

**COLORADO GENERAL ASSEMBLY**

**JOINT BUDGET COMMITTEE**



**FY 2007-08 SUPPLEMENTAL:  
DEPARTMENT OF PUBLIC HEALTH AND ENVIRONMENT  
(ADMINISTRATIVE AND HEALTH DIVISIONS)**

**PRIORITIZED AND NON-PRIORITIZED  
REQUESTS**

**JBC Working Document - Subject to Change**

**Staff Recommendation Does Not Represent Committee Decision**

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**DEPARTMENT OF PUBLIC HEALTH AND ENVIRONMENT  
(ADMINISTRATIVE AND HEALTH DIVISIONS)  
FY 2007-08 SUPPLEMENTAL RECOMMENDATION  
JBC WORKING DOCUMENT - SUBJECT TO CHANGE**

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	FY 2006-07	FY 2007-08	Fiscal Year 2007-08 Supplemental		
	Actual	Appropriation	Requested Change	Recommended Change	New Total with Recommendation
<b>DEPARTMENT OF PUBLIC HEALTH AND ENVIRONMENT</b>					
<b>HEALTH AND ADMINISTRATIVE DIVISIONS</b>					
<b>Executive Director Designate - James Martin</b>					
<b>Supplemental #2 - Building Lease</b>					
<i>(1) Administration and Support</i>					
<i>(A) Administration</i>					
Leased Space	<u>4,643,909</u>	<u>4,873,368</u>	<u>178,191</u>	<u>178,191</u>	<u>5,051,559</u>
Cash Funds Exempt	4,601,063	4,834,980	178,191	178,191	5,013,171
Federal Funds	42,846	38,388	0	0	38,388
<i>(B) Special Programs</i>					
<i>(3) Indirect Cost Assessment</i>					
Cash Funds	<u>36,127</u>	<u>52,923</u>	<u>1,225</u>	<u>1,225</u>	<u>54,148</u>
Cash Funds Exempt	35,200	47,394	801	801	48,195
Federal Funds	144,226	163,575	2,025	2,025	165,600
<i>(2) Center for Health and Environmental Information</i>					
<i>(A) Health Statistics and Vital Records</i>					
Indirect Cost Assessment	<u>518,731</u>	<u>587,168</u>	<u>11,232</u>	<u>11,232</u>	<u>598,400</u>
Cash Funds	308,088	302,233	5,150	5,150	307,383
Cash Funds Exempt	24,197	36,520	1,032	1,032	37,552
Federal Funds	186,446	248,415	5,050	5,050	253,465

	FY 2006-07	FY 2007-08	Fiscal Year 2007-08 Supplemental		
	Actual	Appropriation	Requested Change	Recommended Change	New Total with Recommendation
<i>(B) Information Technology Services</i>					
Indirect Cost Assessment	<u>108,127</u>	<u>111,354</u>	<u>3,125</u>	<u>3,125</u>	<u>114,479</u>
Cash Funds	43,853	43,853	999	999	44,852
Cash Funds Exempt	2,535	2,373	0	0	2,373
Federal Funds	61,739	65,128	2,126	2,126	67,254
<i>(3) Laboratory Services</i>					
<i>(A) Director's Office</i>					
Indirect Cost Assessment	<u>1,268,090</u>	<u>1,462,581</u>	<u>17,457</u>	<u>17,457</u>	<u>1,480,038</u>
Cash Funds	900,100	1,176,870	10,324	10,324	1,187,194
Cash Funds Exempt	0	63,572	2,003	2,003	65,575
Federal Funds	367,990	222,139	5,130	5,130	227,269
<i>(4) Local Health Services</i>					
<i>(B) Community Nursing</i>					
Indirect Cost Assessment - FF	34,893	41,817	985	985	42,802
<i>(5) Air Quality Control Division</i>					
<i>(A) Administration</i>					
Indirect Cost Assessment	<u>2,095,791</u>	<u>2,544,396</u>	<u>29,078</u>	<u>29,078</u>	<u>2,573,474</u>
Cash Funds	978,124	1,265,843	12,299	12,299	1,278,142
Cash Funds Exempt	659,316	858,732	11,850	11,850	870,582
Federal Funds	458,351	419,821	4,929	4,929	424,750

