

The following file contains two documents:

- Two memorandums to the Joint Budget Committee outlining the staff comeback and one budget amendment presented to the Committee on March 17, 2011.
- The JBC Staff Department of Labor and Employment figure setting document presented on March 3, 2011.

# MEMORANDUM

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**TO:** JBC Members  
**FROM:** Megan Davisson, JBC Staff (303-866-2062)  
**SUBJECT:** Department of Regulatory Agencies, Staff Technical Comebacks  
**DATE:** March 17, 2011

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## **Staff Technical #1 - Centrally Appropriated Line Items**

The staff recommendation for short-term disability (STD), amortization equalization disbursement (AED), and supplemental amortization equalization disbursement (SAED) did not account for the information technology staff transferred to the Governor's Office of Information Technology in FY 2010-11. Additionally, staff used last years STD rate instead of the 0.177 percent rate for FY 2011-12. The following table outlines staff's recommended appropriations for these three lines.

<b>Summary of Staff Recommendation for STD, AED, AED</b>					
<b>Line Item</b>	<b>GF</b>	<b>CF</b>	<b>RF</b>	<b>FF</b>	<b>Total</b>
STD	\$1,956	\$49,889	\$4,325	\$404	\$56,574
AED	30,573	789,205	54,187	6,396	\$880,361
AED	24,403	634,182	43,543	5,139	\$707,267

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## **Staff Technical #2 - Annualize FY 2010-11 1.0% Reduction**

Staff failed to annualize the FY 2010-11 supplemental to reduce \$9,535 cash funds from the Division of Insurance personal services line item. Staff recommends the Division of Insurance, personal services line item be increased by \$9,535 to restore the FY 2010-11 reduction. Note: If this recommendation is combine with the staff recommendation on the budget amendment, the net impact will be a reduction of \$273 cash funds.

# MEMORANDUM

**TO:** JBC Members  
**FROM:** Megan Davisson, JBC Staff (303-866-2062)  
**SUBJECT:** Department of Regulatory Agencies, Budget Amendment  
**DATE:** March 17, 2011

## February 15, 2011 1.0 Percent General Fund Reduction Budget Amendment

**Department Request:** The Department requests, a reduction of General Fund and reappropriated funds to certain line items for FY 2011-12, as outlined in the following table:

Department Requested General Fund and Reappropriated Funds Reduction			
Division, Line Item	Total	General Fund	Reapprop. Funds
Executive Director's Office - Personal Services	(80)	(80)	0
Civil Rights Division - Personal Services	(12,814)	(9,728)	(3,086)
Division of Registrations - Personal Services	(434)	0	(434)
<b>Total</b>	<b>(\$13,328)</b>	<b>(\$9,808)</b>	<b>(\$3,520)</b>

**Staff Recommendation:** Staff does not recommend the Department's request. **Staff recommends the Division of Insurance, personal services line item be reduced by \$9,808 cash funds.**

Analysis: The staff does not recommended this request for two reasons:

- ▶ The Civil Rights Division (Division) has an agreement with the federal Equal Employment Opportunity Commission and the U.S. Department of Housing and Urban Development regarding the number of cases the Division will investigate in order to receive federal funds. The General Fund reductions taken in the Division prior to this supplemental have reduced the Division's General Fund appropriation to a point where the Division's ability to investigate a sufficient number of cases per the agreement with the federal government is in jeopardy. Staff believes that if the General Assembly wants to reduce the General Fund appropriation to the Division, the General Assembly needs to make a specific cut and not a general reduction.
- ▶ The General Fund appropriation to the Executive Director's Office is for the costs of statutorily required sunset reviews of programs in other state departments. If the General Assembly wants to reduce the General Fund in this line, the General Assembly should consider eliminating one of the sunset reviews paid for by this line item.

Staff is recommending a reduction of an amount equal to the General Fund reduction, as a cash fund reduction to the Division of Insurance personal services line item because the Division of Insurance Cash Fund is funded with premium tax revenue that would otherwise be credited to the General Fund. Therefore, any reduction in Division of Insurance Cash Fund appropriations will result in an increase in General Fund revenue.

**COLORADO GENERAL ASSEMBLY  
JOINT BUDGET COMMITTEE**



**FY 2011-12 STAFF FIGURE SETTING  
DEPARTMENT OF REGULATORY AGENCIES**

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

**Prepared By:  
Megan Davisson, JBC Staff  
February 8, 2011**

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**DEPARTMENT OF REGULATORY AGENCIES**  
**FY 2011-12 STAFF FIGURE SETTING**  
JBC Working Document: Decisions Subject to Change  
*Staff Recommendation Does Not Represent Committee Decision*

**TABLE OF CONTENTS**  
**DEPARTMENT OF REGULATORY AGENCIES**

	<b>Numbers Pages</b>	<b>Narrative</b>
Decision Item and Common Policy Notes	n/a	1
Department Divisions		
Executive Director's Office	2	14
Division of Banking	5	22
Civil Rights Division	6	27
Office of Consumer Counsel	7	30
Division of Financial Services	7	31
Division of Insurance	8	34
Public Utilities Commission	9	37
Division of Real Estate	10	41
Division of Registrations	11	43
Division of Securities	12	48
Department Total	13	n/a
Footnotes and Request for Information	n/a	53

**DEPARTMENT OF REGULATORY AGENCIES**  
**FY 2011-12 STAFF FIGURE SETTING**  
 JBC Working Document: Decisions Subject to Change  
*Staff Recommendation Does Not Represent Committee Decision*

<b>Decision Item Table of Contents</b>	
<b>Decision Item</b>	<b>Narrative Page Number</b>
Decision Item #1 - Banking Resources	22
Decision Item #2 - Securities Resources	31

**Common Policy Notes**

<b>Common Policies the Committee Has Acted On as of Feb. 8, 2011</b>		
<b>Item</b>	<b>Line item/OSPB Request</b>	<b>Committee Action</b>
PERA 2.5% State Contribution Reduction Continuation	Personal Services line items	Introduced S.B. 11-076, Committee approved including reduction in figure setting.
2.0% GF Personal Services Reduction	Personal Services line items	Denied 2.0% GF personal services reduction, approved in place a 1.5% base reduction.
Pro-rate benefits for less than full time employees	Health, Life and Dental	Appropriation will be in a separate bill.
Document Printing	Operating Expenses	Denied request

**The Committee has not yet acted on the following common policies:**

- Information technology common policies, set by the Governor's Office analyst (figure setting date March 14, 2011)
- Department of Personnel and Administration (DPA) common policies, set by the DPA analyst (figure setting date March 3, 2011)
- Legal services hourly rate, set by the Department of Law analyst (figure setting date March 16, 2011).

**FY 2011-2012 Joint Budget Committee Staff Figure Setting  
Department of Regulatory Agencies**

	FY 2008-09 Actual	FY 2009-10 Actual	FY 2010-11 Appropriation	FY 2011-12 Request	FY 2011-12 Recomm.	DI/Notes
<b>DEPARTMENT OF REGULATORY AGENCIES</b>						
<b>Barbara Kelley, Executive Director</b>						
<b>(1) EXECUTIVE DIRECTOR'S OFFICE</b>						
The Executive Director's Office performs department wide administrative functions including accounting, budgeting, and purchasing. The Office of Policy and Research is to conduct sunrise and sunset evaluations of various programs throughout the state.						
Personal Services	3,926,915	4,022,230	2,239,716	2,241,587	2,207,730	
FTE - RF	<u>50.8</u>	<u>49.0</u>	<u>27.5</u>	<u>27.5</u>	<u>27.5</u>	
General Fund	24,914	15,619	8,000	3,340	3,500	NP-2
Cash Funds	36,274	25,500	13,000	29,000	29,000	
Reappropriated Funds	3,865,727	3,981,111	2,218,716	2,209,247	2,175,230	NP-5
FTE	50.8	49.0	27.5	27.5	27.5	
Health, Life, and Dental	<u>2,440,662</u>	<u>2,878,828</u>	<u>2,675,752</u>	<u>2,869,627</u>	<u>2,873,888</u>	
General Fund	78,208	92,248	89,650	92,463	92,463	
Cash Funds	1,865,519	2,200,431	2,362,287	2,485,525	2,489,786	NP-4
Reappropriated Funds	460,167	542,780	181,508	264,772	264,772	
Federal Funds	36,768	43,369	42,307	26,867	26,867	
Short-Term Disability	<u>40,607</u>	<u>48,080</u>	<u>50,447</u>	<u>59,523</u>	<u>51,036</u>	
General Fund	1,074	1,113	1,730	1,703	1,566	
Cash Funds	31,633	41,117	44,960	51,370	43,688	
Reappropriated Funds	7,427	5,401	3,137	6,111	5,281	
Federal Funds	473	449	620	339	501	
SB 04-257 Amortization Equalization Disbursement	<u>525,892</u>	<u>623,700</u>	<u>780,730</u>	<u>941,610</u>	<u>921,612</u>	
General Fund	12,938	14,244	26,415	26,945	27,947	
Cash Funds	421,545	539,181	696,157	812,635	789,205	
Reappropriated Funds	91,409	70,275	48,562	96,664	95,407	
Federal Funds	0	0	9,596	5,366	9,053	

**FY 2011-2012 Joint Budget Committee Staff Figure Setting  
Department of Regulatory Agencies**

	<b>FY 2008-09 Actual</b>	<b>FY 2009-10 Actual</b>	<b>FY 2010-11 Appropriation</b>	<b>FY 2011-12 Request</b>	<b>FY 2011-12 Recomm.</b>	<b>DI/Notes</b>
SB 06-235 Supplemental Amortization						
Equalization Distribution	<u>241,940</u>	<u>389,309</u>	<u>569,089</u>	<u>756,651</u>	<u>740,431</u>	
General Fund	5,850	8,719	19,067	21,652	22,307	
Cash Funds	193,242	336,721	507,615	653,010	634,182	
Reappropriated Funds	42,848	43,869	35,410	77,677	76,667	
Federal Funds	0	0	6,997	4,312	7,275	
Salary Survey and Senior Executive Service	<u>1,325,901</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	
General Fund	64,174	0	0	0	0	
Cash Funds	1,047,658	0	0	0	0	
Reappropriated Funds	214,069	0	0	0	0	
Performance-based Pay Awards	<u>530,143</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	
General Fund	21,972	0	0	0	0	
Cash Funds	426,446	0	0	0	0	
Reappropriated Funds	81,725	0	0	0	0	
Workers' Compensation	<u>95,252</u>	<u>74,629</u>	<u>81,100</u>	<u>85,062</u>	<u>pending</u>	
General Fund	3,667	2,825	2,850	2,989		
Cash Funds	88,149	67,940	72,476	76,017		
Reappropriated Funds	1,671	2,571	4,942	5,184		
Federal Funds	1,765	1,293	832	872		
Operating Expenses	<u>206,795</u>	<u>188,850</u>	<u>210,344</u>	<u>210,420</u>	<u>210,344</u>	
General Fund	3,689	3,689	3,689	3,689	3,689	
Cash Funds	95,427	74,164	95,427	95,427	95,427	
Reappropriated Funds	107,679	110,997	111,228	111,304	111,228	NP-1
Legal Services	7,472,664	7,616,109	8,017,385	7,575,055	<u>pending</u>	
Hours Equivalent	<u>99,503</u>	<u>101,036</u>	<u>109,071</u>	<u>103,203</u>	<u>103,203</u>	
General Fund	204,013	152,809	148,721	148,721		
Cash Funds	7,135,164	7,324,753	7,082,997	7,062,795		
Reappropriated Funds	133,487	138,547	647,438	225,310		
Federal Funds	0	0	138,229	138,229		

