

**COLORADO GENERAL ASSEMBLY
JOINT BUDGET COMMITTEE**



SUPPLEMENTAL REQUESTS FOR FY 2010-11

**DEPARTMENT OF PUBLIC HEALTH
AND ENVIRONMENT**

Administrative and Health Divisions

**JBC Working Document - Subject to Change
Staff Recommendation Does Not Represent Committee Decision**

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January 19, 2011**

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Prioritized Supplementals

**Previously Approved Supplemental Request, Department Priority #1
 Medical Marijuana**

Previously Approved	
Total	\$2,009,377
FTE	<u>0.0</u>
Cash Funds	1,844,443
Reappropriated Funds	164,934

Description of Supplemental:

In June 2010, the Department requested increased Medical Marijuana Registry appropriations for FY 2010-11. The Department cited large backlogs of Medical Marijuana Registry applications and of unprocessed requests to update information already in the Registry, such as patient addresses and care giver names. At the time, JBC Staff estimated that the Department's unopened mail contained 54,000 unprocessed applications, not to mention the 31,000 applications that the Department had evaluated for acceptance or rejection but had not yet entered into its medical-marijuana-registry computer system. Staff noted that the Department was exceeding the Constitution's requirement that it respond to applications within 35 days.

In response, the Committee approved an appropriation increase of \$2,009,377 cash funds. The funding source was the Medical Marijuana Program Cash Fund. This adjustment raised the Registry's FY 2010-11 appropriation to \$3.6 million. The Department has used this appropriation to substantially reduce the backlog; it has hired temporary workers and hired the Division of Central Services at the Department of Personnel and Administration to perform this work. The Department has now eliminated the application backlog and expects to eliminate the backlog of update requests by the end of FY 2010-11.

In November 2010, the Department requested a \$2.4 million FY 2011-12 appropriation for the program, which represents a \$1.2 million decrease relative to the appropriation that resulted from the June 2010 interim supplemental. In January 2011, the Department submitted budget amendments that further reduced the FY 2011-12 request to \$2.1 million.

The rules governing interim supplementals in Section 24-75-111 (5), C.R.S., require the Committee to introduce all interim supplementals that it approves. Staff will include this supplemental in the Department's supplemental bill.

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**Supplemental Request, Department Priority #3
 Medical Marijuana Computer System**

Department of Public Health and Environment	Request	Recommendation
Total - CF	<u>\$85,000</u>	<u>\$79,750</u>
CF to be transferred to Department of Public Safety	46,000	46,000
CF to be transferred to Office of Information and Technology	39,000	33,750

The following requests for authority to spend the moneys transferred from the Department of Public Health and Environment as well as moneys transferred from the Department of Revenue come from the Department of Public Safety and the Office of Information and Technology:

Department of Public Safety	Request	Recommendation
Total - RF	<u>\$92,000</u>	<u>\$92,000</u>
RF Received from Department of Public Health and Environment	46,000	46,000
RF Received from Department of Revenue	46,000	46,000

Office of Information and Technology	Request	Recommendation
Total - RF	<u>\$78,000</u>	<u>\$67,500</u>
RF Received from Department of Public Health and Environment	39,000	33,750
RF Received from Department of Revenue	39,000	33,750

Does JBC staff believe the request meets the Joint Budget Committee's supplemental criteria? [An emergency or act of God; a technical error in calculating the original appropriation; data that was not available when the original appropriation was made; or an unforeseen contingency.]	YES
The Department states that this request is the result of data that was not available when the original appropriation was made. Staff agrees that the request is in part due to <i>data that was not available when the original appropriation was made</i> but believes that it is also due to <i>errors in calculating the original appropriation</i> , which was contained in H.B. 10-1284 (Medical Marijuana Regulations).	

Brief Background: Colorado's Medical Marijuana program is administered by two agencies, the Colorado Department of Public Health and Environment (CDPHE) and the Department of Revenue. CDPHE administers the Medical Marijuana Registry, which tracks patients who have satisfied the requirements to use medical marijuana and have paid the \$90 annual registry fee. The Department

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of Revenue licenses and regulates the cultivation, manufacture , distribution, and sale of medical marijuana.

The Three Requests

Agencies involved in this request: The request from CDPHE is part of three interrelated requests involving CDPHE, the Governor's Office of Information and Technology (OIT), and the Department of Public Safety. The Department of Revenue is also involved, but it does not require an appropriation because suitable appropriations were already included in H.B. 10-1284 (Medical Marijuana Regulations). This analyst will present the requests for CDPHE, OIT and the Department of Public Safety so that they may be considered as a whole. To conserve Committee time, the analysts for OIT and the Department of Public Safety will present the corresponded requests for their departments in very abbreviated form.

Funding Providers:

The Department of Public Health and Environment requests a FY 2010-11 appropriation of \$85,000 cash funds for IT work. These cash funds would come from the Medical Marijuana Program Cash Fund. The appropriation will be used as follows:

1. \$46,000 will be transferred to the Department of Public Safety, where it will be combined with an equal amount of money that Public Safety is receiving from the Department of Revenue. Together these moneys will be used to develop a computer-based system that law enforcement personnel can use to obtain information from the medical marijuana databases maintained by CDPHE and the Department of Revenue. Access will be from a remote computer, such as a computer in a police car.
2. \$39,000 will be transferred to OIT, where it will be combined with an equal amount of money that OIT is receiving from the Department of Revenue. Together these moneys will be used to pay for a project manager who will coordinate the development of medical marijuana computer systems that will support the medical marijuana programs at CDPHE and the Department of Revenue.