	FY 2006-07	FY 2007-08	Fiscal Year 2007-08 Supplemental		
	Actual	Appropriation	Requested Change	Recommended Change	New Total with Recommendation
<b><i>(6) Water Quality Control Division</i></b>					
<b><i>(A) Administration</i></b>					
Indirect Cost Assessment	<u>1,704,660</u>	<u>1,774,043</u>	<u>20,555</u>	<u>20,555</u>	<u>1,794,598</u>
Cash Funds	484,113	847,857	8,857	8,857	856,714
Cash Funds Exempt	30,469	41,189	995	995	42,184
Federal Funds	1,190,078	884,997	10,703	10,703	895,700
<b><i>(7) Hazardous Materials and Waste Management Division</i></b>					
<b><i>(A) Administration</i></b>					
Indirect Cost Assessment	<u>1,756,168</u>	<u>1,955,488</u>	<u>24,058</u>	<u>24,058</u>	<u>1,979,546</u>
Cash Funds	867,213	1,041,072	11,058	11,058	1,052,130
Cash Funds Exempt	32,964	53,416	1,742	1,742	55,158
Federal Funds	855,991	861,000	11,258	11,258	872,258
<b><i>(8) Consumer Protection</i></b>					
Indirect Cost Assessment	<u>163,423</u>	<u>244,482</u>	<u>4,165</u>	<u>4,165</u>	<u>248,647</u>
Cash Funds	117,860	156,215	2,155	2,155	158,370
Cash Funds Exempt	0	11,457	510	510	11,967
Federal Funds	45,563	76,810	1,500	1,500	78,310
<b><i>(9) Disease Control and Environmental Epidemiology Division</i></b>					
<b><i>(A) Administration, General Disease Control and Surveillance</i></b>					
Indirect Cost Assessment	<u>3,410,833</u>	<u>3,436,993</u>	<u>14,075</u>	<u>14,075</u>	<u>3,451,068</u>
Cash Funds	0	2,000	0	0	2,000
Cash Funds Exempt	5,725	0	0	0	0
Federal Funds	3,405,108	3,434,993	14,075	14,075	3,449,068

	FY 2006-07	FY 2007-08	Fiscal Year 2007-08 Supplemental		
	Actual	Appropriation	Requested Change	Recommended Change	New Total with Recommendation
<b><i>(10) Prevention Services Division</i></b>					
<i>(A) Prevention Programs</i>					
<i>(1) Programs and Administration</i>					
Indirect Cost Assessment	<u>1,102,504</u>	<u>1,007,459</u>	<u>12,365</u>	<u>12,365</u>	<u>1,019,824</u>
Cash Funds Exempt	7,898	18,460	995	995	19,455
Federal Funds	1,094,606	988,999	11,370	11,370	1,000,369
<i>(D) Prevention Partnerships</i>					
<i>(1) Interagency Prevention Programs Coordination</i>					
Indirect Cost Assessment	<u>42,753</u>	<u>46,658</u>	<u>1,325</u>	<u>1,325</u>	<u>47,983</u>
Cash Funds	12,187	17,636	321	321	17,957
Cash Funds Exempt	0	1,332	0	0	1,332
Federal Funds	30,566	27,690	1,004	1,004	28,694
<i>(E) Family and Community Health</i>					
<i>(1) Maternal and Child Health</i>					
Indirect Cost Assessment	<u>1,481,503</u>	<u>1,468,595</u>	<u>12,099</u>	<u>12,099</u>	<u>1,480,694</u>
Cash Funds	30,535	38,408	855	855	39,263
Cash Funds Exempt	6,172	11,500	325	325	11,825
Federal Funds	1,444,796	1,418,687	10,919	10,919	1,429,606
<b><i>(11) Health Facilities and Emergency Medical Services Division</i></b>					
<i>(A) Licensure</i>					
<i>(1) Health Facilities General Licensure</i>					
Indirect Cost Assessment - CF	38,190	121,746	1,952	1,952	123,698

	FY 2006-07	FY 2007-08	Fiscal Year 2007-08 Supplemental		
	Actual	Appropriation	Requested Change	Recommended Change	New Total with Recommendation
<i>(2) Assisted Living Facilities</i>					
Indirect Cost Assessment	<u>105,461</u>	<u>126,023</u>	<u>2,069</u>	<u>2,069</u>	<u>128,092</u>
Cash Funds	94,093	104,053	2,069	2,069	106,122
Cash Funds Exempt	11,368	21,970	0	0	21,970
<i>(3) Medication Administration</i>					
Indirect Cost Assessment	<u>9,868</u>	<u>13,157</u>	<u>459</u>	<u>459</u>	<u>13,616</u>
Cash Funds	9,831	11,143	459	459	11,602
Cash Funds Exempt	37	2,014	0	0	2,014
<i>(B) Medicaid/Medicare Certification Program</i>					
Indirect Cost Assessment	<u>1,017,927</u>	<u>1,018,046</u>	<u>12,052</u>	<u>12,052</u>	<u>1,030,098</u>
Cash Funds Exempt	435,951	435,951	0	0	435,951
Federal Funds	581,976	582,095	12,052	12,052	594,147
<i>(C) Emergency Medical Services</i>					
<i>(1) Statewide EMS Coordination and Certification Services</i>					
	<u>253,768</u>	<u>272,776</u>	<u>7,089</u>	<u>7,089</u>	<u>279,865</u>
Cash Funds	25,470	39,148	998	998	40,146
Cash Funds Exempt	210,062	210,062	5,290	5,290	215,352
Federal Funds	18,236	23,566	801	801	24,367