**FY 2011-2012 Joint Budget Committee Staff Figure Setting  
Department of Regulatory Agencies**

	<b>FY 2008-09 Actual</b>	<b>FY 2009-10 Actual</b>	<b>FY 2010-11 Appropriation</b>	<b>FY 2011-12 Request</b>	<b>FY 2011-12 Recomm.</b>	<b>DI/Notes</b>
Administrative Law Judges	<u>239,949</u>	<u>324,818</u>	<u>300,459</u>	<u>465,921</u>	pending	
General Fund	11,054	14,964	13,842	21,465		
Cash Funds	228,895	309,854	286,617	444,456		
Purchase of Services from Computer Center	<u>51,060</u>	<u>48,916</u>	<u>1,583,905</u>	<u>1,696,639</u>	pending	
General Fund	0	0	57,027	62,280		
Cash Funds	0	0	1,371,730	1,634,359		
Reappropriated Funds	51,060	48,916	132,784	0		
Federal Funds	0	0	22,364	0		
Multi-Use Network Payments - RF	<u>n/a</u>	<u>n/a</u>	<u>130,329</u>	<u>148,429</u>	pending	
General Fund			4,692	5,535		
Cash Funds			112,871	142,894		
Reappropriated Funds			10,926	0		
Federal Funds			1,840	0		
Management and Administration of OIT	<u>66,500</u>	<u>60,444</u>	<u>272,265</u>	<u>277,971</u>	pending	
General Fund	1,525	1,376	9,803	10,069		
Cash Funds	54,708	49,277	235,794	267,902		
Reappropriated Funds	9,661	9,246	22,824	0		
Federal Funds	606	545	3,844	0		
Payment to Risk Management Fund	<u>83,441</u>	<u>90,734</u>	<u>28,080</u>	<u>133,493</u>	pending	
General Fund	3,148	3,286	987	4,692		
Cash Funds	67,971	73,272	25,094	122,001		
Reappropriated Funds	10,277	12,179	1,711	5,431		
Federal Funds	2,045	1,997	288	1,369		
Vehicle Lease Payments - CF	130,536	191,507	241,797	187,939	pending	NP-3
Information Technology Asset Maintenance	<u>544,564</u>	<u>586,737</u>	<u>671,403</u>	<u>671,403</u>	<u>671,403</u>	
Cash Funds	347,547	398,480	480,646	480,646	480,646	
Reappropriated Funds	197,017	188,257	190,757	190,757	190,757	

**FY 2011-2012 Joint Budget Committee Staff Figure Setting  
Department of Regulatory Agencies**

	<b>FY 2008-09 Actual</b>	<b>FY 2009-10 Actual</b>	<b>FY 2010-11 Appropriation</b>	<b>FY 2011-12 Request</b>	<b>FY 2011-12 Recomm.</b>	<b>DI/Notes</b>
Leased Space	<u>2,663,908</u>	<u>2,839,367</u>	<u>2,927,222</u>	<u>3,038,518</u>	<u>3,038,518</u>	
General Fund	91,259	99,836	96,132	106,866	106,866	
Cash Funds	2,251,493	2,285,655	2,352,894	2,405,339	2,405,339	
Reappropriated Funds	321,156	453,876	438,756	486,873	486,873	
Federal Funds	0	0	39,440	39,440	39,440	
Capital Complex Leased Space - CF	1,284	6,325	6,358	6,342	pending	
Hardware / Software Maintenance	<u>696,010</u>	<u>872,377</u>	<u>819,361</u>	<u>717,330</u>	<u>686,330</u>	
General Fund	800	800	800	800	800	
Cash Funds	438,817	613,822	559,959	457,928	426,928	
Reappropriated Funds	256,393	257,755	258,602	258,602	258,602	
Consumer Outreach / Education Program - CF	151,276	193,834	200,000	200,000	200,000	
						<i>Request vs. Appropriation</i>
<b>TOTAL - (1) EXECUTIVE DIRECTOR</b>	<b>21,435,299</b>	<b>21,056,794</b>	<b>21,805,742</b>	<b>22,283,520</b>	<b>11,601,292</b>	<b>2.2%</b>
<b>FTE</b>	<b><u>50.8</u></b>	<b><u>49.0</u></b>	<b><u>27.5</u></b>	<b><u>27.5</u></b>	<b><u>27.5</u></b>	<b><u>0.0%</u></b>
General Fund	528,285	411,528	483,405	513,209	259,138	6.2%
Cash Funds	15,013,584	14,731,833	16,748,679	17,615,585	7,594,201	5.2%
Reappropriated Funds	5,851,773	5,865,780	4,307,301	3,937,932	3,664,817	(8.6%)
FTE	50.8	49.0	27.5	27.5	27.5	0.0%
Federal Funds	41,657	47,653	266,357	216,794	83,136	(18.6%)

**(2) DIVISION OF BANKING**

The Division of Banking regulates state-chartered commercial and industrial banks, trust companies, debt adjusters, and money order companies; conduct examinations of institutions and ensure institutions comply with the Public Deposit Protection Act. The Division is entirely cash funded by the Division of Banking Cash Fund, pursuant to 11-102-403, C.R.S.

Personal Services - CF	2,704,691	2,703,233	3,313,571	3,609,655	0	DI #1, NP-5
FTE - CF	35.6	34.5	44.5	47.5	0.0	
Operating Expenses - CF	279,611	411,694	390,313	454,342	0	DI #1, NP-1

**FY 2011-2012 Joint Budget Committee Staff Figure Setting  
Department of Regulatory Agencies**

	<b>FY 2008-09 Actual</b>	<b>FY 2009-10 Actual</b>	<b>FY 2010-11 Appropriation</b>	<b>FY 2011-12 Request</b>	<b>FY 2011-12 Recomm.</b>	<b>DI/Notes</b>
PROGRAM COSTS - CF	n/a	n/a	n/a	n/a	4,058,809	DI #1, NP-5
FTE - CF					47.5	
Board Meetings - CF	22,488	21,876	23,500	23,500	23,500	
Indirect Cost Assessments - CF	470,557	513,677	321,086	317,701	pending	
						<i>Request vs. Appropriation</i>
<b>TOTAL - (2) BANKING - CF</b>	<b>3,477,347</b>	<b>3,650,480</b>	<b>4,048,470</b>	<b>4,405,198</b>	<b>4,082,309</b>	<b>8.8%</b>
<b>FTE - CF</b>	<b>35.6</b>	<b>34.5</b>	<b>44.5</b>	<b>47.5</b>	<b>47.5</b>	<b>6.7%</b>

**(3) CIVIL RIGHTS DIVISION**

The Civil Rights Division enforces state laws that prohibit discrimination in employment, housing, and public accommodations on the basis of race, sex (gender), national origin, ancestry, physical or mental disability, religion, color, marital status, or sexual orientation.

Personal Services	1,876,760	1,556,303	1,590,869	1,612,888	1,580,295	
FTE	<u>26.4</u>	<u>23.6</u>	<u>31.4</u>	<u>31.4</u>	<u>31.4</u>	
General Fund	786,625	960,212	945,538	929,338	934,202	NP-2, NP-5
FTE	14.5	14.5	18.4	18.4	18.4	
Reappropriated Funds	418,653	272,752	297,629	302,391	297,629	
FTE	2.0	2.0	2.0	2.0	2.0	
Federal Funds	671,482	323,339	347,702	381,159	348,464	
FTE	9.9	7.1	11.0	11.0	11.0	
Operating Expenses	<u>103,178</u>	<u>68,224</u>	<u>100,438</u>	<u>100,487</u>	<u>100,438</u>	NP-1
General Fund	61,378	63,336	59,318	59,364	59,318	
Federal Funds	41,800	4,888	41,120	41,123	41,120	
Hearings Pursuant to Complaint	<u>17,000</u>	<u>17,000</u>	<u>18,000</u>	<u>18,000</u>	<u>18,000</u>	
General Fund	17,000	17,000	17,000	17,000	17,000	
Federal Funds	0	0	1,000	1,000	1,000	
Commission Meetings Costs	<u>5,174</u>	<u>5,174</u>	<u>12,374</u>	<u>12,374</u>	<u>12,374</u>	
General Fund	5,174	5,174	5,174	5,174	5,174	
Federal Funds	0	0	7,200	7,200	7,200	
Indirect Cost Assessment - FF	35,738	37,208	35,191	32,133	pending	

**FY 2011-2012 Joint Budget Committee Staff Figure Setting  
Department of Regulatory Agencies**

	<b>FY 2008-09</b>	<b>FY 2009-10</b>	<b>FY 2010-11</b>	<b>FY 2011-12</b>	<b>FY 2011-12</b>	
	<b>Actual</b>	<b>Actual</b>	<b>Appropriation</b>	<b>Request</b>	<b>Recomm.</b>	<b>DI/Notes</b>
						<i>Request vs. Appropriation</i>
<b>TOTAL - (3) CIVIL RIGHTS</b>	<b>2,037,850</b>	<b>1,683,909</b>	<b>1,756,872</b>	<b>1,775,882</b>	<b>1,711,107</b>	<b>1.1%</b>
<b>FTE</b>	<b>26.4</b>	<b>23.6</b>	<b>31.4</b>	<b>31.4</b>	<b>31.4</b>	<b>0.0%</b>
General Fund	870,177	1,045,722	1,027,030	1,010,876	1,015,694	(1.6%)
FTE	14.5	14.5	18.4	18.4	18.4	0.0%
Reappropriated Funds	418,653	272,752	297,629	302,391	297,629	1.6%
FTE	2.0	2.0	2.0	2.0	2.0	0.0%
Federal Funds	749,020	365,435	432,213	462,615	397,784	7.0%
FTE	9.9	7.1	11.0	11.0	11.0	0.0%

**(4) OFFICE OF CONSUMER COUNSEL**

The Office of Consumer Council represents the interests of the consumer, mainly residential, agricultural and small businesses at electric, gas, telecommunications utility rate and service proceedings before the Public Utility Commission. The Public Utilities Commission Fixed Utility Fund funds this division, pursuant to Section 40-2-114, C.R.S.

Personal Services - CF	735,450	723,873	790,393	790,246	778,171	NP-5
FTE - CF	6.9	7.0	7.0	7.0	7.0	
Operating Expenses - CF	49,511	41,802	55,787	55,816	55,787	NP-1
Indirect Cost Assessments - CF	85,556	76,032	51,082	50,543	pending	
						<i>Request vs. Appropriation</i>
<b>TOTAL - (4) CONSUMER COUNSEL - CF</b>	<b>870,517</b>	<b>841,707</b>	<b>897,262</b>	<b>896,605</b>	<b>833,958</b>	<b>(0.1%)</b>
<b>FTE - CF</b>	<b>6.9</b>	<b>7.0</b>	<b>7.0</b>	<b>7.0</b>	<b>7.0</b>	<b>0.0%</b>

**(5) DIVISION OF FINANCIAL SERVICES**

The Division of Financial Services regulates state-chartered credit unions, life care institutions, and savings and loan associations; conduct examinations of institutions to ensure continued compliance with regulatory standards. This Division is entirely cash funded by the Division of Insurance Cash Fund, pursuant to Section 11-40-106 (2), C.R.S.

Personal Services - CF	920,380	1,048,009	1,128,221	1,126,687	0	NP-5
FTE - CF	12.3	13.2	15.0	15.0	0.0	
Operating Expenses - CF	50,824	129,434	161,788	161,878	0	NP-1

**FY 2011-2012 Joint Budget Committee Staff Figure Setting  
Department of Regulatory Agencies**

	<b>FY 2008-09 Actual</b>	<b>FY 2009-10 Actual</b>	<b>FY 2010-11 Appropriation</b>	<b>FY 2011-12 Request</b>	<b>FY 2011-12 Recomm.</b>	<b>DI/Notes</b>
PROGRAM COSTS - CF	920,380	n/a	n/a	n/a	1,271,202	NP-5
FTE - CF	12.3				15.0	
Indirect Cost Assessments - CF	158,890	162,927	109,461	108,307	pending	<i>Request vs. Appropriation</i>
<b>TOTAL - (5) FINANCIAL SERVICES - CF</b>	<b>1,130,094</b>	<b>1,340,370</b>	<b>1,399,470</b>	<b>1,396,872</b>	<b>0</b>	<b>(0.2%)</b>
<b>FTE - CF</b>	<b>12.3</b>	<b>13.2</b>	<b>15.0</b>	<b>15.0</b>	<b>0.0</b>	<b>0.0%</b>

**(6) DIVISION OF INSURANCE**

This Division is responsible for licensing insurance agents and adjusters; regulating insurance companies, non-profit hospitals, prepaid dental plans, health maintenance organizations, self-insurance pools for workers' compensation, bail bondsmen, and pre-need funeral contracts. Unless otherwise indicated, the funding source is the Division of Insurance Cash Fund pursuant to Section 10-1-103 (3), C.R.S.

