anticipated to grow by 2,642 clients, or 4.8 percent. The children categories are anticipated to grow by 12,214 clients, or 6.0 percent. The remaining categories (elderly, disabled, non-citizens) are anticipated to grow by a total of 771 clients, or 0.8 percent. The FY 2004-05 recommendation is based on a significant slowing of the caseload growth from the last two years. The following table shows the projected caseload growth from FY 2003-04 (with the supplemental adjustment) to FY 2004-05.

Category of Eligibles

| | | | | |
|--|---------|---------|--------|-------|
| Supplemental Security Income 65 + | 34,147 | 34,048 | (99) | (0.3) |
| Supplemental Security Income 60 to 64 | 5,539 | 5,648 | 109 | 2.0 |
| Qualified Medicare Beneficiaries (QMBs) and Special Low-income Medicare Beneficiaries (SLIMBs) | 9,740 | 10,353 | 613 | 6.3 |
| Supplemental Security Income Disabled | 46,390 | 46,226 | (164) | (0.4) |
| Categorically Eligible Low Income Adults | 46,312 | 49,019 | 2,707 | 5.8 |
| Baby Care-Adult | 8,156 | 8,026 | (130) | (1.6) |
| Breast and Cervical Cancer Treatment Clients | 111 | 176 | 65 | 58.6 |
| Eligible Children | 190,265 | 202,001 | 11,736 | 6.2 |
| Foster Care Children | 14,652 | 15,130 | 478 | 3.3 |
| Non-Citizens | 4,472 | 4,784 | 312 | 7.0 |
| Total Annual Caseload Estimates | 359,784 | 375,411 | 15,627 | 4.3 |

Note: This table shows the impact of implementing S.B. 03-176 in January 2005 (S.B. 03-176 excludes certain categories of legal immigrants from coverage). Implementing this bill reduces caseload by 1,757.

| 2003-04 Appropriation | 2004-05 Recommendation | Net Change | % Change |
|--------------------------|---------------------------|---------------|-------------|
|--------------------------|---------------------------|---------------|-------------|

Information About Cost of Services: After the caseload is projected, the cost for serving the clients is calculated. The cost-per-client is 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 cost-per-client is 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. This base cost-per-client increase is calculated before policy adjustments or bottom line financing mechanism are included. The recommendation includes an overall increase in cost-per-client of approximately \$130.13 or 2.6 percent.

Explanation of Budget Changes

Caseload and Cost-Per-Client increase: As explained above, the base *increase* for caseload and cost-per-client cost changes is \$135.1 million. This represents a continuation of the Medicaid program before any policy changes or refinancing mechanisms are recommended. The funding increase needed for caseload growth (before implementing S.B. 03-176) is \$45.5 million total funds and the funding increase for cost-per-client growth is \$89.6 million total funds. Of the total base funding increase of \$135.1 million, \$67.5 million is General Fund, \$555,700 is Cash Funds (fees from S.B. 03-259), and \$67.3 million is matching federal funds. These increases are partially offset by a decrease of \$226,000 in Cash Fund Exempt (Breast and Cervical Cancer Trust Fund) related to a statutory requirement that reduces this fund source (the JBC is recommending a special bill to undo this statutory requirement for FY 2004-05).

Federal Qualifying Health Centers increase: The recommendation includes a total fund *increase* of \$3.0 million to increase the inflation factor used in determining the reimbursement rates for Federal Qualifying Health Centers. Of this amount, \$1.5 million is General Fund and \$1.5 million is federal funds.

Primary Care Physician Rate increase: The recommendation includes a total fund *increase* of \$1.4 million for a primary care physician rate increase. Of this amount, \$731,000 is General Fund and \$731,000 is matching federal funds. This recommendation partially offsets a decrease of \$1.9 million (\$975,000 General Fund) from eliminating the primary care physician incentive program in the Other Medical Programs Division.

| 2003-04 Appropriation | 2004-05 Recommendation | Net Change | % Change |
|--------------------------|---------------------------|---------------|-------------|
|--------------------------|---------------------------|---------------|-------------|

Medicare Upper Payment Limit increase: The recommendation includes a total fund increase of \$1.2 million for Medicare Upper Payment Limit refinancings. The result of this recommendation is a decrease in General Fund of \$616,000, an increase in cash funds exempt of \$1.2 million, and an increase in federal funds of \$616,000. The refinancing results from "certifying" expenditures at public hospitals, nursing facilities, and home health agencies. The recommendation does not decrease or increase funding for the public hospitals, nursing facilities, or home health agencies. The Medicare Upper Payment Limit is a method the state uses to offset General Fund expenditures with additional federal funds.

Eliminate One-time FY 2003-04 Funding from the FY 2004-05 Base decrease: The FY 2004-05 recommendation contains a decrease of \$23.3 million General Fund and \$23.4 million federal funds to eliminate the one-time impact in FY 2003-04 of paying for prior year expenses. In June 2003, the Executive stopped Medicaid payments during the last week of June. This action was taken to ensure that enough cash would be available to close FY 2002-03. However, the action had the effect of transferring FY 2002-03 expenses into FY 2003-04. This transfer of expenses is anticipated to be a one-time event and, therefore, the funding is eliminated from the FY 2004-05 appropriation.

Adjust Forecast for Impact of S.B. 03-176: The FY 2004-05 recommendation contains a decrease of \$5.1 million to implement S.B. 03-176. S.B. 03-176 was passed last year by the General Assembly to exclude certain legal immigrants from Medicaid coverage. The bill was challenged in federal court and an injunction was placed on the State from implementing the bill. In January 2004, the federal court lifted the injunction and the state may implement the bill once sufficient due process and appeal rights are provided to the affected clients. Therefore, the FY 2003-04 supplemental restores the savings that were anticipated from passing S.B. 03-176. The recommendation assumes that all appeal rights will be complete by January 2005. Therefore, the recommendation includes a decrease of 1,757 clients and \$5.1 million in funding. Of this amount, \$2.6 million is General Fund and \$2.5 million is federal funds.

Hospital Rate Reduction decrease: The recommendation includes an inpatient hospital rate reduction of 1.0 percent. This saves \$3.0 million in total funds. Of this amount, \$1.5 million is General Fund and \$1.5 million is federal funds.

Private Duty Nursing decrease: The recommendation includes a total fund reduction of \$1.0 million to limit private duty nursing hours to no more than 112 hours per week (i.e. 16 hours

| | 2003-04 Appropriation | 2004-05 Recommendation | Net Change | % Change |
|--|--------------------------|---------------------------|---------------|-------------|
|--|--------------------------|---------------------------|---------------|-------------|

per day on average). Of this amount, \$500,000 is General Fund and \$500,000 is matching federal funds.

Durable Medical Equipment decrease: The recommendation includes a total fund reduction of \$747,000 for durable medical equipment. The recommendation allows the Medical Services Boards to set limits on durable medical equipment in order to achieve the savings contained in the recommendation. Of the recommended amount, \$374,000 is General Fund and \$373,000 is matching federal funds.

Indigent Care Program

| | | | | |
|-------------------|----------------|----------------|--------------|-------|
| General Fund | \$ 17,064,113 | \$ 15,788,710 | (1,275,403) | (7.5) |
| Cash Funds | 220,514 | 210,400 | (10,114) | (4.6) |
| Cash Funds Exempt | 171,718,317 | 167,866,277 | (3,852,040) | (2.2) |
| Federal Funds | 179,792,856 | 172,052,945 | (7,739,911) | (4.3) |
| Total | \$ 368,795,800 | \$ 355,918,332 | (12,877,468) | (3.5) |

Safety Net Provider Payments

The recommendation includes a *decrease* of \$3.1 million General Fund and \$3.1 million in federal funds for the safety net provider payment program. This program provides funding to hospitals that participate in the Colorado Indigent Care Program (CICP). Participating hospitals provide a disproportionate share of care to Medicaid and indigent clients. The reduced funding will impact the privately-owned hospitals that participate in the CICP. Public hospitals that participate in the CICP are able to "certify" their own expenditures in order to receive the federal match and do not receive any General Fund. Therefore, public hospitals will not be impacted by this reduction.

Children's Basic Health Plan Trust Fund

The recommendation includes a total fund *increase* of \$1.1 million to the Children's Basic Health Plan (CBHP) Trust Fund. Of this amount, \$2.1 million is a General Fund increase. This increase is offset by decreases of \$10,000 in cash funds (enrollment fees) and \$985,000 in cash fund exempt (Tobacco Litigation Settlement payments). The Children's Basic Health Plan Trust Fund is used to provide the state match for the program. Monies are first appropriated into the Trust Fund and then are appropriated out of the Trust Fund to support

| 2003-04 Appropriation | 2004-05 Recommendation | Net Change | % Change |
|--------------------------|---------------------------|---------------|-------------|
|--------------------------|---------------------------|---------------|-------------|

the program expenditures. The increase in the appropriation is necessary to support the projected caseload for the children and adult prenatal program.

Children's Basic Health Plan Program Lines

The recommendation includes a net total fund *decrease* of \$7.1 million to the Children's Basic Health Plan (CBHP) program line items (administration, premiums, and dental). Of this amount, \$2.5 million is cash fund exempt (an appropriation from the CBHP Trust Fund) and \$4.6 million is federal funds. The lower appropriation corrects an over appropriation to the line items that occurred in FY 2003-04 and reflects a lower caseload projection for FY 2004-05. The recommendation will provide funding for 47,600 children, 9,565 prenatal member months for adult pregnant women, and 874 births to adult women.

State-Only Adult Prenatal Program

The recommendation *decreases* the General Fund by \$284,000 by eliminating the state-only adult prenatal program. This program was established in S.B. 03-291 in order to provide prenatal care to the few remaining adult pregnant women who were enrolled in the CBHP program before the cap on the children was established in November 2003. The federal waiver that allows the state to serve adult women in the CBHP program does not allow the children's population to be capped if adults remain in the program. Therefore, a state-only program was established for any adult women still enrolled in the CBHP program after November 1, 2003. All of the women in this program will have finished care by July 1, 2004. Therefore, this program is no longer necessary.

Comprehensive Primary and Preventive Care Fund and Program

The recommendation decreases the appropriation from the Tobacco Litigation Settlement Cash Fund into the Comprehensive Primary and Preventive Care Fund by \$179,000 (cash fund exempt). The decrease is a technical adjustment to reflect current estimates for the Tobacco Litigation Settlement Cash Fund. The recommendation also makes a corresponding appropriation decrease of \$179,000 (cash fund exempt) from the Comprehensive Primary and Preventive Care Fund to the Comprehensive Primary and Preventive Care Grant program. The grant program provides grants to increase the access to primary and preventive health care services for under served and medically needy populations and areas.

| | 2003-04 Appropriation | 2004-05 Recommendation | Net Change | % Change |
|--|--------------------------|---------------------------|---------------|-------------|
|--|--------------------------|---------------------------|---------------|-------------|

Other Medical Services

| | | | | |
|-------------------|-------------------|-------------------|------------------|------------|
| General Fund | \$ 12,277,608 | \$ 11,261,881 | (1,015,727) | (8.3) |
| Cash Funds | 10,739,344 | 10,748,483 | 9,139 | 0.1 |
| Cash Funds Exempt | 27,177,352 | 17,188,199 | (9,989,153) | (36.8) |
| Federal Funds | 17,882,326 | 16,866,790 | (1,015,536) | (5.7) |
| Total | \$ 68,076,630 | \$ 56,065,353 | (12,011,277) | (17.6) |

Old Age Pension State Medical Program

The FY 2004-05 appropriation reduces the cash fund exempt appropriation by \$9.9 million to correct a double-count of the same appropriation. Last year, the Old Age Pension State Medical Program administration was moved from the Department of Human Services to the Department of Health Care Policy and Financing. However, the bill transferring the program did not adjust the Long Bill (S.B. 03-258) appropriation. Thus, the appropriation for the program was counted both as cash funds and cash funds exempt. The FY 2004-05 recommendation corrects this double count of the same appropriation. The recommendation also includes an increase of \$9,000 cash funds (Old Age Pension Health and Medical Care Fund). This funding reflects the transfer of the administrative savings from moving to plastic identification cards to the medical program.

Primary Care Physician Program

The recommendation includes a General Fund reduction of \$975,000 and a corresponding reduction of \$975,000 in matching federal funds. This recommendation results from eliminating the \$3.00 per client incentive program for the case management services physicians provide in the Primary Care Physician Program. This decrease in funding is partially offset by an increase of \$1.4 million to primary care physician rates in the Medical Services Premiums division.

Family Medicine Residency Training Program

The recommendation includes a General Fund reduction of \$43,000 and a corresponding reduction of \$43,000 in federal matching funds for the Family Medicine Residency Training Program administered by the Advisory Commission on Family Medicine at the Department of Higher Education, Health Sciences Center. The recommendation will result in a reduction

| | 2003-04 | 2004-05 | Net | % |
|--|---------------|----------------|--------|--------|
| | Appropriation | Recommendation | Change | Change |

of approximately \$9,500 total funds for each of the nine family medicine residency programs.

Enhanced Prenatal Care Training and Technical Assistance

The recommendation includes a General Fund reduction of \$3,000 and a corresponding reduction of \$3,000 in federal matching funds for the Enhanced Prenatal Care Training and Technical Assistance program.

Department of Human Services Medicaid-Funded Programs

| | | | | | | | |
|-------------------|----|-------------|----|-------------|----|-----------|--------|
| General Fund | \$ | 270,390,976 | \$ | 274,020,665 | \$ | 3,629,689 | 1.3 |
| Cash Funds | | 747,080 | | 76,320 | | (670,760) | (89.8) |
| Cash Funds Exempt | | 8,513,212 | | 9,073,334 | | 560,122 | 6.6 |
| Federal Funds | | 285,793,593 | | 285,148,116 | | (645,477) | (0.2) |
| Total | \$ | 565,444,861 | \$ | 568,318,435 | \$ | 2,873,574 | 0.5 |

Federal Medicaid dollars used by other departments statewide must originate in the Department of Health Care Policy and Financing, the single state agency for Medicaid, where they receive their General Fund match. These dollars are then transferred to the respective departments that utilize Medicaid funding. When these Medicaid funds are transferred, they are reflected in the recipient department as cash funds exempt transferred Medicaid funds. The Department of Human Services is the largest user of these transferred dollars.

The recommendation reflects the increased funding for Department of Human Services programs funded with Medicaid dollars, including: The Executive Director's Office, the Office of Information Technology Services, the Office of Operations, County Administration, the Division of Child Welfare, the Office of Self Sufficiency, Mental Health and Alcohol and Drug Abuse Services, Services for People with Disabilities, Adult Assistance Programs and the Division of Youth Corrections. Significant changes are discussed below. Additional information may be found in the narrative for the Department of Human Services.

| 2003-04 Appropriation | 2004-05 Recommendation | Net Change | % Change |
|--------------------------|---------------------------|---------------|-------------|
|--------------------------|---------------------------|---------------|-------------|

Executive Director's Office

The recommendation includes an increase of \$3.4 million, including approximately \$1.6 million General Fund and a matching amount of federal funds for the Executive Director's Office. These increases are primarily attributable to three significant recommended funding changes: (1) centrally appropriated items such as salary survey, performance-based pay, and workers' compensation are recommended to increase by \$3.3 million; (2) costs associated with compliance with the Health Insurance Portability and Accountability Act of 1996 (HIPAA) security rules are recommended to increase by \$531,000; and, (3) base reductions in the Office of Performance Improvement are recommended at \$375,000.

Mental Health and Alcohol and Drug Abuse Services

The recommended General Fund *increase* for this program is \$379,000. This increase is primarily attributable to net increases in the Medicaid mental health capitation program, offset by the discontinuation of one-time appropriations made in FY 2003-04. The recommended federal funds increase reflected are the matching funds. The recommendation also includes the elimination of \$678,000 in one-time cash exempt funding from the Tobacco Litigation Settlement Cash Fund and a matching amount of federal funds.

Services for People with Disabilities

The recommendation includes an increase of \$0.6 million, including \$0.3 million General Fund, for services for adults with developmental disabilities and a matching amount of federal funds. This includes an increase of \$1.3 million to provide 36 new residential resources for persons transitioning from foster care to the developmental disability system that is partially offset by: (1) reduced Medicaid costs associated with increases in client cash payments to providers; and (2) elimination of FY 2003-04 leap-year funding.

The recommendation includes an increase of \$1.0 million, including \$0.5 million cash funds exempt and a matching amount of federal funds, associated with local funds expended for services for people with developmental disabilities that draw a federal Medicaid match.

The recommendation includes the reclassification of \$0.7 million from cash funds in FY 2003-04 to cash funds exempt in FY 2004-05. This amount is for fees on intermediate care facilities for the mentally retarded authorized by H.B. 03-1292 and reflects a technical correction in how these amounts are counted.

| 2003-04 Appropriation | 2004-05 Recommendation | Net Change | % Change |
|--------------------------|---------------------------|---------------|-------------|
|--------------------------|---------------------------|---------------|-------------|

Division of Child Welfare

The recommendation adds \$1.8 million, including \$0.9 million General Fund, for child welfare services for anticipated caseload increases. This increase is partially offset by the elimination of \$0.2 million, including \$0.1 million General Fund, that was provided in FY 2003-04 for costs associated with a leap year.

Division of Youth Corrections

The recommendation includes an increase of \$0.9 million General Fund and a matching amount of federal funds associated with using more residential treatment centers as contract providers.

SUMMARY

DEPARTMENT OF HIGHER EDUCATION

The proposed FY 2004-05 budget includes the following recommendations which:

- Provide a constant level of General Fund for the governing boards and local district junior colleges;
- Support a 1.1 percent increase in resident and nonresident tuition rates;
- Adjust estimates of the number of FTE employed by higher education institutions to reflect current practice;
- Provide a constant level of General Fund for financial aid programs;
- Increase General Fund support for the arts by \$400,000 per the Governor's request; and,
- Increase General Fund by \$634,000 due to a decrease in indirect cost recoveries available to offset the need for General Fund.

| | 2003-04 | 2004-05 | Net | % |
|--|---------------|----------------|--------|--------|
| | Appropriation | Recommendation | Change | Change |

DEPARTMENT OF HIGHER EDUCATION

| | | | | |
|-------------------|-------------------------|-------------------------|--------------------|--------------|
| General Fund | \$ 591,409,402 | \$ 592,472,772 | 1,063,370 | 0.2 |
| Cash Funds | 959,392,204 | 952,169,128 | (7,223,076) | (0.8) |
| Cash Funds Exempt | 77,780,351 | 73,710,578 | (4,069,773) | (5.2) |
| Federal Funds | 19,402,298 | 19,805,153 | 402,855 | 2.1 |
| Total | \$ 1,647,984,255 | \$ 1,638,157,631 | (9,826,624) | (0.6) |
| FTE | 18,501.9 | 18,281.3 | (220.6) | |

Department Administrative Office

| | | | | |
|-------------------|-------------------|---------------------|----------------|-------------|
| General Fund | \$ 0 | \$ 0 | 0 | N/A |
| Cash Funds | 128,594 | 187,372 | 58,778 | 45.7 |
| Cash Funds Exempt | 639,011 | 968,870 | 329,859 | 51.6 |
| Federal Funds | 142 | 4,457 | 4,315 | 3,038.7 |
| Total | \$ 767,747 | \$ 1,160,699 | 392,952 | 51.2 |

The Department Administrative Office includes centrally appropriated items, such as salary survey and risk management, for the agencies in the Department that are not part of the governing boards.

The recommended increases for all funds are primarily attributable to funding salary survey, performance-based pay, and health, life and dental increases.

| | 2003-04 | 2004-05 | Net | % |
|--|---------------|----------------|--------|--------|
| | Appropriation | Recommendation | Change | Change |

Colorado Commission on Higher Education (CCHE)

| | | | | | |
|-------------------|----|---------------|--------------|--------------|--------|
| General Fund | \$ | 0 \$ | 0 \$ | 0 | N/A |
| Cash Funds | | 28,609,913 | 692,236 | (27,917,677) | (97.6) |
| Cash Funds Exempt | | 3,381,967 | 3,401,505 | 19,538 | 0.6 |
| Total | \$ | 31,991,880 \$ | 4,093,741 \$ | (27,898,139) | (87.2) |
| FTE | | 36.7 | 36.7 | 0.0 | |

This section includes funding for the Commission's staff, the Division of Private Occupational Schools, and special purpose initiatives of the Department, such as dues to the Western Interstate Commission on Higher Education.

The decrease in cash funds reflects elimination of the Enrollment/Cash Fund Contingency line item, and a 10 percent (\$56,000) reduction to the Division of Private Occupational Schools spending authority. The Enrollment/Cash Fund Contingency line item previously provided extra spending authority if enrollment, and thus revenues, at one of the higher education institutions exceeded the projections used for the Long Bill. Eliminating the line item means schools will need to request supplementals if revenues exceed the appropriation in the Long Bill.

The recommended cash funds exempt increase is primarily attributable to an increase in the amount of indirect cost recoveries applied to cover payments for optometry students through the Western Interstate Commission on Higher Education exchange program.

Colorado Commission on Higher Education Financial Aid

| | | | | | |
|-------------------|----|---------------|---------------|----------|---------|
| General Fund | \$ | 76,140,754 \$ | 76,140,754 \$ | 0 | 0.0 |
| Cash Funds Exempt | | 66,000 | 0 | (66,000) | (100.0) |
| Federal Funds | | 1,300,000 | 1,300,000 | 0 | 0.0 |
| Total | \$ | 77,506,754 \$ | 77,440,754 \$ | (66,000) | (0.1) |

This section includes state funded financial aid programs administered by CCHE.

The recommended decrease in cash funds exempt reflects elimination of spending authority

| | 2003-04 Appropriation | 2004-05 Recommendation | Net Change | % Change |
|--|--------------------------|---------------------------|---------------|-------------|
|--|--------------------------|---------------------------|---------------|-------------|

for the Early Childhood Professional Loan Repayment program due to the low number of applicants and relatively high administrative costs.

Governing Boards and Local District Junior Colleges

| | | | | |
|-------------------|----------------------|----------------------|----------------|---------|
| General Fund | \$ 506,829,685 | \$ 506,829,685 | 0 | 0.0 |
| Cash Funds | 928,609,572 | 949,246,794 | 20,637,222 | 2.2 |
| Cash Funds Exempt | 3,123,621 | 3,123,621 | 0 | 0.0 |
| Total | \$ 1,438,562,878 | \$ 1,459,200,100 | 20,637,222 | 1.4 |
| FTE | 18,090.6 | 17,952.7 | (137.9) | |

This section includes funding for the higher education institutions, which are organized into ten governing boards, plus the independent local district junior colleges.

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. Last year no attempt was made to estimate in the Long Bill how the implementation of budget reductions would impact FTE. The recommended reduction for this year's Long Bill will true up the reported FTE to match current employment levels at the higher education institutions.

The recommended cash funds reflect projected revenues with a 1.1 percent increase in resident and nonresident tuition rates, and an overall enrollment increase of 2.9 percent for residents and 0.6 percent for nonresidents.

| | 2003-04 Appropriation | 2004-05 Recommendation | Net Change | % Change |
|--|--------------------------|---------------------------|---------------|-------------|
|--|--------------------------|---------------------------|---------------|-------------|

| Resident & Nonresident Tuition Revenue by Governing Board | | | | | | |
|---|-----------------------|-----------------------------------|-----------------------|-------------------------------|------------------------------|----------------------|
| Governing Board | FY 03-04 Long Bill | March Estimate for FY 03-04 | Enrollment/ Other* | Resident Tuition @ 1.1% | Nonres. Tuition @ 1.1% | Total Tuition |
| Adams State College | \$5,756,473 | \$5,535,228 | \$38,839 | \$44,028 | \$17,287 | \$5,635,382 |
| Mesa State College | \$11,449,159 | \$10,859,120 | \$83,282 | \$97,613 | \$22,753 | \$11,062,768 |
| Metropolitan State College | 40,132,226 | 38,683,654 | 298,529 | 379,763 | 49,041 | 39,410,987 |
| Western State College | 8,421,013 | 8,097,359 | 37,184 | 33,280 | 56,200 | 8,224,023 |
| Colorado State U. System | 141,265,574 | 139,253,518 | 1,099,241 | 769,724 | 774,156 | 141,896,639 |
| Fort Lewis College | 21,430,496 | 21,430,496 | 152,438 | 72,017 | 165,395 | 21,820,346 |
| University of Colorado | 352,704,253 | 352,704,253 | 9,055,263 | 1,701,225 | 2,278,130 | 365,738,871 |
| Mines | 30,489,250 | 30,456,933 | 645,563 | 162,524 | 179,603 | 31,444,623 |
| U. of Northern Colorado | 38,691,471 | 37,799,179 | 2,349,827 | 331,530 | 110,110 | 40,590,646 |
| Community Colleges | 106,285,734 | 108,829,651 | 3,793,095 | 1,049,910 | 188,940 | 113,861,596 |
| TOTAL | \$756,625,649 | \$753,649,391 | \$17,553,261 | \$4,641,614 | \$3,841,615 | \$779,685,881 |

* The figure in this column for the University of Northern Colorado includes \$349,827 for enrollment and \$2.0 million to reflect plans by the University to convert some mandatory, campus-wide fees to tuition.

In addition to tuition rate increases, the recommended change in cash funds reflects a \$3.2 million decrease in "Other than Tuition" revenues and a \$800,000 increase in non-exempt auxiliary revenues compared to the estimates used for the FY 2003-04 Long Bill. Other Than Tuition includes such items as student fees, gains and losses on investments, interest earnings, and non-enterprise rental revenues. The assumption is that, on average, fees will increase at the rate of inflation, or 1.1 percent. Part of the decrease in Other Than Tuition is attributable to plans by the University of Northern Colorado to convert \$2.0 million worth of mandatory, campus-wide fees into tuition. Non-exempt auxiliary revenues come from business ventures by the schools that are not exempt from TABOR, often because the program receives too large of a General Fund subsidy to qualify as an enterprise.

Advisory Commission on Family Medicine

| | | | | | |
|-------------------|----|--------------|--------------|-----------|--------|
| General Fund | \$ | 0 \$ | 0 \$ | 0 | N/A |
| Cash Funds Exempt | | 1,751,668 | 1,576,501 | (175,167) | (10.0) |
| Total | \$ | 1,751,668 \$ | 1,576,501 \$ | (175,167) | (10.0) |

| | 2003-04 Appropriation | 2004-05 Recommendation | Net Change | % Change |
|--|--------------------------|---------------------------|---------------|-------------|
|--|--------------------------|---------------------------|---------------|-------------|

The recommended decrease in cash funds exempt is attributable to a ten percent reduction to the ten family medicine residency programs.

Division of Occupational Education

| | | | | |
|-------------------|-------------------|-------------------|-------------|---------|
| General Fund | \$ 8,328,963 | \$ 8,992,333 | 663,370 | 8.0 |
| Cash Funds Exempt | 23,206,013 | 22,759,809 | (446,204) | (1.9) |
| Federal Funds | 16,952,156 | 16,952,156 | 0 | 0.0 |
| Total | \$ 48,487,132 | \$ 48,704,298 | 217,166 | 0.4 |
| FTE | 34.2 | 34.2 | 0.0 | |

The recommended General Fund increase is due to a decrease in indirect cost recoveries available to offset the General Fund.

The recommended cash funds exempt decrease reflects the decrease in indirect cost recoveries, and a \$217,000 increase in the transfer from the Department of Education for the Colorado Vocational Act.

Auraria Higher Education Center

| | | | | |
|-------------------|-------------------|-------------------|-----------------|------------|
| Cash Funds | \$ 50,000 | \$ 50,000 | 0 | 0.0 |
| Cash Funds Exempt | 17,553,070 | 14,333,380 | (3,219,690) | (18.3) |
| Total | \$ 17,603,070 | \$ 14,383,380 | (3,219,690) | (18.3) |
| FTE | 211.0 | 128.3 | (82.7) | |

The cash funds exempt recommendation reflects the maximum estimated payments from the three institutions that share the campus.

Council on the Arts

| | | 2003-04 Appropriation | 2004-05 Recommendation | Net Change | % Change |
|-------------------|----|--------------------------|---------------------------|---------------|-------------|
| General Fund | \$ | 100,000 | 500,000 | 400,000 | 400.0 |
| Cash Funds Exempt | | 100,000 | 16,000 | (84,000) | (84.0) |
| Federal Funds | | 200,000 | 600,000 | 400,000 | 200.0 |
| Total | \$ | 400,000 | 1,116,000 | 716,000 | 179.0 |
| FTE | | 2.0 | 2.0 | 0.0 | |

The recommended increase in General Fund will support additional grants and ensure that Colorado is able to draw down \$600,000 in federal funds.

The cash funds exempt decrease is attributable to the end of one-time support for the arts from tobacco funds in FY 2003-04.

The increase in anticipated federal funds is based on estimated revenues with a General Fund contribution of \$500,000.

State Historical Society

| | | | | | |
|-------------------|----|----------------|----------------|---------------|-----------|
| General Fund | \$ | 10,000 | 10,000 | 0 | 0.0 |
| Cash Funds | | 1,994,125 | 1,992,726 | (1,399) | (0.1) |
| Cash Funds Exempt | | 27,959,001 | 27,530,892 | (428,109) | (1.5) |
| Federal Funds | | 950,000 | 948,540 | (1,460) | (0.2) |
| Total | \$ | 30,913,126 | 30,482,158 | (430,968) | (1.4) |
| FTE | | 127.4 | 127.4 | 0.0 | |

The recommended decrease in cash funds exempt reflects lower estimates of limited gaming revenues deposited in the State Historical Fund compared to the estimates used for the FY 2003-04 Long Bill.

SUMMARY

DEPARTMENT OF HUMAN SERVICES

The proposed FY 2004-05 budget includes the following recommendations which:

Executive Director's Office

- Add \$8.3 million, including \$4.0 million net General Fund, for salary survey, performance-based pay, and state contributions to health, life, and dental insurance for the department;
- Reflect an increase of \$2.6 million, including \$1.7 million net General Fund, associated with workers' compensation costs;
- Reflect a net decrease of \$1.9 million, including \$1.2 million net General Fund and 20.9 FTE, associated with base reductions to the Office of Performance Improvement;
- Reduce funding to the risk management and property funds by \$427,000, including \$294,000 net General Fund, pursuant to statewide policy; and
- Reflect a transfer, from the Division of Child Welfare, of \$270,000 cash funds and 5.0 FTE who are responsible for conducting background screenings using records and reports of child abuse or neglect and for administrative functions related to associated appeals.

Office of Information Technology Services

- Eliminate funding to legacy systems affected by the roll-out of the Colorado Benefits Management System, including the Client-Oriented Information Network and the Food Stamp Information System, by \$1.7 million, including \$893,000 General Fund.

Office of Operations

- Reduce \$375,000 General Fund for personal services to assist in balancing the state budget;

County Administration

- Reduce county contingency funding by \$3.7 million General Fund (25.0 percent); and
- Reflect a \$1,249,000 cash funds exempt decrease in the amount anticipated to be available for county incentive payments for child support collection efforts, and a \$1,659,000 cash funds exempt decrease in the anticipated county share of "offsetting revenues" (primarily child support collections available to fund the costs of the Colorado Works Program).

Division of Child Welfare

- Add \$6.9 million, including \$3.1 million net General Fund, for child welfare services for anticipated caseload increases;
- Include \$4.1 million federal funds to reflect, for informational purposes, the amount of federal Title IV-E funds anticipated to be distributed to counties in FY 2004-05 pursuant to Section 26-1-111 (2) (d), C.R.S.;
- Decrease funding for the Expedited Permanency Planning Project by \$494,000 General Fund based on the implementation schedule;
- Reflect the transfer, to the Executive Director's Office, of \$270,000 cash funds and 5.0 FTE who are responsible for conducting background screenings using records and reports of child abuse or neglect and for administrative functions related to associated appeals;
- Eliminate \$198,000 cash funds and 2.1 FTE who were responsible for functions associated with the Central Registry of Child Protection, which was repealed pursuant to H.B. 03-1211; and
- Add 2.0 FTE to allow the Department to convert contract staff responsible for working with county and court staff to appropriately claim and earn federal Title IV-E funds.

Division of Child Care

- Add \$1.0 million federal funds for the Child Care Assistance Program;

- Add \$866,000 federal funds for child care grants to ensure that the Department has sufficient spending authority to meet federal requirements related to the expenditure of certain "earmarked" federal funds;
- Add \$799,000 cash funds exempt to better reflect the actual county share of administrative costs associated with the Child Care Assistance Program;
- Add \$253,000 federal funds for the Department to develop a new automated system to support child care licensing functions;
- Eliminate \$141,000 cash funds exempt to reverse a one-time fund source adjustment for child care licensure activities; and
- Add \$101,000 cash funds to reflect the amount of child care licensure-related fee and fine revenue that will be available for FY 2004-05.

Office of Self Sufficiency

- Eliminate a \$19.8 million one-time appropriation from the federal Temporary Assistance for Needy Families (TANF) bonus related to a reduction in Colorado's out-of-wedlock birth rate;
- Add \$1,249,000 General Fund for the Works Program to offset a \$1,249,000 decrease in cash funds exempt revenues, thereby ensuring that state and local expenditures meet the minimum federal maintenance of effort requirement for TANF programs;
- Increase the FTE allocation for the Low-income Energy Assistance Program from 4.6 to 6.6 and decrease personal services funding by \$78,500 to reflect conversion of contract services to state employees;
- Reflect a decrease of \$500,000 federal funds due to the scheduled completion of the State Auditor's five-year evaluation of the Works Program; and
- Reflect the elimination of \$84,000 federal funds and 1.0 FTE for the Works Program community resource investment liaison line item.