	FY 2006-07	FY 2007-08	Fiscal Year 2007-08 Supplemental		
	Actual	Appropriation	Requested Change	Recommended Change	New Total with Recommendation
<b>Total for Supplemental # 2</b>	<u>19,972,152</u>	<u>21,370,042</u>	<u>356,382</u>	<u>356,382</u>	<u>21,726,424</u>
Cash Funds	3,945,784	5,221,000	58,721	58,721	5,279,721
Cash Funds Exempt	6,062,957	6,650,922	203,734	203,734	6,854,656
Federal Funds	9,963,411	9,498,120	93,927	93,927	9,592,047
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<b>Supplemental #2a - Retirements</b>					
<i>(1) Administration and Support</i>					
<i>(A) Administration</i>					
Retirements - CFE	382,500	481,145	228,241	228,241	709,386
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<b>Supplemental #3 - Assisted Living Residences Improvement Fund</b>					
<i>(11) Health Facilities and Emergency Medical Services Division</i>					
<i>(A) Licensure</i>					
<i>(2) Assisted Living Facilities</i>					
Personal Services	670,104	706,115	19,200	19,200	725,315
FTE	<u>9.7</u>	<u>9.9</u>	<u>0.0</u>	<u>0.0</u>	9.9
General Fund	94,578	90,348	0	0	90,348
Cash Funds	411,687	419,737	6,895	6,895	426,632
Cash Funds Exempt	163,839	196,030	12,305	12,305	208,335
Operating Expenses	<u>43,811</u>	<u>43,811</u>	<u>800</u>	<u>800</u>	<u>44,611</u>
General Fund	16,869	16,869	0	0	16,869
Cash Funds	26,942	26,942	0	0	26,942
Cash Funds Exempt	0	0	800	800	800



	FY 2006-07	FY 2007-08	Fiscal Year 2007-08 Supplemental		
	Actual	Appropriation	Requested Change	Recommended Change	New Total with Recommendation
Indirect Cost Assessment	<u>105,461</u>	<u>126,023</u>	<u>475</u>	<u>475</u>	<u>126,498</u>
Cash Funds	94,093	104,053	105	105	104,158
Cash Funds Exempt	11,368	21,970	370	370	22,340
<b>Total for Supplemental #3</b>	819,376	875,949	20,475	20,475	896,424
FTE	<u>9.7</u>	<u>9.9</u>	<u>0.0</u>	<u>0.0</u>	<u>9.9</u>
General Fund	111,447	107,217	0	0	107,217
Cash Funds	532,722	550,732	7,000	7,000	557,732
Cash Funds Exempt	175,207	218,000	13,475	13,475	231,475
<b>Supplemental #6 - Indirect Cost Recoveries Adjustments</b>					
<i>(1) Administration and Support</i>					
<i>(B) Special Programs</i>					
<i>(3) Indirect Cost Assessment</i>	<u>215,553</u>	<u>263,892</u>	<u>(23,986)</u>	<u>(23,986)</u>	<u>239,906</u>
Cash Funds	36,127	52,923	(1,358)	(1,358)	51,565
Cash Funds Exempt	35,200	47,394	(5,635)	(5,635)	41,759
Federal Funds	144,226	163,575	(16,993)	(16,993)	146,582
<i>(2) Center for Health and Environmental Information</i>					
<i>(A) Health Statistics and Vital Records</i>					
Indirect Cost Assessment	<u>518,731</u>	<u>587,168</u>	<u>(52,511)</u>	<u>(52,511)</u>	<u>534,657</u>
Cash Funds	308,088	302,233	12,677	12,677	314,910
Cash Funds Exempt	24,197	36,520	(22,483)	(22,483)	14,037
Federal Funds	186,446	248,415	(42,705)	(42,705)	205,710

	FY 2006-07	FY 2007-08	Fiscal Year 2007-08 Supplemental		
	Actual	Appropriation	Requested Change	Recommended Change	New Total with Recommendation
<i>(B) Information Technology Services</i>					
Indirect Cost Assessment	<u>108,127</u>	<u>111,354</u>	<u>2,000</u>	<u>2,000</u>	<u>113,354</u>
Cash Funds	43,853	43,853	2,000	2,000	45,853
Cash Funds Exempt	2,535	2,373	0	0	2,373
Federal Funds	61,739	65,128	0	0	65,128
 <i>(3) Laboratory Services</i>					
<i>(A) Director's Office</i>					
Indirect Cost Assessment	<u>1,268,090</u>	<u>1,462,581</u>	<u>(151,547)</u>	<u>(151,547)</u>	<u>1,311,034</u>
Cash Funds	900,100	1,176,870	(137,000)	(137,000)	1,039,870
Cash Funds Exempt	0	63,572	(30,419)	(30,419)	33,153
Federal Funds	367,990	222,139	15,872	15,872	238,011
 <i>(4) Local Health Services</i>					
<i>(B) Community Nursing</i>					
Indirect Cost Assessment - FF	34,893	41,817	(2,332)	(2,332)	39,485
 <i>(5) Air Quality Control Division</i>					
<i>(A) Administration</i>					
Indirect Cost Assessment	<u>2,095,791</u>	<u>2,544,396</u>	<u>97,702</u>	<u>97,702</u>	<u>2,642,098</u>
Cash Funds	978,124	1,265,843	186,244	186,244	1,452,087
Cash Funds Exempt	659,316	858,732	20,000	20,000	878,732
Federal Funds	458,351	419,821	(108,542)	(108,542)	311,279