Personal Services - CF	5,771,342	5,700,543	6,058,774	6,059,549	5,957,308	NP-5
FTE - CF	82.3	81.7	84.7	84.7	84.7	
Operating Expenses - CF	264,606	273,227	397,049	397,258	297,049	NP-1
OUT OF STATE TRAVEL REIMBURSEMENT - CF	n/a	n/a	n/a	n/a	100,000	
Senior Health Counseling Program - FF	682,747	869,262	507,838	507,838	507,838	
FTE - FF	0.0	0.0	2.0	2.0	2.0	
Insurance Fraud Prosecution - CF	819,342	830,262	0	n/a	n/a	
Transfer to CAPCO Administration	91,930	79,196	79,593	79,593	pending	
Indirect Cost Assessments	<u>981,122</u>	<u>911,898</u>	<u>636,256</u>	<u>628,162</u>	pending	
Cash Funds	981,122	911,898	618,090	611,574		
Federal Funds	0	0	18,166	16,588		

**FY 2011-2012 Joint Budget Committee Staff Figure Setting  
Department of Regulatory Agencies**

	FY 2008-09 Actual	FY 2009-10 Actual	FY 2010-11 Appropriation	FY 2011-12 Request	FY 2011-12 Recomm.	DI/Notes
						<i>Request vs. Appropriation</i>
<b>TOTAL - (6) INSURANCE</b>	<b>8,611,089</b>	<b>8,664,388</b>	<b>7,679,510</b>	<b>7,672,400</b>	<b>6,762,195</b>	<b>(0.1%)</b>
<b>FTE</b>	<b>82.3</b>	<b>81.7</b>	<b>86.7</b>	<b>86.7</b>	<b>86.7</b>	<b>0.0%</b>
Cash Funds	7,928,342	7,795,126	7,153,506	7,147,974	6,254,357	(0.1%)
FTE	82.3	81.7	84.7	84.7	84.7	0.0%
Federal Funds	682,747	869,262	526,004	524,426	507,838	(0.3%)
FTE	0.0	0.0	2.0	2.0	2.0	0.0%

**(7) PUBLIC UTILITIES COMMISSION**

The Public Utilities Commission regulates the rates and services of fixed and transportation utilities in Colorado; administers the Colorado Telecommunications High Cost Program, the Low-Income Telephone Assistance Program, and the Disabled Telephone Users Program.

Personal Services - Cash Funds	7,984,503	7,937,847	8,750,726	8,703,927	8,570,623	NP-5
FTE - Cash Funds	87.3	86.3	101.6	101.1	101.1	
Operating Expenses - CF	411,439	453,045	451,301	446,005	445,689	NP-1
Expert Testimony - CF	9,850	25,000	25,000	25,000	25,000	
Disabled Telephone Users Payment - CF	1,736,679	2,009,738	2,439,591	2,439,591	2,439,591	
Transfer to Reading Services for the Blind Cash Fund - CF	250,000	250,000	250,000	250,000	pending	
Commission for the Deaf and Hard of Hearing Cash Fund - CF	643,139	730,626	910,190	910,190	pending	
Commission for the Blind or Visually Impaired Cash Fund - CF	51,589	98,822	112,067	112,067	pending	
Low Income Telephone Assistance - CF	2,030,531	1,094,729	2,143,752	2,143,752	2,143,752	
Colorado Bureau of Investigation Background Checks Pass-through - CF	26,860	46,649	67,128	67,128	67,128	
Indirect Cost Assessments - CF	1,186,784	1,095,953	733,389	725,657	pending	

**FY 2011-2012 Joint Budget Committee Staff Figure Setting  
Department of Regulatory Agencies**

	FY 2008-09 Actual	FY 2009-10 Actual	FY 2010-11 Appropriation	FY 2011-12 Request	FY 2011-12 Recomm.	DI/Notes
						<i>Request vs. Appropriation</i>
<b>TOTAL - (7) PUBLIC UTILITIES COMM. - CF</b>	<b>14,331,374</b>	<b>13,742,409</b>	<b>15,883,144</b>	<b>15,823,317</b>	<b>13,691,783</b>	<b>(0.4%)</b>
<b>FTE - CF</b>	<b>87.3</b>	<b>86.3</b>	<b>101.6</b>	<b>101.1</b>	<b>101.1</b>	<b>(0.5%)</b>
<b>(8) DIVISION OF REAL ESTATE</b>						
The Division of Real Estate licenses real estate brokers, real estate appraisal professionals, and mortgage brokers; administer enforcement programs to ensure compliance with state and federal regulatory laws.						
Personal Services - CF	2,796,953	2,692,133	3,311,110	3,326,756	3,267,140	NP-5
FTE - CF	42.7	43.1	52.3	52.3	52.3	
Operating Expenses - CF	222,615	189,346	220,436	210,679	219,546	NP-1
Commission Meeting Costs - CF	28,136	23,972	38,836	38,836	38,836	
Hearings Pursuant to Complaint - CF	133	0	4,000	4,000	4,000	
Mortgage Broker Consumer Protection - CF	295,724	304,252	305,313	305,313	pending	
Indirect Cost Assessment - CF	568,336	533,316	365,600	361,746	pending	
						<i>Request vs. Appropriation</i>
<b>TOTAL - (8) REAL ESTATE - Cash Funds</b>	<b>3,911,897</b>	<b>3,743,019</b>	<b>4,245,295</b>	<b>4,247,330</b>	<b>3,529,522</b>	<b>0.0%</b>
<b>FTE - Cash Funds</b>	<b>42.7</b>	<b>43.1</b>	<b>52.3</b>	<b>52.3</b>	<b>52.3</b>	<b>0.0%</b>

**FY 2011-2012 Joint Budget Committee Staff Figure Setting  
Department of Regulatory Agencies**

	<b>FY 2008-09 Actual</b>	<b>FY 2009-10 Actual</b>	<b>FY 2010-11 Appropriation</b>	<b>FY 2011-12 Request</b>	<b>FY 2011-12 Recomm.</b>	<b>DI/Notes</b>
<b>(9) DIVISION OF REGISTRATIONS</b>						
The Division of Registrations oversees boards and commissions that promulgate rules to ensure continued competency of regulated professionals, enforce laws, and take action against individuals failing to follow the laws and rules.						
Personal Services	11,056,781	10,919,756	11,853,388	11,972,431	11,750,379	NP-5
FTE	<u>164.8</u>	<u>172.5</u>	<u>184.4</u>	<u>187.4</u>	<u>187.4</u>	
Cash Funds	8,877,212	9,307,088	9,640,029	9,821,744	11,169,288	
FTE	144.9	152.6	163.2	166.2	184.0	
Reappropriated Funds	2,179,569	1,612,668	2,213,359	2,150,687	581,091	NP-2
FTE	19.9	19.9	21.2	21.2	3.4	
Operating Expenses - CF	<u>1,359,354</u>	<u>1,301,438</u>	<u>1,358,838</u>	<u>1,367,167</u>	<u>1,354,753</u>	
Cash Funds	1,359,354	1,301,438	1,352,094	1,366,692	1,354,278	NP-1
Reappropriated Funds	0	0	6,744	475	475	
Office of Expedited Settlement Program Costs - CF	n/a	315,127	355,008	361,397	355,008	
FTE - CF	n/a	0.0	5.0	5.0	5.0	
Hearings Pursuant to Complaint - CF	269,704	215,768	307,075	307,075	307,075	
Payments to Department of Health Care Policy and Financing - CF	14,652	14,652	14,652	14,652	14,652	
Indirect Cost Assessment	<u>4,095,901</u>	<u>4,021,952</u>	<u>3,467,647</u>	<u>3,422,249</u>	pending	
Cash Funds	4,095,901	4,021,952	3,460,823	3,416,018		
Federal Funds	0	0	6,824	6,231		
						<i>Request vs. Appropriation</i>
<b>TOTAL - (9) REGISTRATIONS</b>	<b>16,796,392</b>	<b>16,788,693</b>	<b>17,356,608</b>	<b>17,444,971</b>	<b>13,781,867</b>	<b>0.5%</b>
<b>FTE</b>	<b><u>164.8</u></b>	<b><u>172.5</u></b>	<b><u>189.4</u></b>	<b><u>192.4</u></b>	<b><u>192.4</u></b>	<b><u>1.6%</u></b>
Cash Funds	14,616,823	15,176,025	15,129,681	15,287,578	13,200,301	1.0%
FTE	144.9	152.6	168.2	171.2	189.0	1.8%
Reappropriated Funds	2,179,569	1,612,668	2,220,103	2,151,162	581,566	(3.1%)
FTE	19.9	19.9	21.2	21.2	3.4	0.0%
Federal Funds	0	0	6,824	6,231	0	(8.7%)

**FY 2011-2012 Joint Budget Committee Staff Figure Setting  
Department of Regulatory Agencies**

	FY 2008-09 Actual	FY 2009-10 Actual	FY 2010-11 Appropriation	FY 2011-12 Request	FY 2011-12 Recomm.	DI/Notes
<b>(10) DIVISION OF SECURITIES</b>						
The Division of Securities monitors the conduct of Colorado broker-dealers and sales representatives; and investigate citizen complaints and other indications of investment fraud. The funding source is the Division of Securities Cash Fund pursuant to Section 11-51-707 (2), C.R.S.						
Personal Services - CF	1,660,142	1,700,013	1,956,533	2,132,555	0	DI #2, NP-5
FTE - CF	19.7	21.0	23.0	26.0	0.0	
Operating Expenses - CF	47,769	57,696	56,149	67,829	0	DI #2, NP-1
PROGRAM COSTS - CF	n/a	n/a	n/a	n/a	2,189,342	DI #2, NP-5
FTE - CF					26.0	
Hearings Pursuant to Complaint - CF	19,134	12,271	19,594	19,594	19,594	
Board Meeting Costs - CF	1,416	2,505	4,500	4,500	4,500	
Securities Fraud Prosecution - CF	454,785	473,028	493,081	493,081	pending	
Indirect Cost Assessment - CF	244,417	238,960	167,840	166,071	pending	
						<i>Request vs. Appropriation</i>
<b>TOTAL - (10) SECURITIES - CF</b>	<b>2,427,663</b>	<b>2,484,473</b>	<b>2,697,697</b>	<b>2,883,630</b>	<b>2,213,436</b>	<b>6.9%</b>
<b>FTE - CF</b>	<b>19.7</b>	<b>21.0</b>	<b>23.0</b>	<b>26.0</b>	<b>26.0</b>	<b>13.0%</b>

**FY 2011-2012 Joint Budget Committee Staff Figure Setting  
Department of Regulatory Agencies**

	FY 2008-09 Actual	FY 2009-10 Actual	FY 2010-11 Appropriation	FY 2011-12 Request	FY 2011-12 Recomm.	DI/Notes
						<i>Request vs. Appropriation</i>
<b>DEPARTMENT OF REGULATORY AGENCIES</b>						
<b>TOTALS</b>	<b>75,029,522</b>	<b>73,996,242</b>	<b>77,770,070</b>	<b>78,829,725</b>	<b>58,207,469</b>	<b>1.4%</b>
<b>FTE</b>	<b>528.8</b>	<b>531.9</b>	<b>578.4</b>	<b>586.9</b>	<b>571.9</b>	<b>1.5%</b>
General Fund	1,398,462	1,457,250	1,510,435	1,524,085	1,274,832	0.9%
FTE	14.5	14.5	18.4	18.4	18.4	0.0%
Cash Funds	63,707,641	63,505,442	68,203,204	69,704,089	51,399,867	2.2%
FTE	431.7	439.4	496.3	504.8	507.6	1.7%
Reappropriated Funds	8,449,995	7,751,200	6,825,033	6,391,485	4,544,012	(6.4%)
FTE	72.7	70.9	50.7	50.7	32.9	0.0%
Federal Funds	1,473,424	1,282,350	1,231,398	1,210,066	988,758	(1.7%)
FTE	9.9	7.1	13.0	13.0	13.0	0.0%

**DEPARTMENT OF REGULATORY AGENCIES  
FY 2011-12 STAFF FIGURE SETTING**

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

**(1) EXECUTIVE DIRECTOR'S OFFICE**

The Executive Director's Office performs operations that are common to all divisions including accounting, budgeting, data processing, human resources, and purchasing. The Office of Policy and Research conducts sunrise reviews if they are requested and statutorily required sunset evaluations of divisions, commissions, and boards located throughout state government.