Mental Health and Alcohol and Drug Abuse Services

- Reflect an increase of \$5.2 million cash funds exempt Medicaid dollars for anti-psychotic pharmaceutical costs (shown in this department for informational purposes only);
- Add \$3.8 million Medicaid cash funds exempt associated with eliminating of the one-time FY 2001-02 Medicaid cost recoupment assessed in FY 2003-04;
- Add \$1.2 million General Fund associated with decreases in patient revenues applied at the mental health institutes;
- Add \$1.0 million General Fund for community mental health services to serve an additional 435 severely mentally ill medically indigent clients;
- Add \$0.5 million General Fund and 10.9 FTE associated with annualization of FY 2003-04 staffing increases at the mental health institutes;
- Add \$0.3 million cash funds for prevention services in the Alcohol and Drug Abuse Division.
- Reduce \$0.9 million General Fund and \$0.9 million in detoxification and treatment services in the Alcohol and Drug Abuse Division;
- Reduce \$0.1 million General Fund associated with the application of a 0.2 percent personal services base reduction at the mental health institutes;
- Reduce \$1.0 million Medicaid cash funds exempt associated with discontinuing one-time capitation rate increases provided in S.B. 03-282;
- Reduce \$3.0 million Medicaid cash funds exempt associated with discontinuing FY 2002-03 Medicaid over-expenditures paid in FY 2003-04; and
- Reduce \$3.7 million Medicaid cash funds exempt associated with discontinuing one-time rate enhancement for Medicaid capitation contracts.

Services for People with Disabilities

- Add \$1.4 million cash funds exempt (primarily Medicaid cash funds) for a decision item to provide 36 new community resources for youth with developmental disabilities transitioning from foster care to the developmental disability system
- Add \$1.0 million cash funds exempt for federally-matched local program costs, reflecting anticipated increases in local cash exempt funds and matching federal Medicaid funds used to serve persons with developmental disabilities;
- Reduce \$124,000 General Fund and \$300,000 Medicaid cash funds in miscellaneous developmental disability program costs (including staff training, and consumer employment incentives, among others) to help offset costs of new community resources for persons with developmental disabilities;
- Reduce FTE appropriated to the Division of Vocational Rehabilitation by 24.2 to more accurately reflect the impact of General Fund reductions taken in FY 2002-03 and FY 2003-04; and
- Reclassify \$1.2 million in Division of Vocational Rehabilitation program costs from cash funds to cash funds exempt, based on changes in how funds for the School to Work Alliance Program (SWAP) will be managed.

Adult Assistance Programs

- Add \$3.1 million cash funds for caseload growth in the Old Age Pension (OAP) program;
- Decrease OAP's annual share of CBMS development costs by \$975,000; and
- Increase Aid to the Needy Disabled State Supplement payments by \$4.3 million to make up for calendar 2003 shortfall in federal Maintenance of Effort.

Division of Youth Corrections (DYC)

- Reflect a reduction of \$1.0 million General Fund for a base reduction in funding the S.B. 91-94 programs;

- Reflects a reduction of \$682,000 General Fund associated with savings to convert contract commitment beds to state-operated commitment beds on the Mount View campus and the Lookout Mountain campus;
- Reflects a base reduction of \$491,000 General Fund associated with a base reduction in contract placements. This reduction was used to fund juvenile intensive supervision probation;
- Reflects an increase of \$2.0 million General Fund increase for increases in the commitment population and to restore base reductions for contract placements for committed youths;
- Add \$275,000 General Fund to fund client managers and juvenile parole officers;
- Add \$136,000 General Fund for an increase in the parole population; and
- Add \$43,000 General Fund for an increase in medical expenses based on caseload increases in the juvenile commitment population.

| | 2003-04 | 2004-05 | Net | % |
|--|---------------|----------------|--------|--------|
| | Appropriation | Recommendation | Change | Change |

DEPARTMENT OF HUMAN SERVICES

| | | | | | | | |
|-------------------|----|---------------|----|---------------|----|--------------|-------|
| General Fund | \$ | 458,601,429 | \$ | 465,036,061 | \$ | 6,434,632 | 1.4 |
| Cash Funds | | 85,815,234 | | 88,047,281 | | 2,232,047 | 2.6 |
| Cash Funds Exempt | | 793,016,876 | | 797,921,073 | | 4,904,197 | 0.6 |
| Federal Funds | | 515,404,093 | | 502,779,870 | | (12,624,223) | (2.4) |
| Total | \$ | 1,852,837,632 | \$ | 1,853,784,285 | \$ | 946,653 | 0.1 |
| FTE | | 4,516.7 | | 4,531.7 | | 15.0 | |

Executive Director's Office

| | | | | | | | |
|-------------------|----|------------|----|------------|----|------------|------|
| General Fund | \$ | 15,849,275 | \$ | 21,705,487 | \$ | 5,856,212 | 36.9 |
| Cash Funds | | 521,723 | | 986,999 | | 465,276 | 89.2 |
| Cash Funds Exempt | | 7,246,383 | | 12,895,822 | | 5,649,439 | 78.0 |
| Federal Funds | | 6,366,224 | | 7,695,169 | | 1,328,945 | 20.9 |
| Total | \$ | 29,983,605 | \$ | 43,283,477 | \$ | 13,299,872 | 44.4 |
| FTE | | 134.6 | | 119.7 | | (14.9) | |

The FTE recommendation includes a reduction of 14.9 FTE, resulting from: (1) a reduction of 20.9 FTE associated with the Office of Performance Improvement; (2) a transfer of 5.0 FTE, previously reflected in the Division of Child Welfare, who are responsible for conducting background screenings using records and reports of child abuse or neglect and for administrative functions related to associated appeals; (3) an increase of 2.0 FTE for compliance with Health Insurance Portability and Accountability Act of 1996 (HIPAA) security rules; and (4) a decrease of 1.0 FTE associated with HIPAA privacy rules.

The General Fund recommendation reflects an increase of \$5.9 million attributable to the following: (1) an increase of \$3.3 million health, life and dental insurance costs, salary survey, and performance-based pay; (2) an increase of \$1.8 million for compliance with

| 2003-04 Appropriation | 2004-05 Recommendation | Net Change | %Change |
|--------------------------|---------------------------|---------------|---------|
|--------------------------|---------------------------|---------------|---------|

HIPAA security rules; (3) an increase of \$1.1 million for workers' compensation costs; and (4) \$856,000 associated with increases to the department's shift pay.

These increases are offset by General Fund decreases of \$1.1 million associated with base reductions in the Office of Performance Improvement and \$277,000 for decreased payments to risk management and property funds.

The recommended net increase in cash funds reflects increases of: (1) \$262,000 for health, life and dental insurance costs, salary survey, and performance-based pay; (2) \$270,000 associated with the 5.0 FTE that were transferred from the Division of Child Welfare; and (3) \$51,000 associated with the department's shift pay. These increases are partially offset by a reduction of \$102,000 associated with base reductions in the Office of Performance Improvement.

The recommended net increase in cash funds exempt includes increases of: (1) \$3.3 million for health, life and dental insurance costs, salary survey, and performance-based pay; (2) \$1.3 million for workers' compensation costs; (3) \$1.1 million associated with the department's shift pay; and (4) \$531,000 for compliance with HIPAA security rules. These increases are partially offset by a cash funds exempt decreases of \$529,000 associated with base reductions in the Office of Performance Improvement and for the HIPAA privacy officer and \$102,000 for payments to the risk management and property funds.

The recommended \$1.3 million net increase in federal funds includes increases of: (1) \$1.4 million for health, life and dental insurance costs, salary survey, and performance-based pay; (2) \$152,000 for compliance with HIPAA security rules; and (3) \$130,000 workers' compensation cost adjustments. These increases are partially offset by a decrease \$341,000 associated with reductions in the Office of Performance Improvement and a decrease of \$45,000 associated with increased payments to risk management and property funds.

| | 2003-04 Appropriation | 2004-05 Recommendation | Net Change | % Change |
|--|--------------------------|---------------------------|---------------|-------------|
|--|--------------------------|---------------------------|---------------|-------------|

Office of Information Technology Services

| | | | | |
|-------------------|---------------|---------------|-------------|--------|
| General Fund | \$ 18,356,752 | \$ 17,242,453 | (1,114,299) | (6.1) |
| Cash Funds | 1,285,381 | 1,307,774 | 22,393 | 1.7 |
| Cash Funds Exempt | 10,395,508 | 6,425,078 | (3,970,430) | (38.2) |
| Federal Funds | 17,575,286 | 17,179,363 | (395,923) | (2.3) |
| | | | | |
| Total | \$ 47,612,927 | \$ 42,154,668 | (5,458,259) | (11.5) |
| FTE | 151.1 | 144.3 | (6.8) | |

The recommended reduction of 6.8 FTE is attributable to the roll-out of the Colorado Benefits Management System (CBMS). The recommendation includes the elimination of 14.0 FTE associated with the Client-Oriented Information Network and 10.4 FTE associated with the Food Stamp Information System. These recommended reductions are offset by an increase of 14.6 FTE for CBMS and 3.0 FTE for the shutdown of the legacy systems affected by CBMS implementation.

The recommended \$1.1 million decrease in General Fund is attributable to the following: (1) a decrease of \$893,000 for the elimination of legacy computer programs associated with the roll-out of CBMS; (2) a decrease of \$234,000 associated with reductions in payments to the General Government Computing Center, consistent with statewide policy; and (3) a decrease of \$186,000 for a refinance of the department's leases for computers. These increases are offset by the following increases: (1) an increase of \$148,000 to upgrade the operating system and chart of accounts for the County Financial Management System; and (2) an increase of \$51,000 to migrate off of System Network Architecture infrastructure.

The recommended increase of \$22,000 in cash funds is primarily attributable to a refinance of the department's leases for computers.

The recommendation includes a decrease of \$4.1 million of cash funds exempt transfers from the Department of Health Care Policy and Financing associated with one-time funding for data conversion related to CBMS implementation. This decrease is partially offset by an increase of \$234,000 due to a refinance of the Health Information Management System and the lease payments for computers in the department.

| | 2003-04 Appropriation | 2004-05 Recommendation | Net Change | % Change |
|--|--------------------------|---------------------------|---------------|-------------|
|--|--------------------------|---------------------------|---------------|-------------|

The net federal funds decrease includes: (1) a \$655,000 decrease associated with final development and implementation costs for the CBMS, including the proper shutdown of legacy systems; and (2) a \$305,000 decrease associated with the purchase of services from the General Government Computer Center, consistent with statewide policy. These decreases are partially offset by the following increases: (1) \$149,000 to upgrade the operating system and chart of accounts for the County Financial Management System; and (2) \$59,000 for a refinance of the lease payments for computers in the department.

Office of Operations

| | | | | | | | |
|-------------------|----|------------|----|------------|--|-----------|-------|
| General Fund | \$ | 17,837,980 | \$ | 17,085,949 | | (752,031) | (4.2) |
| Cash Funds | | 716,408 | | 715,183 | | (1,225) | (0.2) |
| Cash Funds Exempt | | 13,452,654 | | 12,483,988 | | (968,666) | (7.2) |
| Federal Funds | | 3,598,317 | | 4,428,786 | | 830,469 | 23.1 |
| Total | \$ | 35,605,359 | \$ | 34,713,906 | | (891,453) | (2.5) |
| FTE | | 481.0 | | 481.0 | | 0.0 | |

The recommended net decrease in General Fund is the result of: (1) a decrease of \$397,000 in personal services, including a common policy reduction of \$22,000 and an additional reduction of \$375,000 to assist in balancing the budget; (2) a decrease of \$351,000 to eliminate the FY 2003-04 supplemental increase for utility costs; and (3) a reduction of \$35,000 associated with common policy on vehicle lease rates and vehicle replacements. These reductions are partially offset by an increase of \$30,000 associated with common policy on capitol complex leased space rates.

The recommended decrease in cash funds reflects a 0.2 percent common policy personal services reduction.

The recommended decrease in cash funds exempt includes: (1) a reduction of \$800,000 to eliminate miscellaneous cash exempt revenue that has not been received in recent years; this reduction is matched by an \$800,000 increase in federal funds; (2) a reduction of \$118,000 to eliminate the FY 2003-04 supplemental increase for utility costs; (3) a reduction of

| | 2003-04 Appropriation | 2004-05 Recommendation | Net Change | % Change |
|--|--------------------------|---------------------------|---------------|-------------|
|--|--------------------------|---------------------------|---------------|-------------|

\$32,000 associated with common policy on vehicle lease rates and vehicle replacements; and (4) a reduction of \$19,000 for common policy personal services reductions.

The recommended increase in federal funds primarily reflects: (1) an increase of \$800,000 to more accurately reflect the level of federal revenue received in recent years; this is matched by an \$800,000 decrease in cash funds exempt; and (2) an increase of \$30,000 associated with common policy on capitol complex leased space rates.

County Administration

| | | | | |
|-------------------|---------------|---------------|-------------|--------|
| General Fund | \$ 27,664,281 | \$ 23,974,507 | (3,689,774) | (13.3) |
| Cash Funds Exempt | 26,642,920 | 23,734,579 | (2,908,341) | (10.9) |
| Federal Funds | 12,679,368 | 12,679,368 | 0 | 0.0 |
| Total | \$ 66,986,569 | \$ 60,388,454 | (6,598,115) | (9.9) |

The recommendation reflects a 25.0 percent reduction in the General Fund appropriation for county contingency funding.

The recommended net decrease in cash funds exempt is the result of a \$1,249,000 decrease in the amount anticipated to be available for county incentive payments for child support collection efforts, and a \$1,659,000 decrease in the anticipated county share of "offsetting revenues" (primarily child support collections available to fund the costs of the Colorado Works Program).

| | 2003-04 Appropriation | 2004-05 Recommendation | Net Change | % Change |
|--|--------------------------|---------------------------|---------------|-------------|
|--|--------------------------|---------------------------|---------------|-------------|

Division of Child Welfare

| | | | | |
|-------------------|----------------|----------------|-----------|---------|
| General Fund | \$ 134,394,901 | \$ 135,794,176 | 1,399,275 | 1.0 |
| Cash Funds | 467,601 | 0 | (467,601) | (100.0) |
| Cash Funds Exempt | 128,546,778 | 131,170,796 | 2,624,018 | 2.0 |
| Federal Funds | 89,588,600 | 95,563,706 | 5,975,106 | 6.7 |
| Total | \$ 352,997,880 | \$ 362,528,678 | 9,530,798 | 2.7 |
| FTE | 35.1 | 30.0 | (5.1) | |

The recommendation reflects a reduction of 5.1 FTE. This amount includes the elimination of 2.1 FTE who were responsible for functions associated with the Central Registry of Child Protection, which was eliminated pursuant to H.B. 03-1211. This amount also reflects the transfer of 5.0 FTE responsible for conducting background/employment screenings using records and reports of child abuse or neglect and for administrative functions related to associated appeals; funding for these positions is now reflected in the Executive Director's Office section of the Long Bill. These reductions are partially offset by an increase of 2.0 FTE to allow the Department to convert contract staff responsible for working with county and court staff to appropriately claim and earn federal Title IV-E funds. The Department was notified by the Department of Personnel that it could no longer use contract staff to perform this function in FY 2004-05.

The recommendation reflects a net increase in General Fund, including \$2,208,000 to provide for projected caseload increases. This increase is partially offset by a decrease of \$494,000 in funding for the Expedited Permanency Planning Project based on the implementation schedule, and the elimination of \$313,000 that was provided for out-of-home placement care required due to the leap year.

The recommendation reflects a decrease of \$198,000 cash funds associated with the elimination of 2.1 FTE who were responsible for functions associated with the Central Registry of Child Protection, and a transfer of \$270,000 cash funds associated with the 5.0 FTE that were transferred to the Executive Director's Office.

| | 2003-04 | 2004-05 | Net | % |
|--|---------------|----------------|--------|--------|
| | Appropriation | Recommendation | Change | Change |

The recommendation includes \$2,895,000 cash funds exempt to provide for projected caseload increases. This increase is partially offset by the elimination of \$271,000 that was provided for out-of-home placement care required due to the leap year.

The recommendation reflects an increase in federal funds, including \$1,850,000 to provide for projected caseload increases. The recommendation also includes \$4,100,000 to reflect, for informational purposes, the amount of federal Title IV-E funds estimated to be earned in FY 2003-04 in excess of amounts appropriated for various purposes for FY 2003-04. Pursuant to Section 26-1-111 (2) (d), C.R.S., these "excess earnings" are to be distributed to counties in FY 2004-05.

Division of Child Care

| | | | | | | | |
|-------------------|----|------------|----|------------|----|-----------|------|
| General Fund | \$ | 17,621,841 | \$ | 17,681,114 | \$ | 59,273 | 0.3 |
| Cash Funds | | 575,880 | | 676,990 | | 101,110 | 17.6 |
| Cash Funds Exempt | | 8,183,488 | | 8,841,587 | | 658,099 | 8.0 |
| Federal Funds | | 58,341,304 | | 60,471,791 | | 2,130,487 | 3.7 |
| Total | \$ | 84,722,513 | \$ | 87,671,482 | \$ | 2,948,969 | 3.5 |
| FTE | | 62.5 | | 62.5 | | 0.0 | |

The recommendation reflects an increase in General Fund due to the reversal of a one-time fund source adjustment.

The recommendation includes a cash funds increase to reflect the amount of child care licensure-related fee and fine revenue that will be available for FY 2004-05.

The recommendation reflects an increase of \$799,000 cash funds exempt to better reflect the actual county share of administrative costs associated with the Child Care Assistance Program. This increase is partially offset by a reduction of \$141,000 to reverse a one-time fund source adjustment.

| | 2003-04 | 2004-05 | Net | % |
|--|---------------|----------------|--------|--------|
| | Appropriation | Recommendation | Change | Change |

The recommendation reflects the following increases in federal funds: (1) \$1,000,000 for the Child Care Assistance Program; (2) \$866,000 for child care grants to ensure that the Department has sufficient spending authority to meet federal requirements related to the expenditure of certain "earmarked" federal funds; (3) \$253,000 for the Department to develop a new automated system to support child care licensing functions; and (4) \$80,000 to allow the Department to conduct a feasibility study to research automation options for the Child Care Assistance Program. These increases are partially offset by the elimination of \$66,000 for the Early Childhood Professional Loan Repayment Program.

Office of Self Sufficiency

| | | | | | | | |
|-------------------|----|-------------|----|-------------|----|--------------|-------|
| General Fund | \$ | 5,555,343 | \$ | 6,771,178 | \$ | 1,215,835 | 21.9 |
| Cash Funds | | 1,206,760 | | 1,206,081 | | (679) | (0.1) |
| Cash Funds Exempt | | 32,147,009 | | 30,730,550 | | (1,416,459) | (4.4) |
| Federal Funds | | 238,687,936 | | 218,004,073 | | (20,683,863) | (8.7) |
| Total | \$ | 277,597,048 | \$ | 256,711,882 | | (20,885,166) | (7.5) |
| FTE | | 277.5 | | 277.9 | | 0.4 | |

Administration

| | | | | | | | |
|---------------|----|-----------|----|-----------|--|----------|-------|
| General Fund | \$ | 489,041 | \$ | 463,443 | | (25,598) | (5.2) |
| Federal Funds | | 1,874,647 | | 1,880,703 | | 6,056 | 0.3 |
| Total | \$ | 2,363,688 | \$ | 2,344,146 | | (19,542) | (0.8) |
| FTE | | 30.2 | | 29.6 | | (0.6) | (2.0) |

The recommended \$26,000 decrease in General Fund results from a \$25,000 refinancing of General Fund support with federal funds and a \$1,000 decrease related to the 0.2 percent percent base reduction to personal services.

The \$25,000 increase in federal funds is partially offset by the a \$15,000 decrease associated with the elimination of 0.2 FTE allocated to the department-wide network of trainers,

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|--|--------------------------|---------------------------|---------------|-------------|

department-wide function which should not be included in this line, and a \$4,000 decrease caused by the 0.2 percent base reduction in personal services.

The 1.2 FTE decrease includes the elimination of the 0.2 FTE associated with the department-wide training function and the 1.0 FTE which is currently assigned to (and funded by) the Governor's Office to work on policy issues related to TANF.

Colorado Works Program

| | | | | |
|-------------------|--------------------|--------------------|------------------|------------|
| General Fund | \$ 97,871 | \$ 1,346,813 | 1,248,942 | 1,276.1 |
| Cash Funds Exempt | 26,989,804 | 25,575,862 | (1,413,942) | (5.2) |
| Federal Funds | 175,147,716 | 154,582,758 | (20,564,958) | (11.7) |
| Total | \$ 202,235,391 | \$ 181,505,433 | (20,729,958) | (10.3) |
| FTE | 4.0 | 3.0 | (1.0) | (25.0) |

The recommendation reflects a reduction of 1.0 FTE due to the elimination of funding associated with the community resource investment liaison line item.

The recommendation adds \$1,249,000 General Fund to offset continued reductions in the state's share of "offsetting revenues" (primarily child support collections) available for the Works Program. This recommendation, along with funding recommendations related to child welfare programs and legislation that will be initiated by the Joint Budget Committee, is intended to ensure that state and local expenditures meet the minimum federal maintenance of effort for federal Temporary Assistance for Needy Families (TANF).

The recommended decrease in cash funds exempt includes a \$1,249,000 reduction in the state's share of "offsetting revenues" anticipated to be available for the Works Program and a \$165,000 reduction in donations for the Domestic Abuse Program.

The recommendation reflects a reduction in federal TANF funds, including: (1) the elimination of a one-time \$19,822,000 appropriation from the federal bonus related to a reduction in Colorado's out-of-wedlock birth rate; (2) a reduction of \$500,000 due to the statutorily scheduled completion of the State Auditor's five-year evaluation of the Works

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|--|--------------------------|---------------------------|---------------|-------------|
|--|--------------------------|---------------------------|---------------|-------------|

Program; (3) a decrease of \$84,000 due to the elimination of the community resource investment liaison line item; and (4) the elimination of \$223,000 for an automated system currently used to track work participation rates, as these functions will be performed with the Colorado Benefits Management System. These reductions are partially offset by an increase of \$65,000 to provide the Department with spending authority to pay the Works Program share of the costs of the Workforce Development Council (funded through the Department of Local Affairs).

Special Purpose Welfare Programs

| | | | | |
|-------------------|---------------|---------------|----------|-------|
| General Fund | \$ 605,218 | \$ 604,716 | (502) | (0.1) |
| Cash Funds | 1,061,750 | 1,061,071 | (679) | (0.1) |
| Cash Funds Exempt | 3,709,749 | 3,709,537 | (212) | 0.0 |
| Federal Funds | 37,451,921 | 37,371,189 | (80,732) | (0.2) |
| Total | \$ 42,828,638 | \$ 42,746,513 | (82,125) | (0.2) |
| FTE | 34.2 | 36.2 | 2.0 | |

The recommended 2.0 FTE increase results in the conversion of contracted services in the Low-income Energy Assistance Program (LEAP) to state employees.

The recommended \$502 decrease in General Fund reflects the 0.2 percent base reduction to personal services for Food Stamp Job Search (Employment First) and the Electronic Benefits Transfer Service (EBTS) .

The recommended \$679 decrease in cash funds reflects the 0.2 percent base reduction to personal services for the Food Distribution Program.

The recommended \$212 decrease in cash funds exempt appropriations reflects the 0.2 percent base reduction to personal services in LEAP (\$46), the Low-income Telephone Assistance Program (\$71) and the Electronic Benefits Transfer Service (\$95).

The recommended \$82,125 decrease in federal funds results from:

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|--|--------------------------|---------------------------|---------------|-------------|

(1) the 0.2 base reduction to personal services for LEAP (\$548), Food Stamp Job Search (\$516), Food Distribution (\$274), EBTS (\$223), and Refugee Assistance (\$677); and

(2) the conversion of contract services to state FTE in LEAP (\$78,494).

Child Support Enforcement

| | | | | |
|-------------------|----------------------|----------------------|-----------------|--------------|
| General Fund | \$ 4,363,213 | \$ 4,356,206 | (7,007) | (0.2) |
| Cash Funds | 145,010 | 145,010 | 0 | 0.0 |
| Cash Funds Exempt | 281,489 | 281,489 | 0 | 0.0 |
| Federal Funds | 8,571,119 | 8,557,517 | (13,602) | (0.2) |
| Total | \$ 13,360,831 | \$ 13,340,222 | (20,609) | (0.2) |
| FTE | 62.4 | 62.4 | 0.0 | |

The recommended \$7,007 decrease in General Fund and \$13,602 decrease in federal funds reflects the 0.2 base reduction in personal services appropriations.

Disability Determination Services

| | | | | |
|-------------------|----------------------|----------------------|-----------------|--------------|
| Cash Funds Exempt | \$ 1,165,967 | \$ 1,163,662 | (2,305) | (0.2) |
| Federal Funds | 15,642,533 | 15,611,906 | (30,627) | (0.2) |
| Total | \$ 16,808,500 | \$ 16,775,568 | (32,932) | (0.2) |
| FTE | 146.7 | 146.7 | 0.0 | |

The recommended \$2,305 decrease in cash funds exempt and \$30,627 in federal funds reflects the 0.2 percent decrease in personal services.

| | 2003-04 Appropriation | 2004-05 Recommendation | Net Change | % Change |
|--|--------------------------|---------------------------|---------------|-------------|
|--|--------------------------|---------------------------|---------------|-------------|

Mental Health and Alcohol and Drug Abuse Services

| | | | | |
|-------------------|----------------|----------------|--------------|-------|
| General Fund | \$ 91,123,199 | \$ 92,338,792 | \$ 1,215,593 | 1.3 |
| Cash Funds | 3,895,223 | 4,906,371 | 1,011,148 | 26.0 |
| Cash Funds Exempt | 221,753,347 | 224,466,602 | 2,713,255 | 1.2 |
| Federal Funds | 45,898,838 | 44,946,407 | (952,431) | (2.1) |
| Total | \$ 362,670,607 | \$ 366,658,172 | \$ 3,987,565 | 1.1 |
| FTE | 1,305.7 | 1,317.3 | 11.6 | |

Administration

| | | | | |
|-------------------|---------------|---------------|------------|-------|
| General Fund | \$ 422,445 | \$ 421,640 | (\$ 805) | (0.2) |
| Cash Funds | 274,020 | 970,463 | 696,443 | 254.2 |
| Cash Funds Exempt | 1,404,992 | 1,403,208 | (1,784) | (0.1) |
| Federal Funds | 17,668,185 | 17,665,363 | (2,822) | 0.0 |
| Total | \$ 19,769,642 | \$ 20,460,674 | \$ 691,032 | 3.5 |
| FTE | 41.4 | 42.1 | 0.7 | |

The recommended 0.7 FTE increase annualizes the FTE added in FY 2003-04 for the Traumatic Brain Injury program, authorized in H.B. 02-1281.

The recommended \$0.7 million cash funds increase is attributable to annualization of the Traumatic Brain Injury funding, established pursuant to H.B. 02-1281.

The recommended decrease in cash funds exempt and federal funds is attributable to the application of a 0.2 percent personal services base reduction.

| | 2003-04 | 2004-05 | Net | % |
|--|---------------|----------------|--------|--------|
| | Appropriation | Recommendation | Change | Change |

Mental Health Community Programs

| | | | | |
|-------------------|--------------------|--------------------|---------------|---------|
| General Fund | \$ 23,506,955 | \$ 24,056,790 | 549,835 | 2.3 |
| Cash Funds Exempt | 198,782,001 | 203,133,703 | 4,351,702 | 2.2 |
| Federal Funds | 5,424,187 | 5,424,187 | 0 | 0.0 |
| Total | \$ 227,713,143 | \$ 232,614,680 | 4,901,537 | 2.2 |
| FTE | 2.0 | 2.0 | 0.0 | |

The recommended net General Fund increase of \$0.5 million reflects an increase of \$1.0 million to serve an additional 435 severely mentally ill indigent clients offset by a reduction of \$0.25 million in Goebel lawsuit settlement legal expenses incurred in FY 2003-04, and \$0.2 million associated with eligibility changes in programs serving clients deinstitutionalized from the mental health institutes (such clients became Medicaid eligible).

The cash funds exempt increases are all associated with Medicaid cash fund changes. These Medicaid cash funds are appropriated as General Fund and federal funds in the Department of Health Care Policy and Financing and then transferred to the Department of Human Services as (Medicaid) cash funds exempt. These cash funds exempt Medicaid changes reflect the following increases: (1) \$5.26 million for anti-psychotic pharmacy (shown for informational purposes in this department); (2) \$3.86 million associated with Medicaid mental health eligible client capitation caseload changes of 15,691 clients; and (3) an increase of \$3.78 million Medicaid cash funds exempt associated with the elimination of the one-time FY 2001-02 Medicaid cost recoupment assessed in FY 2003-04. These increases are offset by the following decreases: (1) \$3.7 million Medicaid cash funds exempt associated with the discontinuation of one-time rate enhancement for Medicaid capitation contracts; (2) \$3.0 million Medicaid cash funds exempt associated with the discontinuation of FY 2002-03 Medicaid over-expenditures paid in FY 2003-04; (3) \$1.0 million Medicaid cash funds exempt associated with the discontinuation of one-time capitation rate increases provided in S.B. 03-282; and (4) a decrease of \$0.8 million associated with the fee-for-service program, including the discontinuation of \$0.5 million in one-time FY 2002-03 fee-for-service overexpenditures paid in FY 2003-04.

| | 2003-04 | 2004-05 | Net | % |
|--|---------------|----------------|--------|--------|
| | Appropriation | Recommendation | Change | Change |

Mental Health Institutes

| | | | | | | | |
|-------------------|----|------------|----|------------|----|-------------|-------|
| General Fund | \$ | 58,410,964 | \$ | 59,979,406 | \$ | 1,568,442 | 2.7 |
| Cash Funds | | 2,092,048 | | 2,098,079 | | 6,031 | 0.3 |
| Cash Funds Exempt | | 19,861,869 | | 18,661,111 | | (1,200,758) | (6.0) |
| Total | \$ | 80,364,881 | \$ | 80,738,596 | | 373,715 | 0.5 |
| FTE | | 1,235.3 | | 1,246.2 | | 10.9 | |

The recommended increase of 10.9 FTE is attributable to annualization of staffing increases added in FY 2003-04 for the mental health institutes.

The net General Fund recommendation of \$1.6 million is attributable to increases of \$1.2 million associated with changes in the level of patient revenues applied against the General Fund, including the discontinuation of a one-time 2003 Medicare cost settlement recovery, and an increase of \$0.5 million associated with annualization of FY 2003-04 staffing increases, offset by \$0.1 million associated with a 0.2 percent personal services base reduction.

The net cash funds increase reflects a change in the anticipated patient revenues.

The net cash funds exempt reduction reflects the discontinuation of \$1.7 million in one-time 2003 Medicare cost settlement recoveries in FY 2003-04, offset by other increases in patient revenues, including a \$0.9 million 2004 Medicare cost settlement.

Alcohol and Drug Abuse Division

| | | | | | | | |
|-------------------|----|------------|----|------------|--|-------------|--------|
| General Fund | \$ | 8,782,835 | \$ | 7,880,956 | | (901,879) | (10.3) |
| Cash Funds | | 1,529,155 | | 1,837,829 | | 308,674 | 20.2 |
| Cash Funds Exempt | | 1,704,485 | | 1,268,580 | | (435,905) | (25.6) |
| Federal Funds | | 22,806,466 | | 21,856,857 | | (949,609) | (4.2) |
| Total | \$ | 34,822,941 | \$ | 32,844,222 | | (1,978,719) | (5.7) |
| FTE | | 27.0 | | 27.0 | | 0.0 | |

| | 2003-04 | 2004-05 | Net | % |
|--|---------------|----------------|--------|--------|
| | Appropriation | Recommendation | Change | Change |

The recommended General Fund decrease reflects a 10 percent reduction in the Division's net General Fund. This reduction is spread amongst both detoxification services and treatment services.

The recommended cash funds increase is associated with Drug Offender Surcharge Cash Fund increases of \$250,000 and Persistent Drunk Driver Cash Fund increases of \$58,000 for prevention services.

The recommended cash funds exempt decrease reflects the following: (1) the discontinuation of \$350,000 in spending from Persistent Drunk Driver Cash Fund reserves and (2) discontinuation of \$85,000 in one-time FY 2003-04 spending for the High Risk Pregnant Women Program associated with FY 2002-03 Medicaid over-expenditures.

The recommended federal funds decrease reflects the decrease in the available federal funds, per the state's maintenance-of-effort (MOE), associated with the General Fund reduction noted above.