	FY 2006-07	FY 2007-08	Fiscal Year 2007-08 Supplemental		
	Actual	Appropriation	Requested Change	Recommended Change	New Total with Recommendation
<b><i>(6) Water Quality Control Division</i></b>					
<i>(A) Administration</i>					
Indirect Cost Assessment	<u>1,704,660</u>	<u>1,774,043</u>	<u>100,297</u>	<u>100,297</u>	<u>1,874,340</u>
Cash Funds	484,113	847,857	105,134	105,134	952,991
Cash Funds Exempt	30,469	41,189	0	0	41,189
Federal Funds	1,190,078	884,997	(4,837)	(4,837)	880,160
<b><i>(7) Hazardous Materials and Waste Management Division</i></b>					
<i>(A) Administration</i>					
Indirect Cost Assessment	<u>1,756,168</u>	<u>1,955,488</u>	<u>95,133</u>	<u>95,133</u>	<u>2,050,621</u>
Cash Funds	867,213	1,041,072	116,504	116,504	1,157,576
Cash Funds Exempt	32,964	53,416	(10,371)	(10,371)	43,045
Federal Funds	855,991	861,000	(11,000)	(11,000)	850,000
<b><i>(8) Consumer Protection</i></b>					
<i>Indirect Cost Assessment</i>					
Cash Funds	<u>163,423</u>	<u>244,482</u>	<u>3,681</u>	<u>3,681</u>	<u>248,163</u>
Cash Funds Exempt	0	11,457	(4,457)	(4,457)	7,000
Federal Funds	45,563	76,810	(25,987)	(25,987)	50,823
<b><i>(9) Disease Control and Environmental Epidemiology Division</i></b>					
<i>(A) Administration, General Disease Control and Surveillance</i>					
Indirect Cost Assessment	<u>3,410,833</u>	<u>3,436,993</u>	<u>(334,664)</u>	<u>(334,664)</u>	<u>3,102,329</u>
Cash Funds	0	2,000	0	0	2,000
Cash Funds Exempt	5,725	0	0	0	0
Federal Funds	3,405,108	3,434,993	(334,664)	(334,664)	3,100,329

	FY 2006-07	FY 2007-08	Fiscal Year 2007-08 Supplemental		
	Actual	Appropriation	Requested Change	Recommended Change	New Total with Recommendation
<i>(10) Prevention Services Division</i>					
<i>(A) Prevention Programs</i>					
<i>(1) Programs and Administration</i>					
Indirect Cost Assessment	<u>1,102,504</u>	<u>1,007,459</u>	<u>401,540</u>	<u>401,540</u>	<u>1,408,999</u>
Cash Funds Exempt	7,898	18,460	421,540	421,540	440,000
Federal Funds	1,094,606	988,999	(20,000)	(20,000)	968,999
<i>(D) Prevention Partnerships</i>					
<i>(1) Interagency Prevention Programs Coordination</i>					
Indirect Cost Assessment	<u>42,753</u>	<u>46,658</u>	<u>(23,845)</u>	<u>(23,845)</u>	<u>22,813</u>
Cash Funds	12,187	17,636	(7,323)	(7,323)	10,313
Cash Funds Exempt	0	1,332	(1,332)	(1,332)	0
Federal Funds	30,566	27,690	(15,190)	(15,190)	12,500
<i>(E) Family and Community Health</i>					
<i>(1) Maternal and Child Health</i>					
Indirect Cost Assessment	<u>1,481,503</u>	<u>1,468,595</u>	<u>(254,123)</u>	<u>(254,123)</u>	<u>1,214,472</u>
Cash Funds	30,535	38,408	(19,308)	(19,308)	19,100
Cash Funds Exempt	6,172	11,500	(3,448)	(3,448)	8,052
Federal Funds	1,444,796	1,418,687	(231,367)	(231,367)	1,187,320

	FY 2006-07	FY 2007-08	Fiscal Year 2007-08 Supplemental		
	Actual	Appropriation	Requested Change	Recommended Change	New Total with Recommendation
<i>(11) Health Facilities and Emergency Medical Services Division</i>					
<i>(A) Licensure</i>					
<i>(1) Health Facilities General Licensure</i>					
Indirect Cost Assessment	<u>105,461</u>	<u>126,023</u>	<u>54,000</u>	<u>54,000</u>	<u>180,023</u>
Cash Funds	94,093	104,053	54,000	54,000	158,053
Cash Funds Exempt	11,368	21,970	0	0	21,970
<i>(3) Medication Administration</i>					
Indirect Cost Assessment	<u>9,868</u>	<u>13,157</u>	<u>2,000</u>	<u>2,000</u>	<u>15,157</u>
Cash Funds	9,831	11,143	2,000	2,000	13,143
Cash Funds Exempt	37	2,014	0	0	2,014
<i>(B) Medicaid/Medicare Certification Program</i>					
Indirect Cost Assessment	<u>1,017,927</u>	<u>1,018,046</u>	<u>27,000</u>	<u>27,000</u>	<u>1,045,046</u>
Cash Funds Exempt	435,951	435,951	67,000	67,000	502,951
Federal Funds	581,976	582,095	(40,000)	(40,000)	542,095
<i>(C) Emergency Medical Services</i>					
<i>(1) Statewide EMS Coordination, Planning and Certification Services</i>					
Indirect Cost Assessment	<u>253,768</u>	<u>272,776</u>	<u>59,655</u>	<u>59,655</u>	<u>332,431</u>
Cash Funds	25,470	39,148	0	0	39,148
Cash Funds Exempt	210,062	210,062	56,207	56,207	266,269
Federal Funds	18,236	23,566	3,448	3,448	27,014