**Personal Services**

*Description:* This line funds the Executive Director, accounting, budget, purchasing, human resources, and Office of Policy and Research staff.

*Request:* The Department requests an appropriation of \$2,241,587, of which \$3,340 is General Fund and 27.5 FTE. This request includes the Public Employees Retirement Association (PERA) employer contribution reduction decision item and the 2.0 percent General Fund personal services reduction item.

Staff Summary Executive Director's Office	FY 2009-10 Actual	FY 2010-11 Approp.	FY 2011-12 Request	FY 2011-12 Recomm.
Management and Administrative Staff	3.0	4.0	4.0	4.0
Legislative Liaison and Public Information Staff	2.0	2.0	2.0	2.0
Office of Policy and Research Staff	6.5	6.5	6.5	6.5
Planning and budgeting	2.0	2.0	2.0	2.0
Accounting and Purchasing	6.7	7.0	7.0	7.0
Human Resources	6.0	6.0	6.0	6.0
Information Technology Staff	22.8	0.0	0.0	0.0
<b>TOTAL</b>	<b>49.0</b>	<b>27.5</b>	<b>27.5</b>	<b>27.5</b>

*Recommendation:* **Staff recommends \$2,207,730 and 27.5 FTE, calculated in accordance with Committee policy.** The General Fund and cash funds are dollars from other departments for sunset reviews by the Office of Policy and Research. Since these sunset reviews are required by statute and no change has been made to statute, staff did not apply the 1.5 percent base reduction to these lines. The following table outlines the staff recommendation.

**DEPARTMENT OF REGULATORY AGENCIES**  
**FY 2011-12 STAFF FIGURE SETTING**  
 JBC Working Document: Decisions Subject to Change  
*Staff Recommendation Does Not Represent Committee Decision*

Executive Director's Office - Personal Services					
	GF	CF	RF	Total	FTE
FY 2010-11 Long Bill Appropriation	\$8,000	\$13,000	\$2,218,716	\$2,239,716	27.5
FY 2010-11 Supplementals	0	0	0	0	0.0
<b>Subtotal FY 2010-11 Subtotal</b>	<b>8,000</b>	<b>13,000</b>	<b>2,218,716</b>	<b>2,239,716</b>	<b>27.5</b>
Increase state PERA contribution	0	0	49,069	49,069	0.0
1.5% personal services base reduction	0	0	(34,017)	(34,017)	0.0
Sunset adjustment	(4,500)	16,000	(11,500)	0	0.0
Statewide PERA contribution	0	0	(47,038)	(47,038)	0.0
<b>Recommended FY 2011-12 Appropriation</b>	<b>\$3,500</b>	<b>\$29,000</b>	<b>\$2,175,230</b>	<b>\$2,207,730</b>	<b>27.5</b>

**Health, Life, and Dental**

*Description:* This line funds the Department's share of the state's group health, life and dental insurance plans for state employees. Health, life, dental is appropriated to the Executive Director's Office and distributed as needed to the divisions.

*Request:* The Department requests an appropriation of \$2,869,627, of which \$92,463 is General Fund. This request includes a reduction of \$4,261 cash funds for the pro-rated benefits decision item. Since the pro-rated benefits decision requires separate legislation, staff has not included this reduction in the recommendation. **If the Committee decides to include this reduction in the Long Bill, staff requests permission to adjust the line item in accordance with the Committee action.**

*Recommendation:* **Staff recommends an appropriation of \$2,873,888 total funds** (\$92,463 General Fund, \$2,489,786 cash funds, \$264,772 reappropriated funds, and \$26,867 federal funds) **in accordance with Committee policy.**

**Short-term Disability**

This line item funds the Department's share of the state's short-term disability program which is administered by the Department of Personnel and Administration (DPA). The Department requests an appropriation of \$59,523, of which \$1,703 is General Fund. **Staff recommends an appropriation of \$51,036 total funds**, of which \$1,566 is General Fund, \$43,688 is cash funds, \$5,281 is reappropriated funds, and \$501 is federal funds.

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

This line funds the costs associated with S.B. 04-257, which requires additional state contribution for employees in PERA. The rate for CY 2011 is 2.6 percent of FY 2009-10 base salaries, and 3.0 percent of FY 2009-10 base salaries for CY 2012. The Department requests an appropriation of

**DEPARTMENT OF REGULATORY AGENCIES**  
**FY 2011-12 STAFF FIGURE SETTING**  
JBC Working Document: Decisions Subject to Change  
*Staff Recommendation Does Not Represent Committee Decision*

\$941,610 for this purpose. **Staff recommends an appropriation of \$921,612**, which was calculated in accordance with the Committee policy for this line. Of the total appropriation \$27,947 is General Fund, \$789,205 is cash funds, \$95,407 is reappropriated funds, and \$9,053 is federal funds.

**S.B. 06-235 Supplemental Amortization Equalization Disbursement**

Senate Bill 06-235 created a mechanism to increase the state's effective PERA rate beginning on January 1, 2008. The Department requests an appropriation of \$756,651 for this purpose. The Committee approved rates for CY 2011 and CY 2012 are 2.0 percent and 2.5 percent of FY 2009-10 base salaries, respectively. **Staff recommends an appropriation of \$740,731**, which was calculated in accordance with Committee policy for this line. Of the total appropriation \$22,307 is General Fund, \$634,182 is cash funds, \$76,667 is reappropriated funds, and \$7,275 is federal funds.

**Salary Survey and Senior Executive Services**

DPA's total compensation report pursuant to Section 24-50-104 (4) (c), C.R.S., recommends salary adjustments that are funded by this line. In accordance with Committee policy, **staff recommends that no salary survey be funded for FY 2011-12.**

**Performance-Based Pay Awards**

Employee performance-based pay is appropriated and funded by this line pursuant to Section 24-50-104 (1) (c) (I), C.R.S. The Department did not request funding for performance-based pay awards. In accordance with Committee policy, **staff recommends that no performance-based pay awards be funded for FY 2011-12.**

**Workers' Compensation**

This line item is used to pay the Department's share of the state's workers' compensation program run by the DPA. The Department requests an appropriation of \$85,062 for this purpose. **The staff recommendation for this line item is pending the approval of a Committee policy**, and staff requests permission to adjust the line and apply a funding split once Committee policy is established.

**Operating Expenses**

*Request:* The Department requests an appropriation of \$210,420, of which \$3,689 is General Fund. This request includes an increase of \$76 reappropriated funds for the document printing decision item.

*Recommendation:* In accordance with Committee policy on this decision item, to not approve the increase, **staff recommends an appropriation of \$210,344 for this line.** This appropriation is a continuation of the FY 2010-11 appropriation and includes \$3,689 is General Fund.

**DEPARTMENT OF REGULATORY AGENCIES**  
**FY 2011-12 STAFF FIGURE SETTING**  
 JBC Working Document: Decisions Subject to Change  
*Staff Recommendation Does Not Represent Committee Decision*

**Legal Services**

This line item is used to pay the Department of Law for the provision of legal services to all divisions. The Department requests an appropriation of 103,203 hours. **Staff recommends 103,203 hours of services, and the dollar amount is pending the Committee policy of the hourly rate for FY 2011-12 legal services.**

Staff requests permission to adjust the line and apply a funding split once Committee policy is established. The following table summarizes staff's calculation of the FY 2011-12 legal services recommendation.

Executive Director's Office - Legal Services						
	GF	CF	RF	FF	Total	Hours*
FY 2010-11 Appropriation	\$148,721	\$7,038,824	\$134,854	\$138,229	\$7,460,628	101,685
FY 2010-11 Supplemental	0	0	0	0	0	0
S.B. 10-109	0	0	512,584	0	512,584	6,800
S.B. 10-124	0	7,538	0	0	7,538	100
H.B. 10-1128	0	(9,799)	0	0	(9,799)	(130)
H.B. 10-1141	0	6,407	0	0	6,407	85
H.B. 10-1148	0	(11,307)	0	0	(11,307)	(150)
H.B. 10-1224	0	2,261	0	0	2,261	30
H.B. 10-1260	0	16,584	0	0	16,584	220
H.B. 10-1278	0	15,679	0	0	15,679	208
H.B. 10-1365	0	13,041	0	0	13,041	173
H.B. 10-1415	0	3,769	0	0	3,769	50
<b>Subtotal FY 2010-11 Appropriation</b>	<b>148,721</b>	<b>7,082,997</b>	<b>647,438</b>	<b>138,229</b>	<b>8,017,385</b>	<b>109,071</b>
Annualize S.B. 10-109	0	0	(422,128)	0	(422,128)	(5,600)
Annualize S.B. 10-124	0	(6,030)	0	0	(6,030)	(80)
Annualize H.B. 10-1224	0	4,523	0	0	4,523	60
Annualize H.B. 10-1260	0	(16,584)	0	0	(16,584)	(220)

**DEPARTMENT OF REGULATORY AGENCIES**  
**FY 2011-12 STAFF FIGURE SETTING**  
 JBC Working Document: Decisions Subject to Change  
*Staff Recommendation Does Not Represent Committee Decision*

Executive Director's Office - Legal Services						
	GF	CF	RF	FF	Total	Hours*
Annualize H.B. 10-1278	0	(15,679)	0	0	(15,679)	(208)
Annualize H.B. 10-1415	0	13,568	0	0	13,568	180
<b>Recommended FY 2011-12</b>						
<b>Appropriation</b>	<b>\$148,721</b>	<b>\$7,062,795</b>	<b>\$225,310</b>	<b>\$138,229</b>	<b>\$7,575,055</b>	<b>103,203</b>

\*Legal service hours appropriated in special bills were calculated at \$75.38 per hour. The supplemental, budget amendment and recommended total hours are calculated at \$73.37 per hour.

**Administrative Law Judge (ALJ) Services**

This line item is used to purchase administrative law services from DPA. The Department has requested an appropriation of \$465,921, of which \$21,465 is General Fund for this purpose. **Staff recommendation is pending the approval of a common policy by the Committee**, and staff requests permission to adjust the line and apply a funding split once Committee policy for this line item is established.

**Purchase of Services from Computer Center**

This line item is used to reimburse DPA for the Department's share of the state's computer system. The Department requests \$1,696,639 for this purpose. **Staff recommendation is pending the approval of Committee common policies**, and staff requests permission to adjust the line and apply a funding split once Committee policy for this line item is established.