Services for People with Disabilities

| | | | | | | | |
|-------------------|----|-------------|----|-------------|----|-------------|--------|
| General Fund | \$ | 24,792,601 | \$ | 24,608,509 | \$ | (184,092) | (0.7) |
| Cash Funds | | 4,937,685 | | 3,925,713 | | (1,011,972) | (20.5) |
| Cash Funds Exempt | | 311,775,237 | | 314,376,286 | | 2,601,049 | 0.8 |
| Federal Funds | | 28,045,742 | | 27,190,145 | | (855,597) | (3.1) |
| Total | \$ | 369,551,265 | \$ | 370,100,653 | \$ | 549,388 | 0.1 |
| FTE | | 1,179.9 | | 1,155.7 | | (24.2) | |

This section includes funding for adult and children's developmental disability services, vocational rehabilitation programs and the Homelake Domiciliary.

| | 2003-04 Appropriation | 2004-05 Recommendation | Net Change | % Change |
|--|--------------------------|---------------------------|---------------|-------------|
|--|--------------------------|---------------------------|---------------|-------------|

Developmental Disability Services

This section includes funding for community and institutional services for adults with developmental disabilities; services for children with developmental disabilities; and the work therapy program, which provides supportive employment for people with developmental disabilities.

| | | | | |
|-------------------|-----------------------|-----------------------|------------------|------------|
| General Fund | \$ 21,117,230 | \$ 20,958,573 | (158,657) | (0.8) |
| Cash Funds | 3,025,105 | 3,200,919 | 175,814 | 5.8 |
| Cash Funds Exempt | 307,994,987 | 309,622,500 | 1,627,513 | 0.5 |
| Total | \$ 332,137,322 | \$ 333,781,992 | 1,644,670 | 0.5 |
| FTE | 923.8 | 923.8 | 0.0 | |

Community Services

| | | | | |
|-------------------|-----------------------|-----------------------|------------------|------------|
| General Fund | \$ 11,148,466 | \$ 10,989,850 | (158,616) | (1.4) |
| Cash Funds Exempt | 263,805,018 | 265,663,692 | 1,858,674 | 0.7 |
| Total | \$ 274,953,484 | \$ 276,653,542 | 1,700,058 | 0.6 |
| FTE | 30.0 | 30.0 | 0.0 | |

The General Fund decrease includes: (1) a decrease of \$74,000 to eliminate employment incentives for persons with developmental disabilities; (2) a decrease of \$50,000 to eliminate state funding for training community providers who serve the developmentally disabled; and (3) a reduction of \$25,000 (18 percent) in funding for short-term emergency placements for persons with developmental disabilities; and (4) a reduction of \$10,000 associated with increases in federal funding for room and board for eligible persons with developmental disabilities.

The cash funds exempt increase includes: (1) an increase of \$976,000 for federally-matched local program costs. This reflects a projected increase in local cash funds exempt used to serve persons with developmental disabilities and matching federal Medicaid funds initially appropriated in the Department of Health Care Policy and Financing; and (2) a net increase

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|--|--------------------------|---------------------------|---------------|-------------|
|--|--------------------------|---------------------------|---------------|-------------|

of \$887,000 for adult program costs (state-funded community services for adults with developmental disabilities). This portion of the increase includes the following components: (a) an increase of \$1,393,000 for a decision item to provide 36 new community resources for youth with developmental disabilities transitioning from foster care to the developmental disability system; (b) an increase of \$378,000 to annualize 10 emergency resources that were funded for ½ year in FY 2003-04. These increases are partially offset by the following decreases: (a) a decrease of \$533,000 to eliminate FY 2003-04 leap year funding; (b) a decrease of \$445,000 for a technical correction to eliminate certain client cash amounts shown for informational purposes; and (c) a decrease of \$300,000 associated with increased "post-eligibility treatment of income" revenue received by community providers from consumers with developmental disabilities who are able to contribute to their cost of care.

The overall cash funds exempt increase for adult program costs includes an increase of \$547,000 in Medicaid funds transferred from the Department of Health Care Policy and Financing that originate as 50 percent General Fund and 50 percent federal funds.

Regional Centers

| | | | | | | | |
|-------------------|----|------------|----|------------|----|-----------|-------|
| Cash Funds | \$ | 2,397,366 | \$ | 2,573,334 | \$ | 175,968 | 7.3 |
| Cash Funds Exempt | | 39,593,264 | | 39,362,220 | | (231,044) | (0.6) |
| Total | \$ | 41,990,630 | \$ | 41,935,554 | | (55,076) | (0.1) |
| FTE | | 891.3 | | 891.3 | | 0.0 | |

The recommended increase in cash funds reflects an anticipated increase in revenue collected from people in institutions and state-run group homes. Cash fund sources include room and board payments from persons in state-run group homes (primarily from their federal SSI allocations), payments from group home clients who must turn over excess income to maintain eligibility for Medicaid waiver services, and payments from consumers in institutional placements who are required to turn over a portion of their wages to offset their cost of care. Cash fund revenue offsets cash exempt Medicaid revenue otherwise required.

The cash funds exempt amount includes a decrease of \$176,000 based on the increases in cash funds revenue from consumers discussed above and a decrease of \$72,000 associated

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|--|--------------------------|---------------------------|---------------|---|
|--|--------------------------|---------------------------|---------------|---|

with common policy personal services reductions. These amounts are offset by an increase of \$20,000 for anticipated increases in facility fees for regional centers enacted pursuant to House Bill 03-1292.

Services for Children and Families

| | | | | |
|-------------------|----------------------|----------------------|--------------|------------|
| General Fund | \$ 9,968,764 | \$ 9,968,723 | (41) | 0.0 |
| Cash Funds Exempt | 4,456,549 | 4,456,466 | (83) | 0.0 |
| Total | \$ 14,425,313 | \$ 14,425,189 | (124) | 0.0 |
| FTE | 1.0 | 1.0 | 0.0 | |

The recommended decrease in General Fund and cash funds exempt is based on the 0.2 percent common policy reduction to personal services.

Work Therapy

| | | | | |
|-------------------|-------------------|-------------------|--------------|------------|
| Cash Funds | \$ 627,739 | \$ 627,585 | (154) | 0.0 |
| Cash Funds Exempt | 140,156 | 140,122 | (34) | 0.0 |
| Total | \$ 767,895 | \$ 767,707 | (188) | 0.0 |
| FTE | 1.5 | 1.5 | 0.0 | |

The recommended decrease is based on the 0.2 percent common policy reduction to personal services.

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|--|--------------------------|---------------------------|---------------|-------------|
|--|--------------------------|---------------------------|---------------|-------------|

Division of Vocational Rehabilitation

| | | | | |
|-------------------|-------------------|-------------------|-----------------|-----------|
| General Fund | \$ 3,469,627 | \$ 3,465,726 | (3,901) | (0.1) |
| Cash Funds | 1,912,580 | 724,794 | (1,187,786) | (62.1) |
| Cash Funds Exempt | 3,312,296 | 4,276,810 | 964,514 | 29.1 |
| Federal Funds | 27,797,779 | 26,942,553 | (855,226) | (3.1) |
| Total | \$ 36,492,282 | \$ 35,409,883 | (1,082,399) | (3.0) |
| FTE | 239.7 | 215.5 | (24.2) | |

The recommended reduction in FTE reflects the actual impact of General Fund reductions taken in FY 2002-03 and FY 2003-04 on the Division's capacity to employ staff.

The recommended General Fund decrease reflects the 0.2 percent common policy personal services reduction.

The recommended cash funds decrease reflects administrative changes that will enable revenue from school districts for the School to Work Alliance Program (SWAP) that is counted as cash funds in FY 2003-04 to be counted as cash funds exempt in FY 2004-05.

The recommended cash funds exempt increase includes administrative changes (reviewed above under cash funds) that will enable \$1,188,000 in revenue that is counted as cash funds in FY 2003-04 to be counted as cash funds exempt in FY 2004-05. This increase is partially offset by: (1) a reduction of \$109,000 in anticipated revenue from cash exempt sources, as reflected in the Department's budget request, and (2) a reduction of \$114,000 based on a reduction in anticipated expenditures from the Colorado Commission for the Deaf and Hard of Hearing Cash Fund for the telecommunications equipment distribution program.

The recommended federal funds decrease includes: (1) a reduction of \$433,000 for a technical correction to more accurately reflect the federal matching revenue associated with General Fund, cash, and cash exempt appropriations; and (2) a reduction of \$407,000 for the federal match associated with the reduction of \$109,000 in anticipated revenue from cash exempt sources; and (3) a reduction of \$16,000 associated with the 0.2 percent common policy personal services reduction.

| | 2003-04 | 2004-05 | Net | % |
|--|---------------|----------------|--------|--------|
| | Appropriation | Recommendation | Change | Change |

Homelake Domiciliary for Veterans

| | | | | | | |
|-------------------|----|---------|----|---------|----------|--------|
| General Fund | \$ | 205,744 | \$ | 184,210 | (21,534) | (10.5) |
| Cash Funds Exempt | | 467,954 | | 476,976 | 9,022 | 1.9 |
| Federal Funds | | 247,963 | | 247,592 | (371) | (0.2) |
| Total | \$ | 921,661 | \$ | 908,778 | (12,883) | (1.4) |
| FTE | | 16.4 | | 16.4 | 0.0 | |

The recommended decrease in General Fund primarily reflects: (1) a reduction of \$10,000 for a budget amendment that reduces the costs to the General Fund and increases patient revenue by the same amount; and (2) elimination of \$12,000 in supplemental funding for utility cost increases provided in FY 2003-04.

The recommended cash funds exempt increase includes an increase of \$10,000 for a budget amendment that reduces General Fund costs and increases patient revenue by the same amount, based on patient rate increases. This increase is partially offset by the 0.2 percent common policy reduction for personal services.

The recommended federal funds decrease reflects the impact of the 0.2 percent common policy reduction for personal services.

Adult Assistance Programs

| | | | | | | |
|-------------------|----|-------------|----|-------------|-------------|-------|
| General Fund | \$ | 11,149,919 | \$ | 13,517,502 | 2,367,583 | 21.2 |
| Cash Funds | | 72,119,147 | | 74,232,744 | 2,113,597 | 2.9 |
| Cash Funds Exempt | | 21,394,351 | | 19,480,657 | (1,913,694) | (8.9) |
| Federal Funds | | 13,343,914 | | 13,342,498 | (1,416) | 0.0 |
| Total | \$ | 118,007,331 | \$ | 120,573,401 | 2,566,070 | 2.2 |
| FTE | | 13.1 | | 27.5 | 14.4 | |

| | 2003-04 | 2004-05 | Net | % |
|--|---------------|----------------|--------|--------|
| | Appropriation | Recommendation | Change | Change |

Administration

| | | | | | |
|-------------------|----|------------|------------|-------|-------|
| General Fund | \$ | 35,742 \$ | 35,676 \$ | (66) | (0.2) |
| Cash Funds Exempt | | 90,231 | 90,064 | (167) | (0.2) |
| Federal Funds | | 330,782 | 330,169 | (613) | (0.2) |
| Total | \$ | 456,755 \$ | 455,909 \$ | (846) | (0.2) |
| FTE | | 5.1 | 5.0 | (0.1) | |

The recommended \$66 decrease in General Fund, \$167 decrease in cash funds exempt and \$613 decrease in federal funds reflects the 0.2 percent base reduction in personal services.

The 0.1 FTE decrease was prompted by the continuing reversion of that FTE authority in this line.

Old Age Pension Program

| | | | | | |
|-------------------|----|---------------|---------------|-----------|-----|
| Cash Funds | \$ | 70,553,147 \$ | 72,666,744 \$ | 2,113,597 | 3.0 |
| Cash Funds Exempt | | 583,553 | 588,362 | 4,809 | 0.8 |
| Total | \$ | 71,136,700 \$ | 73,255,106 \$ | 2,118,406 | 3.0 |
| FTE | | 0.0 | 14.0 | 14.0 | |

The recommended net increase of \$2.1 million in cash funds is associated with a \$3.09 million caseload increase in OAP cash assistance and a \$975,300 decrease in the OAP share of CBMS development costs. The 14.0 FTE shown does not represent an increase in staffing; it shows the FTE responsible for administering the OAP program, which were previously not included in the Long Bill.

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|--|--------------------------|---------------------------|---------------|-------------|
|--|--------------------------|---------------------------|---------------|-------------|

Other Grant Programs

| | | | | |
|-------------------|---------------|---------------|-------------|--------|
| General Fund | \$ 7,246,163 | \$ 11,608,057 | 4,361,894 | 60.2 |
| Cash Funds Exempt | 17,465,995 | 15,547,659 | (1,918,336) | (11.0) |
| Total | \$ 24,712,158 | \$ 27,155,716 | 2,443,558 | 9.9 |

The recommended General Fund increase includes a \$4,344,938 increase to the Aid to the Needy Disabled State Supplement (AND-SS) program and a \$16,956 increase to the Aid to the Blind State Supplement (AB-SS) program. These increases were necessitated by a \$4.36 million shortfall in qualifying expenditures for the 2003 federal Supplemental Security Income (SSI) maintenance of effort requirement. A shortfall in one calendar year must be made up in the following year. To ensure that the State provides the required level of assistance to SSI recipients during calendar 2004, the payments to AND-SS and AB-SS recipients will be increased during the first six months of FY 2004-05.

The recommended decrease in cash funds exempt is caused by reductions in the Home Care Allowance program (\$1.83 million) and the Adult Foster Care program (\$86,000).

Community Services for the Elderly

| | | | | |
|-------------------|---------------|---------------|-------------|--------|
| General Fund | \$ 3,868,014 | \$ 1,873,769 | (1,994,245) | (51.6) |
| Cash Funds | 1,566,000 | 1,566,000 | 0 | 0.0 |
| Cash Funds Exempt | 3,254,572 | 3,254,572 | 0 | 0.0 |
| Federal Funds | 13,013,132 | 13,012,329 | (803) | 0.0 |
| Total | \$ 21,701,718 | \$ 19,706,670 | (1,995,048) | (9.2) |
| FTE | 8.0 | 8.5 | 0.5 | |

The recommended \$1,994,245 decrease in General Fund includes the 0.2 percent decrease to personal services in the Administration and Colorado Commission on Aging lines (\$289) and a \$1,993,956 decrease in the State Funding for Senior Services line.

| | 2003-04 Appropriation | 2004-05 Recommendation | Net Change | % Change |
|--|--------------------------|---------------------------|---------------|-------------|
|--|--------------------------|---------------------------|---------------|-------------|

The \$803 decrease in federal funds reflects the 0.2 percent decrease in personal services in the Administration and Colorado Commission on Aging lines.

The 0.5 increase in FTE is an increase in FTE shown in the Long Bill, not an increase in actual staff working on these programs. The 0.5 FTE allocated to the Colorado Commission on Aging had not been previously shown in the Long Bill.

Division of Youth Corrections

| | | | | |
|-------------------|----------------|----------------|-----------|------|
| General Fund | \$ 94,255,337 | \$ 94,316,394 | 61,057 | 0.1 |
| Cash Funds | 89,426 | 89,426 | 0 | 0.0 |
| Cash Funds Exempt | 11,479,201 | 13,315,128 | 1,835,927 | 16.0 |
| Federal Funds | 1,278,564 | 1,278,564 | 0 | 0.0 |
| Total | \$ 107,102,528 | \$ 108,999,512 | 1,896,984 | 1.8 |
| FTE | 876.2 | 915.8 | 39.6 | |

The recommended increase of 39.6 FTE is attributable to the following three changes: (1) an increase of 30.7 FTE to convert 48 contract beds at Lookout Mountain to state operated beds; (2) an increase of 11.0 FTE to annualize a supplemental appropriation in FY 2003-04 to convert 24 contract beds at Mount View to state-operated beds; and (3) a reduction of 2.1 FTE for client managers based on caseload.

The recommended net General Fund increase is attributable to the following: (1) \$2.0 million for an increase in caseload and to restore FY 2003-04 budget reductions related to caseload; (2) \$275,000 for funds to fill unfunded FTE for client managers and parole officers; (3) \$136,000 for an increase in the parole population; and (4) and \$43,000 for in increase medical expenses associated with caseload increases. These recommended General Fund increases are partially offset by the following recommended reductions: (1) \$1.0 million associated with an 11.0 percent reduction in the S.B. 91-94 program; (2) \$551,000 in savings associated with the conversion of contract beds to state-operated beds at the Lookout Mountain campus; (3) \$491,000 for a base reduction in the purchase of contract placement line item, which is used to place committed and detained youth in

| 2003-04 Appropriation | 2004-05 Recommendation | Net Change | % Change |
|--------------------------|---------------------------|---------------|-------------|
|--------------------------|---------------------------|---------------|-------------|

residential programs operated by private contractors. This reduction funded a corresponding increase in juvenile intensive supervision probation programs in the Judicial Department; (4) \$131,000 to annualize the conversion of 24 contract beds to state-operated beds on the Mount View campus; (5) \$90,000 for a 0.2 percent base reduction in personal services line items; and (6) \$84,000 for savings associated with the leap year – FY 2004-05 has one fewer day the FY 2003-04, which results in savings for contract programs that are reimbursed based on a daily reimbursement rate.

The recommended increase in cash funds exempt is primarily attributable to the increase in Medicaid cash funds associated with using more residential treatment centers as contract providers.

SUMMARY

JUDICIAL DEPARTMENT

The proposed FY 2004-05 budget includes recommendations which:

- Increase the FTE appropriation by 63.0 to more correctly account for long-term contract FTE in various programs (long-term contract FTE are allowed under the Judicial Branch's personnel system but not the Executive Branch's personnel system; there was no funding change associated with these FTE);
- Restore funding for salary survey increases and anniversary increases (\$5.754 million General Fund and \$224,000 cash funds);
- Increase the State's contribution for health, life, and dental by \$1,556,000 General Fund and \$158,000 cash funds;
- Restore the Juvenile Intensive Supervision Probation Program (\$895,000 General Fund) and partially restore the Adult Intensive Supervision Probation Program (\$653,000 General Fund);
- Provide increases of \$538,000 General Fund for statewide caseload growth to the Office of the Child's Representative (OCR), and \$192,000 General Fund for the OCR's El Paso County Guardian ad Litem Office;
- Increase the department's contribution to worker's compensation, risk management, and short-term disability by \$557,000 General Fund;
- Provide an increase of \$495,000 General Fund to the Alternate Defense Counsel for court appointed counsel and mandated costs due to an increase in caseload;
- Provide \$271,000 General Fund to pay for increased retired judges use during FY 2003-04;
- Provide \$246,000 General Fund in PERA increases for sitting judges;
- Fund a new water court referee and two staff in Water Court Division One (\$211,000 General Fund and 3.0 FTE);

- Reduce the District Attorney mandated cost appropriation by \$113,000 General Fund and \$125,000 cash funds;
- Implement 0.2 percent personal services base reductions of \$110,509 General Fund and \$10,000 cash funds;
- Reinstate 34.0 Trial Courts FTE that were lost due the FY 2003-04 General Fund shortfall (\$553,000 cash funds);
- Include a \$600,000 cash funds reduction to account for the one-time supplemental appropriation of cash funds from the Judicial Stabilization Fund for county courthouse furnishings in FY 2003-04;
- Include a \$500,000 cash funds exempt reduction to account for the discontinuation of a one-time appropriation from tobacco settlement money to the Family Violence Program in FY 2003-04; and
- Restore the Female Offender Probation Program using \$239,000 cash funds exempt.

| | 2003-04 | 2004-05 | Net | % |
|--|---------------|----------------|--------|--------|
| | Appropriation | Recommendation | Change | Change |

JUDICIAL DEPARTMENT

| | | | | | | | |
|-------------------|-----------|--------------------|-----------|--------------------|----|-------------------|------------|
| General Fund | \$ | 208,617,893 | \$ | 219,569,027 | \$ | 10,951,134 | 5.2 |
| Cash Funds | | 59,134,676 | | 59,858,406 | | 723,730 | 1.2 |
| Cash Funds Exempt | | 6,475,448 | | 7,309,859 | | 834,411 | 12.9 |
| Federal Funds | | 1,758,609 | | 1,454,690 | | (303,919) | (17.3) |
| Total | \$ | 275,986,626 | \$ | 288,191,982 | | 12,205,356 | 4.4 |
| FTE | | 3,212.1 | | 3,285.0 | | 72.9 | |

Supreme Court/Court of Appeals

| | | | | | | | |
|-------------------|-----------|-------------------|-----------|-------------------|--|--------------|------------|
| General Fund | \$ | 7,962,897 | \$ | 7,972,648 | | 9,751 | 0.1 |
| Cash Funds | | 4,698,000 | | 4,698,000 | | 0 | 0.0 |
| Cash Funds Exempt | | 355,000 | | 355,000 | | 0 | 0.0 |
| Total | \$ | 13,015,897 | \$ | 13,025,648 | | 9,751 | 0.1 |
| FTE | | 168.7 | | 166.7 | | (2.0) | |

The recommended reduction of 2.0 FTE corrects the appropriation to the Supreme Court Library. This change is for accounting purposes only; there is no associated funding change.

The General Fund recommendation includes an increase of \$25,500 for a 1.0 percent PERA increase for sitting judges. This increase is partially offset by a \$15,700 reduction as part of a 0.2 percent personal services base reduction.

Courts Administration

| | | | | | | | |
|-------------------|-----------|-------------------|-----------|-------------------|--|------------------|-------------|
| General Fund | \$ | 17,471,976 | \$ | 23,807,458 | | 6,335,482 | 36.3 |
| Cash Funds | | 7,363,240 | | 7,690,715 | | 327,475 | 4.4 |
| Cash Funds Exempt | | 1,203,801 | | 1,544,892 | | 341,091 | 28.3 |
| Federal Funds | | 233,653 | | 233,778 | | 125 | 0.1 |
| Total | \$ | 26,272,670 | \$ | 33,276,843 | | 7,004,173 | 26.7 |

| | 2003-04 Appropriation | 2004-05 Recommendation | Net Change | % Change |
|-----|--------------------------|---------------------------|---------------|-------------|
| FTE | 170.0 | 183.0 | 13.0 | |

The changes for various portions of the Courts Administration section are discussed below.

Administration

| | | | | | |
|-------------------|----|-----------|--------------|-------------|--------|
| General Fund | \$ | 4,537,176 | \$ 3,871,307 | (665,869) | (14.7) |
| Cash Funds | | 968,115 | 777,314 | (190,801) | (19.7) |
| Cash Funds Exempt | | 561,408 | 925,520 | 364,112 | 64.9 |
| Federal Funds | | 143 | 535 | 392 | 274.1 |
| Total | \$ | 6,066,842 | \$5,574,676 | (\$492,166) | (8.1) |
| FTE | | 52.5 | 55.5 | 3.0 | |

The recommended net increase of 3.0 FTE includes an increase on 4.0 FTE for Administration Personal Services to more correctly account for long-term contract FTE. This increase is partially offset by a reduction of 1.0 FTE for the Judicial/Heritage Complex to remove the appropriation for a security guard who is not a Judicial Department employee. Both of these changes are accounting changes; there are no associated funding changes.

The recommended General Fund decrease includes reductions of: (1) \$334,000 to the Judicial/Heritage Complex due to refinancing with cash funds exempt from the State Historical Fund; (2) \$326,000 due to refinancing with cash funds exempt from departmental indirect cost assessments; and (3) \$8,000 as part of a 0.2 percent personal services base reduction.

The recommended net cash funds decrease includes reductions of \$600,000 to account for the one-time supplemental appropriation of cash funds from the Judicial Stabilization Fund for county courthouse furnishings in FY 2003-04, and \$70,000 due to a reduction in anticipated revenues to the Family Friendly Courts program. These reductions are partially offset by an increase of \$479,000 due to an increase in statewide indirect cost assessments and a new line item to account for departmental indirect costs.

The recommended net increase in cash funds exempt includes increases of: (1) \$483,000 in statewide and departmental indirect cost assessments; (2) \$378,000 to the Judicial/Heritage Complex due to refinancing of General Fund from reserves in the State Historical Fund; and

| | 2003-04 | 2004-05 | Net | % |
|--|---------------|----------------|--------|--------|
| | Appropriation | Recommendation | Change | Change |

(3) \$3,000 due to an increase in statewide indirect cost assessments. These increases are partially offset by a \$500,000 reduction to account for the discontinuation of a one-time appropriation from tobacco settlement money to the Family Violence Program in FY 2003-04.

Administrative Special Purpose

| | | | | | | | |
|-------------------|----|------------|----|------------|----|-----------|------|
| General Fund | \$ | 8,583,881 | \$ | 15,610,984 | \$ | 7,027,103 | 81.9 |
| Cash Funds | | 4,447,125 | | 4,942,359 | | 495,234 | 11.1 |
| Cash Funds Exempt | | 619,351 | | 619,372 | | 21 | 0.0 |
| Federal Funds | | 100,000 | | 100,000 | | 0 | 0.0 |
| | | | | | | | |
| Total | \$ | 13,750,357 | \$ | 21,272,715 | \$ | 7,522,358 | 54.7 |
| FTE | | 74.7 | | 83.7 | | 9.0 | |

The increase in FTE is due an additional 9.0 FTE to account for mediators in the Office of Dispute Resolution. This change is for accounting purposes only; there is no associated funding change.

The recommended General Fund increase is due to the following increases: (1) \$4,858,000 for salary survey and anniversary increases (none was appropriated in FY 2003-04); (2) \$1,321,000 million for the State's contribution to health, life, and dental; (3) \$556,000 for centrally-appropriated items such as worker's compensation, risk management, and short-term disability; (4) \$271,000 for the Retired Judges Program; and (5) \$18,000 for lease purchase payments.

The recommended increase in cash fund spending authority is due to the following increases: (1) \$224,000 for salary survey and anniversary increases (none was appropriated in FY 2003-04); (2) \$158,000 for the State's contribution to health, life, and dental; (3) \$109,000 for collections investigators; and (4) \$5,000 for short-term disability.

| | 2003-04 | 2004-05 | Net | % |
|--|---------------|----------------|--------|--------|
| | Appropriation | Recommendation | Change | Change |

Judicial Performance

| | | | | | | | |
|-------------------|----|---------|----|---------|----|----------|---------|
| Cash Funds | \$ | 538,000 | \$ | 561,042 | \$ | 23,042 | 4.3 |
| Cash Funds Exempt | | 23,042 | | 0 | | (23,042) | (100.0) |
| Total | \$ | 561,042 | \$ | 561,042 | \$ | 0 | 0.0 |
| FTE | | 0.0 | | 1.0 | | 1.0 | |

The increase in FTE is to account for the program director. This change is only for accounting purposes; there is no associated funding change.

Integrated Information Services

| | | | | | | | |
|---------------|----|-----------|----|-----------|----|----------|-------|
| General Fund | \$ | 4,350,919 | \$ | 4,325,167 | | (25,752) | (0.6) |
| Cash Funds | | 1,410,000 | | 1,410,000 | | 0 | 0.0 |
| Federal Funds | | 133,510 | | 133,243 | | (267) | (0.2) |
| Total | \$ | 5,894,429 | \$ | 5,868,410 | \$ | (26,019) | (0.4) |
| FTE | | 42.8 | | 42.8 | | 0.0 | |

The recommended net General Fund decrease is due to the following reductions (1) \$30,000 for computer integrated courtrooms; (2) \$14,000 for the Multi Use Network; and (3) \$5,000 as part of a 0.2 percent personal services base reduction. These reductions are partially offset by a \$22,000 increase for the purchase of services from the government computing center, and a \$1,000 increase for communications services.

Trial Courts

| | | | | | | | |
|-------------------|----|------------|----|------------|--|---------|-----|
| General Fund | \$ | 90,389,540 | \$ | 90,687,415 | | 297,875 | 0.3 |
| Cash Funds | | 33,356,083 | | 33,783,927 | | 427,844 | 1.3 |
| Cash Funds Exempt | | 383,469 | | 383,469 | | 0 | 0.0 |

| | 2003-04 Appropriation | 2004-05 Recommendation | Net Change | % Change |
|---------------|--------------------------|---------------------------|---------------|-------------|
| Federal Funds | 370,158 | 295,158 | (75,000) | (20.3) |
| Total | \$ 124,499,250 | \$ 125,149,969 | 650,719 | 0.5 |
| FTE | 1,561.9 | 1,588.6 | 26.7 | |

The net increase in the FTE recommendation is primarily due to an additional 25.0 FTE to account for language interpreters in the Mandated Costs line item. This change is for accounting purposes only; there is no associated funding change. There is also an increase of 3.0 FTE for a new water court referee and associated staff in Water Court Division One. These increases are partially offset by a decrease of 1.3 FTE due to the elimination of the Family Preservation Matching Funds line item.

The recommended net General Fund increase includes the following increases: (1) \$221,000 for a 1.0 percent PERA increase for sitting judges only; (2) \$211,000 for the new water court referee and staff; and (3) \$5,000 for the Sex Offender Surcharge Fund Program. These increases are partially offset by a reduction of \$113,000 for District Attorney mandated costs, and a reduction of \$25,000 for family preservation matching funds.

The recommended net cash funds increase is due to an increase of \$553,000 to reinstate funding for trial courts staff lost due to budget cuts in FY 2003-04 (these 34.0 FTE are currently appropriated but unfunded, so an additional FTE appropriation was not necessary). This increase is partially offset by a reduction of \$125,000 for District Attorney mandated costs.

The reduction in the federal funds is due to the elimination of the Family Preservation Matching Funds line item.

Probation and Related Services

| | | | | |
|-------------------|---------------|---------------|-----------|--------|
| General Fund | \$ 41,058,290 | \$ 42,524,836 | 1,466,546 | 3.6 |
| Cash Funds | 13,638,213 | 13,603,624 | (34,589) | (0.3) |
| Cash Funds Exempt | 4,468,282 | 4,936,331 | 468,049 | 10.5 |
| Federal Funds | 1,154,798 | 925,754 | (229,044) | (19.8) |
| Total | \$ 60,319,583 | \$ 61,990,545 | 1,670,962 | 2.8 |

| | 2003-04 Appropriation | 2004-05 Recommendation | Net Change | % |
|--|--------------------------|---------------------------|---------------|---|
|--|--------------------------|---------------------------|---------------|---|

| | | | | |
|-----|-------|-------|------|--|
| FTE | 961.6 | 990.8 | 29.2 | |
|-----|-------|-------|------|--|

The recommended increase in FTE is due to an additional 16.0 FTE to account for contract alcohol evaluators and language interpreters for the Alcohol and Drug Driving Safety Program, and 9.0 FTE to account for contract probation officers. These changes are for accounting purposes only; there are no associated funding changes. In addition, there was an increase of 4.2 FTE for the Demonstration Drug Court Program.

The net increase in the General Fund recommendation includes increases of \$895,000 to restore the Juvenile Intensive Supervision Probation Program, and \$653,000 to partially restore the Adult Intensive Supervision Probation Program. These increases are partially offset by a reduction of \$82,000 as a part of a 0.2 percent personal services base reduction.

The decrease in the cash funds recommendation is due to a reduction of \$25,000 for the Offender Services Program to better reflect anticipated expenditures, and a reduction of \$10,000 as part of a 0.2 percent personal services base reduction.

The recommended increase in cash funds exempt is due to an increases of \$239,000 to restore the Female Offender Program, and \$229,000 to reflect anticipated grant receipts.

The recommended decrease in federal funds is due to an anticipated reduction in grant receipts.

Public Defender

| | | | | | |
|-------------------|--------|----------------|-------------------|---------------|---------|
| General Fund | \$ | 30,935,874 | \$ 32,452,353 | 1,516,479 | 4.9 |
| Cash Funds | | 76,140 | 79,140 | 3,000 | 3.9 |
| Cash Funds Exempt | | 64,896 | 62,167 | (2,729) | (4.2) |
| Total | \$ | 31,076,910 | \$ 32,593,660 | 1,516,750 | 4.9 |
| FTE | | 342.9 | 348.9 | 6.0 | |

The recommended increase of 6.0 FTE is for additional attorneys due to caseload growth.

The recommended net increase in General Fund includes the following increases: (1)

| | 2003-04 Appropriation | 2004-05 Recommendation | Net Change | % Change |
|--|--------------------------|---------------------------|---------------|-------------|
|--|--------------------------|---------------------------|---------------|-------------|

\$849,000 for salary survey and anniversary increases (none was appropriated in FY 2003-04); (2) \$346,000 to fund six additional attorneys; (3) \$187,000 for the State's contribution to health, life, and dental; (4) \$123,000 for leased space; and (5) \$14,000 for the Multi Use Network.

The recommended increase in cash funds is for \$3,000 in operating expenses to better reflect historic receipts paid by private attorneys for training.

The recommended decrease in cash fund exempt is due to a \$3,000 decrease in the amount of grants the Public Defender's Office expects to receive (funding is transferred from the Department of Public Safety).

Alternate Defense Counsel

| | | | | | |
|--------------|----|------------|---------------|---------|-----|
| General Fund | \$ | 11,931,602 | \$ 12,440,302 | 508,700 | 4.3 |
| Cash Funds | | 3,000 | 3,000 | 0 | 0.0 |
| Total | \$ | 11,934,602 | \$ 12,443,302 | 508,700 | 4.3 |
| FTE | | 3.0 | 3.0 | 0.0 | |

The recommended net increase in General Fund includes increases of \$448,500 for conflict of interest contracts and \$46,500 for mandated costs due to an increase in caseload. In addition, there were increases of \$14,000 for salary survey and anniversary increases (none was appropriated in FY 2003-04).