	FY 2006-07	FY 2007-08	Fiscal Year 2007-08 Supplemental		
	Actual	Appropriation	Requested Change	Recommended Change	New Total with Recommendation
<b>Total for Supplemental #6</b>	<u>15,290,053</u>	<u>16,374,928</u>	<u>0</u>	<u>0</u>	<u>16,374,928</u>
Cash Funds	3,907,594	5,099,254	347,695	347,695	5,446,949
Cash Funds Exempt	1,461,894	1,815,942	486,602	486,602	2,302,544
Federal Funds	9,920,565	9,459,732	(834,297)	(834,297)	8,625,435
<b>Supplemental #7 - Technical Corrections</b>					
<i>(1) Administration and Support</i>					
<i>(2) Administration</i>					
Utilities	<u>480,956</u>	<u>592,777</u>	<u>6,480</u>	<u>6,480</u>	<u>599,257</u>
Cash Funds	9,006	13,154	6,480	6,480	19,634
Cash Funds Exempt	389,390	457,447	0	0	457,447
Federal Funds	82,560	122,176	0	0	122,176
<i>(10) Prevention Services Division</i>					
<i>(E) Family and Community Health</i>					
<i>(3) Children with Special Needs</i>					
<i>(a) Health Care Program for Children with Special Needs</i>					
Traumatic Brain Injury Services - CFE	<u>78,197</u>	<u>188,416</u>	<u>0</u>	<u>0</u>	<u>188,416</u>
FTE	0.1	1.0	0.0	0.0	1.0
<b>Total for Supplemental #7</b>	<u>559,153</u>	<u>781,193</u>	<u>6,480</u>	<u>6,480</u>	<u>787,673</u>
FTE	<u>0.1</u>	<u>1.0</u>	<u>0.0</u>	<u>0.0</u>	<u>1.0</u>
Cash Funds	9,006	13,154	6,480	6,480	19,634
Cash Funds Exempt	467,587	645,863	0	0	645,863
Federal Funds	82,560	122,176	0	0	122,176

	FY 2006-07	FY 2007-08	Fiscal Year 2007-08 Supplemental		
	Actual	Appropriation	Requested Change	Recommended Change	New Total with Recommendation
<b>Totals Excluding Pending Items</b>					
DEPARTMENT OF PUBLIC HEALTH AND ENVIRONMENT - HEALTH AND ADMINISTRATIVE DIVISIONS					
TOTALS for ALL Departmental line items	372,298,719	405,706,345	611,578	611,578	406,317,923
FTE	<u>710.9</u>	<u>727.0</u>	<u>0.0</u>	<u>0.0</u>	<u>727.0</u>
General Fund	18,694,245	19,745,232	0	0	19,745,232
General Fund Exempt	516,147	513,000	0	0	513,000
Cash Funds	12,740,110	17,813,275	419,896	419,896	18,233,171
Cash Funds Exempt	151,066,042	178,364,651	932,052	932,052	179,296,703
Federal Funds	189,282,175	189,270,187	(740,370)	(740,370)	188,529,817
<b>Statewide Supplementals</b>					
(see narrative for more detail)	N.A.	N.A.	(476,378)	(476,378)	N.A.
Cash Funds			(39,300)	(39,300)	
Cash Funds Exempt			(368,582)	(368,582)	
Federal Funds			(68,496)	(68,496)	
<b>Totals Including Pending Items in Request</b>					
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TOTALS for ALL Departmental line items	300,676,448	401,222,154	135,200	135,200	401,357,354
FTE	<u>678.8</u>	<u>1,050.0</u>	<u>0.0</u>	<u>0.0</u>	<u>1,050.0</u>
General Fund	13,896,975	18,728,901	0	0	18,728,901
General Fund Exempt	0	516,147	0	0	516,147
Cash Funds	11,624,625	13,603,013	380,596	380,596	13,983,609
Cash Funds Exempt	87,444,418	180,965,714	563,470	563,470	181,529,184
Federal Funds	187,710,430	187,408,379	(808,866)	(808,866)	186,599,513

Key: N.A. = Not Applicable

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**Supplemental # 2 - Building Lease**

	Request	Recommendation
Total	<u>\$356,382</u>	<u>\$356,382</u>
Cash Funds	58,721	58,721
Cash Funds Exempt	203,734	203,734
Federal Funds	93,927	93,927

<b>Does JBC staff believe the request meets the Joint Budget Committee's supplemental criteria?</b>	<b>YES</b>
[An emergency or act of God / a technical error in the appropriation / new data / an unforeseen contingency]	
Staff and the Department agree that this supplemental is the result of new data.	

**Department Request:** The Department requests an additional appropriation of \$356,382, comprised of \$58,721 cash funds, \$203,734 cash funds exempt and \$93,927 federal funds for the Lease Space line in (1) Administration, (A) Administration and Support and for 19 Indirect Cost assessments that are scattered throughout the Department's portion of the Long Bill. The actual increase in spending equals \$178,191. The request is exactly twice this amount, with the other \$178,191 reflecting the increased indirect cost assessments that will pay for this increase. The funding source is indirect cost recoveries and these recoveries will in turn draw upon most of the cash funds and many of the federal grants within the Department.