Funding users:

The Department of Public Safety requests a FY 2010-11 appropriation of \$92,000 reappropriated funds, which will allow it to expend the moneys it receives from CDPHE and the Department of Revenue to develop a computer-based system that law enforcement personnel can use to obtain information from the medical marijuana databases maintained by CDPHE and the Department of

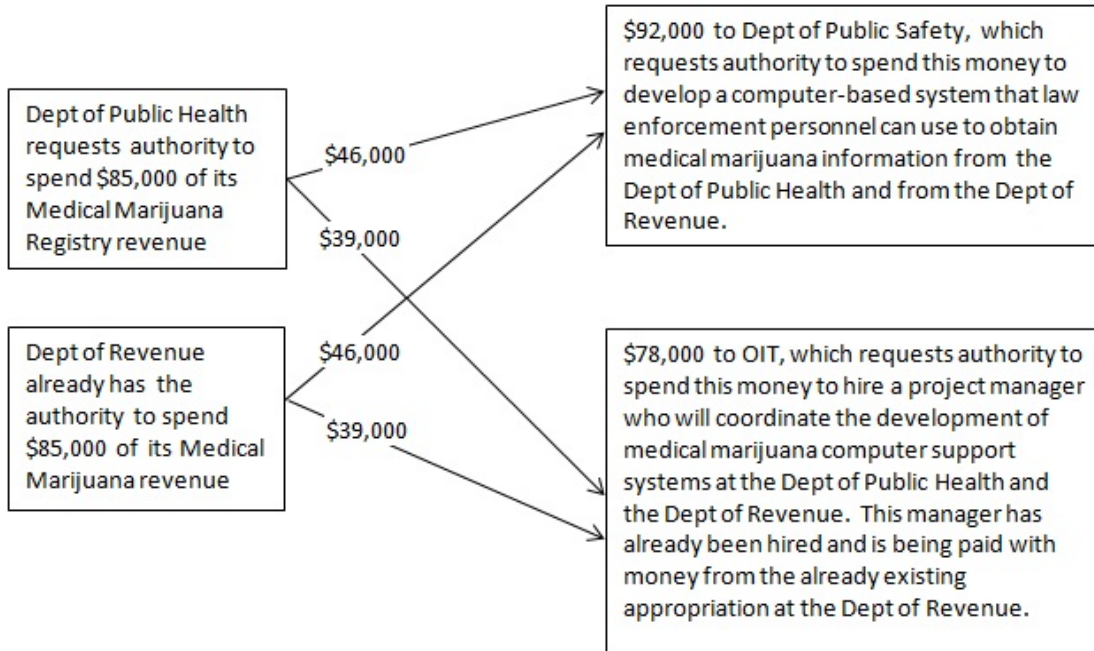
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Revenue. This system will be an extension of existing computer software and linkages maintained by the Colorado Crime Information Center.

The Governor's Office of Information and Technology requests a FY 2010-11 appropriation of \$92,000 reappropriated funds, which will allow it to expend the moneys it receives from CDPHE and the Department of Revenue to hire a project manager who will coordinate the development of medical marijuana computer systems that will support the medical marijuana programs at CDPHE and the Department of Revenue.

The following diagram summarizes the FY 2010-11 requests.

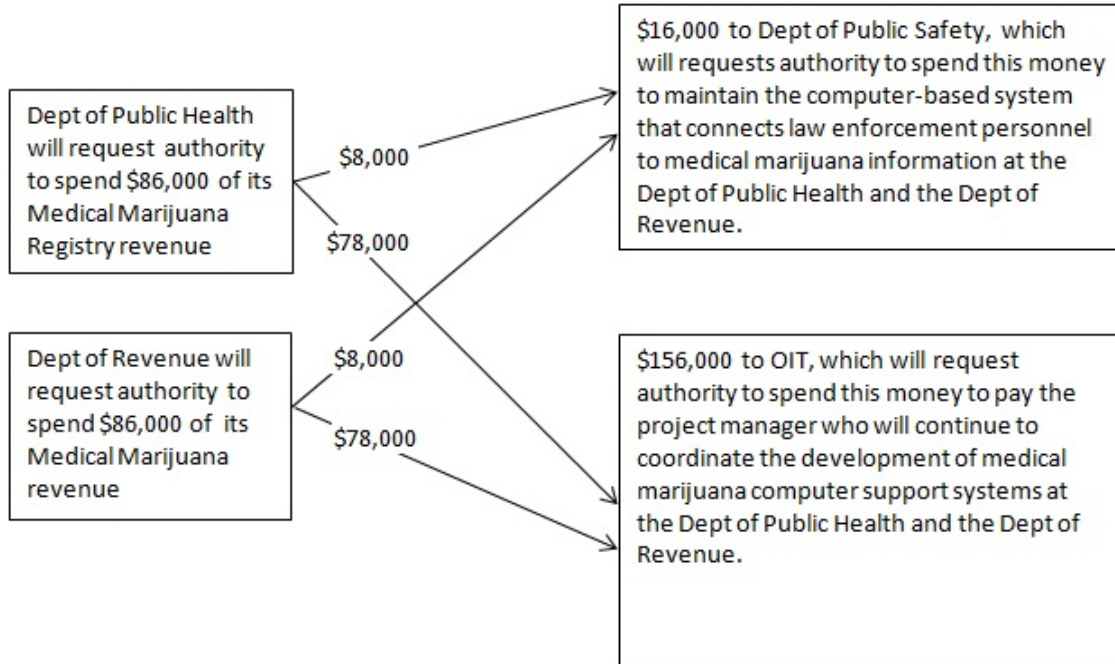
FY 2010-11 Supplemental Requests



All four departments anticipate that this arrangement will continue next year and are requesting the following appropriations for FY 2011-12. These appropriations will be considered during FY 2011-12 figure setting:

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Related FY 2011-12 Requests
 (to be considered during figure setting)



Staff Recommendation: Staff recommends that the Committee approve FY 2010-11 appropriation of \$79,750 cash funds for CDPHE, \$92,000 reappropriated funds for Public Safety and \$67,500 reappropriated funds for OIT.