Office of the Child's Representative

| | | | | | |
|-------------------|----|-----------|--------------|---------|-----|
| General Fund | \$ | 8,867,714 | \$ 9,684,015 | 816,301 | 9.2 |
| Cash Funds Exempt | | 0 | 28,000 | 28,000 | N/A |
| Total | \$ | 8,867,714 | \$ 9,712,015 | 844,301 | 9.5 |
| FTE | | 4.0 | 4.0 | 0.0 | |

The recommended General Fund increase includes increases of \$192,000 due to caseload growth for the El Paso County Guardian ad Litem Office and \$538,000 due to caseload

| 2003-04 | 2004-05 | Net | % |
|---------------|----------------|--------|--------|
| Appropriation | Recommendation | Change | Change |

increases in the remainder of the state. Other increases include: (1) \$49,000 for the State's contribution to health, life, and dental; (2) \$33,000 for salary survey and anniversary increases (none was appropriated in FY 2003-04); and (3) \$4,000 for leased space.

The recommended increase in cash funds exempt is due to a \$28,000 increase for the Training line item.

SUMMARY

DEPARTMENT OF LABOR AND EMPLOYMENT

The proposed FY 2004-05 budget contains no General Fund dollars and includes:

- A \$7.6 million increase in reflected federal funds for unemployment insurance programs;
- A \$5.5 million increase in reflected Workforce Investment Act federal funds available for FY 2004-05;
- A \$5.0 million reduction in reflected federal funds for welfare-to-work block grants;
- A \$3.4 million increase in total reflected federal funds for county run one-stop job centers;
- An increase of \$2.7 million in reflected federal funds and 8.0 associated FTE for administration of the Executive Director's Office;
- A recommended increase of \$2.0 million split between cash funds, cash funds exempt, and federal funds for salary survey and performance-based pay;
- An \$800,000 increase in reflected Trade Adjustment Act assistance federal funds;
- A decrease of \$449,000 in reflected federal funds for Labor Market Information programs; and
- An increase of \$214,000 cash funds and 6.0 FTE in the Unemployment Insurance Fraud program, reflecting approval of a decision item to create an Unemployment Benefits Overpayment Collections Unit.

| | 2003-04 Appropriation | 2004-05 Recommendation | Net Change | % Change |
|--|--------------------------|---------------------------|---------------|-------------|
|--|--------------------------|---------------------------|---------------|-------------|

DEPARTMENT OF LABOR AND EMPLOYMENT

| | | | | |
|-------------------|-----------------------|-----------------------|-------------------|-------------|
| Cash Funds | \$ 26,134,315 | \$ 27,113,582 | \$ 979,267 | 3.7 |
| Cash Funds Exempt | 15,252,400 | 15,797,544 | 545,144 | 3.6 |
| Federal Funds | 74,727,828 | 88,829,627 | 14,101,799 | 18.9 |
| Total | \$ 116,114,543 | \$ 131,740,753 | 15,626,210 | 13.5 |
| FTE | 1,076.4 | 1,119.8 | 43.4 | |

Executive Director's Office

| | | | | |
|-------------------|----------------------|----------------------|------------------|-------------|
| Cash Funds | \$ 7,104,305 | \$ 8,008,459 | \$ 904,154 | 12.7 |
| Cash Funds Exempt | 866,837 | 1,472,952 | 606,115 | 69.9 |
| Federal Funds | 12,400,725 | 15,091,951 | 2,691,226 | 21.7 |
| Total | \$ 20,371,867 | \$ 24,573,362 | 4,201,495 | 20.6 |
| FTE | 161.4 | 169.4 | 8.0 | |

The recommended increase of 8.0 FTE is due to an increase in available federal funds. The Department intends to hire information technology support staff and fill other administrative positions.

The Executive Director's Office is budgeted with bottom line fund splits based on a cost allocation plan. In the Executive Director's Office, this cost allocation plan accounts for the proportion of demand for centrally appropriated services generated by programs with cash fund, cash fund exempt, and federally funded FTE in the Department.

The recommendation for a net increase in bottom line funds is primarily due to: (1) an increase of \$1.0 million in federal funds for personal services; (2) an increase of \$433,000 for health, life, and dental; (3) the restoration of salary survey and performance-based pay appropriations for FY 2004-05, increasing the base appropriation by \$1.3 million for salary survey and \$705,000 for performance-based pay; (4) an increase of \$177,000 for payments to the computer center; (5) an increase of \$255,000 due to moving the appropriation for all statewide indirect cost assessments into one line under the Executive Director's Office; (6)

| | 2003-04 Appropriation | 2004-05 Recommendation | Net Change | % Change |
|--|--------------------------|---------------------------|---------------|-------------|
|--|--------------------------|---------------------------|---------------|-------------|

an increase of \$222,000 for workers' compensation coverage. These decreases are partially offset by a decrease of \$28,340 for property and risk management payments.

Within the Executive Director's Office, the recommendation also transfers \$406,000 from the FY 2003-04 Operating Expenses line to the FY 2004-05 Leased Space line, based on federal cost allocation accounting practices.

Division of Employment and Training

| | | | | |
|-------------------|-------------------|-------------------|----------------|----------|
| Cash Funds | \$ 6,844,583 | \$ 6,940,354 | \$ 95,771 | 1.4 |
| Cash Funds Exempt | 653,555 | 654,418 | 863 | 0.1 |
| Federal Funds | 61,773,445 | 73,186,289 | 11,412,844 | 18.5 |
| Total | \$ 69,271,583 | \$ 80,781,061 | 11,509,478 | 16.6 |
| FTE | 719.9 | 755.3 | 35.4 | |

The recommendation provides for a net increase of 35.4 FTE. Of this amount, 6.0 FTE are attributable to new hires, creating the Unemployment Benefits Overpayment Collections Unit. The reflected increase includes 19.2 FTE for unemployment benefits, and 13.5 FTE for the Workforce Investment Act program represents a more accurate reflection of actual employees in recent years. The recommendation also transfers FTE to the State Operations line from the deleted Welfare-to-Work Block Grant line, which program is being phased out to reallocate resources to other employment and training programs. The recommendation for the Labor Market Information line is decreased by 3.3 FTE to reflect decreased federal funding for this program.

The cash funds recommendation reflects an increase of \$214,000 for the implementation of the Unemployment Benefits Overpayment Collections Unit. This is partially offset by a decrease of \$115,000 for statewide indirect cost recoveries, which have been transferred to the Executive Director's Office.

A small increase in cash funds exempt is associated with the creation of the new Unemployment Benefits Overpayment Collections Unit.

The federal funds recommendation includes the following increases: (1) \$7.6 million

| | 2003-04 Appropriation | 2004-05 Recommendation | Net Change | % Change |
|--|--------------------------|---------------------------|---------------|-------------|
|--|--------------------------|---------------------------|---------------|-------------|

increase to the unemployment benefits program; (2) \$5.5 million to reflect anticipated increase in federal Workforce Investment Act funding; (3) \$2.6 million for workforce development centers; (4) \$805,000 for county-run one-stop job centers; and (5) \$800,000 for Trade Adjustment Act funding. These increases are partially offset by: (1) a \$5.0 million decrease for Welfare-to-Work Block Grants to phase out the program; (2) an anticipated decrease of \$449,000 for Labor Market Information programs; and (3) a decrease of \$371,000 for statewide indirect costs now accounted for in the Executive Director's Office.

Division of Labor

| | | | | | |
|--------------------|----|---------|------------|---------|-------|
| Total - Cash Funds | \$ | 815,233 | \$ 813,602 | (1,631) | (0.2) |
| FTE | | 13.5 | 13.5 | 0.0 | |

The cash funds recommendation includes a \$1,631 reduction for the 0.2 percent personal services base reduction.

Division of Oil and Public Safety

| | | | | | |
|-------------------|----|-----------|--------------|----------|-------|
| Cash Funds | \$ | 2,980,480 | \$ 2,968,253 | (12,227) | (0.4) |
| Cash Funds Exempt | | 306,117 | 304,861 | (1,256) | (0.4) |
| Federal Funds | | 553,658 | 551,387 | (2,271) | (0.4) |
| Total | \$ | 3,840,255 | \$ 3,824,501 | (15,754) | (0.4) |
| FTE | | 53.3 | 53.3 | 0.0 | |

The Division of Oil and Public Safety is budgeted with bottom line funding, proportionally split between cash funds, cash funds exempt, and federal funds for all lines.

The recommended decrease in bottom line funding is due to \$26,000 of statewide indirect cost recoveries now accounted for under the Executive Director's Office and a \$7,000 reduction for the 0.2 percent personal services base reduction. These decreases are partially offset by an increase of \$17,000 in federal funds available for the personal services line.

| | 2003-04 Appropriation | 2004-05 Recommendation | Net Change | % Change |
|--|--------------------------|---------------------------|---------------|-------------|
|--|--------------------------|---------------------------|---------------|-------------|

Division of Workers' Compensation

| | | | | |
|-------------------|-------------------|-------------------|--------------|-----------|
| Cash Funds | \$ 8,389,714 | \$ 8,382,914 | (6,800) | (0.1) |
| Cash Funds Exempt | 13,425,891 | 13,365,313 | (60,578) | (0.5) |
| Total | \$ 21,815,605 | \$ 21,748,227 | (67,378) | (0.3) |
| FTE | 128.3 | 128.3 | 0.0 | |

The recommended decrease in cash funds is due to a \$11,900 personal services base reduction and a \$48,000 reduction in statewide indirect cost recoveries now accounted for under the Executive Director's Office. These decreases in the Workers' Compensation program are partially offset by a cash funds increase of \$53,000 for Administrative Law Judge Services.

The recommended decrease in the cash funds exempt appropriation includes the following decreases in the Major Medical Insurance and Subsequent Injury Fund program: (1) \$56,000 for statewide indirect cost recoveries now accounted for under the Executive Director's Office; and (2) \$2,600 for the 0.2 percent personal services base reduction. A decrease of \$3,000 for indirect cost recoveries in the Workers' Compensation program also contributes to the decrease in the recommended cash funds exempt appropriation. These decreases are partially offset by a small increase of \$2,000 for legal costs in the Major Medical and Subsequent Injury program.

SUMMARY

DEPARTMENT OF LAW

The proposed FY 2004-05 budget includes recommendations which:

- Provide \$514,000 across all funding sources for salary survey for both classified and exempt employees;
- Provide \$286,000 across all funding sources for performance-based pay awards for both classified and exempt employees;
- \$200,000 cash and cash funds exempt for information technology asset maintenance to purchase courtroom presentation technology and the replacement of critical systems; and
- Provide an increase of \$100,000 cash funds exempt spending authority for the Litigation Management and Technology Fund, which allows the Department to address unanticipated legal issues and implement certain information technology projects as approved by the General Assembly.

| | 2003-04 | 2004-05 | Net | % |
|--|---------------|----------------|--------|--------|
| | Appropriation | Recommendation | Change | Change |

DEPARTMENT OF LAW

| | | | | | | | |
|-------------------|-----------|-------------------|-----------|-------------------|----|------------------|------------|
| General Fund | \$ | 6,543,957 | \$ | 6,856,156 | \$ | 312,199 | 4.8 |
| Cash Funds | | 2,413,554 | | 3,222,094 | | 808,540 | 33.5 |
| Cash Funds Exempt | | 23,754,809 | | 23,722,066 | | (32,743) | (0.1) |
| Federal Funds | | 800,790 | | 823,591 | | 22,801 | 2.8 |
| Total | \$ | 33,513,110 | \$ | 34,623,907 | | 1,110,797 | 3.3 |
| FTE | | 335.7 | | 337.3 | | 1.6 | 0.5 |

Administration

| | | | | | | | |
|-------------------|-----------|------------------|-----------|------------------|--|------------------|-------------|
| General Fund | \$ | 864,580 | \$ | 1,112,253 | | 247,673 | 28.6 |
| Cash Funds | | 24,814 | | 217,148 | | 192,334 | 775.1 |
| Cash Funds Exempt | | 3,675,963 | | 4,412,085 | | 736,122 | 20.0 |
| Federal Funds | | 38,934 | | 64,505 | | 25,571 | 65.7 |
| Total | \$ | 4,604,291 | \$ | 5,805,991 | | 1,201,700 | 26.1 |
| FTE | | 37.7 | | 38.7 | | 1.0 | 2.7 |

The increase of 1.0 FTE reflects the approval of a decision item related to implementation of courtroom presentation technology.

The recommended General Fund increase includes the following: (1) \$151,000 for salary survey; (2) \$77,000 for performance-based pay awards; and (3) \$30,000 for health, life and dental. These are minimally offset by \$12,000 in operating expenses that were refinanced with indirect cost recoveries.

The recommended cash funds appropriation includes the following increases: (1) \$54,000 for capitol complex leased space; (2) \$47,000 related to health, life and dental; (3) \$36,000 for information technology asset maintenance; (4) \$27,000 for salary survey; (5) \$15,000 for performance-based pay awards; (6) \$5,000 for administrative law judges; (7) \$5,000 for the purchase of central computer services; and (8) \$4,000 for workers' compensation.

| | 2003-04 Appropriation | 2004-05 Recommendation | Net Change | % Change |
|--|--------------------------|---------------------------|---------------|-------------|
|--|--------------------------|---------------------------|---------------|-------------|

The cash funds exempt recommendation includes the following increases: (1) \$323,000 for salary survey; (2) \$186,000 for performance-based pay awards; (3) \$164,000 for information technology asset maintenance; (4) \$46,000 for a new FTE as previously described; and (5) \$22,000 for health, life and dental. This is partially offset by a decrease of \$8,000 for capitol complex leased space costs.

The federal funds recommendation includes increases for salary survey and performance-based pay awards.

Legal Services to State Agencies

| | | | | | | | |
|-------------------|----|------------|----|------------|----|-----------|-------|
| Cash Funds | \$ | 520,000 | \$ | 520,000 | \$ | 0 | 0.0 |
| Cash Funds Exempt | | 16,676,121 | | 16,242,223 | | (433,898) | (2.6) |
| Total | \$ | 17,196,121 | \$ | 16,762,223 | | (433,898) | (2.5) |
| FTE | | 194.2 | | 194.8 | | 0.6 | 0.3 |

The increase of 0.6 FTE reflects additional legal services hours provided to state agencies in FY 2004-05.

The cash funds exempt recommendation includes the elimination of \$255,000 for special bills in FY 2003-04 and \$180,000 related to FY 2003-04 supplementals.

Criminal Justice and Appellate

| | | | | | | | |
|-------------------|----|-----------|----|-----------|--|----------|-------|
| General Fund | \$ | 3,175,237 | \$ | 3,110,262 | | (64,975) | (2.0) |
| Cash Funds | | 1,284,998 | | 1,400,782 | | 115,784 | 9.0 |
| Cash Funds Exempt | | 731,471 | | 675,273 | | (56,198) | (7.7) |
| Federal Funds | | 761,856 | | 759,086 | | (2,770) | (0.4) |
| Total | \$ | 5,953,562 | \$ | 5,945,403 | | (8,159) | (0.1) |
| FTE | | 65.0 | | 65.0 | | 0.0 | |

| | 2003-04 Appropriation | 2004-05 Recommendation | Net Change | %Change |
|--|--------------------------|---------------------------|---------------|---------|
|--|--------------------------|---------------------------|---------------|---------|

The General Fund recommendation includes the elimination of \$57,000 for the Peace Officers Standards and Training (P.O.S.T.) Board, and \$8,000 related to personal services base reductions.

The cash funds recommendation reflects an increase of \$61,000 for indirect cost recoveries, and the addition of \$55,000 for the P.O.S.T. Board.

The cash funds exempt recommendation reflects the elimination of fund reserves from the P.O.S.T. Board appropriation.

The federal funds recommendation remains essentially unchanged from that of the prior fiscal year.

Water and Natural Resources

| | | | | | |
|-------------------|----|-----------|--------------|-----------|--------|
| General Fund | \$ | 525,019 | \$ 613,989 | 88,970 | 16.9 |
| Cash Funds Exempt | | 1,154,294 | 1,019,004 | (135,290) | (11.7) |
| Total | \$ | 1,679,313 | \$ 1,632,993 | (46,320) | (2.8) |
| FTE | | 9.8 | 9.8 | 0.0 | |

The General Fund recommendation includes an increase of \$100,000 for the CERCLA program due to revenue shortfalls in the Hazardous Substance Response Fund. This increase is partially offset by a \$10,000 decrease for consultant expenses.

The cash funds exempt recommendation includes a decrease of \$112,000 to reflect revenue shortfalls in the Hazardous Substance Response Fund as well as a reduction of \$60,000 for the Arkansas and Republican River lawsuits. These amounts are partially offset by an increase of \$36,000 for indirect cost recoveries.

| | 2003-04 | 2004-05 | Net | % |
|--|---------------|----------------|--------|--------|
| | Appropriation | Recommendation | Change | Change |

Consumer Protection

| | | | | | | | |
|-------------------|----|-----------|----|-----------|----|-----------|--------|
| General Fund | \$ | 680,232 | \$ | 677,664 | \$ | (2,568) | (0.4) |
| Cash Funds | | 583,742 | | 1,084,164 | | 500,422 | 85.7 |
| Cash Funds Exempt | | 1,091,960 | | 582,281 | | (509,679) | (46.7) |
| Total | \$ | 2,355,934 | \$ | 2,344,109 | | (11,825) | (0.5) |
| FTE | | 29.0 | | 29.0 | | 0.0 | |

The General Fund recommendation is essentially unchanged from that of the prior fiscal year.

The cash funds and cash funds exempt recommendations reflect a shift from fund reserves to fee revenue in both the Collection Agency Board and the Uniform Consumer Credit Code programs as well as their respective indirect cost recoveries.

Special Purpose

| | | | | | | | |
|-------------------|----|-----------|----|-----------|--|---------|------|
| General Fund | \$ | 1,298,889 | \$ | 1,341,988 | | 43,099 | 3.3 |
| Cash Funds Exempt | | 425,000 | | 791,200 | | 366,200 | 86.2 |
| Total | \$ | 1,723,889 | \$ | 2,133,188 | | 409,299 | 23.7 |
| FTE | | 0.0 | | 0.0 | | 0.0 | |

The recommended General Fund appropriation reflects the creation of a line item for statewide legal services hours to ensure compliance with the provisions of the Health Insurance Portability and Accountability Act (HIPAA).

The cash funds exempt recommendation reflects the restoration of \$266,000 for the Trinidad Correctional Facility construction litigation and an increase of \$100,000 in spending authority for the Litigation Management and Technology Fund, which enables the Department to address minor and unanticipated legal issues as well as to fund smaller dollar information technology projects that have been previously approved by the General Assembly.

SUMMARY

LEGISLATIVE DEPARTMENT

The proposed FY 2004-05 budget includes recommendations which:

- Provide an increase of \$68,000 for capitol complex leased space; and
- Provide a net increase of \$50,000 for the annual Property Tax Study.

| | 2003-04 | 2004-05 | Net | % |
|--|---------------|----------------|--------|--------|
| | Appropriation | Recommendation | Change | Change |

LEGISLATIVE DEPARTMENT

| | | | | | |
|----------------------|----|--------------|--------------|---------|-----|
| Total - General Fund | \$ | 2,225,332 \$ | 2,358,207 \$ | 132,875 | 6.0 |
|----------------------|----|--------------|--------------|---------|-----|

Legislative Council

| | | | | | |
|----------------------|----|--------------|--------------|--------|-----|
| Total - General Fund | \$ | 1,142,322 \$ | 1,192,322 \$ | 50,000 | 4.4 |
|----------------------|----|--------------|--------------|--------|-----|

The recommendation includes an increases of \$50,000 for the annual Property Tax Study.

General Assembly

| | | | | | |
|----------------------|----|--------------|--------------|--------|-----|
| Total - General Fund | \$ | 1,083,010 \$ | 1,165,885 \$ | 82,875 | 7.7 |
|----------------------|----|--------------|--------------|--------|-----|

The appropriation consists of the following components: (1) funding for legal services at a continuing level of service, but at a slight rate increase; (2) funding for purchase of services from the computer center; (3) funding for workers' compensation, capitol complex leased space and payment to risk management and property funds based on common policy. The majority of the increase is due to increased cost for capitol complex leased space.

SUMMARY

DEPARTMENT OF LOCAL AFFAIRS

The proposed FY 2004-05 budget includes recommendations which:

- Add 1.5 FTE to reflect additional federal funds to administer workforce improvement grants and housing programs;
- Refinance with federal funds 1.0 FTE assigned to housing programs and currently funded with General Fund and mineral and energy impact funds; and
- Reflect projected changes in statutorily dedicated cash revenues and federal funds, including:
 - a \$1.2 million increase in federal Community Development Block Grant funds administered by the Department;
 - a \$1.0 million increase in expenditures from the Disaster Emergency Response Fund;
 - an \$890,000 increase in federal Section 8 rental assistance vouchers;
 - a \$184,000 increase in federal Community Services Block Grant funds administered by the Department;
 - a \$3.7 million decrease in estimated Conservation Trust Fund Disbursements from the estimate at this point in time last year;
 - a \$1.9 million decrease in federal affordable housing construction grants and loans;
 - a \$561,000 decrease in federal disaster emergency response funds; and
 - an \$88,000 decrease in estimated Local Government Limited Gaming Impact Grants from the estimate at this point in time last year.

| | 2003-04 | 2004-05 | Net | % |
|--|---------------|----------------|--------|--------|
| | Appropriation | Recommendation | Change | Change |

DEPARTMENT OF LOCAL AFFAIRS

| | | | | |
|-------------------|-----------------------|-----------------------|--------------------|--------------|
| General Fund | \$ 4,755,544 | \$ 4,955,244 | \$ 199,700 | 4.2 |
| Cash Funds | 25,100,161 | 25,439,159 | 338,998 | 1.4 |
| Cash Funds Exempt | 101,519,458 | 99,200,426 | (2,319,032) | (2.3) |
| Federal Funds | 48,742,407 | 48,392,667 | (349,740) | (0.7) |
| Total | \$ 180,117,570 | \$ 177,987,496 | (2,130,074) | (1.2) |
| FTE | 172.1 | 174.1 | 2.0 | |

Executive Director's Office

| | | | | |
|-------------------|---------------------|---------------------|---------------|------------|
| General Fund | \$ 1,543,792 | \$ 993,281 | (550,511) | (35.7) |
| Cash Funds | 70,960 | 128,430 | 57,470 | 81.0 |
| Cash Funds Exempt | 1,063,138 | 1,862,410 | 799,272 | 75.2 |
| Federal Funds | 953,271 | 730,883 | (222,388) | (23.3) |
| Total | \$ 3,631,161 | \$ 3,715,004 | 83,843 | 2.3 |
| FTE | 18.0 | 19.0 | 1.0 | |

The recommended increase of 1.0 FTE reflects additional federally funded staff to administer workforce improvement grants.

The recommended decrease in General Fund is primarily attributable to consolidating in the Executive Director's Office all of the indirect cost recoveries allocated in the Department to offset the need for General Fund. This action has no statewide impact as each division in the Department where indirect cost recoveries were previously allocated has a corresponding increase in General Fund expenditures. Small miscellaneous changes in centrally appropriated items also contribute to the dollar change.

The increase in cash funds is attributable to small miscellaneous changes in centrally appropriated items.

The increase in cash funds exempt is primarily due to consolidating in the Executive

| | 2003-04 | 2004-05 | Net | % |
|--|---------------|----------------|--------|--------|
| | Appropriation | Recommendation | Change | Change |

Director's Office all of the indirect cost recoveries allocated in the Department to offset the need for General Fund. Also contributing to the dollar change is a \$26,000 increase in information technology asset maintenance paid for with mineral and energy impact funds, a \$146,000 increase for salary increases and health benefits, and small miscellaneous changes in centrally appropriated items.

The decrease in federal funds is attributable to an anticipated \$300,000 reduction in Workforce Improvement Grants, partially offset by the net impact of small miscellaneous changes in centrally appropriated items.

Property Taxation

| | | | | | | | |
|-------------------|----|-----------|----|-----------|----|----------|--------|
| General Fund | \$ | 1,714,542 | \$ | 1,758,890 | \$ | 44,348 | 2.6 |
| Cash Funds | | 635,300 | | 634,029 | | (1,271) | (0.2) |
| Cash Funds Exempt | | 902,263 | | 804,931 | | (97,332) | (10.8) |
| Total | \$ | 3,252,105 | \$ | 3,197,850 | | (54,255) | (1.7) |
| FTE | | 53.5 | | 53.5 | | 0.0 | |

The recommended increase in General Fund and most of the decrease in Cash Funds Exempt is attributable to consolidating in the Executive Director's Office all of the indirect cost recoveries allocated in the Department to offset the need for General Fund.

The remaining Cash Funds Exempt change is due to a decrease in the indirect cost assessment against this division.

Division of Housing

| | | | | | | | |
|-------------------|----|------------|----|------------|----|-----------|--------|
| General Fund | \$ | 184,504 | \$ | 415,222 | \$ | 230,718 | 125.0 |
| Cash Funds | | 957,753 | | 909,873 | | (47,880) | (5.0) |
| Cash Funds Exempt | | 332,184 | | 152,324 | | (179,860) | (54.1) |
| Federal Funds | | 27,161,565 | | 26,282,612 | | (878,953) | (3.2) |
| Total | \$ | 28,636,006 | \$ | 27,760,031 | | (875,975) | (3.1) |

| | 2003-04 Appropriation | 2004-05 Recommendation | Net Change | % Change |
|--|--------------------------|---------------------------|---------------|-------------|
|--|--------------------------|---------------------------|---------------|-------------|

| | | | | |
|-----|------|------|--|-----|
| FTE | 27.9 | 28.4 | | 0.5 |
|-----|------|------|--|-----|

The change in FTE is attributable to refinancing 1.0 FTE currently funded with General Fund and mineral and energy impact funds using federal funds, and an anticipated increase of 0.5 FTE to administer federally funded housing programs.

The recommended General Fund increase represents the net impact of: 1) a \$100,000 increase for Colorado Affordable Housing Construction Grants and Loans; 2) a \$171,000 increase to compensate for consolidating in the Executive Director's Office all of the indirect cost recovery allocations; and 3) a \$39,000 decrease for refinancing 1.0 FTE housing program staff with federal funds.

The recommended cash funds decrease is primarily attributable to a decrease in the indirect cost assessment against this division.

The recommended cash funds exempt decrease is primarily attributable to consolidating in the Executive Director's Office all of the indirect cost recovery allocations. Also contributing to the change is a \$13,000 decrease for refinancing 1.0 FTE with federal funds.

The recommended decrease in federal funds is primarily due to a projected \$1,867,000 decrease in federal affordable housing construction grants and loans, partially offset by an anticipated \$890,000 increase in Section 8 rental assistance vouchers administered by the Department, and \$79,000 for the increases in federally funded FTE described above.

Division of Local Government

| | | | | | | |
|-------------------|--------|-----------------|--------|-----------------|-----------------|-----------|
| General Fund | \$ | 1,312,706 | \$ | 1,787,851 | 475,145 | 36.2 |
| Cash Funds | | 23,436,148 | | 23,766,827 | 330,679 | 1.4 |
| Cash Funds Exempt | | 99,221,873 | | 96,380,761 | (2,841,112) | (2.9) |
| Federal Funds | | 20,627,571 | | 21,379,172 | 751,601 | 3.6 |
| Total | \$ | 144,598,298 | \$ | 143,314,611 | (1,283,687) | (0.9) |
| FTE | | 72.7 | | 73.2 | | 0.5 |

The recommended increase in FTE reflects an additional 0.5 FTE for a federal grant from

| 2003-04 Appropriation | 2004-05 Recommendation | Net Change | % Change |
|--------------------------|---------------------------|---------------|-------------|
|--------------------------|---------------------------|---------------|-------------|

the Environmental Protection Agency.

The recommended General Fund increase compensates for the reduction of indirect cost recovery allocations which offset General Fund in the division.

The cash funds increase is due to a projected increase in waste tire funds for recycling, reuse, and removal grants.

The cash funds exempt decrease is primarily attributable to: 1) a \$3,700,000 decrease in estimated Conservation Trust Fund Disbursements; 2) an \$87,718 decrease in estimated Local Government Limited Gaming Impact Grants; 3) a \$478,000 decrease due to consolidating in the Executive Director's Office all of the indirect cost recovery allocations; and 4) a \$1,001,000 increase in expenditures from the Disaster Emergency Response Fund for reimbursements to local responders for disasters that occurred in prior years.

The federal funds increase reflects the following anticipated changes: 1) a \$1,173,000 increase in Community Development Block Grant funds administered by the Department; 2) a \$184,000 increase in Community Services Block Grant funds administered by the Department; 3) a \$50,000 increase for an Environmental Protection Agency Water/Sewer File Project; 4) a \$561,000 decrease in federal disaster emergency response funds; and 5) a \$102,000 decrease in indirect cost assessments charged to federal funds in this division.

SUMMARY

DEPARTMENT OF MILITARY AND VETERANS AFFAIRS

The proposed FY 2004-05 budget includes recommendations that:

- Increase General Fund appropriations by \$47,000 for salary survey and \$24,000 for performance-based pay;
- Continue FY 2003-04 base funding for National Guard tuition assistance at \$175,803;
- Reduce cash funds exempt revenue to the Colorado State Veterans Trust Fund by \$27,000, based on the anticipated annual payment under the tobacco litigation Master Settlement Agreement;
- Provide for a decrease of \$28,000 cash funds exempt for allowable expenditures from the Colorado State Veterans Trust Fund; and
- Reflect an increase of 28.0 FTE for federally-funded positions.

| | 2003-04 | 2004-05 | Net | % |
|--|---------------|----------------|--------|--------|
| | Appropriation | Recommendation | Change | Change |

DEPARTMENT OF MILITARY AND VETERANS AFFAIRS

| | | | | | | | |
|-------------------|----|-------------|----|-------------|----|----------|-------|
| General Fund | \$ | 3,897,319 | \$ | 3,952,227 | \$ | 54,908 | 1.4 |
| Cash Funds | | 25,117 | | 26,244 | | 1,127 | 4.5 |
| Cash Funds Exempt | | 2,086,791 | | 2,051,821 | | (34,970) | (1.7) |
| Federal Funds | | 122,156,060 | | 122,220,128 | | 64,068 | 0.1 |
| Total | \$ | 128,165,287 | \$ | 128,250,420 | \$ | 85,133 | 0.1 |
| FTE | | 1,156.8 | | 1,184.8 | | 28.0 | |

Executive Director and Army National Guard

| | | | | | | | |
|-------------------|----|-----------|----|-----------|----|---------|------|
| General Fund | \$ | 2,982,435 | \$ | 3,023,904 | \$ | 41,469 | 1.4 |
| Cash Funds | | 25,117 | | 26,244 | | 1,127 | 4.5 |
| Cash Funds Exempt | | 84,012 | | 106,270 | | 22,258 | 26.5 |
| Federal Funds | | 2,562,258 | | 2,851,380 | | 289,122 | 11.3 |
| Total | \$ | 5,653,822 | \$ | 6,007,798 | \$ | 353,976 | 6.3 |
| FTE | | 44.2 | | 50.2 | | 6.0 | |

The recommendation includes an increase of 6.0 federally-funded FTE as a part of the Army National Guard Cooperative Agreements.

The General Fund recommendation includes a net increase of \$41,500 that is due to: (1) \$71,000 for salary survey and senior executive service and performance-based pay; (2) \$33,000 for increased workers' compensation costs; (3) \$12,000 for increases in the the Department's contribution to Capitol Complex costs; (4) \$6,500 for health, life and dental, (5) \$1,000 for computer services, and (6) \$1,000 for leased space. These increases are partially offset by the following: (1) a decrease of \$63,500 in utilities costs (due to not including the FY 2003-04 supplemental in the base); (2) a decrease of \$10,500 for reduced statewide costs for property insurance and risk management; (3) a decrease of \$5,000 for vehicle leases; (4) a decrease of \$3,000 in the personal services line; and (5) a decrease of \$1,000 for communication services.

| | 2003-04 Appropriation | 2004-05 Recommendation | Net Change | % Change |
|--|--------------------------|---------------------------|---------------|-------------|
|--|--------------------------|---------------------------|---------------|-------------|

The recommended increase in cash funds exempt primarily reflects centrally appropriated items, including health, life and dental; short-term disability; salary survey, and performance-based pay. A total of \$3,000 in new cash and cash funds exempt spending authority is also provided for a program to use National Guard facilities and equipment for distance learning activities.

The recommended \$289,000 increase in federal funds includes: (1) an increase of \$105,000 in National Guard cooperative agreements; (2) an increase of \$71,000 for health, life and dental; (3) an increase of \$80,000 for salary survey and performance-based pay; (5) an increase of \$28,000 for workers' compensation coverage; and (6) an increase of \$17,000 for capitol complex leased space. These recommended increases are partially offset by a federal funds decrease of \$16,000 for utilities.

Division of Veterans Affairs

| | | | | | | |
|-------------------|----|-----------|----|-----------|----------|-------|
| General Fund | \$ | 375,554 | \$ | 374,875 | (679) | (0.2) |
| Cash Funds Exempt | | 2,002,779 | | 1,945,551 | (57,228) | (2.9) |
| Federal Funds | | 36,000 | | 36,000 | 0 | 0.0 |
| Total | \$ | 2,414,333 | \$ | 2,356,426 | (57,907) | (2.4) |
| FTE | | 10.5 | | 10.5 | 0.0 | |

The General Fund recommendation for the Division of Veterans Affairs includes a 0.2 percent base reduction for personal services in the Veterans Service Operations line.