**Multiuse Network Payments**

This line item was added in FY 2010-11 as part of the statewide information technology staff consolidation. Funds in this line are used to reimburse the Governor's Office of Information Technology for the Department's share of the statewide multi-use network. The Department is requesting a total appropriation of \$148,429, of which \$5,535 is General Fund and \$142,894 is reappropriated funds. **The staff recommendation is pending the approval of Committee common policies**. Staff requests permission to adjust the line once Committee policy for this line item is established.

**Management and Administration of OIT**

The Department requests an appropriation of \$277,971, of which \$10,069 is General Fund. **Staff recommendation is pending the approval of Committee common policies**, and staff requests permission to adjust the line and apply a fund split once a Committee policy is approved for this line.

**DEPARTMENT OF REGULATORY AGENCIES  
FY 2011-12 STAFF FIGURE SETTING**

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

**Payment to Risk Management and Property Funds**

This line item is used to reimburse DPA for the Department's share of the state's liability and property insurance. The Department requests \$133,493 for this purpose. **Staff recommendation is pending the approval of a Committee policy.** Once a Committee policy is established, staff requests permission to adjust the line and apply a funding.

**Vehicle Lease Payments**

*Description:* Funding for annual payments to DPA for the cost of administration, loan repayment, and lease-purchase payments for new and replacement motor vehicles is provided by this line item.

*Request:* The Department requests \$187,939 cash funds for this purpose. This request includes the replacement of nine vehicles and adjustments to the line item to align the appropriations with the actual billings from DPA. The justification for replacement of the nine vehicles is very high mileage, which will typically result in high maintenance and repair costs and deterioration of reliability and an increase in safety concerns. Details about the request to replace nine vehicles is outlined in the following table

Summary of the FY 2011-12 Vehicle Replacement Request					
Division/Board that Uses the Vehicle	Type of Vehicle	Model Year	May 2010 Mileage	Projected May 2011 Mileage	Dept. Justification for Replacement
Electrical Board	Small 4x4	2006	115,223	178,799	These vehicles are used by electrical inspectors who, pursuant to Section 12-23-116 (2) (b), C.R.S. have three working days after receiving an inspection request to perform the inspection. Due to the large amount of travel required, the Department anticipates significant increase in the cost of the repairs/ maintenance.
Electrical Board	Small 4x4	2006	109,449	168,225	
Electrical Board	Small 4x4	2006	112,428	165,396	
Electrical Board	Small 4x4	2006	122,712	176,328	
Electrical Board	Small 4x4	2007	119,075	187,883	
Electrical Board	Small 4x4	2007	103,831	165,919	
Electrical Board	Small 4x4	2007	97,404	154,476	
Electrical Board	Small 4x4	2008	101,033	192,881	
Public Utilities Commission	Full-size	2004	113,983	140,623	Vehicle is exhibiting transmission and steering problems, and it is likely to require major repairs prior to May 2011.

*Recommendation:* **Staff recommends the replacement of the nine vehicles, eight for the electrical board and one for the Public Utilities Commission.** These replacements are cash funded, and the miles on each of the vehicle will be in excess of 140,000 which is the mileage replacement criteria set by the Department of Personnel and Administration. **The dollar figure of**

**DEPARTMENT OF REGULATORY AGENCIES  
FY 2011-12 STAFF FIGURE SETTING**

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

**staff recommendation, including the recommendation to replace nine vehicles, is pending the approval of a Committee policy.** Once a Committee policy is established, staff requests permission to adjust the line and apply a fund split.

**Information Technology Asset Maintenance**

This line item pays for replacement of the Department's information technology assets on a schedule determined by OIT. The Department requests an appropriation of \$671,403. **Staff recommends the Department's request for \$671,403, of which \$480,646 is cash funds and \$190,757 is reappropriated funds.**

**Leased Space**

*Description:* The Department leases a total of 159,042 square feet, of which, 154,837 is located at 1550 Broadway, Denver Colorado. The remaining 4,205 square feet is for satellite offices for the electrical board and civil rights offices located throughout the state. The following table provides a breakdown of the lease space locations and rates.

<b>Executive Director's Office, Leased Space Base Rates (Excluding Operating Expenses)</b>						
<b>Location</b>	<b>FY 2010-11 Appropriation</b>			<b>FY 2011-12 Request</b>		
	<b>Area</b>	<b>Rate</b>	<b>Total</b>	<b>Area</b>	<b>Rate</b>	<b>Total</b>
1560 Broadway, Denver - Section 1	149,127	\$16.85	\$2,512,790	149,127	\$17.10	\$2,550,072
1560 Broadway, Denver - Section 2	5,710	\$19.51	\$111,402	5,710	\$20.01	\$114,257
Satellite Offices	4,205	\$11.90-23.68	\$63,304	4,205	\$11.90-26.68	\$63,304
<b>Total</b>	<b>159,042</b>		<b>\$2,687,496</b>	<b>159,042</b>		<b>\$2,727,633</b>

*Request:* The Department requests an appropriation of \$3,038,518 total funds, of which \$106,866 is General Fund, \$2,405,339 is cash funds, \$486,873 is reappropriated funds, and \$39,440 is federal funds. This request includes an increase of \$111,296 total funds for base rate escalations and operating expenses increases.

*Recommendation:* **Staff recommends an appropriation of \$3,038,518 total funds,** of which \$106,866 is General Fund, \$2,405,339 is cash funds, \$486,873 is reappropriated funds, and \$39,440 is federal funds.

**Capitol Complex Leased Space**

Capitol complex space is maintained by DPA, and the Department requests an appropriated for 169 square feet in the Grand Junction Facility for the Division of Registrations Electrical Board. **Staff**

**DEPARTMENT OF REGULATORY AGENCIES**  
**FY 2011-12 STAFF FIGURE SETTING**  
 JBC Working Document: Decisions Subject to Change  
*Staff Recommendation Does Not Represent Committee Decision*

**recommends funding for 169 square feet of space, and the cash fund dollar amount is pending the approval of a Committee policy for this line.**

**Hardware/Software Maintenance**

This line item pays for the licensing and maintenance agreements for hardware and software, as well as the costs of required equipment upgrades. The Department requests \$717,330 for this purpose. **Staff recommends an appropriation of \$686,330 total funds**, which is outlined in the following table.

Executive Director's Office - Hardware/Software Maintenance				
	GF	CF	RF	Total
FY 2010-11 Long Bill Appropriation	\$800	\$457,928	\$258,602	\$717,330
S.B. 10-124	0	27,031	0	27,031
H.B. 10-1278	0	75,000	0	75,000
<b>Subtotal FY 2010-11 Subtotal</b>	<b>800</b>	<b>559,959</b>	<b>258,602</b>	<b>819,361</b>
Annualize S.B. 09-1086	0	(31,000)	0	(31,000)
Annualize S.B. 10-124	0	(27,031)	0	(27,031)
Annualize H.B. 10-1278	0	(75,000)	0	(75,000)
<b>Recommended FY 2011-12 Appropriation</b>	<b>\$800</b>	<b>\$426,928</b>	<b>\$258,602</b>	<b>\$686,330</b>

**Consumer Outreach / Education Program**

*Description:* This line item was added to the FY 2009-10 Long Bill as a result of H.B. 08-1216 (Ferrandino/Romer), which established the Consumer Outreach and Education Program (Program) within the Department. The Program works to inform consumers of their rights regarding regulated professions and occupations, decrease regulatory violations by licensees, and increase public awareness of consumer protection information available from the Department. The Program is funded by a surcharge on fines issued by various Divisions.

*Request:* The Department requests a continuation appropriation of \$200,000 cash funds.

*Recommendation:* **Staff recommends an appropriation of \$200,000 cash funds.**

**DEPARTMENT OF REGULATORY AGENCIES  
FY 2011-12 STAFF FIGURE SETTING**

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

**(2) DIVISION OF BANKING**

The Division of Banking is responsible for the enforcement of banking laws on state-chartered commercial banks, trust companies, industrial banks and money transmitters. The Division holds charter and license application hearings, issues rules and regulations, investigate consumer complaints, and conducts examinations of banking institutions. Pursuant to Section 11-102-403, C.R.S. this Division is funded entirely by the Division of Banking Cash Fund.

**Decision Item #1 - Increased Funding for Division of Banking Examiners**

*Request:* The Department requests a total increase of \$364,276 cash funds from the Division of Banking Cash Fund and 3.0 FTE. This request is driven by state requirements to increase the frequency of banking examinations when institutions are adversely rated, and the increased need for examiner training on the new regulations imposed by the Dodd-Frank Wall Street Reform and Consumer Protection Act.

*Recommendation:* **Staff recommends the Committee approve an increase of \$409,981 cash funds from the Division of Banking Cash Fund and 3.0 FTE.** The following table outlines staff's recommendation as compared to the Department's request.

<b>Comparison of Staff Recommendation on DI #1 to Department Request</b>			
	<b>Department Request</b>	<b>Staff Recomm.</b>	<b>Staff Higher / (Lower) Than Department</b>
<b>New Examiner Personal Services</b>			
Salaries	\$265,002	\$265,002	\$0
PERA Contribution	26,898	\$20,273	(\$6,625)
Medicare	3,843	\$3,843	\$0
<i>Personal Services Subtotal</i>	\$295,742	\$289,117	(\$6,625)
Operating	18,534	18,534	0
New Examiner Travel	0	28,485	28,485
<i>New Examiner Expenses Subtotal</i>	314,276	336,136	15,235
Existing Examiner Increased Travel	0	73,845	73,845
Training Funds for all Examiners	50,000	0	(50,000)
<b>Total</b>	<b>\$364,276</b>	<b>\$409,981</b>	<b>\$39,080</b>

*Staff Analysis:* Pursuant to federal and state regulatory procedures, adversely rated institutions must be examined once every 12 months, and non-adversely rated institutions are examined once every

**DEPARTMENT OF REGULATORY AGENCIES  
FY 2011-12 STAFF FIGURE SETTING**

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

18 months. Pursuant to Section 11-102-306, C.R.S. bank rating information is confidential, therefore it is not possible for staff to provide the number of state chartered banks that are adversely rated. The following table outlines the Department's projected increase in the number of bank examinations from FY 2009-10 through FY 2011-12.

<b>Number of Bank Examinations Conducted from FY 2009-10 to FY 2011-12</b>				
	<b>FY 2009-10 Actual</b>	<b>FY 2010-11 Projected</b>	<b>FY 2011-12 Estimated</b>	<b>Change from FY 2009-10 to FY 2011-12</b>
Number of Examinations	154	223	245	n/a
Change from Previous Year	n/a	69	22	91
Percent Change	n/a	44.8%	9.9%	59.1%

As a bank's rating deteriorates, the examination becomes more complex and tends to take longer. Staff believes it is important to exam both the adversely rated banks but to also exam the banks not adversely rated because these prevent type examinations are able to identify and prevent banks from becoming adversely rated. It is important for the banking sector to recover and examinations are one of the key ways this will happen because of the ability for the examiners to identify problems and ensure the problems are addressed.

**Explanation of Staff Recommendation Differences from Department Request**

**New and Current Examiner Travel Expenses**

The Department's request did not include funds for examiner travel, for either the new FTE or existing FTE, but did submit a FY 2010-11 supplemental for addition travel funds for examiners. It is important that if the General Assembly is going to increase the number of state examiners, the General Assembly should provide sufficient funding so the examiners can do their job. If the travel portion of staff's recommendation is not included, the Department will be forced to either not conduct examinations or conduct partial examinations. These two options are unacceptable means of ensuring the health of Colorado's banking industry.

**State Public Employees Retirement Association Contribution Rate**

The Department's request did not include a reduction for the state Public Employees Retirement Association (PERA) contribution in FY 2011-12. The Department used a 10.15% state PERA contribution rate for the new FTE. Based on Committee policy regarding the state PERA contribution rate for FY 2011-12 of 7.65%, staff's recommendation includes this rate. Staff's calculation is outlined in the following table.