Staff Analysis: Section 25-1.5-106 (7), which was added to statute by H.B. 10-1284 (Medical Marijuana Regulations), requires CDPHE to maintain a registry of information on patients and care givers that is accessible to law enforcement officers 24 hours per day, seven days a week for verification purposes. Currently the Department responds only to telephone requests and only answers these inquiries during working hours, Monday through Friday. The bill also creates medical-marijuana-center licensing duties within the Department of Revenue that require it to access the care-giver information that is contained in CDPHE's medical marijuana database.

When the Department of Public Health and Environment provided fiscal note information for H.B. 10-1284, it underestimated the cost of complying with the 24/7 access requirement; it requested an appropriation of only \$7,000, which it received in the bill. The Department also did not recognize that it needed to provide the Department of Revenue with access to registry information; as a consequence the bill provided no appropriation for the necessary modifications to the registry computer system.

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After H.B. 10-1284 became law, CDPHE and the Department of Revenue, working with OIT, hired a consultant to evaluate the bill's IT requirements. During the evaluation it became apparent that CDPHE's current medical-marijuana-registry computer system, which was designed when the registry had far fewer applicants, may not be able to handle 100,000 or more registrants while providing the required access to law enforcement and to the Department of Revenue; the system may need to be replaced. It also became apparent that 24/7 law enforcement access to the databases at the Department of Public Health and the Department of Revenue could best be provided by expanding existing systems operated by the Colorado Bureau of Investigation's Colorado Crime Information Center (CCIC), something that was not envisioned in H.B. 10-1284's fiscal note. A CCIC-based solution piggybacks on existing electronic links and provides medical marijuana information to law enforcement officers via a familiar computer interface, thus minimizing learning costs.

The conclusion that 24/7 access can best be provided through the CCIC meant that the Department of Public Safety, which did not receive any appropriations in H.B. 10-1284, needed an appropriation so it could hire its CCIC contractor to expand the system. The contractor has agreed to do this work for \$92,000.

The recognition that CDPHE may need a new medical-marijuana-registry computer system, combined with the Department of Revenue's IT needs, and the need to coordinate H.B. 10-1284's multi-agency IT requirements, led to the decision to hire a project manager for the second half of FY 2010-11 and all of FY 2011-12. The project management services will be provided by OIT at a rate of \$75 per hour, which covers the project manager's salary and OIT's other costs. The Department estimates the FY 2010-11 cost of the project manager at 1040 hours (6 months) * \$75 = \$78,000 and the cost FY 2011-12 at twice that amount or \$156,000.

Staff notes that the standard 2080 hour work year commonly used for personal services calculations is not appropriate for computing billable hours because it assumes that a project manager (who is a state employee) will be able to bill 8 hours per day, 5 days per week, 52 weeks per year, leaving no time for state holidays or annual leave. Staff recommends using 1800 billable hours, which is the standard used by the Department of Law for its billing employees. For FY 2010-11, this leads to an appropriation of 900 hours (6 months) * \$75 = \$67,500 and for FY 2011-12 it leads to an appropriation of twice that amount, or \$135,000.

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**Supplemental Request, Department Priority #4
Dental Loan Repayment Program**

	Request	Recommendation
Total	<u>\$28,225</u>	<u>\$25,000</u>
General Fund	28,225	25,000

Does JBC staff believe the request meets the Joint Budget Committee's supplemental criteria? [An emergency or act of God; a technical error in calculating the original appropriation; data that was not available when the original appropriation was made; or an unforeseen contingency.]	In Part
As discussed below, this is a two part request. The Department states that part 1 is the result of a technical error. Staff agrees that there was an error, but it was not a technical error in calculating the original appropriation, as required by the JBC's supplemental criteria. Staff believes that part 1 of the request is best described as resulting from <i>an unforeseen contingency</i> . The Department did not provide a criterion for part 2 of the request and Staff does not believe that it fits any of the requirements; the Department could have foreseen the availability of accumulated reversions and interest when it submitted its budget more than a year ago, though the exact amount would not have been know.	

Department Request: This is a two part request.

1. **Correct an Accounting Error.** The Department requests that the FY 2010-11 appropriation for the Dental Loan Repayment Program in the Prevention Services Division be increased by \$25,000 cash funds to correct a technical error that the Department made when, as it was closing the books on FY 2009-10, it mistakenly charged a \$25,000 expenditure to FY 2010-11 that should have been charged to FY 2009-10. The mistake was discovered too late to be fixed. As a result \$25,000 of FY 2009-10 spending authority expired unused and while \$25,000 of FY 2010-11 spending authority effectively disappeared, having been used to cover a FY 2009-10 expense. The fund source is the State Dental Loan Repayment Fund, which receives \$200,000 of tobacco settlement revenues each year.

2. **Provide spending authority for \$3,225 of accumulated fund balance.** The Department requests that the FY 2010-11 appropriation for the Dental Loan Repayment Program be increased by \$3,225, cash funds, which equals the sum of the small reversions and the interest that has accumulated in the State Dental Loan Repayment Fund in recent years. This fund balance cannot be spent without an appropriation.