The cash funds exempt recommendation of a \$57,000 decrease includes: (1) \$28,000 from the allowable expenditures from the Colorado State Veterans Trust Fund; and (2) \$27,000 from revenues to the Colorado State Veterans Trust Fund. (The recommended FY 2004-05 Long Bill appropriates up to 75 percent of Colorado State Veterans Trust Fund revenues for expenditures in the division.)

| | 2003-04 | 2004-05 | Net | % |
|--|---------------|----------------|--------|--------|
| | Appropriation | Recommendation | Change | Change |

Air National Guard

| | | | | | | | |
|---------------|----|-----------|----|-----------|----|-----------|-------|
| General Fund | \$ | 429,365 | \$ | 428,506 | \$ | (859) | (0.2) |
| Federal Funds | | 2,830,598 | | 2,605,544 | | (225,054) | (8.0) |
| Total | \$ | 3,259,963 | \$ | 3,034,050 | | (225,913) | (6.9) |
| FTE | | 46.1 | | 46.1 | | 0.0 | |

The Air National Guard recommendation implements a new line to separate aspects of the Air National Guard program that are fully federally funded from components of the program that require a General Fund match.

The recommended \$859 decrease in General Fund is the result of a 0.2 percent personal services base reduction.

The recommended decrease of \$225,000 in federal funds includes a decrease of \$222,000 in operating costs for the Security for Space Command Facility at Greeley line. The remaining decrease of \$3,000 in federal funds is the result of personal services base reductions.

Federal Funded Programs

| | | | | | | | |
|-----------------------|----|-------------|----|-------------|--|------|-----|
| Total - Federal Funds | \$ | 116,727,204 | \$ | 116,727,204 | | 0 | 0.0 |
| FTE | | 1,055.0 | | 1,077.0 | | 22.0 | |

The recommendation includes an increase of 22.0 FTE for federal funded programs.

These funds are shown for informational purposes only, and are intended to illustrate the scope of the Department's activities. The reflected federal funds do not flow through the state's accounting system. All figures are estimates based on the federal fiscal year and do not reflect any changes from the FY 2002-03 appropriation.

| | 2003-04 | 2004-05 | Net | % |
|--|---------------|----------------|--------|--------|
| | Appropriation | Recommendation | Change | Change |

Civil Air Patrol

| | | | | | | | |
|----------------------|----|---------|----|---------|----|--------|------|
| Total - General Fund | \$ | 109,965 | \$ | 124,942 | \$ | 14,977 | 13.6 |
| FTE | | 1.0 | | 1.0 | | 0.0 | |

The recommended net General Fund increase of \$15,000 includes an increase of \$20,000 to provide state funding for replacement of two radio communications repeaters in FY 2004-05. This increase is partially offset by a decrease of \$4,900 General Fund related to the payday shift in July 2003.

SUMMARY

DEPARTMENT OF NATURAL RESOURCES

The proposed FY 2004-05 budget includes recommendations which:

- Reduce the Executive Director's Office by \$100,000 cash funds exempt and 1.0 FTE;
- Fund an increase of \$0.2 million cash funds and 1.0 FTE for Oil and Gas Conservation Commission permitting workload-related increases;
- Fund a net increase of \$0.2 million for the State Board of Land Commissioners for an imaging project and for land use planning and engineering contract resources;
- Refinance \$360,000 General Fund in the Parks and Outdoor Recreation Division with a \$260,000 from the Parks and Outdoor Recreation Cash Fund and \$100,000 cash funds exempt from excess statewide indirect cost recoveries;
- Fund an increase of \$18,000 cash funds in the Weather Permitting Program in the Colorado Water Conservation Board;
- Fund an increase of 2.0 FTE and \$90,000 General Fund in the Division of Water Resources (State Engineer's Office) to address workload issues in Water Divisions 2 and 7; and
- Reduce the Division of Wildlife by \$400,000 cash funds exempt associated with spending authority to better reflect historical and anticipated spending.

| | 2003-04 | 2004-05 | Net | % |
|--|---------------|----------------|--------|--------|
| | Appropriation | Recommendation | Change | Change |

DEPARTMENT OF NATURAL RESOURCES

| | | | | | |
|-------------------|----|----------------|----------------|-----------|-----|
| General Fund | \$ | 19,710,055 \$ | 20,938,406 \$ | 1,228,351 | 6.2 |
| Cash Funds | | 38,046,364 | 38,353,451 | 307,087 | 0.8 |
| Cash Funds Exempt | | 94,945,569 | 95,594,991 | 649,422 | 0.7 |
| Federal Funds | | 16,399,689 | 16,465,643 | 65,954 | 0.4 |
| Total | \$ | 169,101,677 \$ | 171,352,491 \$ | 2,250,814 | 1.3 |
| FTE | | 1,532.2 | 1,538.7 | 6.5 | |

Executive Director's Office

| | | | | | |
|-------------------|----|---------------|---------------|-----------|------|
| General Fund | \$ | 4,363,111 \$ | 5,899,211 \$ | 1,536,100 | 35.2 |
| Cash Funds | | 5,288,155 | 5,523,810 | 235,655 | 4.5 |
| Cash Funds Exempt | | 9,814,111 | 12,220,432 | 2,406,321 | 24.5 |
| Federal Funds | | 1,024,900 | 1,171,692 | 146,792 | 14.3 |
| Total | \$ | 20,490,277 \$ | 24,815,145 \$ | 4,324,868 | 21.1 |
| FTE | | 57.6 | 56.6 | (1.0) | |

The recommendation is for a 1.0 FTE reduction, associated with the recommended reduction of \$100,000 cash funds exempt from statewide indirect cost assessments.

The General Fund increase recommended is attributable to increases in centrally appropriated items such as health, life, dental, salary survey and performance based pay.

The cash funds recommendation includes increases in centrally appropriated items such as health, life, dental salary survey and performance-based pay.

| | 2003-04 | 2004-05 | Net | % |
|--|----------------------|-----------------------|---------------|---------------|
| | <u>Appropriation</u> | <u>Recommendation</u> | <u>Change</u> | <u>Change</u> |

The net cash funds exempt increase includes increases in centrally appropriated items such as health, life, dental salary survey and performance based pay. Slightly offsetting these increases is a reduction of \$100,000 funded with statewide indirect cost assessments that is added instead to the Division of Parks and Outdoor Recreation.

The recommended federal funds increase reflected is attributable to increases in centrally appropriated items, as noted above.

Minerals and Geology

| | | | | | |
|-------------------|--------|---------------|------------------|------------|---------|
| Cash Funds | \$ | 2,875,729 | \$ 2,962,451 | 86,722 | 3.0 |
| Cash Funds Exempt | | 93,798 | 87,493 | (6,305) | (6.7) |
| Federal Funds | | 2,723,221 | 2,708,197 | (15,024) | (0.6) |
| Total | \$ | 5,692,748 | \$ 5,758,141 | 65,393 | 1.1 |
| FTE | | 65.7 | 65.7 | 0.0 | |

The recommended net cash funds increase is primarily attributable to increased departmental and statewide indirect cost assessments, offset slightly by the application of a 0.2 percent personal services base reduction.

The recommended cash funds exempt decrease is attributable to a slight change in financing to reflect lower spending from the Mined Land Reclamation Fund reserves.

The recommended decrease in federal funds reflected is attributable to lower federal funds anticipated.

Geological Survey

| | | | | | |
|-------------------|----|-----------|--------------|---------|-------|
| Cash Funds | \$ | 2,260,865 | \$ 2,257,989 | (2,876) | (0.1) |
| Cash Funds Exempt | | 1,162,392 | 1,159,473 | (2,919) | (0.3) |
| Federal Funds | | 1,166,479 | 1,166,479 | 0 | 0.0 |

| | | 2003-04 | 2004-05 | Net | % |
|-------|----|----------------------|-----------------------|---------------|---------------|
| | | <u>Appropriation</u> | <u>Recommendation</u> | <u>Change</u> | <u>Change</u> |
| Total | \$ | 4,589,736 | \$ 4,583,941 | (5,795) | (0.1) |
| FTE | | 37.0 | 37.0 | 0.0 | |

The recommended cash fund and cash funds exempt net decreases are attributable to the application of a 0.2 percent personal services base reduction.

Oil and Gas Conservation Commission

| | | | | | |
|-------------------|----|-----------|--------------|-----------|--------|
| Cash Funds | \$ | 2,778,453 | \$ 2,497,127 | (281,326) | (10.1) |
| Cash Funds Exempt | | 412,640 | 900,000 | 487,360 | 118.1 |
| Federal Funds | | 99,133 | 104,993 | 5,860 | 5.9 |
| Total | \$ | 3,290,226 | \$ 3,502,120 | 211,894 | 6.4 |
| FTE | | 34.0 | 35.0 | 1.0 | |

The recommended 1.0 FTE increase is associated with increased workload at the Division resulting from increases in active wells and drilling permits.

The recommended net decrease in cash funds is primarily attributable to the refinancing of cash funds from the Operational Account of the Severance Tax Trust Fund with \$0.5 million cash funds exempt funds from the Oil and Gas Environmental Response Fund reserves for FY 2004-05. Offsetting this decrease somewhat is approximately \$0.2 million to fund oil and gas permitting workload increases and to fund an indexing and scanning project.

The recommended increase in cash funds exempt is attributable to the cash fund refinancing with Oil and Gas Environmental Response Fund reserves for FY 2004-05, in order to maintain the balance of the Fund closer to the statutory authorized level of \$1.0 million.

The federal funds increase reflects the anticipated federal receipts.

| | 2003-04 | 2004-05 | Net | % |
|--|---------------|----------------|--------|--------|
| | Appropriation | Recommendation | Change | Change |

State Board of Land Commissioners

| | | | | | |
|-------------------|----|--------------|--------------|---------|-----|
| Cash Funds | \$ | 40,000 \$ | 40,000 \$ | 0 | 0.0 |
| Cash Funds Exempt | | 3,335,513 | 3,527,843 | 192,330 | 5.8 |
| Total | \$ | 3,375,513 \$ | 3,567,843 \$ | 192,330 | 5.7 |
| FTE | | 34.0 | 34.0 | 0.0 | |

The cash funds exempt recommendation is attributable to increases of (1) \$199,000 for an imaging project; (2) \$92,000 for land use planning and engineering contract resources; and (3) \$10,800 for indirect cost assessments. These increases are partially offset by (1) the discontinuation of \$104,000 in one-time FY 2003-04 funding for the Stewardship Trust administration and baseline inventory and (2) the discontinuation of \$1,700 in one-time start-up expenses for the Lowry Range Project; and (3) reductions of \$4,300 associated with the application of a 0.2 percent personal services base reduction.

Parks and Outdoor Recreation

| | | | | | |
|-------------------|----|---------------|---------------|-----------|--------|
| General Fund | \$ | 3,230,366 \$ | 2,831,763 \$ | (398,603) | (12.3) |
| Cash Funds | | 17,891,874 | 18,150,983 | 259,109 | 1.4 |
| Cash Funds Exempt | | 4,403,326 | 4,940,060 | 536,734 | 12.2 |
| Federal Funds | | 1,027,915 | 888,931 | (138,984) | (13.5) |
| Total | \$ | 26,553,481 \$ | 26,811,737 \$ | 258,256 | 1.0 |
| FTE | | 246.4 | 250.6 | 4.2 | |

The 4.2 FTE increase recommended is due to increases of 1.0 FTE for the Navajo State Park marina operations, 1.0 FTE for the opening of Cheyenne Mountain State Park, and 2.2 FTE for Great Outdoors Colorado (GOCO) projects.

The General Fund decrease recommended is attributable to refinancing with \$260,000 from

| | 2003-04 | 2004-05 | Net | % |
|--|----------------------|-----------------------|---------------|---------------|
| | <u>Appropriation</u> | <u>Recommendation</u> | <u>Change</u> | <u>Change</u> |

the Parks and Outdoor Recreation Cash Fund for FY 2004-05, \$100,000 from excess statewide indirect cost recoveries, and \$37,000 General Fund in Great Outdoors Colorado (GOCO) cash funds exempt.

The cash funds increase is attributable to the \$260,000 refinancing of the General Fund with Parks and Outdoor Recreation Cash Funds, noted above, and to funding of new initiatives.

The cash funds exempt increase recommended is primarily attributable to increased GOCO grants and \$100,000 in statewide indirect cost recoveries used in this Division instead of in the Executive Director's Office.

The federal fund decrease recommended reflects a more realistic estimate of the amount of federal funds anticipated to be received from the United States Coast Guard.

Colorado Water Conservation Board

| | | | | | |
|-------------------|----|-----------|--------------|-------------|--------|
| Cash Funds | \$ | 931,879 | \$ 949,777 | 17,898 | 1.9 |
| Cash Funds Exempt | | 5,834,092 | 3,898,765 | (1,935,327) | (33.2) |
| Federal Funds | | 96,358 | 100,195 | 3,837 | 4.0 |
| | | | | | |
| Total | \$ | 6,862,329 | \$ 4,948,737 | (1,913,592) | (27.9) |
| FTE | | 38.5 | 38.5 | 0.0 | |

The recommended cash funds increase is attributable to an increase in funding for the Weather Modification Program.

The recommended cash funds exempt decrease is primarily attributable to the discontinuation of \$1.9 million from the Colorado Water Conservation Board Construction Fund reserves appropriated in S.B. 03-110 for FY 2003-04. Also contributing to the reduction are decreases of (1) \$16,000 associated with lower anticipated receipts for the Colorado Watershed Protection Fund based on historical experience; (2) \$7,500 associated with indirect cost assessment financing; (3) \$6,600 attributable to the application of a 0.2 percent

| | 2003-04 | 2004-05 | Net | % |
|--|----------------------|-----------------------|---------------|---------------|
| | <u>Appropriation</u> | <u>Recommendation</u> | <u>Change</u> | <u>Change</u> |

personal services base reduction, and (4) \$4,700 associated with the elimination of dam site inventory funding, given that such inventories were completed in 1997.

The slight increase in federal funds reflected is associated with the slightly higher federal funds anticipated, appropriated to pay for the higher indirect cost assessment.

Water Resources Division

| | | | | | |
|-------------------|--------|----------------|-------------------|---------------|-----------|
| General Fund | \$ | 12,116,578 | \$ 12,207,432 | 90,854 | 0.8 |
| Cash Funds | | 5,979,409 | 5,971,314 | (8,095) | (0.1) |
| Cash Funds Exempt | | 1,095,189 | 538,541 | (556,648) | (50.8) |
| Federal Funds | | 15,549 | 88,600 | 73,051 | 469.8 |
| Total | \$ | 19,206,725 | \$ 18,805,887 | (400,838) | (2.1) |
| FTE | | 254.8 | 257.1 | 2.3 | |

The 2.3 FTE increase is comprised of 2.0 FTE to address water administration workload issues in Water Divisions 2 and 7, and annualization of 0.3 FTE for Republican River Compact Compliance staff added in FY 2003-04.

The recommended General Fund increase is attributable to the 2.0 FTE workload related increase in Water Divisions 2 and 7.

The slight decrease in the cash funds recommended is primarily attributable to the discontinuation of one-time start-up appropriations made in 2003 special legislation.

The cash funds exempt decrease recommended is primarily attributable to: (1) the discontinuation of \$403,000 in one-time FY 2003-04 appropriations authorized in S.B. 03-110 (water projects bill); (2) the elimination of \$56,000 in one-time costs FY 2003-04 associated with the payday shift technical corrections; (3) the elimination of \$58,000 associated with one-time funding for mileage increases in FY 2003-04, and (4) the

| | 2003-04 | 2004-05 | Net | % |
|--|----------------------|-----------------------|---------------|---------------|
| | <u>Appropriation</u> | <u>Recommendation</u> | <u>Change</u> | <u>Change</u> |

elimination of \$25,000 authorized in H.B. 03-1318 (water banking); and (5) a \$14,000 decrease associated with changes in the financing for indirect cost assessments.

The recommended federal funds increase reflected is attributable to anticipated increases in federal grants.

Division of Wildlife

| | | | | | | |
|-------------------|--------|----------------|--------|----------------|---------------|-----------|
| Cash Funds Exempt | \$ | 68,794,508 | \$ | 68,322,384 | (472,124) | (0.7) |
| Federal Funds | | 10,246,134 | | 10,236,556 | (9,578) | (0.1) |
| Total | \$ | 79,040,642 | \$ | 78,558,940 | (481,702) | (0.6) |
| FTE | | 764.2 | | 764.2 | 0.0 | |

The recommended net cash funds exempt decrease includes the following: (1) \$200,000 in unnecessary spending authority in the Information and Education, Operating Expenses line item; (2) \$200,000 in Support Services, Operating Expenses based on anticipated savings from the Total Licensing System implementation; (3) and \$72,000 associated with application of a 0.2 percent personal services base reduction.

The recommended federal funds decrease reflects a reduction in federal grants anticipated to be received.

SUMMARY

DEPARTMENT OF PERSONNEL AND ADMINISTRATION

The proposed FY 2004-05 budget includes recommendations which:

- Increase statewide payments by \$5.0 million cash funds and cash funds exempt for the state's workers' compensation premiums;
- Increase statewide vehicle lease payments by \$1.7 million to provide for the annualization of Colorado State Patrol vehicles replaced in FY 2003-04 and for new replacements of non-General Fund vehicles in FY 2004-05;
- Increase statewide payments by \$1.6 million cash funds and cash funds exempt for the state's property premiums;
- Increase appropriations by \$964,000, including \$384,000 General Fund, for salary survey and performance-based pay;
- Increase statewide payments by \$514,000 cash funds and cash funds exempt for the state's liability premiums;
- Provide for an increase of \$577,000, including \$96,000 General Fund and 2.0 FTE, for compliance with the Health Insurance Portability and Accountability Act of 1996 (HIPAA) security rule;
- Provide an increase of \$1.4 million cash funds exempt for various imaging and data entry projects in the Document Solutions Group;
- Refinance \$569,000 General Fund with other fund sources, including indirect cost recoveries;
- Reduce \$312,000, including \$144,000 General Fund associated with one-time increases related to the pay-date shift in FY 2003-04; and,
- Eliminate \$1.0 million cash funds exempt in one-time funding for audits of the state's telecommunications billings.

| | 2003-04 | 2004-05 | Net | % |
|--|---------------|----------------|--------|--------|
| | Appropriation | Recommendation | Change | Change |

DEPARTMENT OF PERSONNEL AND ADMINISTRATION

| | | | | | | | |
|-------------------|----|-------------|----|-------------|----|------------|-----|
| General Fund | \$ | 7,986,986 | \$ | 8,393,430 | \$ | 406,444 | 5.1 |
| Cash Funds | | 10,873,268 | | 11,690,338 | | 817,070 | 7.5 |
| Cash Funds Exempt | | 142,570,558 | | 153,552,160 | | 10,981,602 | 7.7 |
| Federal Funds | | 71,531 | | 71,531 | | 0 | 0.0 |
| Total | \$ | 161,502,343 | \$ | 173,707,459 | | 12,205,116 | 7.6 |
| FTE | | 570.1 | | 571.8 | | 1.7 | |

Executive Office

| | | | | | | | |
|-------------------|----|-----------|----|------------|--|-----------|--------|
| General Fund | \$ | 3,263,947 | \$ | 3,339,253 | | 75,306 | 2.3 |
| Cash Funds | | 250,100 | | 96,518 | | (153,582) | (61.4) |
| Cash Funds Exempt | | 4,894,272 | | 6,868,085 | | 1,973,813 | 40.3 |
| Total | \$ | 8,408,319 | \$ | 10,303,856 | | 1,895,537 | 22.5 |
| FTE | | 26.0 | | 28.0 | | 2.0 | |

The recommendation includes a net increase of 2.0 FTE which results from the following: (1) 2.0 FTE for compliance with HIPAA security rules; (2) a transfer of 1.0 FTE for assistance in budget preparation; and, (3) a decrease of 1.0 FTE for departmental communications.

The recommended \$75,000 General Fund increase includes the following changes: (1) an increase of \$384,000 in salary survey and performance-based pay; (2) an increase of \$198,000 for the department's use of services provided by the Computer Center; (3) an increase of \$96,000 for compliance with HIPAA security rules; (4) an increase of \$38,000 in costs for leased space in the Capitol Complex; and, (5) an increase of \$35,000 in costs for legal services. These increases are partially offset by decreases in the following areas: (1) \$509,000 due to increased indirect cost recoveries used to offset General Fund; (2) \$87,000 due to a refinance of the vehicle lease payment line item; (3) \$46,000 in state contributions to health, life, and dental insurance; (4) \$19,000 in risk management, including workers'

| | 2003-04 | 2004-05 | Net | % |
|--|---------------|----------------|--------|--------|
| | Appropriation | Recommendation | Change | Change |

compensation; and (5) a transfer of \$19,000 to the Division of Information Technology associated with costs for the Document Solutions Group - Pueblo.

The recommended \$154,000 cash funds net decrease is attributable to the following: (1) a decrease of \$123,000 for the financing of the department's leased space in the capitol complex; (2) a decrease of \$62,000 associated with services purchased for the Document Solutions Group - Pueblo; and (3) a decrease of \$10,000 for privately leased commercial space. These decreases are partially offset by a \$39,000 increase for salary survey, performance-based pay, and state contributions to health, life, and dental insurance, and an increase of \$2,000 in costs associated with the department's use of legal services.

The recommendation for a net increase of \$2.0 million in cash funds exempt reflects: (1) an increase of \$655,000 in salary survey, performance-based pay, and the state's contribution for health, life, and dental insurance; (2) an increase of \$481,000 associated with the department's compliance with HIPAA security rules; (3) an increase of \$448,000 in indirect costs recoveries used to offset the need for General Fund; (4) an increase of \$156,000 for the department's share of its leased space in the capitol complex; (5) an increase of \$132,000 for the department's leased space of commercial property, which includes a transfer from Central Services; (6) an increase of \$107,000 for both a refinance of and costs for replacing a portion of the department's fleet of vehicles; (7) \$48,000 associated with an additional FTE for budget preparation; and, (8) \$36,000 in risk management payments, including workers' compensation. These increases are partially offset by decreases in the following areas: (1) \$62,000 in base reductions; (2) \$24,000 for the Department's share of payments to the Computer Center; and (3) \$16,000 for a transfer to the Division of Finance and Procurement of spending authority associated with the department's use of the Document Solutions Group - Pueblo.

Human Resources

| | | | | | | | |
|-------------------|----|------------|----|------------|----|-----------|------|
| General Fund | \$ | 155,990 | \$ | 155,990 | \$ | 0 | 0.0 |
| Cash Funds | | 4,605,399 | | 5,177,780 | | 572,381 | 12.4 |
| Cash Funds Exempt | | 51,764,646 | | 58,171,602 | | 6,406,956 | 12.4 |
| Total | \$ | 56,526,035 | \$ | 63,505,372 | \$ | 6,979,337 | 12.3 |

| | 2003-04 Appropriation | 2004-05 Recommendation | Net Change | % Change |
|-----|--------------------------|---------------------------|---------------|-------------|
| FTE | 58.4 | 58.2 | (0.2) | |

The recommendation includes a decrease of 0.2 FTE which is transferred to the Executive Office for assistance in budget preparation.

The recommended \$572,000 net increase in cash funds is attributable to the following activity: (1) an increase of \$437,000 for workers' compensation premiums statewide; (2) an increase of \$77,000 for property premiums statewide; and (3) an increase of \$59,000 for liability premiums statewide.

The recommended cash funds exempt net increase of \$6.4 million reflects the following changes: (1) an increase of \$4.5 million statewide for workers' compensation premiums; (2) an increase of \$1.5 million for statewide property premiums; (3) an increase of \$455,000 for statewide liability premiums; and (4) an increase of \$20,000 for legal expenses associated with the Risk Management Program. These increases are partially offset by the following decreases: (1) \$77,000 in indirect costs assessed against the division; (2) \$58,000 in one-time costs associated with supplemental funding in FY 2003-04; and, (3) \$16,000 associated with base reductions in personal services.

Personnel Board

| | | | | | | | |
|-------------------|----|---------|----|---------|----|----------|--------|
| General Fund | \$ | 216,211 | \$ | 225,564 | \$ | 9,353 | 4.3 |
| Cash Funds | | 1,200 | | 1,200 | | 0 | 0.0 |
| Cash Funds Exempt | | 212,218 | | 190,098 | | (22,120) | (10.4) |
| Total | \$ | 429,629 | \$ | 416,862 | \$ | (12,767) | (3.0) |
| FTE | | 4.8 | | 4.8 | | 0.0 | |

The recommendation includes a net increase of \$9,400 General Fund which is attributable to less indirect costs available, which are used to offset the need for a General Fund appropriation.

The \$22,000 recommended decrease in cash funds exempt includes the following: (1) a decrease of \$12,000 in one-time costs associated with supplemental funding in FY 2003-04

| | 2003-04 Appropriation | 2004-05 Recommendation | Net Change | % Change |
|--|--------------------------|---------------------------|---------------|-------------|
|--|--------------------------|---------------------------|---------------|-------------|

and (2) an increase of \$9,400 due to less indirect costs available to offset General Fund in this division.

Central Services

| | | | | |
|-------------------|---------------|---------------|-----------|-----|
| Cash Funds | \$ 3,270,013 | \$ 3,277,930 | 7,917 | 0.2 |
| Cash Funds Exempt | 47,616,571 | 51,115,909 | 3,499,338 | 7.3 |
| Total | \$ 50,886,584 | \$ 54,393,839 | 3,507,255 | 6.9 |
| FTE | 194.3 | 191.0 | (3.3) | |

The recommendation includes a net decrease of 3.3 FTE, which is attributable to eliminating 3.0 cash funds exempt FTE associated with workload in the Document Solutions Group and transferring 0.3 cash funds exempt FTE to the Executive Office for assistance with budget preparation.

The recommended \$8,000 cash funds increase is attributable to vehicle lease payments originating from enterprise agencies within the state.

The \$3.5 million recommended net increase in cash funds exempt includes the following changes: (1) an increase of \$1.8 million associated with statewide vehicle lease payments; (2) an incremental increase of \$1.1 million associated with a data entry project for the Colorado Benefits Management System (this project will begin in FY 2003-04 with \$678,000, as included in the add-on appropriation for the Department of Personnel and Administration); (3) an increase of \$330,000 associated with indirect costs assessed against the Division; (4) an increase of \$296,000 associated with projects in the Department of Natural Resources which require matching spending authority in the Department of Personnel and Administration; and (5) an increase of \$220,000 in security for the Capitol Complex. These increases are partially offset by the following decreases: (1) \$210,000 in base reductions and (2) \$17,000 in a transfer to the Executive Office associated with leased space costs for the Document Solutions Group.

| | 2003-04 | 2004-05 | Net | % |
|--|---------------|----------------|--------|--------|
| | Appropriation | Recommendation | Change | Change |

Finance and Procurement

| | | | | | | | |
|-------------------|----|-----------|----|-----------|----|-----------|--------|
| General Fund | \$ | 580,639 | \$ | 1,032,949 | \$ | 452,310 | 77.9 |
| Cash Funds | | 931,709 | | 946,321 | | 14,612 | 1.6 |
| Cash Funds Exempt | | 3,267,992 | | 2,735,889 | | (532,103) | (16.3) |
| Total | \$ | 4,780,340 | \$ | 4,715,159 | | (65,181) | (1.4) |
| FTE | | 65.5 | | 65.5 | | 0.0 | |

The recommended \$452,000 General Fund increase is primarily the result of less indirect cost recoveries available to offset the need for General Fund.

The recommended \$15,000 net cash funds increase reflects a transfer from the Executive Office for the purchase of services from the Document Solutions Group - Pueblo.

The recommended \$532,000 net cash funds exempt decrease includes: (1) a decrease of \$453,000 attributable to less indirect costs available to offset General Fund; (2) \$73,000 in one-time costs associated with supplemental funding in FY 2003-04; and (3) \$7,000 in base reductions.

Information Technology

| | | | | | | | |
|-------------------|----|------------|----|------------|--|-----------|-------|
| General Fund | \$ | 3,770,199 | \$ | 3,639,674 | | (130,525) | (3.5) |
| Cash Funds | | 1,814,847 | | 2,190,589 | | 375,742 | 20.7 |
| Cash Funds Exempt | | 31,695,943 | | 31,087,455 | | (608,488) | (1.9) |
| Federal Funds | | 71,531 | | 71,531 | | 0 | 0.0 |
| Total | \$ | 37,352,520 | \$ | 36,989,249 | | (363,271) | (1.0) |
| FTE | | 181.8 | | 185.3 | | 3.5 | |

The recommendation includes an increase of 3.5 FTE, which is attributable to the following: (1) an increase of 3.7 cash funds exempt FTE associated with the annualization of maintenance personnel for Digital Trunked Radio; and (2) a transfer of 0.2 cash funds

| 2003-04 Appropriation | 2004-05 Recommendation | Net Change | % Change |
|--------------------------|---------------------------|---------------|-------------|
|--------------------------|---------------------------|---------------|-------------|

exempt FTE to the Executive Office associated with budget preparation.

The recommended \$131,000 General Fund net decrease is due to the following reductions: (1) \$144,000 due to one-time costs associated with supplemental funding in FY 2003-04 and (2) a decrease of \$6,000 for base reductions. These reductions are partially offset by an increase of \$19,000, which represents a transfer from the Executive Office.

The recommended \$376,000 cash funds increase is primarily attributable to multiuse network payments originating from enterprise agencies within the state and other non-state agencies.

The \$608,000 decrease in cash funds exempt includes the following recommendations: (1) a decrease of \$732,000 in spending authority associated with operating expenses costs of the multiuse network (MNT); (2) a decrease of \$725,000 that reflects the completion of an audit of the telecommunications program continuing into FY 2004-05; (3) a decrease of \$28,000 associated with base reductions; and (4) a decrease of \$25,000 for one-time costs associated with supplemental funding for the shift in the June payroll for FY 2003-04. These recommended decreases are partially offset by increases of: (1) \$725,000 due to information technology projects in the Department of Human Services requiring matching spending authority in the Department of Personnel and Administration; (2) \$166,000 associated with the annualization of maintenance personnel for Digital Trunked Radio; and (3) \$34,000 in indirect cost assessments in the Division.

Administrative Hearings

| | | | | |
|------------------------------|--------------|--------------|---------|-----|
| Total - Cash Funds Exempt \$ | 3,118,916 \$ | 3,383,122 \$ | 264,206 | 8.5 |
| FTE | 39.3 | 39.0 | (0.3) | |

The recommendation includes the reduction of 0.3 FTE, which is transferred to the Executive Office associated with budget preparation.

The recommended increase in cash funds exempt spending authority includes the following increases: (1) \$200,000 for purchasing case management software and (2) \$84,000 in indirect costs assessed against the division, which are used to offset General Fund elsewhere in the

| 2003-04 | 2004-05 | Net | % |
|---------------|----------------|--------|--------|
| Appropriation | Recommendation | Change | Change |

Department. These amounts are offset by a \$20,000 reduction associated with the personal services line item.

SUMMARY

DEPARTMENT OF PUBLIC HEALTH AND ENVIRONMENT

The proposed FY 2004-05 budget includes the following recommendations:

- Reduce FTE by 8.7 in the Hazardous Materials and Waste Management Division due to a reduction in anticipated activities at Rocky Flats and in the Uranium Mill Tailings Remediation programs;
- Reduce FTE by 4.2 in the State Tobacco Education and Prevention Program (STEPP) to reflect actual staffing levels for the program;
- Increase the General Fund appropriation in the Disease Control and Environmental Epidemiology Division by \$497,000 to create an immunization promotion program that includes outreach clinics, a media campaign and a statistical research program with 1.0 FTE analyzing geographic and demographic "pockets of need";
- Refinance \$134,000 General Fund in the Assisted Living Residence program with fund balance from facility licensing fees;
- Refinance \$66,000 General Fund in the Consumer Protection Division due to a correction in the distribution of division overhead costs;
- Refinance \$51,000 General Fund in Hazardous Materials and Waste Management Division Administration;
- Increase the cash fund appropriation to the Assisted Living Residence program by \$53,000 to pay for contractor-provided training and the development of additional training videos for facility staff statewide.
- Increase the cash funds exempt appropriation to STEPP from the annual tobacco settlement payment by \$9.3 million;
- Increase the cash funds exempt appropriation to the Nurse Home Visitor program from the annual tobacco settlement payment by \$2.0 million;
- Increase the federal funds appropriation in the Disease Control and Environmental Epidemiology Division by \$10,500,000 to more accurately reflect anticipated grants

for sexually transmitted disease programs and homeland security related programs. (Note that expected grant amounts are not significantly higher than FY 2003-04 levels; the expected amounts provided by the Department for the FY 2003-04 Long Bill were significantly lower than the grant levels actually received.)