**DEPARTMENT OF REGULATORY AGENCIES**  
**FY 2011-12 STAFF FIGURE SETTING**  
 JBC Working Document: Decisions Subject to Change  
*Staff Recommendation Does Not Represent Committee Decision*

New Banking FTE State PERA Contribution Calculation				
Position	Salary	Department Request	Staff Recomm.	Staff Higher / (Lower) than Department
Credit Examiner III	\$78,558	\$7,974	\$6,010	(\$1,964)
Credit Examiner IV	90,954	9,232	6,958	(2,274)
Credit Examiner V	95,490	9,692	7,305	(2,387)
<b>Total</b>	<b>265,002</b>	<b>\$26,898</b>	<b>\$20,273</b>	<b>(\$6,625)</b>

*Training Expenses*

The Department has requested \$50,000 for examiner training, and states in the write up that due to increased travel expenses the funds designated for training are being spent on travel. If the Committee approves the increased funding for travel, the Department will be able to utilize existing funds for training, and will not require the request \$50,000 for training.

*Staff Initiated Recommendation*

**Staff recommends the Division of Banking personal services and operating line items be combined into one Program Costs line item.** Staff's recommendation will enable the Department to have flexibility to cover unforeseen increase in operating expenses, especially related to increased travel expenses for banking examinations that take longer than anticipated. Staff does not believe that this recommendation will delegate the General Assembly's fiscal oversight to the Department, but will provide the Department with the flexibility to better manage periodic program expenditure fluctuations and workload changes.

**Personal Services**

*Description:* Division staff conduct examinations and enforce compliance with the Public Deposit Protection Act and the Uniform Consumer Credit Code. Staff also enforces regulatory guideline for trust departments, electronic funds transfers, and electronic data processing.

*Request:* The Department has requested an appropriation of \$3,609,655 cash funds and 47.5 FTE. This request includes an increase of \$295,742 cash funds and 3.0 FTE for the increased resources decision item, and a reduction of \$59,961 cash funds for the state PERA contribution reduction decision item.

**DEPARTMENT OF REGULATORY AGENCIES**  
**FY 2011-12 STAFF FIGURE SETTING**  
 JBC Working Document: Decisions Subject to Change  
*Staff Recommendation Does Not Represent Committee Decision*

Staff Summary Banking Division	FY 2009-10 Actual	FY 2010-11 Approp.	FY 2011-12 Request	FY 2011-12 Recomm.
Commissioner and Assistant	2.0	2.0	2.0	2.0
Examiners	28.5	36.5	39.5	39.5
Administration	4.0	6.0	6.0	6.0
<b>TOTAL</b>	<b>34.5</b>	<b>44.5</b>	<b>47.5</b>	<b>47.5</b>

*Recommendation:* Staff recommends an appropriation of \$0 cash funds and 0.0 FTE. This recommendation reflects the recommendation to combine the personal services and operating expenses line items into one program costs line item. The recommendation includes approving a modified version of the banking resources decision item. The following table outlines staff's recommendation.

Division of Banking - Personal Services		
	CF	FTE
FY 2010-11 Long Bill Appropriation	\$3,296,342	44.0
FY 2010-11 Supplemental	(73,845)	0.0
H.B. 10-1114	17,229	0.5
<b>Subtotal FY 2010-11 Appropriation</b>	<b>3,239,726</b>	<b>44.5</b>
Annualize FY 2010-11 Supplemental	73,845	0.0
Annualize state PERA reduction	60,303	0.0
1.5% base reduction	(50,608)	0.0
DI #1 - Banking Resources	289,117	3.0
NP - state PERA contribution reduction	(59,961)	0.0
Staff recommended line item consolidation	(3,552,422)	(47.5)
<b>Recommended FY 2011-12 Appropriation</b>	<b>\$0</b>	<b>0.0</b>

**Operating Expenses**

*Description:* A portion of this line item funds the reimbursement for travel of staff examiners. Travel reimbursements includes meal and hotel per diem, and mileage reimbursement. The remainder of this line is used for general operating expenses incurred by the Division.

*Request:* The Department requests \$454,342 cash funds for this purpose. This request includes \$68,534 cash funds for the banking resources decision item and \$285 for the document printing decision item.

**DEPARTMENT OF REGULATORY AGENCIES**  
**FY 2011-12 STAFF FIGURE SETTING**  
 JBC Working Document: Decisions Subject to Change  
*Staff Recommendation Does Not Represent Committee Decision*

*Recommendation:* **Staff recommends an appropriation of \$0 cash funds**, which includes staff's recommendation to approve the banking resources decision item and the recommendation to consolidate line items. Staff's recommendation is outlined in the following table.

<b>Division of Banking - Operating Expenses</b>	
	<b>CF</b>
FY 2010-11 Long Bill Appropriation	\$384,418
FY 2010-11 Supplemental	73,845
H.B. 10-1114	5,895
<b>Subtotal FY 2010-11 Appropriation</b>	<b>464,158</b>
Annualize H.B. 10-1114	(4,790)
Annualize FY 2010-11 Supplemental	(73,845)
DI #1 - Banking resources	120,864
Staff recommended line item consolidation	(506,387)
<b>FY 2011-12 Recommended Appropriation</b>	<b>\$0</b>

**Program Costs (Staff Recommended NEW LINE ITEM for FY 2011-12)**

*Description:* Staff is recommending that this line item be added to the FY 2011-12 Long Bill and include the costs for the Division of Banking personal services and operating expenses.

*Request:* This line item was not requested by the Department for FY 2011-12.

*Recommendation:* **Staff recommends an appropriation of \$4,058,809 cash funds from the Division of Banking Cash Fund and 47.5 FTE.** This recommendation is in accordance with staff's recommendation to combine the personal services and operating expenses line items for this division, and recommendation to approve a modified version of the banking resources decision item. Staff's recommendation is outlined in the following table.

<b>Division of Banking - Program Costs (NEW LINE ITEM)</b>		
	<b>CF</b>	<b>FTE</b>
Personal Services	\$3,552,422	47.5
Operating Expenses	506,387	0.0
<b>Recommended FY 2011-12 Appropriation</b>	<b>\$4,058,809</b>	<b>47.5</b>

**DEPARTMENT OF REGULATORY AGENCIES**  
**FY 2011-12 STAFF FIGURE SETTING**  
JBC Working Document: Decisions Subject to Change  
*Staff Recommendation Does Not Represent Committee Decision*

**Board Meeting Costs**

*Description:* The eight-member Governor-appointed Colorado State Banking Board (Board) is the policy and rulemaking authority for this Division. The Board conducts monthly hearings on applications for commercial and industrial banks, trust companies, and the licensure of money transmitters. Board members receive reimbursements for expenses incurred during the performance of official duties pursuant to Section 11-102-103 (6), C.R.S.

*Request:* The Department requests a continuation appropriation of \$23,500 cash funds.

*Recommendation:* **Staff recommends an appropriation of \$23,500 cash funds.**

**Indirect Cost Assessment**

*Description:* This line item funds a portion of the Executive Director's Office costs and for the Department's share of statewide indirect costs. Statewide indirect costs are overhead costs associated with the operation of general government functions and departmental administrative duties. Indirect cost recoveries are intended to offset these overhead costs in the Executive Director's Office and statewide, that would otherwise have been supported General Fund. This description applies to all Indirect Cost Assessment lines in each division.

*Request:* The Department is requesting an appropriation of \$317,701 cash funds for this purpose.

*Recommendation:* **The staff recommendation is pending the approval of Committee common policies**, and staff requests permission to adjust the line once Committee common policies are established.

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**(3) CIVIL RIGHTS DIVISION**

This Division is the administrative arm of the Colorado Civil Rights Commission, and enforces the laws that prohibit discrimination in employment, housing, and public accommodations on the basis of race, sex, national origin, ancestry, physical or mental disability, religion, color, or marital status.

**2.0 Percent General Fund Personal Services Reduction**

Pursuant to Committee policy, the 2.0 percent General Fund reduction request was not approved, and a 1.5 percent base reduction to all personal services lines with General Fund, cash funds, and/or reappropriated funds.

**Personal Services**

*Description:* Division staff investigate and adjudicate charges of discriminatory practices, supervise complaint hearings, provide technical assistance with fair housing laws, general public information, and community intervention and education.

**DEPARTMENT OF REGULATORY AGENCIES  
FY 2011-12 STAFF FIGURE SETTING**

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

*Request:* The Department requests an appropriation of \$1,612,888 total funds and 31.4 FTE, of which \$929,338 is General Fund. This request includes the state PERA employer contribution reduction decision item and the 2.0 percent General Fund personal services reduction item.

<b>Staff Summary Civil Rights Division</b>	<b>FY 2009-10 Actual</b>	<b>FY 2010-11 Approp.</b>	<b>FY 2011-12 Request</b>	<b>FY 2011-12 Recomm.</b>
Management and Administrative Staff	4.0	4.0	4.0	4.0
Outreach and Education Staff	1.0	1.5	1.5	1.5
Intake and Employment Public Accommodation Staff	5.4	7.0	6.0	6.0
Investigations and Enforcement Compliance	12.2	17.4	18.4	18.4
Mediation, State Personnel Board and Internships	1.0	1.5	1.5	1.5
<b>TOTAL</b>	<b>23.6</b>	<b>31.4</b>	<b>31.4</b>	<b>31.4</b>

*Recommendation:* **Staff recommends \$1,580,295 total funds and 31.4 FTE.** Staff requests permission to adjust the reappropriated and General Fund splits once Committee common policies are established.

<b>Civil Rights Division - Personal Services</b>					
	<b>GF</b>	<b>RF</b>	<b>FF</b>	<b>Total</b>	<b>FTE</b>
FY 2010-11 Long Bill Appropriation	\$945,538	\$297,629	\$347,702	\$1,590,869	31.4
FY 2010-11 Supplemental	0	0	0	0	0.0
<b>Subtotal FY 2010-11 Appropriation</b>	<b>945,538</b>	<b>297,629</b>	<b>347,702</b>	<b>1,590,869</b>	<b>31.4</b>
Increase state PERA contribution	27,315	0	10,933	38,248	0.0
1.5% base reduction	(14,593)	0	(5,380)	(19,973)	0.0
State PERA Contribution Reduction	(24,058)	0	(4,791)	(28,849)	0.0
<b>Recommended FY 2011-12 Appropriation</b>	<b>\$934,202</b>	<b>\$297,629</b>	<b>\$348,464</b>	<b>\$1,580,295</b>	<b>31.4</b>

**Operating Expenses**

*Request:* The Department requests an appropriation of \$100,487 of which \$59,364 is General Fund and \$41,123 is federal funds. This request includes \$49 total funds for the document printing decision item.

**DEPARTMENT OF REGULATORY AGENCIES**  
**FY 2011-12 STAFF FIGURE SETTING**  
 JBC Working Document: Decisions Subject to Change  
*Staff Recommendation Does Not Represent Committee Decision*

*Recommendation:* **Staff recommends an appropriation of \$100,438 total funds**, of which, \$59,318 is General Fund and \$41,120 is federal funds. The following table outlines staff's recommendation.

Civil Rights Division - Operating Expenses			
	GF	FF	Total
FY 2010-11 Long Bill Appropriation	\$59,318	\$41,120	\$100,438
FY 2010-11 Supplementals	0	0	0
<b>Subtotal FY 2010-11 Appropriation</b>	<b>59,318</b>	<b>41,120</b>	<b>100,438</b>
no changes to FY 2010-11 appropriation			
<b>Recommended FY 2011-12 Appropriation</b>	<b>\$59,318</b>	<b>\$41,120</b>	<b>\$100,438</b>

**Hearings Pursuant to Complaint**

*Description:* This line item pays for expenses associated with division hearings and mediations to resolve complaints received by the division. Also included in this line is funding for a portion of the expert witnesses, court reporters, transcripts and depositions expenses incurred in the Office of the Attorney General in the Department of Law. This description applies to all lines in the following divisions titled Hearing Pursuant to Complaint.