Staff Recommendation: Staff recommends that the Committee approve request 1 and not approve request 2.

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Background: The Dental Loan Repayment Program is open to dentists and dental hygienists who agree to serve medically underserved populations in rural or urban settings. Dentists are eligible for up to \$25,000 of help repaying their education loans and dental hygienists are eligible for up to \$6,000. Each provider in the program serves a two-year term, treating an average of 1,397 underserved Coloradans annually. The Repayment Program is supported with an annual appropriation of \$200,000 from the state's tobacco settlement receipts.

Staff Analysis: Request 1 fixes the Department's error. If approved, the amount expended by the program in FY 2010-11 will equal the amount that the General Assembly intended in the original appropriation. If rejected, FY 2010-11 program expenditures will be \$25,000 less than intended.

As discussed in the criteria box above, Request 2 does not fit any of the JBC's criteria. Staff will recommend during FY 2011-12 figure setting that the FY 2011-12 appropriation to the program be increased by \$3,225.

**Supplemental Request, Department Priority #5
 Indirect Cost Recoveries Adjustments**

	Request	Recommendation
Total	<u>\$0</u>	<u>\$0</u>
Cash Funds	762,000	762,000
Reappropriated Funds	(50,000)	(50,000)
Federal Funds	(712,000)	(712,000)

Does JBC staff believe the request meets the Joint Budget Committee's supplemental criteria? [An emergency or act of God; a technical error in calculating the original appropriation; data that was not available when the original appropriation was made; or an unforeseen contingency.]	YES
JBC staff and the Department agree that this request is the result of <i>data that was not available when the original appropriation was made.</i>	

Department Request: The Department requests the following adjustments to the indirect cost assessments in its FY 2010-11 Long Bill appropriations in order to take into account new information. Assessments involving a variety of cash, reappropriated, and federal funds are involved.

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Requested Adjustments to Indirect Cost Assessments						
Division Subdivision, Line Item	Total	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
(2) Center for Health and Environmental Information						
(C) Indirect Cost Assessment	330,000	0	250,000	(20,000)	100,000	0.0
(3) Laboratory Services						
(A) Director's Office, Indirect Cost Assessment	(130,000)	0	(100,000)	(30,000)	0	0.0
(5) Water Quality Control Division						
(A) Administration, Indirect Cost Assessment	45,000	0	45,000	0	0	0.0
(6) Hazardous Materials and Waste Management Division						
(A) Administration, Indirect Cost Assessment	50,000	0	50,000	0	0	0.0
(7) Consumer Protection						
Indirect Cost Assessment	37,000	0	37,000	0	0	0.0
(8) Disease Control and Environmental Epidemiology Division						
(A) Administration, General Disease Control and Surveillance, Indirect Cost Assessment	(400,000)	0	0	0	(400,000)	0.0
(9) Prevention Services Division						
(A) Prevention Programs, (1) Programs and Administration, Indirect Cost Assessment	100,000	0	100,000	0	0	0.0
(10) Health Facilities and Emergency Medical Services Division						
(C) Indirect Cost Assessment	380,000	0	380,000	0	0	0.0
(11) Emergency Preparedness and Response Division						
Indirect Cost Assessment	(412,000)	0	0	0	(412,000)	0.0
Total	0	0	762,000	(50,000)	(712,000)	0.0

Staff Recommendation and request: Staff recommends that the Committee approve the Department's requested changes to its indirect cost assessments. In addition, common policy supplemental requests submitted by the Department may cause further changes in indirect cost assessments if they are approved by the Committee. **Staff also requests permission to incorporate any necessary changes to indirect cost assessments into the Department's supplemental bill if**

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common policy changes or other supplemental changes approved by the Committee necessitate such changes.

Background: The Department's indirect cost assessments allocate its overhead expenses among most of its cash- and federally-funded programs, with each program paying an assessment that is based on program expenditure. Different assessment rates apply to different types of spending; there is a rate for on-site spending and a rate for off-site spending, for example, and there are different rates for federal and cash fund expenditures.

After the Committee establishes the Department's spending levels during figure setting, the Department can accurately project its overhead expenses for the following fiscal year. It also knows the overall level of spending by cash-funded programs that pay overhead, but it does not know the spending "mix," the proportion of cash-funded spending that will be on- and off-site. Nor does it know the level and mix of federally-funded programs.

Following figure setting, the Department submits its proposed indirect cost assessments for the fiscal year in question. JBC staff reviews these proposals and, with Committee approval, incorporates them into the Long Bill. Because of uncertainty regarding the mix of the various types of cash-fund spending and uncertainty concerning the mix and amount of federally-funded spending, these overhead assessments invariably prove inaccurate, meaning that the Department finds some of its indirect cost assessment appropriations are too large to be fully utilized and other assessment appropriations are too small. When an assessment appropriation is too small it can prevent the Department from collecting indirect costs from some of the federally funded and cash funded programs that are subject to that assessment.

With this supplemental request, the Department asks that the Long Bill be adjusted to reflect the latest available information. The numbers pages show the overall funding changes that will result from altering the indirect cost assessments in question.