**Staff Recommendation:** Staff recommends that the Committee approve the Department's request and appropriate an additional \$356,382, comprised of \$58,721 cash funds, \$203,734 cash funds exempt and \$93,927 federal funds to the Department.

The Department's "main campus" is located near the intersection of Colorado Blvd. and Cherry Creek Drive in Denver. During FY 2006-07 the Department renegotiated a new lease with the building's management company and the building owner. The new lease contained favorable rates and, based on a projection of expenses under its provisions, the department requested and received a \$250,436 reduction in its lease appropriation for FY 2007-08.

Like many commercial leases, the Department's lease contains provisions that allow for the partial or complete pass through of various operating expenses paid by the building owner. These expenses include such items as electricity, gas, property taxes, security, trash removal, landscaping, etc. When these expenses rise, they are passed through to the Department, resulting in increased lease expense. However the contract limits the annual increases that can be passed through to 7 percent or 15 percent, depending upon the expense category.



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After the 2007 Long Bill had been finalized, the Department learned that operating component of its lease for FY 2007-08 would cost much more than anticipated. That is to say, the Department had been too aggressive when it projected a \$250,436 reduction in lease expense. This supplemental corrects that error and replaces the lease appropriation with a number that more accurately reflects the operating expense component of the lease.

Note that, under the terms of its lease, the Department has no option regarding the payment of the operating component of lease expense. If it does not receive an increased appropriation, it would probably cover this expense out of its operating expenses appropriations, which appears to be allowable under the rules contained in the headnotes to the FY 2007-08 Long Bill. Staff believes that operating expense appropriations were set at a reasonable level last year and does not believe that payment from the operating expenses appropriations is wise.

Also note that while the Department cannot influence its lease payment for FY 2007-08, in the longer run it can take actions that may favorably affect the operating component of its lease.

**Supplemental # 2a - Retirements**

	Request	Recommendation
Total	<u>\$228,241</u>	<u>\$228,241</u>
Cash Funds Exempt	\$228,241	\$228,241

<b>Does JBC staff believe the request meets the Joint Budget Committee's supplemental criteria?</b>	<b>YES</b>
[An emergency or act of God / a technical error in the appropriation / new data / an unforeseen contingency]	
Staff and the Department agree that this supplemental is the result of new data.	

**Department Request:** The Department requests an increase of \$228,241 in cash exempt spending authority for Fiscal Year 2007-2008 for the Retirements line within the Administration and Support section of the Long Bill. The funding source is indirect cost recoveries and these recoveries will in turn draw upon most of the cash funds and many of the federal grants within the Department. However, the Department did not submit indirect cost adjustments for this supplemental, as it did for the lease space supplemental. These indirect cost adjustments will have to be included in any supplemental bill.

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The Retirements appropriation covers the anticipated payouts for retiring and terminating employees who have unused accrued annual and sick leave. The Department is required under State Personnel Rules to pay retiring and terminating employees for unused accrued leave. Compensation costs for sick and annual leave payouts are included in the Department's indirect cost rates and are funded from indirect cost recoveries. The Department expenses annual and sick leave payouts to retiring and terminating employees with indirect cost recoveries because federal regulations do not allow the Department to charge these payouts directly to federal grants. Because cash funded programs also pay indirect cost recoveries, these employees are paid from the Retirement line as well, to the extent that the Department has the spending authority to do so. When the Department exhausts the appropriated spending authority, the cash and General Funded employee retirements must be absorbed within their Division's personal services lines. There is no General Fund contribution to the line, though termination benefits to employees who were partially salaried from the General Fund are paid from this line.

The current FY 2007-08 appropriation for this line reflects the fact that the Department requested and received an increase of \$98,645 in cash exempt spending authority for this line last year.

**Staff Recommendation:** Staff recommends that the Committee approve the Department's request. The retirements line represents the only way that the Department can get the Federal Government to share in the cost of retirement and sick leave payouts. If this line is not funded, the department will have to pay for a portion of its retirement and sick-leave payouts through vacancy savings. Since vacancy savings cannot be generated with federally funded programs, this means that the cost of retirement and sick-leave payouts for employees who worked on federally-supported programs and then left their state jobs would be born by vacancy savings generated by state-supported programs.

**Background Information, A History of the Retirements Appropriation in CDPHE:** This appropriation began during supplementals for FY 1996-97. The JBC staff figure setting document for FY 1997-98 states that, "The federal government changed the treatment of these costs, and now requires that they be recovered through increased indirect cost assessments as opposed to direct charges to grants." The line was called "Sick and Annual Payouts" until FY 2000-01 when the name changed to "Retirements". It was eliminated in FY 2003-04, during the economic downturn, but returned the following year. The last two columns in the following table shows final levels of the appropriation in each year and, for the most recent years, actuals.