*Request:* The Department requests an appropriation of \$18,000, of which \$17,000 is General Fund.

*Recommendation:* **Staff recommends a continued appropriation of \$18,000**, of which \$17,000 is General Fund and \$1,000 is federal funds.

**Commission Meeting Costs**

*Description:* The Colorado Civil Rights Commission holds meetings at various locations around the state, enabling members of the public to tell the Commission about their concerns regarding civil rights issues. This line receives General Funds and federal funds because meetings deal with federal and state civil rights issues. This line funds the per diem and travel expenses for Commissioners and various other meeting costs.

*Request:* The Department requests a continuation funding level of \$12,374, comprised of \$5,174 General Fund and \$7,200 federal funds.

*Recommendation:* **Staff recommends an appropriation of \$12,374, of which, \$5,174 is General Fund and \$7,200 is federal funds.**

**DEPARTMENT OF REGULATORY AGENCIES  
FY 2011-12 STAFF FIGURE SETTING**

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

**Indirect Cost Assessment**

*Request:* The Department has requested an appropriation of \$32,133 federal funds for this purpose.

*Recommendation:* **The staff recommendation is pending the approval of Committee common policies**, and staff requests permission to adjust the line and apply a funding split once Committee common policies are established.

**(4) OFFICE OF CONSUMER COUNSEL**

The Office of Consumer Counsel represents the public interest, especially those interests of residential, small business, and agricultural consumers in cases heard by the Public Utilities Commission and federal agencies (such as the Federal Communications Commission and the Federal Energy Regulatory Commission). Cases involve proposed changes to electric, gas, and telecommunications utility rates, service, and general policies. This Office is funded entirely with cash funds from the Public Utilities Fixed Utility Fund pursuant to Section 40-2-114, C.R.S.

**Personal Services**

*Request:* The Department requests an appropriation of \$790,246 cash funds, which includes the PERA employer contribution reduction decision item.

<b>Staff Summary Consumer Counsel</b>	<b>FY 2009-10 Actual</b>	<b>FY 2010-11 Approp.</b>	<b>FY 2011-12 Request</b>	<b>FY 2011-12 Recomm.</b>
Director	1.0	1.0	1.0	1.0
Technical Staff	4.0	4.0	4.0	4.0
Administrative Staff	2.0	2.0	2.0	2.0
<b>TOTAL</b>	<b>7.0</b>	<b>7.0</b>	<b>7.0</b>	<b>7.0</b>

*Recommendation:* **Staff recommends an appropriation of \$778,171 and 7.0 FTE pursuant to Committee policy.** The following table summarizes the staff recommendation.

<b>Personal Services - Office of Consumer Counsel</b>		
	<b>CF</b>	<b>FTE</b>
FY 2010-11 Long Bill Appropriation	\$790,393	7.0
FY 2010-11 Supplementals	0	0.0
<b>Subtotal FY 2010-11 Appropriation</b>	<b>790,393</b>	<b>7.0</b>
Restore FY 2010-11 state PERA contribution reduction	14,635	0.0
1.5% base reduction	(12,075)	0.0

**DEPARTMENT OF REGULATORY AGENCIES**  
**FY 2011-12 STAFF FIGURE SETTING**  
 JBC Working Document: Decisions Subject to Change  
*Staff Recommendation Does Not Represent Committee Decision*

Personal Services - Office of Consumer Counsel		
	CF	FTE
PERA contribution reduction	(14,782)	0.0
<b>Recommended FY 2011-12 Appropriation</b>	<b>\$778,171</b>	<b>7.0</b>

**Operating Expenses**

*Request:* The Department requests an appropriation of \$55,816 cash funds, which includes an increase of \$29 cash funds for the document printing decision item.

*Recommendation:* **Staff recommends an appropriation of \$55,787 cash funds**, which is outlined in the table below.

Office of Consumer Council - Operating Expenses	
	CF
FY 2010-11 Long Bill Appropriation	\$55,787
FY 2010-11 Supplementals	0
<b>Subtotal FY 2010-11 Appropriation</b>	<b>55,787</b>
no changes to the FY 2010-11 appropriation	
<b>Recommended FY 2011-12 Appropriation</b>	<b>\$55,787</b>

**Indirect Cost Assessment**

*Request:* The Department requests an appropriation of \$50,543 cash funds.

*Recommendation:* **The staff recommendation is pending the approval of Committee common policies**, and staff requests permission to adjust the line once Committee common policies are established.

**(5) DIVISION OF FINANCIAL SERVICES**

This Division regulates state-chartered credit unions, savings and loan associations and life-care institutions, which provide care for the duration of a person's life in return for the payment of an initial fee. The Division is entirely cash funded by the Division of Financial Services Cash Fund.

*Staff Initiated Recommendation*

**Staff recommends the personal services and operating line items be combined for the Division of Financial Services.** Staff's recommendation will enable the Department to have flexibility to cover unforeseen increase in operating expenses, especially related to examination expenses. Staff

**DEPARTMENT OF REGULATORY AGENCIES  
FY 2011-12 STAFF FIGURE SETTING**

JBC Working Document: Decisions Subject to Change

*Staff Recommendation Does Not Represent Committee Decision*

does not believe that this recommendation will delegate the General Assembly's fiscal oversight to the Department, but will provide the Department with the flexibility to better manage periodic program expenditure fluctuations and workload changes.

**Personal Services**

*Description:* Division staff enforce the Public Deposit Protection Act and conduct examinations to ensure financial stability and compliance with state and federal laws. When appropriate, division staff will initiate enforcement actions in order to bring an institution into compliance with regulatory laws.

*Request:* The Department requests an appropriation of \$1,126,687 cash funds and 15.0 FTE, this request includes the PERA employer contribution reduction decision item.

<b>Staff Summary Financial Services</b>	<b>FY 2009-10 Actual</b>	<b>FY 2010-11 Approp.</b>	<b>FY 2011-12 Request</b>	<b>FY 2011-12 Recomm.</b>
Commissioner	1.0	1.0	1.0	1.0
Examiners	10.4	12.0	12.0	12.0
Administrative	1.8	2.0	2.0	2.0
<b>TOTAL</b>	<b>13.2</b>	<b>15.0</b>	<b>15.0</b>	<b>15.0</b>

*Recommendation:* **Staff recommends \$0 cash funds and 0.0 FTE**, reflecting staff's recommendation to consolidate the personal services and operating expenses line items in this division. Staff's recommendation is outlined in the following table.

<b>Division of Financial Services - Personal Services</b>		
	<b>CF</b>	<b>FTE</b>
FY 2010-11 Long Bill Appropriation	\$1,128,221	15.0
FY 2010-11 Supplementals	0	0.0
<b>Subtotal FY 2010-11 Appropriation</b>	<b>1,128,221</b>	<b>15.0</b>
Restore state PERA contribution reduction	23,299	0.0
1.5% base reduction	(17,273)	0.0
NP - state PERA contribution reduction	(24,833)	0.0
Staff recommended line item consolidation	(1,109,414)	(15.0)
<b>Recommended FY 2011-12 Appropriation</b>	<b>\$0</b>	<b>0.0</b>

**DEPARTMENT OF REGULATORY AGENCIES  
FY 2011-12 STAFF FIGURE SETTING**

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

**Operating Expenses**

*Request:* The Department requests an appropriation of \$161,878 cash funds, which includes the non-prioritized document printing decision item.

*Recommendation:* **Staff recommends \$0 cash funds**, reflecting staff's recommendation to consolidate this line item with the personal services line item into one Program Costs line item. The following table outlines staff's recommendation.

<b>Division of Financial Services - Operating Expenses</b>	
	<b>CF</b>
FY 2010-11 Long Bill Appropriation	\$161,788
FY 2010-11 Supplemental	0
<b>Subtotal FY 2010-11 Appropriation</b>	<b>161,788</b>
Staff recommended line item consolidation	(161,788)
<b>Recommended FY 2011-12 Appropriation</b>	<b>\$0</b>

**Program Costs (Recommended New Line Item for FY 2011-12)**

*Description:* Staff is recommending that this line item be added to the FY 2011-12 Long Bill and include the costs for the Division of Financial Services personal services and operating expenses.

*Request:* This line item was not requested by the Department for FY 2011-12.

*Recommendation:* Staff recommends an appropriation of \$2,271,202 cash funds and 15.0 FTE. This recommendation is in accordance with staff's recommendation to combine the personal services and operating expenses line items for this division. Staff's recommendation is outlined in the following table.

<b>Division of Financial Services - Program Costs (NEW LINE ITEM)</b>		
	<b>CF</b>	<b>FTE</b>
Personal Services	\$1,109,414	15.0
Operating Expenses	161,788	0.0
<b>Recommended FY 2011-12 Appropriation</b>	<b>\$1,271,202</b>	<b>15.0</b>

**Indirect Cost Assessment**

*Request:* For this line item, the Department is requesting \$108,307 cash funds.

**DEPARTMENT OF REGULATORY AGENCIES**  
**FY 2011-12 STAFF FIGURE SETTING**  
 JBC Working Document: Decisions Subject to Change  
*Staff Recommendation Does Not Represent Committee Decision*

*Recommendation:* **The staff recommendation is pending the approval of Committee common policies,** and staff requests permission to adjust the line once Committee common policies are established.

**(6) DIVISION OF INSURANCE**

This Division regulates insurance entities and insurance producers throughout Colorado. If the Division of Insurance Cash Fund (Fund) does not collect enough revenue to fully fund the Divisions appropriated expenditures, the Division is authorized by Section 10-3-209 (4), C.R.S. to divert up to 5.0 percent of insurance premium tax revenues to the Fund from the General Fund.

**Personal Services**

*Description:* There are two units that work within the division, the financial regulation unit and the consumer affairs unit. The financial regulation unit works primarily with insurance companies and agents, conducting financial exams and managing corporate and financial affairs. The consumer affairs unit works mainly with consumers, taking consumer complaints, conducting investigations and insurance market analysis.

*Request:* The Department requests \$6,059,549 cash funds and 84.7 FTE, which includes the PERA employer contribution reduction decision item.

<b>Staff Summary Division of Insurance</b>	<b>FY 2009-10 Actual</b>	<b>FY 2010-11 Approp.</b>	<b>FY 2011-12 Request</b>	<b>FY 2011-12 Recomm.</b>
Commissioner's Office	4.0	4.0	4.0	4.0
Finance and Administration	46.7	49.7	49.7	49.7
Consumer Affairs	31.0	31.0	31.0	31.0
<b>TOTAL</b>	<b>81.7</b>	<b>84.7</b>	<b>84.7</b>	<b>84.7</b>

*Recommendation:* **Staff recommends an appropriation of \$5,957,308 cash funds and 84.7 FTE, pursuant to Committee policy.** The following table summarizes staff's recommendation.

<b>Division of Insurance - Personal Services</b>		
	<b>CF</b>	<b>FTE</b>
FY 2010-11 Long Bill Appropriation	\$6,058,774	84.7
FY 2010-11 Supplementals	(9,535)	0.0
<b>Subtotal FY 2010-11 Appropriation</b>	<b>6,049,239</b>	<b>84.7</b>

**DEPARTMENT OF REGULATORY AGENCIES**  
**FY 2011-12 STAFF FIGURE SETTING**  
 JBC Working Document: Decisions Subject to Change  
*Staff Recommendation Does Not Represent Committee Decision*

Division of Insurance - Personal Services		
	CF	FTE
Restore FY 2010-11 state PERA contribution reduction	131,149	0.0
1.5% base reduction	(92,706)	0.0
NP - state PERA contribution reduction	(130,374)	0.0
<b>Recommended FY 2010-11 Appropriation</b>	<b>\$5,957,308</b>	<b>84.7</b>

**Operating Expenses**

*Description:* This line consists of two components: moneys paid by insurance companies for out-of-state travel reimbursement which is continuously appropriated pursuant to Section 10-1-108 (9), C.R.S., and amounts annually appropriated by the General Assembly for division operating expenses. The out-of-state travel component varies from year to year. The following table provides information on the amount of out-of-state travel reimbursement has been a part of this line for the last four fiscal years.