**Supplemental Request, Department Priority #6
Technical Corrections**

	Request	Recommendation
Total	<u>\$0</u>	<u>\$0</u>
Cash Funds	0	0
Reappropriated Funds	0	0

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Does JBC staff believe the request meets the Joint Budget Committee's supplemental criteria? [An emergency or act of God; a technical error in calculating the original appropriation; data that was not available when the original appropriation was made; or an unforeseen contingency.]	YES
JBC staff and the Department agree that each part of this request is the result of <i>a technical error in calculating the original appropriation.</i>	

Department Request: This request is comprised of four parts, numbered Technical #1 through Technical #4, which are distinct from one another and could be approved or disapproved separately. Technical #4 was considered and approved during the presentation of supplementals for the Department’s environmental divisions.

Staff recommendation: Staff recommends that the Committee approve each of these technical supplementals.

Technical #1: The Department requests that letternote c in (1) Administration and Support, (A) Administration, be amended as follows.

° Of these amounts, \$577,966 shall be from indirect cost recoveries, \$380,256 shall be from Medicaid funds appropriated to the Department of Health Care Policy and Financing, \$16,000 shall be from the Local Government Severance Tax Fund, created in Section 39-29-110 (1) (a) (I) C.R.S., transferred from the Department of Local Affairs, and \$22,255 shall be from various sources of ~~cash~~ REAPPROPRIATED funds.

Analysis: This change corrects a technical error.

Technical #2: The Department requests that letternote a in (8) Disease Control and Environmental Epidemiology Division, (A) Administration, General Disease Control and Surveillance be amended as follows.

^a These amounts shall be from ~~the sale of rabies vaccines.~~ various sources of cash funds.

Analysis: This change corrects a technical error. The division has sources of cash funds in addition to rabies vaccines and the corrected letternote allows the division to utilize these alternative cash fund sources.

Technical #3: The current FTE appropriation for Prevention Services Division (C) Primary Care Office, Program Costs, consists of 0.5 FTE supported by cash funds from the Visa Waiver Program Fund and 1.0 FTE supported by federal funds. The Department requests that the Long Bill be amended to show that all 1.5 FTE are supported by the Visa Waiver Program Fund.

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Analysis: This line item was created by H.B. 09-1111, Health Resources for Under Served Areas. It was first included in the Long Bill in FY 2010-11. Staff should have indicated that all 1.5 FTE were supported by cash funds when it was added to the Long Bill. The federal funds for this line item do not provide for FTE.

Nonprioritized Supplemental

Adjustment for Decreased Extended Enhanced Federal Medical Assistance Percentage (FMAP)

	Request	Recommendation
Total - CF	(\$839)	\$0

Department Request: The Department requests that the FY 2010-11 appropriation for (9) Prevention Services Division, (A) Prevention Programs, (3) Chronic Disease and Cancer Prevention Grants Program, Transfer to the Department of Health Care Policy and Financing for Breast and Cervical Cancer Treatment be reduced by \$839, cash funds. The fund source is the Prevention, Early Detection, and Treatment Fund, which receives revenues from the tobacco tax imposed by Amendment 35 (Section 21 (4) of Article 10 of the State Constitution).

Staff Recommendation: Staff recommends that the Committee not approve this request.

Staff Analysis: The "Transfer to the Department of Health Care Policy and Financing for Breast and Cervical Cancer Treatment" provides \$1.2 million of funding for Medical Services Premiums in the Department of Health Care Policy and Financing (HCPF), which has corresponding appropriations of reappropriated funds to spend the received money. This request is a small part of a much larger set of supplemental adjustments requested by the Department of Health Care Policy and Financing (HCPF) in August 2010 that also involve CDPHE and the Department of Human Services. The request is the result of the quicker-than-anticipated phase down of the enhanced federal medical assistance percentage (FMAP) provided originally in the American Recovery and Reinvestment Act of 2009 (ARRA). The entire request was presented to the Committee in September by the analyst for the Department of Health Care Policy and Financing (HCPF) and the Committee did not approve the adjustment for HCPF that corresponds to this \$839 reduction. As a result, the \$839 adjustment for CDPHE is not needed.

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**Nonprioritized Supplemental
 Statewide One Percent Across the Board General Fund Personal Services Reduction**

	Request
Total	(<u>\$117,428</u>)
General Fund	(80,557)
Reappropriated Funds	(36,871)
<i>Medicaid Reappropriated Funds</i>	<i>(36,871)</i>
<i>Net General Fund</i>	<i>(93,579)</i>

Department Request: The Department requests a one percent reduction to the General Fund portion of its personal services appropriations for FY 2010-11. The following table details the request:

One Percent Across the Board General Fund Personal Service Reduction						
Division Subdivision, Line Item	Total	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
(1) Administration and Support						
(B) Special Health Programs, (1) Health Disparities Program, Personal Services	(502)	(502)	0	0	0	0.0
(C) Local Public Health Planning and Support, Assessment and Planning Program	(2,954)	(2,954)	0	0	0	0.0
(2) Center for Health and Environmental Information						
(A) Health Statistics and Vital Records, Personal Services	(36)	0	0	(36)	0	0.0
(B) Information Technology Services, Personal Services	(151)	0	0	(151)	0	0.0
(3) Laboratory Services						
(B) Chemistry and Microbiology, Personal Services, Personal Services	(7,518)	(7,518)	0	0	0	0.0
(5) Water Quality Control Division						
(A) Administration, Personal Services	(5,685)	(5,685)	0	0	0	0.0
(B) Clean Water Program, Personal Services	(5,410)	(5,410)	0	0	0	0.0
(C) Drinking Water Program, Personal Services	(8,188)	(8,188)	0	0	0	0.0