- Reduce the federal funds appropriation to the Contaminated Sites Cleanup line item by \$2,664,000 due to an anticipated reduction in contract services;
- Reduce the federal funds appropriation to the Rocky Flats Agreement Program by \$623,000 due to the conclusion of cleanup activities;
- Reduce Personal Services line items by \$18,000 General Fund, \$28,000 cash funds, \$26,000 cash funds exempt, and \$42,000 federal funds due to 0.2 percent base reduction;

| | 2003-04 | 2004-05 | Net | % |
|--|---------------|----------------|--------|--------|
| | Appropriation | Recommendation | Change | Change |

DEPARTMENT OF PUBLIC HEALTH AND ENVIRONMENT

| | | | | | |
|-------------------|----|----------------|----------------|------------|------|
| General Fund | \$ | 12,500,105 \$ | 13,044,693 \$ | 544,588 | 4.4 |
| Cash Funds | | 30,914,921 | 31,810,189 | 895,268 | 2.9 |
| Cash Funds Exempt | | 55,108,546 | 80,301,198 | 25,192,652 | 45.7 |
| Federal Funds | | 159,729,485 | 170,137,775 | 10,408,290 | 6.5 |
| Total | \$ | 258,253,057 \$ | 295,293,855 \$ | 37,040,798 | 14.3 |
| FTE | | 1,094.6 | 1,115.9 | 21.3 | |

Administration and Support

| | | | | | |
|-------------------|----|---------------|---------------|-----------|-------|
| General Fund | \$ | 57,162 \$ | 246,460 \$ | 189,298 | 331.2 |
| Cash Funds | | 1,145,163 | 1,749,661 | 604,498 | 52.8 |
| Cash Funds Exempt | | 12,173,124 | 13,281,353 | 1,108,229 | 9.1 |
| Federal Funds | | 1,984,752 | 3,739,329 | 1,754,577 | 88.4 |
| Total | \$ | 15,360,201 \$ | 19,016,803 \$ | 3,656,602 | 23.8 |
| FTE | | 62.2 | 65.5 | 3.3 | |

The net recommended increase of 3.3 FTE reflects an increase of 4.0 federally funded FTE in the Environmental Leadership and Pollution Prevention Program. These FTE were federally funded in FY 2003-04 but were not reflected in the Long Bill. This increase is partially offset by a reduction of 0.7 FTE for tobacco program oversight, which has been moved from its own lines to the general administration lines.

The recommended General Fund increase results from the following increases: (1) \$77,000 for salary survey; (2) \$73,000 for health, life and dental costs; and (3) \$45,000 for performance-based pay. These increases are partially offset by a refinancing of \$6,000 General Fund for short-term disability insurance.

| 2003-04 Appropriation | 2004-05 Recommendation | Net Change | %Change |
|--------------------------|---------------------------|---------------|---------|
|--------------------------|---------------------------|---------------|---------|

The recommended increase in cash funds spending authority reflects: (1) a \$588,000 increase for short-term disability, salary survey and performance-based pay; and (2) a \$50,000 increase for vehicle lease payments. These increases were partially offset by a refinancing of \$36,000 in health, life and dental costs, a refinancing of \$8,000 in legal services and a refinancing of \$6,000 in short-term disability insurance.

The recommended increase in cash funds exempt spending authority reflects the following increases: (1) \$628,000 for scheduled increase in leasing costs at the Department's Cherry Creek campus; (2) \$290,000 for salary survey; (3) \$167,000 for performance-based pay; (4) \$87,000 for increased building maintenance and repair including upgrades to the HVAC system at the laboratory building which should decrease future utility costs; (5) \$47,000 for workers' compensation; (6) \$44,000 for vehicle lease payments; (7) \$40,000 for health, life and dental; (8) \$14,000 for legal services and (9) \$1,000 for short-term disability insurance. These increases are partially offset by the following decreases: (1) \$185,000 to better reflect the actual costs of tobacco oversight program which is funded with transfers from the tobacco settlement-funded programs; (2) \$18,000 for expected conservation savings in the utilities line item; and (3) \$10,000 for risk management.

The recommended \$1.75 million increase in federal funds reflects increased funding for centrally appropriated items including: health, life and dental; short-term disability; salary survey; performance-based pay; shift differential; legal services and vehicle lease payments. The federal funding total also includes a \$420,000 increase in the Environmental Leadership and Pollution Prevention program, which reflects expected FY 2004-05 funding levels. In FY 2003-04, actual federal funding greatly exceeded the \$285,000 level anticipated in the Long Bill.

| | 2003-04 Appropriation | 2004-05 Recommendation | Net Change | % Change |
|--|--------------------------|---------------------------|---------------|-------------|
|--|--------------------------|---------------------------|---------------|-------------|

Center for Health and Environmental Information

| | | | | |
|-------------------|--------------|--------------|---------|-----|
| General Fund | \$ 0 | \$ 0 | 0 | N/A |
| Cash Funds | 2,033,745 | 2,106,332 | 72,587 | 3.6 |
| Cash Funds Exempt | 2,759,416 | 2,827,080 | 67,664 | 2.5 |
| Federal Funds | 1,484,772 | 1,485,892 | 1,120 | 0.1 |
| Total | \$ 6,277,933 | \$ 6,419,304 | 141,371 | 2.3 |
| FTE | 77.6 | 77.6 | 0.0 | |

The increase in the cash funds recommendation includes a \$50,000 increase in Health Statistics and Vital Records indirect cost assessments, a \$22,000 increase in Information Technology Services indirect cost assessments, and a \$4,000 increase for the Purchase of Services from the Government Computing Center. These increases are partially offset by a \$3,000 decrease in personal services resulting from the 0.2 percent base reduction.

The increase in the cash funds exempt recommendation includes the following increases: (1) \$34,000 for Multi-use Network payments; (2) \$22,000 for the Purchase of Services from the Government Computing Center; (3) \$9,000 in Information Technology Services indirect cost assessments; and (4) a \$5,000 increase in Health Statistics and Vital Records indirect cost assessments. These increases are partially offset by a \$3,000 reduction due to a reduction in indirect cost assessments available to offset General Fund.

The increase in the federal funds recommendation is due to a \$3,000 increase for the Purchase of Services from the Government Computing Center. This increase is partially offset by the \$2,000 decrease that resulted from the 0.2 percent base reduction to personal services.

| | 2003-04 | 2004-05 | Net | % |
|--|---------------|----------------|--------|--------|
| | Appropriation | Recommendation | Change | Change |

Laboratory Services

| | | | | | | |
|-------------------|----|-----------|----|-----------|-------------|--------|
| General Fund | \$ | 167,791 | \$ | 161,451 | (6,340) | (3.8) |
| Cash Funds | | 7,234,143 | | 5,478,151 | (1,755,992) | (24.3) |
| Cash Funds Exempt | | 544,585 | | 573,541 | 28,956 | 5.3 |
| Federal Funds | | 1,887,142 | | 1,536,297 | (350,845) | (18.6) |
| Total | \$ | 9,833,661 | \$ | 7,749,440 | (2,084,221) | (21.2) |
| FTE | | 95.4 | | 74.9 | (20.5) | |

The decrease in FTE is caused by the removal of the Radioactive Materials program from this division (19.2 FTE) and a decrease in administrative staffing in the Director's Office (1.3 FTE).

The General Fund reduction results from the 0.2 percent base reduction in personal services.

The \$1.8 million decrease in cash funds spending authority is caused by the shift of the Radioactive Materials program from the Laboratory Services Division to the Hazardous Material and Waste Management Division (\$1.4 million), decreased cash fund support of activities in the Director's Office (\$400,000) and the decreased level of cash funds required for this year's equipment purchases (\$75,000).

Increased cash funds exempt spending authority reflects the increased use of cash funds exempt to fund this year's laboratory equipment purchase (\$42,000) and an increase in cash funds exempt support of Chemistry and Microbiology staff costs (\$31,000). This increase is partially offset by a \$27,000 decrease in the Certification section, formerly the Radioactive Materials and Certification section and a \$17,000 decrease in cash funds exempt support of the Director's Office. The cash funds exempt are primarily fund balances generated by laboratory fees.

The \$351,000 decrease in federal funds is caused by the shift of the Radioactive Materials program to the Hazardous Material and Waste Management Division.

| | 2003-04 | 2004-05 | Net | % |
|--|---------------|----------------|--------|--------|
| | Appropriation | Recommendation | Change | Change |

Local Health Services

| | | | | | |
|---------------|----|--------------|--------------|---------|-------|
| General Fund | \$ | 1,442,188 \$ | 1,441,334 \$ | (854) | (0.1) |
| Federal Funds | | 245,991 | 245,580 | (411) | (0.2) |
| Total | \$ | 1,688,179 \$ | 1,686,914 \$ | (1,265) | (0.1) |
| FTE | | 5.4 | 5.4 | 0.0 | |

The decrease in General Fund and federal funds reflects the 0.2 percent base reduction to the personal services line within the Community Nursing program.

Air Quality Control Division

| | | | | | |
|-------------------|----|---------------|---------------|---------|-------|
| Cash Funds | \$ | 6,045,221 \$ | 6,124,043 \$ | 78,822 | 1.3 |
| Cash Funds Exempt | | 5,334,514 | 5,360,733 | 26,219 | 0.5 |
| Federal Funds | | 3,154,406 | 3,149,783 | (4,623) | (0.1) |
| Total | \$ | 14,534,141 \$ | 14,634,559 \$ | 100,418 | 0.7 |
| FTE | | 149.9 | 149.7 | (0.2) | |

The recommended decrease of 0.2 FTE is due to a base reduction to the Mobile Sources, Inspection & Maintenance, Mechanic Certification program to better reflect historic staffing.

The recommended increase in cash funds is due to a \$103,000 increase in indirect cost assessments. That increase is partially offset by a \$15,000 base reduction to the Mobile Sources, Inspection & Maintenance, Mechanic Certification program to better reflect anticipated costs, and a \$8,700 reduction due to the 0.2 percent personal services base reductions.

| | 2003-04 | 2004-05 | Net | % |
|--|---------------|----------------|--------|--------|
| | Appropriation | Recommendation | Change | Change |

The recommended increase in cash funds exempt is due to a \$34,000 increase in indirect cost assessment, that is partially offset by a \$7,800 reduction per the 0.2 percent personal services base reductions.

The recommended decrease in federal funds is due to a \$4,600 reduction per the 0.2 percent personal services base reductions.

Water Quality Control Division

| | | | | | |
|-------------------|----|------------|----|------------|---------|
| General Fund | \$ | 0 | \$ | 0 | N/A |
| Cash Funds | | 4,927,426 | | 4,935,269 | 7,843 |
| Cash Funds Exempt | | 317,810 | | 322,272 | 4,462 |
| Federal Funds | | 7,209,429 | | 7,201,566 | (7,863) |
| Total | \$ | 12,454,665 | \$ | 12,459,107 | 4,442 |
| FTE | | 113.9 | | 113.9 | 0.0 |

The recommended increase in cash funds is due to a \$15,000 increase in indirect cost assessments that are partially offset by a \$7,000 reduction per the 0.2 percent personal services base reductions.

The recommended increase in cash funds exempt is due to a \$5,000 increase in indirect cost assessments that are partially offset by a \$1,000 reduction per the 0.2 percent personal services base reductions.

The recommended decrease in federal funds is due to a \$7,900 reduction per the 0.2 percent personal services base reductions.

Hazardous Materials and Waste Management Division

| | | | | | | |
|-------------------|----|-----------|----|-----------|-----------|---------|
| General Fund | \$ | 51,022 | \$ | 0 | (51,022) | (100.0) |
| Cash Funds | | 6,088,972 | | 7,815,311 | 1,726,339 | 28.4 |
| Cash Funds Exempt | | 383,615 | | 400,284 | 16,669 | 4.3 |

| | 2003-04 Appropriation | 2004-05 Recommendation | Net Change | % Change |
|---------------|--------------------------|---------------------------|---------------|-------------|
| Federal Funds | 14,169,519 | 11,200,776 | (2,968,743) | (21.0) |
| Total | \$ 20,693,128 | \$ 19,416,371 | (1,276,757) | (6.2) |
| FTE | 127.8 | 139.7 | 11.9 | |

The recommended 11.9 FTE net increase includes a 20.5 FTE increase due to the transfer of the appropriation for the Radiation Management program from the laboratory to this division; an 8.5 FTE reduction for the Rocky Flats Agreement program due to the anticipated conclusion of cleanup activities; and a 0.1 FTE reduction to the Uranium Mill Tailings Remedial Action program due to historic reversions.

The recommended decrease in General Fund is due to refinancing with cash funds, cash funds exempt, and federal funds.

The recommended increase in cash funds is due to the following increases: (1) \$1,431,000 because of the transfer of the appropriation for the Radiation Management program from the laboratory to this division; (2) \$315,000 in indirect cost assessments; (3) \$36,000 due to the refinancing of General Fund; and (4) \$3,000 for Division legal services. These increases are partially offset by reductions of: (1) \$50,000 due to an estimated reduction in revenues to the Hazardous Substance Response Fund that can be transferred to the Department of Law; (2) \$6,000 due to the 0.2 percent Personal Services base reduction; and (3) \$2,000 due to a reduction in anticipated expenditures for Contaminated Sites Cleanups.

The recommended increase in cash funds exempt is due to the following increases: (1) \$27,000 because of the transfer of the appropriation for the Radiation Management program from the laboratory to this division; (2) \$11,000 due to the refinancing of General Fund; and (3) \$5,000 in indirect cost assessments. These increases are partially offset by a \$24,000 base reduction to the Uranium Mill Tailings Remedial Action program due to historic reversions.

The recommended decrease in federal funds is due to the following reductions: (1) \$2,664,000 because of a reduction in anticipated expenditures for Contaminated Sites Cleanup; (2) \$623,000 to the Rocky Flats Agreement program due to the anticipated conclusion of cleanup activities; (3) \$23,000 to the Uranium Mill Tailings Remedial Action program due to historic reversions; and (4) \$3,000 due to the 0.2 percent personal services

| | 2003-04 | 2004-05 | Net | % |
|--|---------------|----------------|--------|--------|
| | Appropriation | Recommendation | Change | Change |

base reductions. These reductions are partially offset by increases of: (1) \$338,000 due to the transfer of the appropriation for the Radiation Management subdivision from the laboratory to this division; (2) \$4,000 due to the refinancing of General Fund; and (3) \$2,000 for Division legal services.

Consumer Protection

| | | | | | |
|-------------------|----|--------------|--------------|----------|-------|
| General Fund | \$ | 1,025,229 \$ | 956,927 \$ | (68,302) | (6.7) |
| Cash Funds | | 735,400 | 786,800 | 51,400 | 7.0 |
| Cash Funds Exempt | | 115,402 | 152,685 | 37,283 | 32.3 |
| Federal Funds | | 226,143 | 225,774 | (369) | (0.2) |
| Total | \$ | 2,102,174 \$ | 2,122,186 \$ | 20,012 | 1.0 |
| FTE | | 26.7 | 26.7 | 0.0 | |

The recommended General Fund reduction is due to a \$66,000 decrease from a correction in the allocation of division overhead costs to cash funded programs, and a \$2,000 decrease due to the 0.2 percent personal services base reductions.

The recommended cash funds increase is due to a \$41,000 increase from a correction in the allocation of division overhead costs to cash funded programs, and a \$12,000 increase in indirect cost assessments. These increases are partially offset by a \$1,000 reduction due to the 0.2 percent personal services base reductions.

The recommended cash funds exempt increase is due to a \$26,000 increase from a correction in the allocation of division overhead costs to cash funded programs, and a \$12,000 increase in indirect cost assessments. These increases are partially offset by a \$200 reduction per the 0.2 percent personal services base reductions.

The recommended federal funds reduction is due to a \$400 reduction per the 0.2 percent personal services base reduction.

| | 2003-04 | 2004-05 | Net | % |
|--|---------------|----------------|--------|--------|
| | Appropriation | Recommendation | Change | Change |

Disease Control and Environmental Epidemiology Division (DCEED)

| | | | | | | | |
|-------------------|----|------------|----|------------|--|------------|-------|
| General Fund | \$ | 2,827,351 | \$ | 3,527,745 | | 700,394 | 24.8 |
| Cash Funds | | 6,441 | | 6,441 | | 0 | 0.0 |
| Cash Funds Exempt | | 404,524 | | 404,157 | | (367) | (0.1) |
| Federal Funds | | 26,318,691 | | 38,459,010 | | 12,140,319 | 46.1 |
| Total | \$ | 29,557,007 | \$ | 42,397,353 | | 12,840,346 | 43.4 |
| FTE | | 135.2 | | 168.2 | | 33.0 | |

The recommended increase of 33.0 FTE is caused by: (1) a more accurate reflection of the number of FTE expected to be supported by federal funding in the new federal grants line item (an increase of 32.0 to a total of 42.3 FTE); and (2) the addition of 1.0 FTE to conduct the "pockets of need" demographic and geographic research within the new immunization promotion program.

The recommended General Fund increase is caused by a \$204,000 increase to the Ryan White program, which provides drugs to low-income people with HIV/AIDS, and a \$497,000 decision item that creates a multi-pronged childhood immunization promotion program. The Ryan White budget amendment restores General Fund support that was cut from the program in FY 2003-04 upon the Department's request. Restoration of this funding will allow the Department to add 20 individuals from the waiting list to the program. The immunization program includes funding for outreach clinics, a media campaign and 1.0 FTE to research demographic and geographic "pockets of need" for immunization services and/or education. These increases are partially offset by the 0.2 percent base reduction to personal services which reduces General Fund in this division by \$1,000.

The recommended decrease in cash funds exempt spending authority results from the 0.2 percent base reduction to appropriations for personal services.

The increase in federal funds is primarily caused by more accurate projections of anticipated federal funding in the new federal grants line item, especially those for programs related to homeland security (\$9,000,000); the Ryan White program (\$2,000,000); and the sexually transmitted disease, HIV and AIDS programs (\$1,500,000). These increases are partially

| | 2003-04 | 2004-05 | Net | % |
|--|---------------|----------------|--------|--------|
| | Appropriation | Recommendation | Change | Change |

offset by an expected \$254,000 decrease in federal grants related to environmental epidemiology and a \$95,000 reduction in federal fund support for the division's administration lines.

Prevention Services Division

| | | | | | | |
|-------------------|----|-------------|----|-------------|------------|-------|
| General Fund | \$ | 5,599,327 | \$ | 5,514,424 | (84,903) | (1.5) |
| Cash Funds | | 1,297,920 | | 1,315,603 | 17,683 | 1.4 |
| Cash Funds Exempt | | 24,396,552 | | 48,054,430 | 23,657,878 | 97.0 |
| Federal Funds | | 99,582,282 | | 99,432,470 | (149,812) | (0.2) |
| Total | \$ | 130,876,081 | \$ | 154,316,927 | 23,440,846 | 17.9 |
| FTE | | 178.2 | | 171.7 | (6.5) | |

This Prevention Services Division combines the former Prevention and Intervention Service for Children and Youth and Health Promotion and Disease Prevention divisions.

The recommended 6.5 FTE decrease includes: (1) 4.2 FTE in the State Tobacco Education Prevention Program (STEPP) to reflect actual staffing levels for the program; (2) 1.8 FTE that were previously supported by federal grants in the Tony Grampsas Youth Services line item which are no longer received by this department; (3) 1.0 FTE previously supported by private grants in the child, adolescent and school health section, which are not expected to continue in FY 2004-05; and (4) 0.5 FTE allocated to the Stroke Prevention Board, which completed its work in FY 2003-04. These decreases are partially offset by the addition of 1.0 FTE in the Tony Grampsas line item to be funded by cash funds exempt.

The recommended increase in cash funds spending authority is caused by increases in indirect cost assessments to the maternal and child health program (\$10,000) and the prevention partnerships programs (\$8,000). These increases are partially offset by the 0.2 percent base reduction to personal services.

The recommended \$23.7 million increase in cash funds exempt spending authority is primarily caused by a return to the previous statutory allocation formula for this division's tobacco settlement funded programs: Nurse Home Visitor, STEPP, the Dental Loan Repayment program and Tony Grampsas Youth Services. All of the programs except for the

| | 2003-04 | 2004-05 | Net | % |
|--|---------------|----------------|--------|--------|
| | Appropriation | Recommendation | Change | Change |

Tony Gramscas program, which receives half of the balance remaining in the Tobacco Litigation Settlement Cash Fund after the other programs receive their funding, are counted twice in the Long Bill—once when funding flows from the Tobacco Litigation Settlement Cash Fund to the program's individual fund and again when money flows from the program fund to fund personal services, operating expenses and grant-making within the program.

The decrease in federal funds reflects the lower level of funding the Department expects to receive for these programs in FY 2004-05.

Health Facilities and Emergency Medical Services Division

| | | | | | | |
|-------------------|----|------------|----|------------|-------------|--------|
| General Fund | \$ | 1,330,035 | \$ | 1,196,352 | \$(133,683) | (10.1) |
| Cash Funds | | 1,400,490 | | 1,492,578 | 92,088 | 6.6 |
| Cash Funds Exempt | | 8,679,004 | | 8,924,663 | 245,659 | 2.8 |
| Federal Funds | | 3,466,358 | | 3,461,298 | \$(5,060) | (0.1) |
| Total | \$ | 14,875,887 | \$ | 15,074,891 | 199,004 | 1.3 |
| FTE | | 122.3 | | 122.6 | 0.3 | |

The 0.3 FTE increase in this division is located in the Assisted Living Residence (ALR) program. The additional 0.3 FTE will be used to implement the intermediate penalties and monitoring measures called for in H.B. 02-1232.

The recommended General Fund decrease is caused by refinancing of \$134,000 of General Fund in the Assisted Living program with fund balance generated by the program's annual and initial licensing fees.

The recommended increase in cash fund spending authority is caused by: (1) a \$49,000 increase in the ALR program to fund contractor-provided training and development of additional training videos for staff in these residences throughout the state; (2) a \$15,000 increase in the Medication Administration program to fully fund the program's current FTE allocation so that the Department can better oversee and evaluate contractor-provided training; (3) a \$15,000 increase in indirect cost assessments for the Emergency Medical Services program; and (4) a \$14,000 increase in indirect cost assessments in the ALR

| 2003-04 | 2004-05 | Net | % |
|----------------------|-----------------------|---------------|---------------|
| <u>Appropriation</u> | <u>Recommendation</u> | <u>Change</u> | <u>Change</u> |

program. These increases are partially offset by the 0.2 percent base reduction in personal services (\$2,000).

The \$246,000 recommended increase in cash funds exempt spending authority in this division is caused by: (1) a \$134,000 refinancing of previous General Fund support of the ALR program; (2) a \$50,000 increase in the ALR program to support increased training; (3) a \$30,000 increase in indirect cost assessments in the Emergency Services section; (4) a \$20,000 increase in indirect cost assessments in the ALR program; (5) a \$17,000 increase in Medication Administration to support increased oversight of contractor-provided training; and (6) a \$3,000 increase in indirect cost assessments in the Medication Administration program. These increases are partially offset by the 0.2 percent base reduction in personal services (\$8,000).

The \$5,000 decrease in federal funding is caused by the 0.2 percent base reduction in personal services.

SUMMARY

DEPARTMENT OF PUBLIC SAFETY

The proposed FY 2004-05 budget includes recommendations which:

Executive Director's Office

- Provide \$2.4 million (includes \$490,000 General Fund and \$1.6 million Highway Users Tax Fund or HUTF) for salary survey and performance-based pay awards;
- Provide an increase of \$540,000 (includes \$55,000 General Fund and \$411,000 HUTF) for health, life, and dental insurance premiums;

Colorado State Patrol

- Add \$436,000 from the HUTF for 6.0 FTE new field troopers;
- Provide \$981,000 cash funds exempt spending authority for the Automobile Theft Prevention Authority;
- Provide continuous spending authority for the Colorado 1122 Federal Procurement Program, and increase spending authority to \$19.0 million;

Division of Criminal Justice

- Provide \$1.3 million General Fund to support a policy change to place 11.0 percent of Department of Corrections inmates in community corrections programs. Previously, 10.0 percent of inmates were placed in community programs. This increase is offset by \$3.3 million in General Fund reductions in the Department of Corrections;
- Provide \$553,000 General Fund in the Division of Criminal Justice for increased caseload in community corrections programs related to a growing inmate population;
- Reduce federal funds in the Division of Criminal Justice by \$1.4 million to reflect anticipated federal grants;

- ❑ Reduce cash funds exempt spending authority in the Division of Criminal Justice by \$500,000 cash funds exempt to eliminate a one-time appropriation from the Read-to-Achieve Cash Fund in FY 2003-04 for juvenile diversion programs;
- ❑ Provide \$304,000 additional cash fund spending authority from the Drug Offender Surcharge Fund to the Division of Criminal Justice for community corrections programs.

Colorado Bureau of Investigation (CBI)

- ❑ Provide \$181,000 General Fund for lease payments to upgrade CBI forensic laboratory management information system and equipment; and
- ❑ Provide \$70,000 one-time General Fund for architectural and real estate brokerage services to start the acquisition process for a new facility for CBI Montrose office.

| | 2003-04 Appropriation | 2004-05 Recommendation | Net Change | % Change |
|--|--------------------------|---------------------------|---------------|-------------|
|--|--------------------------|---------------------------|---------------|-------------|

DEPARTMENT OF PUBLIC SAFETY

| | | | | |
|---------------------|----------------|----------------|------------|-------|
| General Fund | \$ 54,171,145 | \$ 56,810,015 | 2,638,870 | 4.9 |
| Cash Funds | 9,948,119 | 10,346,927 | 398,808 | 4.0 |
| * Cash Funds Exempt | 87,771,436 | 110,761,835 | 22,990,399 | 26.2 |
| Federal Funds | 43,085,120 | 42,106,614 | (978,506) | (2.3) |
| Total | \$ 194,975,820 | \$ 220,025,391 | 25,049,571 | 12.8 |
| FTE | 1,247.4 | 1,265.7 | 18.3 | |

* FY 2003-04 Appropriation includes a Long Bill add-on amount of \$158,370 cash funds exempt for the new Automobile Theft Prevention Authority program in the Colorado State Patrol, and therefore does not match the 10-year history total.

Executive Director's Office

| | | | | |
|-------------------|---------------|---------------|-----------|------|
| General Fund | \$ 1,713,841 | \$ 2,584,811 | 870,970 | 50.8 |
| Cash Funds | 280,804 | 379,325 | 98,521 | 35.1 |
| Cash Funds Exempt | 9,660,209 | 12,397,977 | 2,737,768 | 28.3 |
| Federal Funds | 561,300 | 571,350 | 10,050 | 1.8 |
| Total | \$ 12,216,154 | \$ 15,933,463 | 3,717,309 | 30.4 |
| FTE | 34.5 | 40.5 | 6.0 | |

The recommendation includes a 6.0 FTE increase to reflect the conversion of contract services to an FTE appropriation for CICJIS.

The additional General Fund reflects the following increases: (1) \$490,000 for personal services due to salary survey and performance-based pay awards; (2) \$443,000 less offset with indirect cost recoveries in multiuse network payments; and (3) \$55,000 for health, life, dental payments. These increases were partially offset with \$109,000 indirect cost recoveries offsetting General Fund personal services costs.

The increase in cash funds reflects the increases for salary survey and performance-based pay awards.

| | 2003-04 Appropriation | 2004-05 Recommendation | Net Change | % Change |
|--|--------------------------|---------------------------|---------------|-------------|
|--|--------------------------|---------------------------|---------------|-------------|

The increase in cash funds exempt reflects the following increases: (1) \$1.6 million from the HUTF for salary survey and performance-based pay awards; (2) \$900,000 in indirect cost recoveries for workers' compensation payments; and (3) \$411,000 from the HUTF for health, life, dental payments. These increases are partially offset by a decrease of \$195,000 for multiuse network payments (related to the FY 2002-03 pay date shift into FY 2003-04).

The increase in federal funds reflects the increases for salary survey, performance-based pay awards, and health, life, dental payments, offset by an expected drop in federal funds for CICJIS.

Colorado State Patrol

| | | | | | | | |
|-------------------|----|------------|----|-------------|--|------------|--------|
| General Fund | \$ | 1,542,016 | \$ | 1,242,352 | | (299,664) | (19.4) |
| Cash Funds | | 2,853,476 | | 2,848,109 | | (5,367) | (0.2) |
| Cash Funds Exempt | | 73,478,139 | | 94,186,056 | | 20,707,917 | 28.2 |
| Federal Funds | | 3,773,268 | | 3,861,150 | | 87,882 | 2.3 |
| Total | \$ | 81,646,899 | \$ | 102,137,667 | | 20,490,768 | 25.1 |
| FTE | | 931.0 | | 937.0 | | 6.0 | |

The recommendation includes a 6.0 FTE increase for new field troopers.

The reduction in General Fund reflects an offset with indirect cost recoveries for the Executive and Capitol Complex Security program.

The small decrease in cash funds reflects the base 0.2% reduction in personal services items.

The additional cash funds exempt spending authority reflects the following increases: (1) \$19.0 million in continuous appropriation authority for the Colorado 1122 Federal Procurement Program due to increased federal Homeland Security grant funds distributed to local governments by the state; (2) \$1.2 million for new and replacement vehicle lease payments; and (3) \$436,000 to add 6.0 FTE field troopers.

The increase in federal funds includes additional funds this division anticipates receiving in FY 2004-05.

| | 2003-04 | 2004-05 | Net | % |
|--|---------------|----------------|--------|--------|
| | Appropriation | Recommendation | Change | Change |

Office of Preparedness, Security, and Fire Safety

| | | | | | |
|-------------------|----|--------------|--------------|---------|-------|
| General Fund | \$ | 91,871 \$ | 91,703 \$ | (168) | (0.2) |
| Cash Funds | | 324,334 | 325,764 | 1,430 | 0.4 |
| Cash Funds Exempt | | 144,880 | 192,990 | 48,110 | 33.2 |
| Federal Funds | | 925,256 | 1,188,700 | 263,444 | 28.5 |
| Total | \$ | 1,486,341 \$ | 1,799,157 \$ | 312,816 | 21.0 |
| FTE | | 10.5 | 16.8 | 6.3 | |

The increase in FTE are associated with federal Homeland Security funds received for administration costs for the Office of Anti-terrorism Planning and Training.

The decrease in General Fund is related to the base 0.2% reduction in personal services items.

The cash funds appropriation did not significantly change.

The cash funds exempt increase is related to a FY 2003-04 supplemental and FY 2004-05 budget amendment which increase federal grant indirect cost recoveries within the Office of Anti-terrorism Planning and Training due to new federal guidelines for charging administrative costs to federal funding.

The increase in federal funds represents the Office of Anti-terrorism Planning and Training share of anticipated Homeland Security grants to be awarded to Colorado during FY 2004-05.

Division of Criminal Justice

| | | | | | |
|-------------------|----|---------------|---------------|-------------|--------|
| General Fund | \$ | 37,468,035 \$ | 39,308,569 \$ | 1,840,534 | 4.9 |
| Cash Funds | | 1,981,151 | 2,292,612 | 311,461 | 15.7 |
| Cash Funds Exempt | | 1,129,603 | 618,866 | (510,737) | (45.2) |
| Federal Funds | | 36,978,566 | 35,637,648 | (1,340,918) | (3.6) |

| | 2003-04 Appropriation | 2004-05 Recommendation | Net Change | % Change |
|-------|--------------------------|---------------------------|---------------|-------------|
| Total | \$ 77,557,355 | \$ 77,857,695 | 300,340 | 0.4 |
| FTE | 66.2 | 66.2 | 0.0 | |

The recommended General Fund increase primarily reflects an increase of \$1.3 million associated with additional community corrections placements for transition inmates related to a recommended policy change to place 11.0 percent of inmates from the Department of Corrections in community corrections placements. Historically, 10.0 percent of inmates have been placed in community placements. The General Fund increase in the Division of Criminal Justice is offset by a \$3.3 million General Fund reduction in the Department of Corrections. The recommendation also includes: (1) an increase of \$553,000 associated with caseload increases for transition inmates; (2) an increase of \$41,000 to correct a technical error in the FY 2003-04 Long Bill for reimbursements to community corrections boards; (3) an increase of \$4,000 related to a technical change for appropriations previously made to the Executive Director's Office for data entry expenses; (4) the elimination of \$99,000 that was provided in FY 2003-04 for community corrections costs due to the leap year; and (5) a \$2,000 reduction for a 0.2 percent reduction to personal services line items.

The recommended cash funds increase includes an increase of \$304,000 from the Drug Offender Surcharge Fund to provide community corrections treatment services to transition and diversion offenders and \$15,000 for higher indirect cost recoveries. These increases are partially offset by the following reductions: (1) \$5,000 to correct the classification of certain funds; (2) \$2,000 in funding from the Animal Cruelty Fund due to insufficient revenues; and (3) \$1,000 for a 0.2 percent reduction in personal services appropriations.

The recommendation includes the following cash funds exempt reductions: (1) the elimination of a one-time \$500,000 appropriation from the Read-to-Achieve cash fund in FY 2003-04 for juvenile diversion programs; (2) a \$17,000 reduction for retirement payout; and (3) a \$1,000 reduction for a 0.2 percent reduction in personal services appropriations. These amounts are partially offset by an increase of \$5,000 to correct the classification of certain funds, and an increase of \$1,900 for higher indirect cost recoveries.