Fiscal Year	Appropriation in Long Bill	Adjustment in Supplemental Bill	Approp after Supplemental	Actual Retirement-Sick-leave Payouts
1995-96	0	0	0	
1996-97	0	466,461	466,461	
1997-98	289,900	0	289,900	

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<b>Fiscal Year</b>	<b>Appropriation in Long Bill</b>	<b>Adjustment in Supplemental Bill</b>	<b>Approp after Supplemental</b>	<b>Actual Retirement-Sick-leave Payouts</b>
1998-99	289,900	0	289,900	
1999-00	289,900	370,463	660,363	
2000-01	494,243	83,060	577,303	
2001-02	584,000	0	584,000	
2002-03	584,000	(416,116)	167,884	
2003-04	0	0	0	
2004-05	382,500	0	382,500	450,050
2005-06	382,500	0	382,500	490,660
2006-07	382,500	0	382,500	709,386
2007-08	481,145	228,241	709,386	

**Background Information, Federal Rules Regarding Termination Payouts:** Title 2, Part 225, Appendix 2 of the Code of Federal Regulations contains rules governing allowable charges against federal grants. It reads in part:

8. Compensation for Personal Services, d. Fringe Benefits.

(2) The cost of fringe benefits in the form of regular compensation paid to employees during periods of authorized absences from the job, such as for annual leave, sick leave, holidays, court leave, military leave, and other similar benefits, are allowable if: They are provided under established written leave policies; the costs are equitably allocated to all related activities, including Federal awards; and, the accounting basis (cash or accrual) selected for costing each type of leave is consistently followed by the governmental unit.

(3) When a governmental unit uses the cash basis of accounting, the cost of leave is recognized in the period that the leave is taken and paid for. *Payments for unused leave when an employee retires or terminates employment are allowable in the year of payment provided they are allocated as a general administrative expense to all activities of the governmental unit or component.* [Italics added. A copy of these rules can be found at [http://thefdp.org/FR\\_05\\_16649.pdf](http://thefdp.org/FR_05_16649.pdf).]

**Background Information, Federal Audits for non compliance:** Federal government auditors check for compliance with this rule during some federal audits. The excerpt is from a federal audit found at <http://www.ssa.gov/oig/ADOBEPDF/A-06-05-15032.pdf>. It is titled Audit Report, Office of the Inspector

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General, Social Security Administration, *Administrative Costs Claimed by the Louisiana Disability Determination Services*, November 2005 A-06-05-15032

**Payment of Unused Leave to Terminated Employees**

LA-DDS [Louisiana Disability Determination Services] improperly charged costs associated with the payment of unused leave for terminated employees. These costs should have been allocated as general administrative expenses across all activities of the governmental unit or component. In FY 2002, 34 employees separated from service and were given lump-sum payments totaling \$48,524 for their accumulated leave balances. In FY 2003, 33 employees separated from service and were given lump-sum payments totaling \$71,698. Federal regulations state that payments for unused leave for employees who terminate their employment through retirement or other separation are allowable "...provided they are allocated as a general administrative expense to all activities of the governmental unit or component." Thus, the costs are not allowable as direct charges. Additionally, on July 31, 2002, the Acting Associate Commissioner for Disability sent DDS Administrators' Letter No. 615 reminding the administrators of the correct procedure for reporting payments for accumulated leave or severance pay when an individual leaves employment. The letter urged DDSs to examine their indirect cost agreements to ensure they are structured to account for payment of unused leave to retired/terminated employees in accordance with OMB Circular A-87.

The audit report recommended that Louisiana repay the \$71,698 of lump sum payouts.

**Supplemental #3 - Assisted Living Residence Improvement Cash Fund**

	Request	Recommendation
Total	\$20,475	\$20,475
FTE	<u>0.0</u>	<u>0.0</u>
General Fund	0	0
Cash Funds	7,000	7,000
Cash Funds Exempt	13,475	13,475

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<b>Does JBC staff believe the request meets the Joint Budget Committee's supplemental criteria?</b> [An emergency or act of God / a technical error in the appropriation / new data / an unforeseen contingency]	<b>YES</b>
Staff and the Department agree that this supplemental is the result of new data.	

**Department Request:** The Department requests a \$20,475 increase in the appropriation for the assisted living program, comprised of \$7,000 cash funds and \$13,475 cash funds exempt, which will be spread among the three Long Bill lines that comprise this program: personal services, operating expenses, and the indirect cost assessment. The appropriation will be primarily used for short-term monitoring of ALR's for which there are specific performance concerns and possible relocation of residents in the event of an emergency closure. The fund source is Assisted Living Residences Improvement Cash Fund, which obtains revenues from fines paid by Assisted Living Residences (ALRs). The appropriation will come out of an anticipated \$7,000 of FY 2007-08 fine revenue and an accumulated \$13,475 of fine revenue from previous years. This revenue source was added to statute by H.B. 02-1323 (Berry/Windels, *Assisted Living Residences*), but it has not previously been used by the Department.

**Staff Recommendation:** Staff recommends that the Committee approve the Department's request for a \$20,475 increase in the appropriation for these lines, comprised of \$7,000 cash funds and \$13,475 cash funds exempt. However, staff notes that \$20,474 is not a sustainable annual level of spending from the Assisted Living Residences Improvement Cash Fund. At figure setting for the Department, staff will recommend a lower, sustainable appropriation level.