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One Percent Across the Board General Fund Personal Service Reduction						
Division Subdivision, Line Item	Total	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
(7) Consumer Protection						
Personal Services	(11,378)	(11,378)	0	0	0	0.0
(8) Disease Control and Environmental Epidemiology Division						
(A) Administration, General Disease Control and Surveillance, Personal Services	(5,510)	(5,510)	0	0	0	0.0
(B) Special Purpose Disease Control Programs, (1) Immunization, Personal Services	(8,258)	(8,258)	0	0	0	0.0
(B) Special Purpose Disease Control Programs, (3) Ryan White Act, Personal Services	(284)	(284)	0	0	0	0.0
(B) Special Purpose Disease Control Programs, (4) Tuberculosis Control and Treatment, Personal Services	(1,228)	(1,228)	0	0	0	0.0
(C) Environmental Epidemiology, (1) Birth Defects Monitoring and Prevention, Personal Services	(1,186)	(1,186)	0	0	0	0.0
(9) Prevention Services Division						
(A) Prevention Programs, (1) Programs and Administration, Personal Services	(1,185)	(1,185)	0	0	0	0.0
(A) Prevention Programs, (2) Cancer Registry, Personal Services	(1,904)	(1,904)	0	0	0	0.0
(A) Prevention Programs, (4) Suicide Prevention	(1,748)	(1,748)	0	0	0	0.0
(A) Prevention Programs, (6) Oral Health Programs	(690)	(690)	0	0	0	0.0
(B) Women's Health - Family Planning, Personal Services	(4,519)	(3,927)	0	(592)	0	0.0
(D) Prevention Partnerships, (1) Interagency Prevention Programs Coordination, Personal Services	(1,157)	(1,157)	0	0	0	0.0
(E) Family and Community Health, (2) Child, Adolescent, and School Health, School Based Health Centers	(575)	(575)	0	0	0	0.0

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One Percent Across the Board General Fund Personal Service Reduction						
Division Subdivision, Line Item	Total	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
(E) Family and Community Health, (3) Children With Special Needs, (a) Health Care Program for Children with Special Needs, Personal Services	(6,282)	(6,282)	0	0	0	0.0
(10) Health Facilities and Emergency Medical Services Division						
(A) Licensure, Health Facilities General Licensure Program	(1,257)	(1,257)	0	0	0	0.0
(A) Licensure, Assisted Living Facilities Program	(975)	(975)	0	0	0	0.0
(A) Licensure, Medicaid/ Medicare Certification Program	(36,092)	0	0	(36,092)	0	0.0
(11) Emergency Preparedness and Response Division						
Emergency Preparedness and Response Program	(2,756)	(2,756)	0	0	0	0.0
Total	(117,428)	(80,557)	0	(36,871)	0	0.0

Staff Recommendation: The staff recommendation for this request is pending Committee approval of common policy supplementals. **Staff asks permission to include the corresponding appropriations in the Department's supplemental bill when the Committee approves common policy supplementals.** If staff believes there is reason to deviate from the common policy, staff will appear before the Committee later to present the relevant analysis.

Statewide Common Policy Supplemental Requests

These requests are not prioritized and are not analyzed in this packet. The JBC will act on these items later when it makes decisions regarding common policies.

Department's Portion of Statewide Supplemental Request	Total	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
Annual Fleet Vehicle Replacement	(\$84,165)	\$0	(\$66,165)	(\$13,000)	(\$5,000)	0.0
Printing of Statewide Warrants and Mainframe Documents	4,555	0	0	4,555	0	0.0

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Department's Portion of Statewide Supplemental Request	Total	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
Department's Total Statewide Supplemental Requests	(\$79,610)	\$0	(\$66,165)	(\$8,445)	(\$5,000)	0.0

Staff Recommendation: The staff recommendation for these requests is pending Committee approval of common policy supplementals. **Staff asks permission to include the corresponding appropriations in the Department's supplemental bill when the Committee approves this common policy supplemental.** If staff believes there is reason to deviate from the common policy, staff will appear before the Committee later to present the relevant analysis.

Cash Fund Transfers

Transfer Request

Medical Marijuana Program Cash Fund

	Request	Recommendation
Transfer from the Medical Marijuana Program Cash Fund to the General Fund	\$9,000,000	\$6,426,275

This request requires separate legislation.

Department Request: In August, 2010, the Department requested that \$9.0 million be transferred from the Medical Marijuana Program Cash Fund to the General Fund to increase FY 2010-11 General Fund revenues. The Department has indicated that a revised request that takes into account new information will be submitted on February 15, 2011.

Staff Recommendation: Staff has concluded that the requested transfer from the Medical Marijuana Program Cash Fund cannot be supported by available revenues and recommends that the Committee not approve a transfer of a specific amount, but instead approve a variable end-of-fiscal-year transfer that will leave a \$1,000,000 balance in the Fund. If the ending fund balance is \$6 million, the transfer would equal \$5 million. If the ending fund balance is \$4 million, the transfer would equal \$3 million. This transfer would take place at the end of FY 2010-11 after the ending fund balance is known. If the Committee approves other transfers, this transfer could probably be combined with those transfers in a single bill. Please note that the transfer in the bill would not have to be amended in response to new information that may be submitted by the Department on February 15, 2011. Nor would it have to be amended if any medical marijuana legislation enacted during the current session requires an appropriation from the Medical Marijuana Program Cash Fund.

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The Medical Marijuana Program Cash Fund supports the Medical Marijuana Registry program at the Department of Public Health and Environment. The Fund receives revenue from a \$90 annual fee that is paid by patients who receive registry cards. The fee is supposed to be set at a level that covers the direct and indirect costs of operating the Medical Marijuana Registry program. In June 2010, \$3,000,000 was transferred to the General Fund to support FY 2009-10 General Fund revenues. In addition to this requested transfer, the Department has requested a \$10,000,000 transfer to the General Fund for FY 2011-12. Based on current revenue forecasts, it is unlikely that this FY 2011-12 transfer can be supported by revenues.