The recommended reduction in federal funds reflects fewer anticipated federal grant funds for FY 2004-05.

| | 2003-04 | 2004-05 | Net | % |
|--|---------------|----------------|--------|--------|
| | Appropriation | Recommendation | Change | Change |

Colorado Bureau of Investigation (CBI)

| | | | | | | | |
|-------------------|----|------------|----|------------|----|---------|-------|
| General Fund | \$ | 13,355,382 | \$ | 13,582,580 | \$ | 227,198 | 1.7 |
| Cash Funds | | 4,508,354 | | 4,501,117 | | (7,237) | (0.2) |
| Cash Funds Exempt | | 3,358,605 | | 3,365,946 | | 7,341 | 0.2 |
| Federal Funds | | 846,730 | | 847,766 | | 1,036 | 0.1 |
| Total | \$ | 22,069,071 | \$ | 22,297,409 | \$ | 228,338 | 1.0 |
| FTE | | 205.2 | | 205.2 | | 0.0 | |

The recommended General Fund increase includes \$181,000 for lease payments to upgrade the forensic laboratories, and a \$70,000 one time increase for contractual services to acquire a new CBI office facility on the western slope. These increases are partially offset by a \$15,000 reduction in operating expenses spending authority for Laboratory Services.

The recommendation reflects minor changes in cash funds, cash funds exempt, and federal funds related to common policy decisions for personal services expenditures.

SUMMARY

DEPARTMENT OF REGULATORY AGENCIES

The proposed FY 2004-05 budget includes recommendations that:

- Reduce the appropriation for CoverColorado by \$3.6 million (\$3.4 million of this reduction is cash funds exempt);
- Increase the appropriation for salary survey by \$648,000 (\$552,000 cash funds, \$77,000 cash funds exempt, \$19,000 General Fund);
- Increase the appropriation for performance-based pay by \$377,000 (\$325,000 cash funds, \$41,000 cash funds exempt, \$11,000 General Fund);
- Increase the appropriation from the Real Estate Recovery Fund by \$338,000 cash funds in expectation of higher awards from the fund;
- Provide \$147,000 cash funds for a new Office of Expedited Settlement within the Division of Registrations in order to speed the resolution of disciplinary actions against licensees;
- Reduce the Department's total appropriation for operating expenses by \$135,000;
- Reflect an expected increase of \$107,000 cash funds in expenditures for the Low Income Telephone Assistance program;
- Increase the appropriation for legal services by \$68,000 (\$65,000 cash funds), reflecting higher billing rates by the Attorney General;
- Reflect an expected decrease of \$32,000 in expenditures for the Disabled Telephone Users program. (The program plans to spend down reserves in the Disabled Telephone Users Fund; the reduction will be reflected in a \$258,000 cash funds decrease and a \$227,000 cash funds exempt increase).

| | 2003-04 | 2004-05 | Net | % |
|--|---------------|----------------|--------|--------|
| | Appropriation | Recommendation | Change | Change |

DEPARTMENT OF REGULATORY AGENCIES

| | | | | | | | |
|-------------------|----|------------|----|------------|----|-------------|--------|
| General Fund | \$ | 1,051,133 | \$ | 1,032,389 | \$ | (18,744) | (1.8) |
| Cash Funds | | 50,941,141 | | 51,243,324 | | 302,183 | 0.6 |
| Cash Funds Exempt | | 14,136,326 | | 11,415,142 | | (2,721,184) | (19.3) |
| Federal Funds | | 1,090,361 | | 1,087,500 | | (2,861) | (0.3) |
| Total | \$ | 67,218,961 | \$ | 64,778,355 | | (2,440,606) | (3.6) |
| FTE | | 518.2 | | 520.1 | | 1.9 | |

Executive Director's Office and Administrative Services

| | | | | | | | |
|-------------------|----|------------|----|------------|----|-------------|--------|
| General Fund | \$ | 202,723 | \$ | 233,561 | \$ | 30,838 | 15.2 |
| Cash Funds | | 9,442,815 | | 10,359,816 | | 917,001 | 9.7 |
| Cash Funds Exempt | | 11,672,244 | | 8,253,109 | | (3,419,135) | (29.3) |
| Federal Funds | | 146,796 | | 149,395 | | 2,599 | 1.8 |
| Total | \$ | 21,464,578 | \$ | 18,995,881 | | (2,468,697) | (11.5) |
| FTE | | 53.0 | | 53.0 | | 0.0 | |

The net reduction in recommended appropriations for this Division is the result of a number of changes, the largest being a \$3.59 million reduction in the recommended appropriation for CoverColorado. The money for this appropriation, \$3.36 million of it cash funds exempt, comes ultimately from interest earned on the Unclaimed Property Trust Fund. The reduction reflects the fact that substantially less is now available in the CoverColorado cash fund, due to reduced unclaimed-property interest and large appropriations last year.

The CoverColorado reduction is partially offset by recommended increases of \$648,000 for the salary survey appropriation (\$552,000 cash funds, \$77,000 cash funds exempt, \$19,000 General Fund), \$377,000 for the performance-based pay appropriation (\$325,000 cash funds, \$41,000 cash funds exempt, \$11,000 General Fund) and \$174,000 for the health, life and dental appropriation (\$215,000 cash funds and \$4,000 General Fund, coupled with a \$45,000

| | 2003-04 Appropriation | 2004-05 Recommendation | Net Change | % Change |
|--|--------------------------|---------------------------|---------------|-------------|
|--|--------------------------|---------------------------|---------------|-------------|

cash funds exempt reduction). The recommended personal services appropriation is \$7,000 lower (decreases of \$11,000 cash funds exempt and \$4,000 General Fund) due to a 0.2 percent base reduction, while the recommended operating expenses appropriation is \$39,000 lower (decreases of \$31,000 cash funds and \$8,000 cash funds exempt) due to a 5 percent base reduction. The recommended legal services appropriation is \$68,000 higher (\$65,000 cash funds), the consequence of a higher billing rate and an unchanged number of legal-service hours. The recommended leased space appropriation is \$80,000 higher, reflecting \$6,000 of extra lease expenses for the new Expedited Settlement Office in the Division of Registrations and generally higher lease rates. A \$34,000 increase in vehicle lease payments pursuant to recommend common policies is almost fully offset by a \$30,000 decrease in Payments to Risk Management and Property Funds.

Division of Banking

| | | | | | |
|------------|----|-----------|--------------|--------|-----|
| Cash Funds | \$ | 3,253,857 | \$ 3,268,536 | 14,679 | 0.5 |
| Total | \$ | 3,253,857 | \$ 3,268,536 | 14,679 | 0.5 |
| FTE | | 38.5 | 38.5 | 0.0 | |

A recommended \$16,000 increase of operating expenses to pay for increased travel by bank examiners is partially offset by a \$5,000 decrease of the recommended personal services appropriation due to a 0.2 percent base reduction. The recommended appropriation for indirect cost assessments is \$4,000 higher.

Civil Rights Division

| | | | | | |
|-------------------|----|-----------|--------------|----------|-------|
| General Fund | \$ | 848,410 | \$ 798,828 | (49,582) | (5.8) |
| Cash Funds Exempt | | 164,711 | 211,318 | 46,607 | 28.3 |
| Federal Funds | | 582,729 | 580,080 | (2,649) | (0.5) |
| Total | \$ | 1,595,850 | \$ 1,590,226 | (5,624) | (0.4) |
| FTE | | 25.0 | 25.0 | 0.0 | |

| | 2003-04 Appropriation | 2004-05 Recommendation | Net Change | % Change |
|--|--------------------------|---------------------------|---------------|-------------|
|--|--------------------------|---------------------------|---------------|-------------|

Due to a recommended 0.2 percent base reduction, the recommended personal services appropriation is \$11,000 higher (the net effect of \$13,000 of extra federal funds and \$46,000 cash funds coupled with \$48,000 less General Fund; the General Fund reduction is due to increased indirect cost recoveries). The recommended operating expense appropriation is \$3,000 lower (\$1,000 General Fund, \$2,000 federal funds). The recommended appropriation for indirect cost assessments, which comes from federal funds, is \$14,000 lower.

Office of Consumer Counsel

| | | | | | |
|------------|----|------------|------------|---------|-------|
| Cash Funds | \$ | 845,196 \$ | 841,432 \$ | (3,764) | (0.4) |
| Total | \$ | 845,196 \$ | 841,432 \$ | (3,764) | (0.4) |
| FTE | | 7.0 | 7.0 | 0.0 | |

The recommended personal services appropriation is \$1,000 lower due to a 0.2 percent base reduction; the recommended operating expense appropriation is \$3,000 lower due to a 5 percent base reduction; recommended indirect cost recoveries are \$1,000 higher.

Division of Financial Services

| | | | | | |
|------------|----|------------|------------|---------|-------|
| Cash Funds | \$ | 977,525 \$ | 974,911 \$ | (2,614) | (0.3) |
| Total | \$ | 977,525 \$ | 974,911 \$ | (2,614) | (0.3) |
| FTE | | 11.0 | 11.0 | 0.0 | |

The recommended personal services appropriation is \$2,000 lower due to a 0.2 percent base reduction; the recommended operating expense appropriation is \$2,000 lower due to a 5 percent base reduction; recommended indirect cost recoveries are \$1,000 higher.

Division of Insurance

| | | | | | |
|---------------|----|--------------|--------------|----------|-------|
| Cash Funds | \$ | 6,680,879 \$ | 6,607,937 \$ | (72,942) | (1.1) |
| Federal Funds | | 360,836 | 358,025 | (2,811) | (0.8) |

| | 2003-04 Appropriation | 2004-05 Recommendation | Net Change | % Change |
|-------|--------------------------|---------------------------|---------------|-------------|
| Total | \$ 7,041,715 | \$ 6,965,962 | (75,753) | (1.1) |
| FTE | 78.6 | 78.5 | (0.1) | |

The recommended 0.1 FTE reduction is to eliminate a one-time FTE appropriation in FY 2003-04 pursuant to H.B. 03-1164 (Expanding Access To Health Insurance). The corresponding personal services recommendation is decreased by \$16,000 cash funds due to this FTE reduction and to a 0.2 percent base reduction. The recommended operating expenses appropriation is decreased by \$29,000 cash funds due to a 5 percent base reduction. The recommended indirect cost assessment is \$36,000 lower (\$33,000 cash funds and \$3,000 federal funds).

Public Utilities Commission

| | | | | |
|-------------------|---------------|---------------|-----------|-------|
| Cash Funds | 11,942,689 | 11,188,518 | (754,171) | (6.3) |
| Cash Funds Exempt | 328,491 | 963,435 | 634,944 | 193.3 |
| Total | \$ 12,271,180 | \$ 12,151,953 | (119,227) | (1.0) |
| FTE | 92.7 | 92.7 | 0.0 | |

Due to a recommended 0.2 percent base reduction, the personal services appropriation is \$14,000 lower (consisting of \$615,000 less cash funds partially offset by \$602,000 more cash funds exempt). Due to a recommended 5 percent base reduction, the operating expenses recommendation is \$27,000 lower (consisting of \$43,000 less cash funds exempt partially offset by \$16,000 cash funds). The recommended appropriation for Highway Crossing Payments has been reduced to zero, resulting in a \$14,000 decrease in cash funds and a \$150,000 decrease of cash funds exempt appropriations. The recommended appropriation for indirect cost recoveries is \$10,000 lower, cash funds.

Two programs in this Division operate entirely under the provisions of statute and are not subject to annual appropriation by the General Assembly. In each case the recommended Long Bill appropriation is for informational purposes only. The first is the Disabled Telephone Users program, for which the recommended informational appropriation is \$32,000 lower. (The program plans to spend down reserves in the Disabled Telephone Users Fund; the reduction will be reflected in a \$258,000 cash funds decrease and a

| | 2003-04 | 2004-05 | Net | % |
|--|---------------|----------------|--------|--------|
| | Appropriation | Recommendation | Change | Change |

\$227,000 cash funds exempt increase). The second is the Low Income Telephone Assistance program, for which the informational appropriation is \$106,000 cash funds higher.

Division of Real Estate

| | | | | | |
|------------|----|-----------|--------------|---------|-----|
| Cash Funds | \$ | 3,350,692 | \$ 3,683,319 | 332,627 | 9.9 |
| Total | \$ | 3,350,692 | \$ 3,683,319 | 332,627 | 9.9 |
| FTE | | 37.0 | 37.0 | 0.0 | |

The recommended personal services appropriation is \$5,000 lower due to a 0.2 percent base reduction while the operating expenses recommendation is \$3,000 lower due to a 5 percent base reduction. The recommended appropriation for the Real Estate Recovery Cash Fund is \$338,000 higher; several large awards are expected to be paid from the fund. Indirect cost assessments are \$4,000 higher.

Division of Registrations

| | | | | | |
|-------------------|----|------------|---------------|-----------|-------|
| Cash Funds | \$ | 12,199,475 | \$ 12,062,367 | (137,108) | (1.1) |
| Cash Funds Exempt | | 1,970,880 | 1,987,280 | 16,400 | 0.8 |
| Total | \$ | 14,170,355 | \$ 14,049,647 | (120,708) | (0.9) |
| FTE | | 155.4 | 157.4 | 2.0 | |

The recommended appropriation for the Division is 2.0 FTE higher; these FTE will staff a new Office of Expedited Settlement that will speed the settlement of disciplinary actions taken against licensees. The associated increase in the personal services appropriation is \$105,000. When combined with a 0.2 percent base reduction, the net result is an increase in the recommended appropriation for personal services of \$77,000, comprised of a \$212,000 cash fund increase and a \$136,000 cash funds exempt decrease. The recommended operating expense appropriation is \$44,000 lower (\$196,000 cash funds reduction, partially offset by \$152,000 extra cash funds exempt), the net result of a 5 percent base reduction and the \$36,000 of extra operating expenses needed to establish the settlement program. Extra

| | 2003-04 | 2004-05 | Net | % |
|--|---------------|----------------|--------|--------|
| | Appropriation | Recommendation | Change | Change |

operating expenses for the settlement program will be \$4,000 in subsequent years. The indirect cost assessment is \$154,000 lower, cash funds.

Division of Securities

| | | | | | | | |
|------------|----|-----------|----|-----------|----|-------|-----|
| Cash Funds | \$ | 2,248,013 | \$ | 2,256,488 | \$ | 8,475 | 0.4 |
| Total | \$ | 2,248,013 | \$ | 2,256,488 | \$ | 8,475 | 0.4 |
| FTE | | 20.0 | | 20.0 | | 0.0 | |

The recommended personal services appropriation is \$3,000 lower due to a 0.2 percent base reduction; the recommended operating expense appropriation is \$3,000 lower due to a 5 percent base reduction; indirect cost assessments are \$3,000 higher. The Division is investigating possible improprieties by Colorado-based mutual funds, leading to a recommended increase in the appropriation for Hearings Pursuant to Complaint of \$8,000.

SUMMARY

DEPARTMENT OF REVENUE

The proposed FY 2004-05 budget includes recommendations that reflect:

- An increase of \$5.9 million cash funds exempt for the State Lottery Division primarily related to prize payouts;
- A \$2.2 million increase across all funding sources for salary survey and performance-based pay awards;
- A \$2.2 million General Fund offset in the Motor Vehicle Division from the Highway Users Tax Fund (HUTF) pursuant to the provisions of S.B. 03-267;
- A \$1.2 million cash funds increase for the License Plate Ordering program;
- A decrease of \$1.6 million cash funds for the Limited Gaming Division; and
- A \$1.3 million General Fund decrease related to the cigarette tax rebate to counties and municipalities as well as old age fuel and property tax assistance grants under the Taxation Business Group.

| | 2003-04 | 2004-05 | Net | % |
|--|---------------|----------------|--------|--------|
| | Appropriation | Recommendation | Change | Change |

DEPARTMENT OF REVENUE

| | | | | |
|-------------------|-----------------------|-----------------------|------------------|------------|
| General Fund | \$ 90,632,602 | \$ 89,077,571 | (1,555,031) | (1.7) |
| Cash Funds | 44,804,075 | 44,666,357 | (137,718) | (0.3) |
| Cash Funds Exempt | 379,766,587 | 387,807,332 | 8,040,745 | 2.1 |
| Federal Funds | 1,925,618 | 1,806,849 | (118,769) | (6.2) |
| Total | \$ 517,128,882 | \$ 523,358,109 | 6,229,227 | 1.2 |
| FTE | 1,455.7 | 1,449.1 | (6.6) | |

Executive Director's Office

| | | | | |
|-------------------|----------------------|----------------------|------------------|-------------|
| General Fund | \$ 9,978,002 | \$ 12,889,142 | 2,911,140 | 29.2 |
| Cash Funds | 1,344,306 | 1,565,316 | 221,010 | 16.4 |
| Cash Funds Exempt | 4,565,165 | 5,353,510 | 788,345 | 17.3 |
| Total | \$ 15,887,473 | \$ 19,807,968 | 3,920,495 | 24.7 |
| FTE | 35.5 | 41.5 | 6.0 | |

The FTE recommendation includes the transfer of 6.0 FTE from the Taxation Business Group to the Executive Director's Office.

The General Fund recommendation includes the following increases: (1) \$876,000 for department-wide salary survey; (2) \$491,000 related to performance-based pay awards; (3) \$421,000 for purchases from the government computer center; (4) \$362,000 related to the transfer of 6.0 FTE; (5) \$352,000 for workers' compensation; (6) \$158,000 for health, life and dental; (7) \$133,000 for access to the multi-use network; (8) \$60,000 for capitol complex; and (9) \$54,000 for leased space.

The cash funds recommendation reflects includes the following increases: (1) \$85,000 for department-wide salary survey; (2) \$76,000 related to indirect cost recoveries to offset personal services; and (3) \$61,000 related to performance-based pay awards.

| | 2003-04 Appropriation | 2004-05 Recommendation | Net Change | %Change |
|--|--------------------------|---------------------------|---------------|---------|
|--|--------------------------|---------------------------|---------------|---------|

The cash funds exempt recommendation includes the following increases: (1) \$402,000 for department-wide salary survey; (2) \$287,000 related to performance-based pay awards; (3) \$85,000 related to indirect cost recoveries to offset personal services; and (4) \$15,000 for changes to shift differential.

Cash and Document Processing Division

| | | | | |
|-------------------|-------------------|-------------------|---------------|-----------|
| General Fund | \$ 10,339,156 | \$ 10,094,098 | (245,058) | (2.4) |
| Cash Funds | 424,539 | 450,373 | 25,834 | 6.1 |
| Cash Funds Exempt | 725,837 | 564,138 | (161,699) | (22.3) |
| Total | \$ 11,489,532 | \$ 11,108,609 | (380,923) | (3.3) |
| FTE | 123.8 | 122.2 | (1.6) | |

The recommendation includes moving the Cash and Document Processing Division out from under the Taxation Business Group and designating it as a stand-alone unit.

The FTE recommendation reflects the transfer of 2.0 FTE from the Cash and Document Processing Division to the Information Technology Division as well as the reduction of 0.6 FTE related to the implementation of S.B. 03-317, which is no longer necessary. This is partially offset by the transfer of 1.0 FTE from the Taxation Business Group into the Cash and Document Processing Division to perform budgeting functions.

The General Fund recommendation includes the following decreases: (1) \$120,000 related to elimination of funding for S.B. 03-317; (2) \$64,000 to transfer telecommunication functions to the Information Technology Division; and (3) \$62,000 related to the elimination of funding for the purchase of a phone system.

The cash funds recommendation reflects higher indirect cost recoveries of \$30,000 from applicable cash-funded programs administered elsewhere in the Department. This is partially offset by the elimination of \$4,000 for the purchase of a phone system.

The cash funds exempt recommendation reflects reduced indirect cost recoveries from applicable programs within the Department.

| | 2003-04 | 2004-05 | Net | % |
|--|----------------------|-----------------------|---------------|---------------|
| | <u>Appropriation</u> | <u>Recommendation</u> | <u>Change</u> | <u>Change</u> |

Information Technology Division

| | | | | | |
|-------------------|--------|----------------|-------------------|---------------|-----------|
| General Fund | \$ | 4,593,476 | \$ 5,249,553 | 656,077 | 14.3 |
| Cash Funds | | 495,267 | 319,201 | (176,066) | (35.6) |
| Cash Funds Exempt | | 6,716,208 | 6,062,459 | (653,749) | (9.7) |
| Total | \$ | 11,804,951 | \$ 11,631,213 | (173,738) | (1.5) |
| FTE | | 120.0 | 120.3 | 0.3 | |

The FTE recommendation includes the transfer of 2.0 FTE from the Cash and Document Processing Division to the Information Technology Division for telecommunications. This is mostly offset by the reduction of 1.0 FTE in the Colorado State Titling and Registration System (CSTARS) Rewrite Project and a decrease of 0.7 FTE related to programming costs for session legislation.

The recommended increase to the General Fund appropriation includes: (1) \$236,000 related to the transfer of the aforementioned 2.0 FTE; (2) \$230,000 for the Colorado Integrated Tax Architecture (CiTA) feasibility study; and (3) \$213,000 for decreased indirect cost recoveries from cash and cash funds exempt sources. These amounts are minimally offset by a \$25,000 decrease to programming costs for session legislation.

The recommended cash funds decrease reflects lower indirect cost recoveries from cash-funded programs within the Department.

The recommended cash funds exempt decrease includes: (1) \$426,000 for the reduction of 1.0 FTE and the elimination of operating expenses for the CSTARS Rewrite Project; (2) \$187,000 related to programming costs for session legislation; and (3) \$40,000 for lower indirect cost recoveries from fund reserves within the Department.

| | 2003-04 Appropriation | 2004-05 Recommendation | Net Change | % Change |
|--|--------------------------|---------------------------|---------------|-------------|
|--|--------------------------|---------------------------|---------------|-------------|

Taxation Business Group

| | | | | |
|-------------------|---------------|---------------|-------------|--------|
| General Fund | \$ 52,491,973 | \$ 50,333,592 | (2,158,381) | (4.1) |
| Cash Funds | 247,025 | 504,412 | 257,387 | 104.2 |
| Cash Funds Exempt | 413,278 | 513,333 | 100,055 | 24.2 |
| Federal Funds | 1,325,757 | 1,187,902 | (137,855) | (10.4) |
| | | | | |
| Total | \$ 54,478,033 | \$ 52,539,239 | (1,938,794) | (3.6) |
| FTE | 324.6 | 317.6 | (7.0) | |

The recommendation includes moving the Cash and Document Processing Division out from under the Taxation Business Group.

The FTE recommendation includes transferring 6.0 FTE from the Office of Tax Analysis to the Executive Director's Office as well as transferring 1.0 FTE from the Taxation Business Group Administration section to the Cash and Document Processing Division.

The recommendation for a \$2.2 million General Fund decrease includes: (1) \$900,000 for Old Age Heat and Fuel and Property Tax Assistance Grants; (2) \$566,000 related to the transfer of 7.0 FTE out of the Taxation Business Group; (3) \$400,000 for the Cigarette Tax Rebate; (4) \$241,000 for indirect cost recoveries; and (5) \$51,000 for personal services base reductions.

The recommended increase to the cash funds appropriation reflects sources available for indirect cost recoveries.

The cash funds exempt recommendation includes an increase of \$111,000 for alternative fuel tax rebates. This is minimally offset by an \$11,000 decrease to reflect available fund reserves.

The recommended federal funds decrease is related to the Mineral Audit Program, which affirms mineral lease and royalty payments to both the State and the U.S. Department of the Interior.

| | 2003-04 | 2004-05 | Net | % |
|--|---------------|----------------|--------|--------|
| | Appropriation | Recommendation | Change | Change |

Motor Vehicle Business Group

| | | | | | | | |
|-------------------|----|------------|----|------------|----|-------------|--------|
| General Fund | \$ | 12,317,379 | \$ | 9,783,229 | \$ | (2,534,150) | (20.6) |
| Cash Funds | | 3,734,494 | | 4,920,298 | | 1,185,804 | 31.8 |
| Cash Funds Exempt | | 10,738,396 | | 12,922,883 | | 2,184,487 | 20.3 |
| Federal Funds | | 0 | | 0 | | 0 | N/A |
| Total | \$ | 26,790,269 | \$ | 27,626,410 | \$ | 836,141 | 3.1 |
| FTE | | 394.6 | | 394.6 | | 0.0 | |

The recommendation includes moving the Motor Carrier Services Division out from under the Motor Vehicle Business Group.

The General Fund recommendation includes refinancing \$2.5 million of expenditures from the Highway Users Tax Fund (HUTF) per S.B. 03-267; the elimination of \$161,000 related to a technical correction for the 'paydate' shift; and \$36,000 for personal services base reductions. This is minimally offset by the restoration of \$64,000 in vacancy savings from FY 2003-04.

The change to the cash funds recommendation is wholly comprised of an increase to the License Plate Ordering program.

The cash funds exempt recommendation includes \$7.1 million from the Highway Users Tax Fund (HUTF), which reflects an additional \$2.2 million is recommended from the HUTF 'off-the-top' limit to offset General Fund in the Motor Vehicle Division per S.B. 03-267.

| | 2003-04 Appropriation | 2004-05 Recommendation | Net Change | % Change |
|--|--------------------------|---------------------------|---------------|-------------|
|--|--------------------------|---------------------------|---------------|-------------|

Motor Carrier Services Division

| | | | | |
|-------------------|--------------|--------------|-----------|--------|
| General Fund | \$ 744,622 | \$ 553,167 | (191,455) | (25.7) |
| Cash Funds | 240,100 | 240,647 | 547 | 0.2 |
| Cash Funds Exempt | 7,363,558 | 7,228,019 | (135,539) | (1.8) |
| Federal Funds | 599,861 | 618,947 | 19,086 | 3.2 |
| | | | | |
| Total | \$ 8,948,141 | \$ 8,640,780 | (307,361) | (3.4) |
| FTE | 157.0 | 152.7 | (4.3) | |

The recommendation includes moving the Motor Carrier Services Division out from under the Motor Vehicle Business Group and designating it as a stand-alone unit.

The recommended FTE reduction of 4.3 FTE reflects an average of staffing reversions over the last three years.

The decrease to the General Fund recommendation reflects refinancing \$174,000 of expenditures from the Highway Users Tax Fund (HUTF) for the Ports of Entry program and a decrease of \$18,000 related to the FTE reduction mentioned above.

The cash funds recommendation is essentially unchanged from the prior fiscal year's appropriation.

Cash funds exempt in this Division represent moneys from the Highway Users Tax Fund (HUTF). The decrease to the cash funds exempt recommendation is comprised of \$87,000 to reflect actual spending under the Fuel Tracking System line item; and \$49,000 for a reduction to operating expenses.

The federal funds recommendation reflects the Department's expected funding level for the Motor Carrier Safety Assistance Program.

| | 2003-04 Appropriation | 2004-05 Recommendation | Net Change | % Change |
|--|--------------------------|---------------------------|---------------|-------------|
|--|--------------------------|---------------------------|---------------|-------------|

Enforcement Business Group

| | | | | |
|-------------------|-------------------|-------------------|-----------------|-----------|
| General Fund | \$ 167,994 | \$ 174,790 | 6,796 | 4.0 |
| Cash Funds | 38,318,344 | 36,666,110 | (1,652,234) | (4.3) |
| Cash Funds Exempt | 2,268,657 | 2,242,533 | (26,124) | (1.2) |
| Total | \$ 40,754,995 | \$ 39,083,433 | (1,671,562) | (4.1) |
| FTE | 172.2 | 172.2 | 0.0 | |

The recommendation includes moving the State Lottery Division out from under the Enforcement Business Group.

The General Fund recommendation reflects the replacement of indirect cost recoveries in the Administration unit that were previously paid from tobacco settlement funds.

The cash funds recommendation reflects a lower request from the Limited Gaming Division related to personal services, operating expenses, and statutory distributions.

The cash funds exempt recommendation reflects the loss of indirect cost recoveries in the Administration unit from tobacco settlement funds.

State Lottery Division

| | | | | |
|-------------------|--------------------|--------------------|---------------|---------|
| Cash Funds Exempt | 346,975,488 | 352,920,457 | 5,944,969 | 1.7 |
| Total | \$ 346,975,488 | \$ 352,920,457 | 5,944,969 | 1.7 |
| FTE | 128.0 | 128.0 | 0.0 | |

The recommendation includes moving the State Lottery Division out from under the Enforcement Business Group and designating it as a stand-alone unit that reports directly to the Executive Director.

| 2003-04 Appropriation | 2004-05 Recommendation | Net Change | % Change |
|--------------------------|---------------------------|---------------|-------------|
|--------------------------|---------------------------|---------------|-------------|

The cash funds exempt recommendation includes an increase of \$7.0 million for prizes and payouts. This is partially offset by the following decreases: \$849,000 related to a new on-line vendor contract; \$187,000 for retailer compensation; and \$16,000 for personal services.

SUMMARY

DEPARTMENT OF STATE

The proposed FY 2004-05 budget includes recommendations that:

- Reflect a \$36.7 million decrease in federal funding for the Help America Vote Act Program. Most of the federal money that the state is to receive for this program was recognized in H.B. 03-1356 (as amended by an add-on to this Long Bill) along with matching state money. The federal funds, some of which are still arriving, go into the Federal Elections Assistance Fund, where they finance Colorado's Help America Vote Act (HAVA) program;
- Reflect a \$1.3 million cash funds decrease in the state's contribution to the HAVA program. This money, which matched the \$36.7 million federal contribution recognized in H.B. 03-1356 (as amended by an add-on to this Long Bill), was placed in the Federal Elections Assistance Fund;
- Reflect an \$8.4 million increase of expected expenditures for the HAVA program;
- Reflect an expected increase of 13.5 FTE in the HAVA program;
- Increase the appropriation for electronic-filing grants to county clerk and recorders by \$883,000, cash funds;
- Increase FTE in the Administration Division by 1.5. Of this increase, 1.0 FTE are a consequence of S.B. 03-230 (Uniform Electronic Signatures) while the other 0.5 FTE are to help administer the electronic-filing grants to county clerk and recorders program. The electronic-filing grants FTE will sunset with the grants program after FY 2005-06.
- Reduce funding for personal services by \$874,000 cash funds reflecting the net effect of an increase of 1.5 FTE's, a 0.2 percent base salary reduction, and the completion of two IT projects that involved substantial amounts of contractual services;
- Provide an extra \$450,000 cash funds for expected increases in Initiative and Referendum costs;
- Reduce funding for legal services by \$252,000 (\$85,000 cash funds, \$167,000 cash funds exempt). The redistricting lawsuit increased the FY 2003-04 appropriation;

- Increase funding for salary survey by \$113,000 (\$105,000 cash funds, \$8,000 federal funds);
- Increase funding for health, life, and dental by \$77,000 (\$59,000 cash funds, \$18,000 federal funds);
- Increase funding for computer hardware and software by \$69,000 cash funds;
- Reduce operating expenses by \$40,000 cash funds.
- Increase reimbursements to counties for certain ballot costs by \$39,000 cash funds.

| | 2003-04 | 2004-05 | Net | % |
|--|---------------|----------------|--------|--------|
| | Appropriation | Recommendation | Change | Change |

DEPARTMENT OF STATE

| | | | | | | | |
|--------------------|-----------|-------------------|-----------|-------------------|----|---------------------|---------------|
| Cash Funds* | \$ | 13,797,176 | \$ | 13,066,355 | \$ | (730,821) | (5.3) |
| Cash Funds Exempt* | | 879,395 | | 9,120,572 | | 8,241,177 | 937.1 |
| Federal Funds | | 36,729,252 | | 31,897 | | (36,697,355) | (99.9) |
| Total | \$ | 51,405,823 | \$ | 22,218,824 | | (29,186,999) | (56.8) |
| FTE* | | 113.6 | | 129.1 | | 15.5 | |

*The FY 2003-04 appropriation includes a Long Bill add-on that amended H.B. 03-1356, adding 4.5 FTE while reducing the cash funds and cash funds exempt appropriations by \$465,193 and \$659,339, respectively.

Administration

| | | | | | | | |
|-------------------|-----------|------------------|-----------|------------------|--|---------------|------------|
| Cash Funds | \$ | 6,056,208 | \$ | 6,213,209 | | 157,001 | 2.6 |
| Cash Funds Exempt | | 167,464 | | 0 | | (167,464) | (100.0) |
| Federal Funds | | 0 | | 31,897 | | 31,897 | N/A |
| Total | \$ | 6,223,672 | \$ | 6,245,106 | | 21,434 | 0.3 |
| FTE | | 85.6 | | 87.1 | | 1.5 | |

The recommended FTE increase is a result of: (1) the FY 2004-05 impact of S.B. 03-230 (Uniform Electronic Signatures), which added 1.0 FTE; (2) H.B. 02-1119 (Electronic Filings with County Clerks and Recorders), which added 0.1 FTE; and (3) an initiative that added 0.4 FTE for administration of H.B. 02-1119. The FTE for H.B. 02-1119 will sunset after FY 2005-06.

The recommended cash funds appropriation includes increases of \$105,000 for salary survey, \$59,000 for health, life and dental, \$63,000 for personal services, \$55,000 for performance-based pay, and \$15,000 for lease expenses. There are also recommended decreases of \$38,000 for indirect costs, \$20,000 for operating expenses, and \$85,000 for legal services; FY 2003-04 legal service expenditures were unusually high due to the redistricting lawsuits.