This request stems from a marked increase in the level of enforcement activity that the Department has had to undertake since July 1, 2007, including two summary suspensions of ALR licenses and the resulting immediate emergency closure of the related facilities. A third emergency closure was narrowly avoided by a last-minute change of ownership of an ALR. The Department emphasizes the vulnerability of ALR residents, and the need for monitoring when inspectors discover conditions that pose a threat to the health and safety of residents. If a facility is closed, all residents must be removed from the facility on the day of the closure. Such moves can be traumatic for residents, who may not understand why they are being moved from familiar surroundings. This appropriation would provide the Department with extra resources to assist with the moving process should an extra ALR closure be necessary. The appropriation will also allow the department to hire contracts or local agencies who can conduct monitoring activity at locations outside the Denver area.

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**Supplemental # 6 - Indirect Cost Recoveries Adjustments**

	Request	Recommendation
Total	\$0	\$0

<b>Does JBC staff believe the request meets the Joint Budget Committee's supplemental criteria?</b> [An emergency or act of God / a technical error in the appropriation / new data / an unforeseen contingency]	<b>YES</b>
Staff and the Department agree that this request is the result of new data.	

**Department Request:** The Department requests adjustments to the indirect cost assessments in its Long Bill appropriation in order to take into account new information. Expenditures from a variety of cash and federal funds are involved.

**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. The Department also does not know the level or mix of federally-funded programs.

Following figure setting, the Department submits its proposed indirect cost assessments for the fiscal year in question. JCB 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.

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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 10 indirect cost assessments in question.

**Staff Recommendation:** Staff recommends that the Committee approve the Department's request. In addition, the common policy supplemental requests included in this packet will, if approved, alter the Department's overhead expenditures and the related indirect cost assessments. Staff requests permission to incorporate any resulting changes to indirect cost assessments into the Department's supplemental bill.

**Supplemental # 7 - Technical Corrections**

	Request	Recommendation
Total	\$0	\$0

<b>Does JBC staff believe the request meets the Joint Budget Committee's supplemental criteria?</b>	<b>YES</b>
[An emergency or act of God / a technical error in the appropriation / new data / an unforeseen contingency]	
The Department states that this supplemental is the result of a technical error. Staff agrees for Technical #2 but believes that Technical #1 is best attributed to new data.	

**Department Request:** The Department requests that two letternotes attached to its cash funds exempt appropriations be amended. The corresponding appropriations will not change.

**Technical #1**

**Division:** (1) Administration

**Subdivision:** (A) Administration

**Long Bill Lines:** The Cash Funds Exempt portion of the appropriations for six different long bill lines: Health, Life, and Dental; Short-term Disability; S.B. 04-257 Amortization Equalization Disbursement; S.B. 06-235 Supplemental Amortization Equalization Disbursement; Salary Survey and Senior Executive Service; Performance-based Pay Awards.

**Appropriation:** The total cash funds exempt appropriation for these lines is \$1,960,592 .

**Letternote "c":** Without changing the cash fund exempt appropriation for any of these lines, the Department wishes to change the mix of cash fund sources that support the lines. In order to meet its "POTS" needs, the Department wants to increase funding from indirect costs recoveries by \$123,169 , increase the use of Medicaid funds by \$25,801, increase use of the AIR account of the HUTF by \$3,440, and decrease its use

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of other various cash funds by \$152,410. These changes net to 0. The Department requests that letternote "c" be amended accordingly.

**Technical #2**

**Division:** (10) Prevention Services

**Subdivision:** (E) Family and Community Health, (3) Children with Special Needs (a) Health Care Program for Children with Special Needs

**Long Bill Line:** Traumatic Brain Injury.

**Appropriation:** \$188,416(T), Cash Funds Exempt

**Letternote "b":** this letternote incorrectly identifies the appropriation as coming from funds appropriated in the Department of Education. The correct department is Human Services. The Department requests that the letternote be amended accordingly.

**Staff Recommendation:** Staff recommends that the Committee approve the Department's request.

**Statewide Common Policy Supplemental Requests**

These requests are not prioritized and are not analyzed in this packet . These items will be acted on separately by the Committee when it makes a decision regarding common policies.

<b>Supplemental Request</b>	<b>Total</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Cash Funds Exempt</b>	<b>Federal Funds</b>	<b>FTE</b>
1. Vehicle Lease Payments	(71,193)	0	(35,115)	(36,078)	0	0.0
2. Multiuse Network Payments	(81,955)	0	0	(39,410)	(42,545)	0.0
3. Purchase of Services from Computer Center	(192,230)	0	(4,421)	(161,858)	(25,951)	0.0
4. Administrative Law Judge Services	7,801	0	0	7,801	0	0.0
5. Communication Services Payments	(96)	0	0	(96)	0	0.0
6. Workers' Compensation	(134,581)	0	0	(134,581)	0	0.0
7. Capitol Complex Leased Space	685	0	0	685	0	0.0
8. Payment Risk Management	(4,809)	0	236	(5,045)	0	0.0
<b>Total Statewide Supplemental Requests for Department of Public Health and Environment (Entire Department)</b>	<b>(476,378)</b>	<b>0</b>	<b>(39,300)</b>	<b>(368,582)</b>	<b>(68,496)</b>	<b>0.0</b>



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**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.

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