Revenues and revenue projections for the Fund have been volatile. During FY 2008-09 revenues equaled \$773,630. In FY 2009-10, revenues equaled \$4,625,431. In August 2010, the Department projected FY 2010-11 revenues of \$13,500,000 based on the assumption that the registry would issue 150,000 cards. In January 2011, the Department revised its projection to 111,000 registrants, which corresponding to FY 2010-11 revenue of \$9,990,000 -- a 26 percent decline relative to the August forecast. Based on this latest revenue forecast, staff has constructed the following table, which shows that a \$1,000,000 ending balance will *probably* result in a \$6.4 million transfer.

Medical Marijuana Program Cash Fund	
Fund Balance, end of FY 2009-10	\$5,000,690
Transfer to the General Fund, June 30, 2010	<u>(3,000,000)</u>
Beginning balance, July 1, 2010	2,000,690
Projected Revenues	9,990,000
Projected Expenditures	
Long Bill Appropriation	(3,604,444)
S.B. 10-109 Appropriation	(815,224)
H.B. 10-1284 Appropriation	(59,747)
Medical Marijuana Computer System	<u>(85,000)</u>
Total Projected Expenditures	<u>(4,564,415)</u>
Projected fund balance at end of FY 2010-11	7,426,275
Recommended ending balance after transfer	<u>(1,000,000)</u>
Projected transfer based on staff recommendation	6,426,275

Given the highly volatile nature of Fund revenues and of recent appropriations from the fund, as opposed to transfers from the fund, it is difficult to project a sustainable long run fee for the medical marijuana registry, but it is apparent that the current \$90 fee is higher than is needed to support appropriations. If this projected \$6.4 million transfer and the requested FY 2011-12 transfer are not approved by the Committee, the fee, which is set by the State Board of Health, could certainly be reduced by a third, perhaps substantially more, with little probability that it would need to be

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adjusted upward within the next two years. Despite these considerations, Staff recommends this transfer because of the current budget shortfall.

	FY 2009-10	FY 2010-11	Fiscal Year 2010-11 Supplemental		
	Actual	Appropriation	Requested Change	Recommended Change	New Total with Recommendation
DEPARTMENT OF PUBLIC HEALTH AND ENVIRONMENT					
(Administration and Health Divisions)					
Executive Director - Chris Urbina					
Supplemental #1 - Medical Marijuana					
<i>(1) Administration and Support</i>					
<i>(A) Administration</i>					
Leased Space	<u>5,148,502</u>	<u>5,909,582</u>	<u>129,734</u>	<u>129,734</u>	<u>6,039,316</u>
Cash Funds	158,672	233,106	0	0	233,106
Reappropriated Funds	4,977,586	5,638,088	129,734	129,734	5,767,822
Federal Funds	12,244	38,388	0	0	38,388
Operating Expenses	<u>1,237,364</u>	<u>1,262,707</u>	<u>35,200</u>	<u>35,200</u>	<u>1,297,907</u>
Cash Funds	0	0	0	0	0
Reappropriated Funds	1,237,364	1,262,707	35,200	35,200	1,297,907
<i>(2) Center for Health and Environmental Information</i>					
<i>(A) Health Statistics and Vital Records</i>					
Personal Services	3,206,607	4,190,474	1,731,600	1,731,600	5,922,074
FTE	<u>53.1</u>	<u>68.4</u>	<u>0.0</u>	<u>0.0</u>	68.4
Cash Funds	2,076,450	3,143,972	1,731,600	1,731,600	4,875,572
Reappropriated Funds	3,550	3,550	0	0	3,550
Federal Funds	1,126,607	1,042,952	0	0	1,042,952

	FY 2009-10	FY 2010-11	Fiscal Year 2010-11 Supplemental		
	Actual	Appropriation	Requested Change	Recommended Change	New Total with Recommendation
Operating Expenses Services	316,445	484,566	112,843	112,843	597,409
Cash Funds	153,766	299,750	112,843	112,843	412,593
Federal Funds	162,679	184,816	0	0	184,816
Total for Med Marijuana Supplemental	9,908,918	11,847,329	2,009,377	2,009,377	13,856,706
FTE	<u>53.1</u>	<u>68.4</u>	<u>0.0</u>	<u>0.0</u>	<u>68.4</u>
Cash Funds	2,388,888	3,676,828	1,844,443	1,844,443	5,521,271
Reappropriated Funds	6,218,500	6,904,345	164,934	164,934	7,069,279
Federal Funds	1,301,530	1,266,156	0	0	1,266,156
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Supplemental #3 - Medical Marijuana Computer System					
<i>(2) Center for Health and Environmental Information</i>					
<i>(A) Health Statistics and Vital Records</i>					
Personal Services	3,206,607	4,190,474	46,000	46,000	4,236,474
FTE	<u>53.1</u>	<u>68.4</u>	<u>0.0</u>	<u>0.0</u>	<u>68.4</u>
Cash Funds	2,076,450	3,143,972	46,000	46,000	3,189,972
Reappropriated Funds	3,550	3,550	0	0	3,550
Federal Funds	1,126,607	1,042,952	0	0	1,042,952
<i>(B) Information Technology Services</i>					
Management and Administration of OIT	<u>100,799</u>	<u>487,804</u>	<u>39,000</u>	<u>33,750</u>	<u>521,554</u>
Cash Funds	0	0	39,000	33,750	33,750
Reappropriated Funds	100,799	289,223	0	0	289,223
Federal Funds	0	198,581	0	0	198,581