The decrease in the recommended cash funds exempt appropriation reflects the use of cash funds exempt to pay some of the cost of the redistricting lawsuits.

| | 2003-04 Appropriation | 2004-05 Recommendation | Net Change | % |
|--|--------------------------|---------------------------|---------------|--------|
| | | | | Change |

The \$32,000 increase in the recommended federal funds appropriation reflects the costs of health, life, and dental; salary survey; workers compensation; and performance-based pay for FTE employed by the Help America Vote Act program.

Special Purpose

| | | | | |
|--------------------|-------------------|-------------------|------------------|------------|
| Cash Funds* | \$ 2,994,772 | \$ 2,995,389 | 617 | 0.0 |
| Cash Funds Exempt* | 711,931 | 9,120,572 | 8,408,641 | 1,181.1 |
| Federal Funds | 36,729,252 | 0 | (36,729,252) | (100.0) |
| Total | \$ 40,435,955 | \$ 12,115,961 | (28,319,994) | (70.0) |
| FTE* | 4.5 | 18.0 | 13.5 | |

*The FY 2003-04 appropriation includes a Long Bill add-on that amended H.B. 03-1356, adding 4.5 FTE while reducing the cash funds and cash funds exempt appropriations by \$465,193 and \$659,339, respectively.

The recommended FTE increase is for informational purposes only; it reflects the FTE's that are expected to be involved in the Help America Vote Act (HAVA) program, which is largely federally funded. All FTE for this division are involved in the HAVA program.

The change of the recommended cash funds appropriation results from several offsetting factors: (1) An \$883,000 increase in electronic filing grants to counties; (2) A \$450,000 increase in the recommended appropriation for Initiatives and Referendums, which pays for the costs of verifying petitions and printing the ballot information booklet (these appropriations rise and fall in alternating years); (3) A \$39,000 increase in the recommended appropriation that reimburses counties for certain ballot costs (this appropriation rises in presidential election years when voter registration is highest); and (4) HAVA-related items described below.

The state established the continuously appropriated Federal Elections Assistance Fund to provide money for the HAVA program. In FY 2003-04 the state made a one-time \$1.4 million cash funds appropriation to this fund in order to qualify for federal money. The change of the Division's cash funds appropriation reflects this one-time appropriation.

The recommended \$8.4 million cash funds exempt appropriation is an informational item that reflects expected expenditures by the HAVA program.

| | 2003-04 | 2004-05 | Net | % |
|--|---------------|----------------|--------|--------|
| | Appropriation | Recommendation | Change | Change |

The state expects to receive about \$43.0 million federal funds for HAVA by the end of FY 2004-05. Of this amount, \$36.7 million required a state match and was recognized with an informational appropriation during FY 2003-04. The \$36.7 federal funds decrease reflects the one-time nature of these matching funds.

Information Technology Services

| | | | | | | | |
|--------------------|----|-----------|----|-----------|----|-----------|--------|
| Total - Cash Funds | \$ | 4,746,196 | \$ | 3,857,757 | \$ | (888,439) | (18.7) |
| FTE | | 23.5 | | 24.0 | | 0.5 | |

The FY 2004-05 impact of S.B. 03-230 (Uniform Electronic Signatures) added the recommended 0.5 FTE.

The recommended net cash funds decrease is comprised of: (1) a \$937,000 reduction in the personal services appropriation due to the completion of work required by H.B. 02-1014 (Remove Social Security Numbers from Uniform Commercial Code Records) and H.B. 02-1147 (Business Filings) as well as a 0.2 percent base reduction; (2) a \$20,000 decrease in the operating expenses appropriation; (3) a \$46,000 decrease in the appropriation for Hardware/Software maintenance; and (4) a \$115,000 increase in the Information Technology Asset Management appropriation in order to replace aging computer hardware.

SUMMARY

DEPARTMENT OF TRANSPORTATION

The proposed FY 2004-05 budget includes recommendations which:

- Increase expected TRANS bond funding proceeds by \$64.9 million cash funds exempt for projects, based on anticipated final TRANS bond issuance in summer 2004;
- Increase the Transportation Commission appropriated Construction, Maintenance, and Operations revenues by \$7.5 million cash funds and cash funds exempt to reflect anticipated increase in state highway fund revenues;
- Decrease the cash fund appropriation for the Division of Aeronautics by \$2.6 million for amounts returned to the airport of origin through the formula refunds program due to expected decrease in Aviation Fund revenue;
- Increase Administration funding by \$956,000 cash funds exempt to reflect common policy decisions regarding miscellaneous administrative items including property insurance, workers' compensation, salary survey and performance-based awards, and health, life, and dental payments;
- Increase the cash fund appropriation for the Division of Aeronautics by \$105,000 for amounts awarded to airports through the discretionary grants program; and,
- Include \$222,000 cash funds exempt related to the Statewide Tolling Enterprise.

| | 2003-04 Appropriation | 2004-05 Recommendation | Net Change | % Change |
|--|--------------------------|---------------------------|---------------|-------------|
|--|--------------------------|---------------------------|---------------|-------------|

DEPARTMENT OF TRANSPORTATION

| | | | | |
|-------------------|-----------------------|-----------------------|-------------------|------------|
| Cash Funds | \$ 64,902,123 | \$ 64,499,612 | (402,511) | (0.6) |
| Cash Funds Exempt | 469,487,824 | 553,110,174 | 83,622,350 | 17.8 |
| Federal Funds | 312,110,611 | 299,745,225 | (12,365,386) | (4.0) |
| Total | \$ 846,500,558 | \$ 917,355,011 | 70,854,453 | 8.4 |
| FTE | 3,297.2 | 3,301.2 | 4.0 | |

Office of Transportation Safety

| | | | | |
|------------|------------|------------|---|-----|
| Cash Funds | \$ 100,000 | \$ 100,000 | 0 | 0.0 |
|------------|------------|------------|---|-----|

The recommendation supports the Department of Transportation's work with the Departments of Revenue and Human Services to develop educational programs to deter persistent drunk driving, and includes funding for a media campaign targeting DUI offenders and a workplace outreach program.

Division of Aeronautics

| | | | | |
|---------------|----------------------|----------------------|--------------------|---------------|
| Cash Funds | \$ 14,966,281 | \$ 12,507,872 | (2,458,409) | (16.4) |
| Federal Funds | 344,965 | 325,194 | (19,771) | (5.7) |
| Total | \$ 15,311,246 | \$ 12,833,066 | (2,478,180) | (16.2) |
| FTE | 8.0 | 8.0 | 0.0 | |

The recommendation for cash funds includes a net decrease of \$2.5 million due to an anticipated decrease in Aviation Fund revenues, and is reflected in the reduction of amounts returned to the airport of origin through the formula refunds program. These distributions are made pursuant to percentages set in statute and most recently adjusted by S.B. 00-156.

The decrease in federal funds reflects an anticipated decrease in Federal Aviation Administration funding.

| | 2003-04 Appropriation | 2004-05 Recommendation | Net Change | % Change |
|--|--------------------------|---------------------------|---------------|-------------|
|--|--------------------------|---------------------------|---------------|-------------|

Administration

| | | | | |
|-------------------|---------------|---------------|---------|-----|
| Cash Funds Exempt | \$ 22,130,030 | \$ 23,086,923 | 956,893 | 4.3 |
| FTE | 219.7 | 219.7 | 0.0 | |

The recommended cash funds exempt increase reflects \$956,000 associated with centrally appropriated personal services costs (salary survey, performance-based pay awards, and health, life, and dental), and common policy set administrative costs (property insurance, workers' compensation, legal services).

Construction, Maintenance and Operations

| | | | | |
|-------------------|----------------|----------------|--------------|-------|
| Cash Funds | \$ 49,835,842 | \$ 51,891,740 | 2,055,898 | 4.1 |
| Cash Funds Exempt | 386,943,734 | 404,800,819 | 17,857,085 | 4.6 |
| Federal Funds | 311,765,646 | 299,420,031 | (12,345,615) | (4.0) |
| Total | \$ 748,545,222 | \$ 756,112,590 | 7,567,368 | 1.0 |
| FTE | 3,069.5 | 3,073.5 | 4.0 | |

The recommended increase of 4.0 FTE reflects the transfer of the Office of Certification from the Department of Regulatory Agencies to the Department of Transportation.

This line reflects revenues that are continuously appropriated to the Department for construction, maintenance, and operations of state highways and transportation systems. Appropriation authority over these revenues rests with the Transportation Commission.

The recommended increase in cash funds primarily reflects an increase from miscellaneous revenues to the Department, including permit fees and interest earnings.

The increase in cash funds exempt is based on an anticipated increase of \$18 million in revenues for the Department's statutory share of HUTF that is credited to the State Highway Fund for construction.

The decrease in federal funds reflects the amount of federal funds anticipated to be received from a variety of sources, primarily the Federal Highways Administration.

| | 2003-04 Appropriation | 2004-05 Recommendation | Net Change | % Change |
|--|--------------------------|---------------------------|---------------|-------------|
|--|--------------------------|---------------------------|---------------|-------------|

Transportation Revenue Anticipation Notes

| | | | | |
|-------------------|---------------|----------------|---------------|-------|
| Cash Funds Exempt | \$ 60,100,000 | \$ 125,000,000 | \$ 64,900,000 | 108.0 |
|-------------------|---------------|----------------|---------------|-------|

The recommendation reflects an increase of \$64.9 million in the amount of proceeds and interest related to the issuance of Transportation Revenue Anticipation Notes (TRANS) that is budgeted for use by the Transportation Commission in FY 2004-05. Amounts included in this Long Bill line item reflect only the budgeted portion of proceeds and interest earnings, and do not account for amounts programmed for use in later years.

Statewide Tolling Enterprise

| | | | | |
|-------------------|------------|------------|----------|--------|
| Cash Funds Exempt | \$ 314,060 | \$ 222,432 | (91,628) | (29.2) |
|-------------------|------------|------------|----------|--------|

The recommendation reflects the Department's estimate of what will be spent on the Statewide Tolling Enterprise, which was established pursuant to S.B. 02-179 and H.B. 02-1310. Under the program, 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. In September 2002, the Commission authorized a transfer (subject to repayment) from the State Highway Fund to establish the Statewide Tolling Enterprise Operating Fund to be available for the start-up costs of the enterprise.

SUMMARY

DEPARTMENT OF THE TREASURY

The proposed FY 2004-05 budget includes recommendations that:

- Reflect the expected \$6.4 million increase in distributions from the Highway Users Tax Fund to counties and municipalities;
- Reflect the expected \$129,000 increase in General Fund transfers to volunteer firefighter retirement plans;
- Reduce funding for legal services by \$79,000 due to one-time expenditures in FY 2003-04;
- Increase funding for salary survey and performance-based pay by \$45,000.

| | 2003-04 Appropriation | 2004-05 Recommendation | Net Change | % Change |
|--|--------------------------|---------------------------|---------------|-------------|
|--|--------------------------|---------------------------|---------------|-------------|

DEPARTMENT OF THE TREASURY

| | | | | |
|-------------------|----------------|----------------|--------------|-------|
| General Fund | \$ 4,353,913 | \$ 4,525,569 | \$ 171,656 | 3.9 |
| Cash Funds | 2,205,076 | 2,152,689 | (52,387) | (2.4) |
| Cash Funds Exempt | 255,213,000 | 261,627,000 | 6,414,000 | 2.5 |
| Total | \$ 261,771,989 | \$ 268,305,258 | \$ 6,533,269 | 2.5 |
| FTE | 25.5 | 25.5 | 0.0 | |

Administration

| | | | | |
|-------------------|--------------|--------------|-------------|---------|
| General Fund | \$ 692,362 | \$ 734,675 | \$ 42,313 | 6.1 |
| Cash Funds | 1,327,076 | 1,272,660 | (54,416) | (4.1) |
| Cash Funds Exempt | 20,000 | 0 | (20,000) | (100.0) |
| Total | \$ 2,039,438 | \$ 2,007,335 | \$ (32,103) | (1.6) |
| FTE | 16.0 | 16.0 | 0.0 | |

The recommendation includes appropriation increases of \$45,000 for salary survey and performance-based pay, \$10,000 for health, life and dental, and \$6,000 for Information Technology Asset Management. There is also a decrease of \$79,000 in the recommended legal services appropriation; FY 2003-04 legal service expenditures were increased for several one-time expenses. The division's continuous appropriation for Charter School Financing Services decreases from \$20,000, cash funds exempt, in the program's startup year (FY 2003-04) to an expected \$5,000 per year, cash funds, in FY 2004-05. The split between General Fund and cash funds within the division changed for technical reasons relating to the allocation of cash funds raised by the Treasury Transactions fee.

| | 2003-04 Appropriation | 2004-05 Recommendation | Net Change | % Change |
|--|--------------------------|---------------------------|---------------|-------------|
|--|--------------------------|---------------------------|---------------|-------------|

Unclaimed Property Program

| | | | | |
|--------------------|------------|------------|-------|-----|
| Total - Cash Funds | \$ 878,000 | \$ 880,029 | 2,029 | 0.2 |
| FTE | 9.5 | 9.5 | 0.0 | |

The recommended appropriation for the Unclaimed Property Program reflects a rent increase of \$3,000 that is partially offset by a base salary reduction.

Fire and Police Pension Association

| | | | | |
|----------------------|--------------|--------------|---------|-----|
| Total - General Fund | \$ 3,661,551 | \$ 3,790,894 | 129,343 | 3.5 |
|----------------------|--------------|--------------|---------|-----|

The recommended appropriation is for information only; it equals the amount that the state expects to contribute for (1) volunteer firefighter retirement plans and (2) the amount the state will pay for a statewide volunteer firefighter death and disability plan. These transfers are specified in statute. The retirement contribution depends upon the amount requested by fire departments, which fluctuates from year to year.

Appropriated Counties

| | | | | |
|---------------------------|----------------|----------------|-----------|-----|
| Total - Cash Funds Exempt | \$ 154,225,000 | \$ 157,940,000 | 3,715,000 | 2.4 |
|---------------------------|----------------|----------------|-----------|-----|

The recommended appropriation is for information only; it equals the expected distribution to counties from the Highway Users Tax Fund. A formula contained in Section 43-4-207, C.R.S., will determine the actual amount distributed, which is continuously appropriated.

Appropriated Municipalities

| | | | | |
|---------------------------|----------------|----------------|-----------|-----|
| Total - Cash Funds Exempt | \$ 100,968,000 | \$ 103,687,000 | 2,719,000 | 2.7 |
|---------------------------|----------------|----------------|-----------|-----|

The recommended appropriation is for information only; it equals the expected distribution to municipalities from the Highway Users Tax Fund. A formula contained in Section 43-4-208, C.R.S., will determine the actual amount distributed, which is continuously appropriated.

SUMMARY

CAPITAL CONSTRUCTION

The proposed FY 2004-05 budget includes recommendations which:

- Provide \$3.8 million capital construction funds in the Department of Personnel for the 2002 Issue certificate of participation;
- Provide \$2.3 million capital construction funds for the Colorado School of Mines, Addition to Center for Teaching and Learning Media.
- Provide \$983,000 capital construction funds in the Department of Personnel for the Lease Purchase of 1881 Pierce Street;
- Provide \$0.5 million capital construction funds and controlled maintenance trust funds in the Department of Personnel for emergency controlled maintenance; and
- Provide \$1.9 million from tobacco funds for the lease purchase of academic buildings at Fitzsimons.

| Project | Total | CCFE | CF | CFE | FF |
|---|------------------|-------------|------------|------------------|------------|
| <u>CORRECTIONS</u> | | | | | |
| Correctional Industries, Minor Construction Projects | 430,000 | 0 | 0 | 430,000 | 0 |
| This ongoing appropriation allows Correctional Industries to accommodate growth and new business opportunities and to maintain safe operations. | | | | | |
| TOTAL - CORRECTIONS | \$430,000 | \$0 | \$0 | \$430,000 | \$0 |

HIGHER EDUCATION

Adams State College

| | | | | | |
|---|---------|---|---|---------|---|
| College Center and Rex Gym Roof Replacement | 337,688 | 0 | 0 | 337,688 | 0 |
|---|---------|---|---|---------|---|

The project will replace the College Center roof and the Rex Gym roof. Both buildings leak and show visible need of repair, according to Adams State.

Mesa State College

| | | | | | |
|---|---------|---|---|---------|---|
| Pinon Hall and Mary Rait Hall Renovations | 465,000 | 0 | 0 | 465,000 | 0 |
|---|---------|---|---|---------|---|

The project will renovate Pinon Hall and Mary Rait Hall using building renewal and replacement funds generated by the housing department.

Western State College

| | | | | | |
|--|-----------|---|---|-----------|---|
| Escalante Resident Hall Complex Building Renovations | 6,655,626 | 0 | 0 | 6,655,626 | 0 |
|--|-----------|---|---|-----------|---|

This project will renovate the four dormitories that make up the Escalante complex using institutional funds.

Colorado State University

| | | | | | |
|--|-----------|---|---|-----------|---|
| Atmospheric Science Chemistry Addition | 2,500,000 | 0 | 0 | 2,500,000 | 0 |
|--|-----------|---|---|-----------|---|

The project will build a 13,000 GSF (8,210 ASF) addition to the existing Atmospheric Science (ATS) Complex on the CSU Foothills campus.

| | | | | | |
|--------------------------|------------|---|---|------------|---|
| Hughes Stadium Expansion | 12,949,517 | 0 | 0 | 12,949,517 | 0 |
|--------------------------|------------|---|---|------------|---|

The project will: (1) construct 21,564 GSF of additional premium seating, concessions, restrooms, and circulation in Hughes Stadium; (2) increase bleacher seating; (3) replace the existing turf football playing field; (4) repair/improve the field drainage.

| | | | | | |
|---------------------------------------|-----------|---|---|-----------|---|
| Hughes Stadium Scoreboard Replacement | 1,250,000 | 0 | 0 | 1,250,000 | 0 |
|---------------------------------------|-----------|---|---|-----------|---|

This project will replace two scoreboards with more modern units that have the capacity to display instant replays and are more consistent with the standards in Division 1-A athletics.

| | | | | | |
|--|-----------|---|---|-----------|---|
| Lory Student Center Major Maintenance and Renovation | 3,110,300 | 0 | 0 | 3,110,300 | 0 |
|--|-----------|---|---|-----------|---|

This project will renovate the dining center and some conference rooms.

| Project | Total | CCFE | CF | CFE | FF |
|---|--------------|-------------|-----------|------------|------------|
| Regional Biocontainment Laboratory | 22,461,000 | 0 | 0 | 7,079,000 | 15,382,000 |
| The project will build a 33,850 GSF Regional Biocontainment Laboratory consisting predominately of biocontainment/Biosafety Level 3 (BSL-3) laboratories. BSL-2 laboratories, lab support, and office space will also be included. | | | | | |
| Synthetic Football Practice Field | 750,000 | 0 | 0 | 750,000 | 0 |
| This project will replace the existing grass practice field with an all-weather synthetic turf. | | | | | |
| University of Colorado at Boulder | | | | | |
| Laboratory for Atmospheric and Space Physics Space Technology Research Center Addition | 13,022,000 | 0 | 0 | 13,022,000 | 0 |
| The project will construct a 45,800 gross square foot addition to be funded from loans paid back with revenues from research programs. | | | | | |
| University of Colorado at Colorado Springs | | | | | |
| Dormitories | 16,000,000 | 0 | 0 | 16,000,000 | 0 |
| The project will construct apartemnt-style campus housing for 300 upperclassmen and graduate students, construct 225 new parking spaces, and replace 159 parking spaces displaced by the new units. | | | | | |
| Science / Engineering Buildings | 23,200,000 | 0 | 0 | 23,200,000 | 0 |
| The project will build a new 59,946 gross square feet Engineering Building adjacent to the existing Engineering Building and will renovate the existing building. | | | | | |
| University of Colorado Health Sciences Center | | | | | |
| Barbara Davis Center for Childhood Diabetes at Fitzsimons | 6,442,374 | 0 | 0 | 3,221,187 | 3,221,187 |
| Phase 3 of this project finishes 46,800 GSF on floors 2 and 3 of the Barbara Davis Center at Fitzsimons. | | | | | |
| Building 500 Renovation (Phase 3) | 9,000,376 | 0 | 0 | 9,000,376 | 0 |
| The project completes the third and final phase of the renovation of Building 500 (450,000 GSF) on the Fitzsimons campus. | | | | | |
| Fitzsimons, Infrastructure Phase 8 | 4,357,389 | 0 | 0 | 4,357,389 | 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 | 1,900,000 | 1,900,000 | 0 | 0 | 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, or 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 Buildings at Fitzsimons | 1,900,000 | 0 | 0 | 1,900,000 | 0 |

| Project | Total | CCFE | CF | CFE | FF |
|---------|-------|------|----|-----|----|
|---------|-------|------|----|-----|----|

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, or 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.

Colorado School of Mines

| | | | | | |
|-----------------------|------------|---|---|------------|---|
| Student Life Projects | 26,500,000 | 0 | 0 | 26,500,000 | 0 |
|-----------------------|------------|---|---|------------|---|

This project will construct 12-14 new buildings providing 206 to 270 beds at Mines Park on 6th Ave., demolish obsolete housing units in Prospector Village East of 6th Ave. and replace them with three sororities, renovate Bradford Hall, add sprinklers to the Morgan-Thomas-Bradford-Randall complex, update the cafeteria in the Ben Parker Student Center, and implement a campus one-car system.

| | | | | | |
|--|-----------|-----------|---|---|---|
| Addition to Center for Teaching and Learning Media | 2,300,000 | 2,300,000 | 0 | 0 | 0 |
|--|-----------|-----------|---|---|---|

The project builds an addition to the Center for Teaching and Learning Media to house the computer center currently in the Green Center. The Green Center roof is at the end of its useful life and is saturated with moisture in certain locations. Once the computer center is moved to the new addition to the Center for Teaching and Learning Media, a separate stand-alone project will be submitted to repair the Green Center, including asbestos work.

Front Range Community College

| | | | | | |
|--|-----------|---|---|-----------|---|
| Westminster Campus, Expand and Renovate Parking Lots | 3,000,000 | 0 | 0 | 3,000,000 | 0 |
|--|-----------|---|---|-----------|---|

This project will expand, rehabilitate, and reconfigure parking spaces on the Westminster campus.

Auraria Higher Education Center

| | | | | | |
|-------------------|------------|---|---|------------|---|
| Parking Structure | 17,236,165 | 0 | 0 | 17,236,165 | 0 |
|-------------------|------------|---|---|------------|---|

This project is the first phase in a project to build an 800-850 car parking structure north of the Tivoli Student Center.

| | | | | | |
|-------------------------------------|------------|---|---|------------|---|
| Tivoli Student Union Revitalization | 28,140,774 | 0 | 0 | 28,140,774 | 0 |
|-------------------------------------|------------|---|---|------------|---|

This project will perform necessary controlled maintenance including exterior window and facade repair, roof replacement, fire alarm upgrades, mechanical system upgrades, and outdoor security lighting.

Colorado Historical Society

| | | | | | |
|---------------------------------------|---------|---|---|---------|---|
| Regional Museum Preservation Projects | 374,800 | 0 | 0 | 374,800 | 0 |
|---------------------------------------|---------|---|---|---------|---|

The project will address a number of historic preservation issues at regional museums with money in the State Historical Fund.

| | | | | | |
|---------------------------------|----------------------|--------------------|------------|----------------------|---------------------|
| TOTAL - HIGHER EDUCATION | \$203,853,009 | \$4,200,000 | \$0 | \$181,049,822 | \$18,603,187 |
|---------------------------------|----------------------|--------------------|------------|----------------------|---------------------|

LABOR AND EMPLOYMENT

| | | | | | |
|-------------------------------------|------------|---|------------|---|---------|
| Petroleum Storage Tank Site Cleanup | 19,000,000 | 0 | 18,200,000 | 0 | 800,000 |
|-------------------------------------|------------|---|------------|---|---------|

| Project | Total | CCFE | CF | CFE | FF |
|--|--------------|-------------|--------------|------------|-----------|
| The ongoing project reimburses the cost of remediating storage sites contaminated by leaking petroleum products. | | | | | |
| TOTAL - LABOR & EMPLOYMENT | \$19,000,000 | \$0 | \$18,200,000 | \$0 | \$800,000 |
| <u>MILITARY AFFAIRS</u> | | | | | |
| Tenant Upgrades and Network Operations Center Relocation | | | | | |
| | 1,026,000 | 0 | 0 | 276,000 | 750,000 |
| The project will reconfigure 11 tenant spaces and upgrade building infrastructure in the department's Centennial Building #248. The project will also centralize the Network Operations Center into the Centennial Building. | | | | | |
| TOTAL - MILITARY AFFAIRS | \$1,026,000 | \$0 | \$0 | \$276,000 | \$750,000 |
| <u>NATURAL RESOURCES</u> | | | | | |
| Division of Parks and Outdoor Recreation | | | | | |
| Barbour Ponds State Park Renovation | | | | | |
| | 500,000 | 0 | 0 | 500,000 | 0 |
| Renovates the park and upgrades facilities, including acquiring water and sewer taps and improving roads and campsites. | | | | | |
| Business Development Initiatives | | | | | |
| | 300,000 | 0 | 0 | 300,000 | 0 |
| The project funds several business development initiatives to improve Parks' self-sufficiency. The division intends to increase its annual gross revenues of \$15 to \$16 million by 20 percent through FY 2008-09. | | | | | |
| Cherry Creek Concession Enhancements | | | | | |
| | 366,000 | 0 | 0 | 366,000 | 0 |
| The project makes improvements to the concessions facility at Cherry Creek State Park. The work at the 10-year old facility, also known as the Rifle Range, includes lead mitigation in the existing earth berm and utility upgrades such as improving the existing water, installing a new sewer, and upgrading electrical systems. | | | | | |
| Cheyenne Mountain State Park | | | | | |
| | 4,472,000 | 0 | 0 | 4,472,000 | 0 |
| The project is to develop the first state park in El Paso County, the Cheyenne Mountain State Park. The project will be completed 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. | | | | | |
| Front Range Trail | | | | | |
| | 400,000 | 0 | 0 | 400,000 | 0 |
| 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. | | | | | |
| Information Technology System Projects | | | | | |
| | 175,000 | 0 | 0 | 175,000 | 0 |
| The project will modernize and systematize the division's automated management system. The system is called the Parks Automated Records Keeping System (PARKS). | | | | | |
| Major Repairs, Minor Recreation Improvements | | | | | |
| | 3,000,000 | 0 | 0 | 3,000,000 | 0 |

| Project | Total | CCFE | CF | CFE | FF |
|--|--------------|-------------|-----------|------------|-----------|
| Provides various repairs, replacements, and improvements, such as picnic and campsite renovations, water, sewer and electrical system improvements, toilets, docks, and ramps. | | | | | |
| New Park Opportunities | 500,000 | 0 | 0 | 500,000 | 0 |
| Lottery funds will be used to purchase land additions to existing parks to improve public access, address visitor safety and trespass issues, enhance management, address boundary disputes, right-of-way problems, and easements. These purchases include adjacent lands as well as inholdings. | | | | | |
| Off-Highway Vehicle Program Grants and Minor New Construction and Renovation | 1,470,000 | 0 | 1,200,000 | 0 | 270,000 |
| 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. | | | | | |
| Recreational Trails Volunteer Partnerships Program | 50,000 | 0 | 0 | 50,000 | 0 |
| This project will provide grants for trail projects that are completed with volunteer support and labor. Grant moneys may be used for material, equipment rental, trail design consultant fees, associated support costs, and volunteer recognition. | | | | | |
| Renovation of Bureau of Reclamation State Parks | 2,800,000 | 0 | 0 | 1,400,000 | 1,400,000 |
| Lottery and GOCO funds are used to match federal funds for a ten-year project to renovate Crawford, Navajo, Paonia, Rifle, and Vega state parks, which are leased on a long-term basis from the federal government. | | | | | |
| Reservoir Enhancements | 188,000 | 0 | 0 | 0 | 188,000 |
| The project allows the division to preserve and enhance reservoirs through various projects. | | | | | |
| Revenue Enhancements | 2,615,000 | 0 | 0 | 2,040,000 | 575,000 |
| The project allows the division to plan and construct various facilities in the State Parks system, including cabins, electrical conduits, and event facilities. | | | | | |
| Saint Vrain Corridor | 1,740,000 | 0 | 0 | 1,740,000 | 0 |
| The project allows the division to acquire land and water along the Saint Vrain River Corridor. | | | | | |
| State Trails Program | 1,250,000 | 0 | 0 | 300,000 | 950,000 |
| Provides grant assistance for planning, design and construction of trails. | | | | | |
| Staunton State Park, Acquisition of Additional Property | 450,000 | 0 | 0 | 450,000 | 0 |
| Acquires parcels adjacent to the park to improve access and route it away from surrounding subdivisions. | | | | | |
| Water Acquisitions/Lease Options and Dam Repairs | 600,000 | 0 | 0 | 600,000 | 0 |

| Project | Total | CCFE | CF | CFE | FF |
|--|--------------|-------------|-----------|------------|-----------|
| 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. | | | | | |
| Division of Wildlife | | | | | |
| Cooperative Habitat Improvements | 500,000 | 0 | 0 | 500,000 | 0 |
| Increases the quality and quantity of habitats on private property and improve small game hunting opportunities. | | | | | |
| Dam Maintenance, Repair, and Improvement | 78,750 | 0 | 0 | 78,750 | 0 |
| This is an annual appropriation for ongoing maintenance, repair, and improvements to dams located on division-owned or leased property. | | | | | |
| Employee Housing Repairs | 137,025 | 0 | 0 | 137,025 | 0 |
| The project repairs, maintains, and modernizes employee housing located on properties owned or managed by the Division of Wildlife. | | | | | |
| Fish Unit Maintenance and Improvement | 862,995 | 0 | 0 | 862,995 | 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. | | | | | |
| Lake Christine Dam Repairs | 400,000 | 0 | 0 | 400,000 | 0 |
| The project will rework the outlet, construct a spillway, and stabilize the downstream slope of the Lake Christine Dam. | | | | | |
| Miscellaneous Small Projects | 153,550 | 0 | 0 | 153,550 | 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 | 618,875 | 0 | 0 | 31,500 | 587,375 |
| 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. | | | | | |
| Native Aquatic Species Facility Well Replacement | 787,500 | 0 | 0 | 787,500 | 0 |
| The project would drill a deep augmentation well at the division's Native Aquatic Species Fish Hatchery west of Alamosa. The purpose of the new well is to secure a warm water source of water for the fish hatchery. | | | | | |
| Property Acquisition | 1,000,000 | 0 | 0 | 1,000,000 | 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. | | | | | |

| Project | Total | CCFE | CF | CFE | FF |
|---|---------------------|--------------------|--------------------|---------------------|--------------------|
| Property Maintenance, Improvement, and Development | 238,628 | 0 | 0 | 238,628 | 0 |
| 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 | 800,000 | 0 | 0 | 800,000 | 0 |
| Upgrades and renovates the Division of Wildlife's service centers. | | | | | |
| Shooting Range Improvements | 220,000 | 0 | 0 | 60,000 | 160,000 |
| The project enhances and improves shooting ranges in the state. The state has 112 shooting ranges. | | | | | |
| Stream and Lake Improvements | 386,715 | 0 | 0 | 386,715 | 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. | | | | | |
| Waterfowl Habitat Projects | 200,000 | 0 | 0 | 200,000 | 0 |
| The projects address insufficient quantity and quality of habitat available to maintain and increase waterfowl populations in Colorado. | | | | | |
| Wetlands Improvement Projects | 600,000 | 0 | 0 | 600,000 | 0 |
| Funds the Colorado Wetlands Initiative, a joint project with other private and government partners. | | | | | |
| TOTAL - NATURAL RESOURCES | \$32,850,038 | \$0 | \$1,200,000 | \$25,119,663 | \$6,530,375 |
| <u>PERSONNEL</u> | | | | | |
| 2002 Issue (Refunding of 1992 Issue) | 3,842,650 | 3,842,650 | 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 | 1,778,782 | 982,599 | 0 | 796,183 | 0 |
| Makes the annual payment for this building, which is occupied by the Department of Revenue. | | | | | |
| Emergency Controlled Maintenance | 500,000 | 248,691 | 0 | 251,309 | 0 |
| Provides a pool of funds for emergency controlled maintenance needs. | | | | | |
| TOTAL - PERSONNEL | \$6,121,432 | \$5,073,940 | \$0 | \$1,047,492 | \$0 |
| <u>PUBLIC HEALTH AND ENVIRONMENT</u> | | | | | |
| Contaminated Sites Redevelopment Pursuant to HB 00-1306 | 250,000 | 0 | 0 | 250,000 | 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. | | | | | |

| Project | Total | CCFE | CF | CFE | FF |
|--|----------------------|--------------------|---------------------|----------------------|---------------------|
| TOTAL - PUBLIC HEALTH & ENVIRONMENT | \$250,000 | \$0 | \$0 | \$250,000 | \$0 |
| <u>REVENUE</u> | | | | | |
| Titling and Registration System | 2,227,377 | 0 | 0 | 2,227,377 | 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. | | | | | |
| TOTAL - REVENUE | \$2,227,377 | \$0 | \$0 | \$2,227,377 | \$0 |
| TOTAL - CAPITAL CONSTRUCTION | \$265,757,856 | \$9,273,940 | \$19,400,000 | \$210,400,354 | \$26,683,562 |