	FY 2009-10	FY 2010-11	Fiscal Year 2010-11 Supplemental		
	Actual	Appropriation	Requested Change	Recommended Change	New Total with Recommendation
Total for Supplemental #3	3,307,406	4,678,278	85,000	79,750	4,758,028
FTE	<u>53.1</u>	<u>68.4</u>	<u>0.0</u>	<u>0.0</u>	<u>68.4</u>
General Fund	0	0	0	0	0
Cash Funds	2,076,450	3,143,972	85,000	79,750	3,223,722
Reappropriated Funds	104,349	292,773	0	0	292,773
Federal Funds	1,126,607	1,241,533	0	0	1,241,533
Supplemental #4 - Dental Loan					
<i>(1) Prevention Services Division, (A) Administration</i>					
(6) Oral Health Programs	1,245,377	837,474	28,255	25,000	862,474
FTE	<u>4.9</u>	<u>3.0</u>	<u>0.0</u>	<u>0.0</u>	<u>3.0</u>
General Fund	240,501	180,454	0	0	180,454
Cash Funds	178,504	199,667	28,255	25,000	224,667
Reappropriated Funds	0	0	0	0	0
Federal Funds	826,372	457,353	0	0	457,353
Supplemental #5 - Indirect Cost Recoveries (see narrative for more detail)					
<i>Various Divisions</i>					
Various Line Items	<u>14,671,021</u>	<u>15,550,594</u>	<u>0</u>	<u>0</u>	<u>15,550,594</u>
Cash Funds	5,004,405	5,355,504	762,000	762,000	6,117,504
Reappropriated Funds	506,840	688,438	(50,000)	(50,000)	638,438
Federal Funds	9,159,776	9,506,652	(712,000)	(712,000)	8,794,652

	FY 2009-10	FY 2010-11	Fiscal Year 2010-11 Supplemental		
	Actual	Appropriation	Requested Change	Recommended Change	New Total with Recommendation
Supplemental #6 - Technical Corrections					
Total - Various Line Items	N.A.	N.A.	0	0	N.A.
FTE			<u>0.0</u>	<u>0.0</u>	
Cash Funds			0	0	
Reappropriated Funds			0	0	
Federal Funds			0	0	
Totals Excluding Pending Items					
DEPARTMENT OF PUBLIC HEALTH AND ENVIRONMENT (Administration and Health Divisions)					
Totals for ALL Departmental line items	376,440,109	383,787,559	2,122,632	2,114,127	385,901,686
FTE	<u>735.6</u>	<u>767.6</u>	<u>0.0</u>	<u>0.0</u>	<u>767.6</u>
General Fund	22,499,078	23,381,192	0	0	23,381,192
General Fund Exempt	445,362	447,000	0	0	447,000
Cash Funds	96,033,375	95,613,984	2,719,698	2,711,193	98,325,177
Reappropriated Funds	28,047,395	26,076,895	114,934	114,934	26,191,829
Federal Funds	229,414,899	238,268,488	(712,000)	(712,000)	237,556,488
Adjustment for Decreased Extended Enhanced FMAP					
<i>(1) Prevention Services Division, (A) Chronic Disease and Cancer Prevention Grants Program</i>					
Transfer to the Department of Health Care Policy and Financing for Breast and Cervical Cancer Treatment - CF					
	928,088	1,215,340	(839)	0	1,215,340

	FY 2009-10	FY 2010-11	Fiscal Year 2010-11 Supplemental		
	Actual	Appropriation	Requested Change	Recommended Change	New Total with Recommendation
Statewide One Percent Across the Board General Fund Personal Services Reduction (see narrative for more detail)					
Total - Various Line Items	N.A.	68,028,801	(117,428)	Pending	Pending
FTE		<u>649.4</u>	<u>0.0</u>		
General Fund		10,760,853	(80,557)		
Cash Funds		16,592,128	0		
Reappropriated Funds		4,911,157	(36,871)		
Federal Funds		35,764,663	0		
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Statewide Common Policy Supplementals (see narrative for more detail)					
	<u>N.A.</u>	<u>N.A.</u>	<u>(79,610)</u>	<u>Pending</u>	<u>N.A.</u>
Cash Funds			(66,165)		
Reappropriated Funds			(8,445)		
Federal Funds			(5,000)		

	FY 2009-10	FY 2010-11	Fiscal Year 2010-11 Supplemental		
	Actual	Appropriation	Requested Change	Recommended Change	New Total with Recommendation
Totals Including Pending Items					
DEPARTMENT OF PUBLIC HEALTH AND ENVIRONMENT					
(Administration and Health Divisions)					
Totals for ALL Departmental line items	376,440,109	383,787,559	1,924,755	2,114,127	385,901,686
FTE	<u>735.6</u>	<u>767.6</u>	<u>0.0</u>	<u>0.0</u>	<u>767.6</u>
General Fund	22,499,078	23,381,192	(80,557)	0	23,381,192
General Fund Exempt	445,362	447,000	0	0	447,000
Cash Funds	96,033,375	95,613,984	2,652,694	2,711,193	98,325,177
Reappropriated Funds	28,047,395	26,076,895	69,618	114,934	26,191,829
Federal Funds	229,414,899	238,268,488	(717,000)	(712,000)	237,556,488

Key: N.A. = Not Applicable or Not Available