Division of Insurance - Operating Expenses Line Item Components				
	FY 2008-09 Actual	FY 2009-10 Actual	FY 2010-11 Approp.	FY 2011-12 Request
Division operating expenses	\$264,606	\$305,622	\$297,049	\$297,049
Out-of-state travel reimbursement	0	38,414	100,000	100,000
<b>Total</b>	<b>\$264,606</b>	<b>\$344,036</b>	<b>\$397,049</b>	<b>\$397,049</b>

**Staff recommends that a new line item be added to the Division of Insurance to represent the continuously appropriated funds paid by insurance companies for out-of-state travel reimbursement.** Since these funds are not a part of the Division's base operating expenses it does not make sense to include them in the operating expenses line item. The Committee also has the option to eliminate these funds from the Long Bill, but staff does not recommend this option.

*Request:* The Department requests an appropriation of \$397,258 cash funds, which includes the non-prioritized document printing decision item. Of the requested \$397,258 cash funds, \$100,000 is continuously appropriated for out-of-state travel reimbursement paid by insurance companies.

*Recommendation:* **Staff recommends an appropriation of \$297,049 cash funds, which includes the recommendation to move the continuously appropriated funds for out-of-state travel reimbursements to a new line item.** The following table summarizes the staff recommendation.

**DEPARTMENT OF REGULATORY AGENCIES**  
**FY 2011-12 STAFF FIGURE SETTING**  
 JBC Working Document: Decisions Subject to Change  
*Staff Recommendation Does Not Represent Committee Decision*

<b>Division of Insurance - Operating Expenses</b>	
	<b>CF</b>
FY 2010-11 Long Bill Appropriation	\$397,049
FY 2010-11 Supplementals	
<b>Subtotal FY 2010-11 Appropriation</b>	<b>397,049</b>
Move continuously appropriated funds to a new line item	(100,000)
<b>Recommended FY 2011-12 Appropriation</b>	<b>297,049</b>

**Out-Of-State Travel Expenses (Staff Recommended NEW LINE ITEM for FY 2011-12)**

*Description:* This line item funds out-of state travel expenses incurred when Division staff are required to do market conduct examinations. Funds in this line item are reimbursements paid by insurance companies and are continuously appropriated pursuant to Section 10-1-108 (9), C.R.S.

*Request:* This line item was not requested by the Department for FY 2011-12.

*Recommendation:* Staff recommends an appropriation of \$100,000 cash funds for this purpose.

**Senior Health Counseling Program**

*Description:* This federally funded program provides senior citizens with Medicare information, and the appropriation is contingent on the availability of federal money from the Centers for Medicare and Medicaid Services and the U.S. Administration on Aging. Annual spending fluctuations are the result of the availability of funds.

*Request:* The Department requests \$507,838 federal funds and 2.0 FTE for this purpose.

*Recommendation:* **Staff recommends an appropriation of \$507,838 federal funds and 2.0 FTE.**

**Insurance Fraud Prosecution**

*Description:* The Division refers cases to the Department of Law's (Law) Special Prosecutions Unit for criminal prosecution of insurance fraud cases. Funds are reappropriated to Law to pay for prosecution costs incurred by Law. **The appropriation for this line item was eliminate via H.B. 10-1385, which fully cash funded the program with fees credited to the Department of Law's Insurance Fraud Cash Fund.** This line is included in staff's numbers pages for informational purposes only and will not appear in the FY 2011-12 Long Bill.

**Transfer to CAPCO Administration**

*Description:* This line item accounts for the reappropriated funds in the CAPCO Administration line in the Governor's Office budget. This line provides the cash funds for the administration of the

**DEPARTMENT OF REGULATORY AGENCIES**  
**FY 2011-12 STAFF FIGURE SETTING**  
 JBC Working Document: Decisions Subject to Change  
*Staff Recommendation Does Not Represent Committee Decision*

capital company (CAPCO) incentives program in the Governor's Office. The Office of Economic Development (OED) certifies CAPCOs that are qualified to offer assistance to business enterprises that create jobs in the state. Insurance companies that make an investment of certified capital in an OED-certified CAPCO can receive a tax credit against premium taxes owed.

*Request:* The Department requests an appropriation of \$79,593 cash funds.

*Recommendation:* **Staff's recommendation is pending the Office of the Governor figure setting which sets this line item as reappropriated funds.**

**Indirect Cost Assessment**

*Request:* The Department has requested \$628,162 for this line item.

*Recommendation:* **The staff recommendation is pending the approval of Committee common policies**, and staff requests permission to adjust the line and apply a funding split once Committee common policies are established.

**(7) PUBLIC UTILITIES COMMISSION**

The three-member Public Utilities Commission (PUC) regulates the rates and services of fixed and transportation utilities, and possesses quasi-legislative and quasi-judicial responsibilities. The PUC administers the Colorado Telecommunications High Cost Program, the Low Income Telephone Assistance Program, and the Disabled Telephone Users Program.

**Personal Services**

*Request:* The Department requests an appropriation of \$8,703,927 cash funds and 101.1 FTE, which includes the PERA employer contribution reduction decision item.

<b>Staff Summary Public Utilities Commission</b>	<b>FY 2009-10 Actual</b>	<b>FY 2010-11 Approp.</b>	<b>FY 2011-12 Request</b>	<b>FY 2011-12 Recomm.</b>
Director & Commissioners	4.0	4.0	4.0	4.0
Management	2.0	2.0	2.0	2.0
Administrative Services	5.0	11.8	5.0	5.0
Administrative Hearings	7.0	7.0	7.0	7.0
Policy Advisers & Case Mgmt	20.3	16.0	22.0	22.0
External Affairs	5.0	5.0	5.0	5.0
Utilities	24.0	35.2	33.1	33.1
Transportation	8.0	8.0	11.0	11.0

**DEPARTMENT OF REGULATORY AGENCIES  
FY 2011-12 STAFF FIGURE SETTING**

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

<b>Staff Summary Public Utilities Commission</b>	<b>FY 2009-10 Actual</b>	<b>FY 2010-11 Approp.</b>	<b>FY 2011-12 Request</b>	<b>FY 2011-12 Recomm.</b>
Gas Pipeline Safety	4.0	4.0	4.0	4.0
Rail/Transit	2.0	3.0	3.0	3.0
Research and Emerging Issues	5.0	5.6	5.0	5.0
<b>TOTAL</b>	<b>86.3</b>	<b>101.6</b>	<b>101.1</b>	<b>101.1</b>

*Recommendation: Staff recommends an appropriation of \$8,570,623 cash funds and 101.1 FTE.*  
The following table summarizes staff's recommendation.

<b>Public Utilities Commission - Personal Services</b>		
	<b>CF</b>	<b>FTE</b>
FY 2010-11 Long Bill Appropriation	\$8,644,394	100.5
FY 2010-11 Supplementals	0	0.0
H.B. 10-1001	48,630	0.5
H.B. 10-1365	57,702	0.6
<b>Subtotal FY 2010-11 Appropriation</b>	<b>8,750,726</b>	<b>101.6</b>
Annualize H.B. 10-1001	(48,630)	(0.5)
Annualize H.B. 10-1365	0	0.0
Restore FY 2010-11 state PERA contribution reduction	184,833	0.0
1.5% base reduction	(133,304)	0.0
NP - State PERA contribution reduction	(183,002)	0.0
<b>Recommended FY 2011-12 Appropriation</b>	<b>\$8,570,623</b>	<b>101.1</b>

**Operating Expenses**

*Request:* The Department requests an appropriation of \$446,005 cash funds, which includes an increase of \$316 for the document printing decision item.

*Recommendation: Staff recommends an appropriation of \$445,689 cash funds.* The following table summarizes the staff recommendation for this line item, and staff requests permission to adjust the line once Committee policy is established for the pending item.

**DEPARTMENT OF REGULATORY AGENCIES**  
**FY 2011-12 STAFF FIGURE SETTING**  
 JBC Working Document: Decisions Subject to Change  
*Staff Recommendation Does Not Represent Committee Decision*

<b>Public Utilities Commission - Operating Expenses</b>	
	<b>CF</b>
FY 2010-11 Long Bill Appropriation	\$445,119
FY 2010-11 Supplemental	0
H.B. 10-1001	2,810
H.B. 10-1365	3,372
<b>Subtotal FY 2010-11 Appropriation</b>	<b>451,301</b>
Annualize H.B. 10-1001	(2,810)
Annualize H.B. 10-1365	(2,802)
<b>Recommended FY 2011-12 Appropriation</b>	<b>\$445,689</b>

**Expert Testimony**

*Description:* This line pays for expert testimony during PUC hearings, and for the cost of outside contract services for expertise not available from PUC staff.

*Request:* The Department requests a continuation appropriation of \$25,000 cash funds.

*Recommendation:* **Staff recommends a continuation appropriation of \$25,000 cash funds.**

**Disabled Telephone Users Fund Payments**

*Description:* Revenue for the Disabled Telephone Users Fund is from fees on land lines pursuant to Section 40-17-104 (1), C.R.S. Money in the fund is continuously appropriated to pay the cost of a contract with Sprint that provides telecommunications relay services for disabled individuals. A call through Sprint's service works as follows: a non-disabled individual telephones a hearing-impaired individual and the call is routed to a communications assistant who types the spoken words so they can be sent to a teletypewriter (TTY) terminal used by the hearing-impaired individual.

*Request:* The Department requests an appropriation of \$2,439,591 cash funds.

*Recommendation:* **Staff recommends an appropriation of \$2,439,591 cash funds.**

**Transfer to Reading Services for the Blind Cash Fund**

*Description:* Funds are appropriated to this line from the Disabled Telephone Users Fund, which are then reappropriated to the Department of Education for allocation to privately operated reading services for the blind.

*Request:* The Department requests an appropriation of \$250,000 cash funds.

**DEPARTMENT OF REGULATORY AGENCIES  
FY 2011-12 STAFF FIGURE SETTING**

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

*Recommendation:* **Staff recommendation is pending the Department of Education figure setting**, and staff requests permission to adjust the line as necessary.

**Commission for the Deaf and Hard of Hearing Cash Fund**

*Description:* Funds are appropriation to this line from the Disabled Telephone User Fund, which are then reappropriated to the Department of Human Services for use by the Commission for the Deaf and Hard of Hearing.

*Request:* The Department requests an appropriation of \$910,190 cash funds from the Disabled Telephone User Fund.

*Recommendation:* **Staff recommendation is pending the Department of Human Services figure setting**, and staff requests permission to adjust the line as necessary.

**Commission for the Blind or Visually Impaired Cash Fund**

*Description:* Added in FY 2008-09, this line accounts for the funds reappropriated to the Colorado Commission for the Individuals who are Blind or Visually Impaired line item in the Department of Human Services. Funds are from the Disabled Telephone Users Fund.

*Request:* The Department requests an appropriation of \$112,067 cash funds.

*Recommendation:* **Staff recommendation is pending the Department of Human Services figure setting**, and staff requests permission to adjust the line as necessary.

**Low Income Telephone Assistance**

*Description:* Since 1990 the PUC has run a program that subsidizes services for eligible low income telephone customers pursuant to Section 40-3.4-104, C.R.S. The program is funded by a monthly surcharge on telephone lines, set by the PUC each year. Currently, the monthly surcharge is set at \$0.07 per month. The appropriation in this line item represents the funds collected by the PUC and passed onto carriers, and no part of this appropriation is used by the PUC for personnel or operating.

*Request:* The Department requests an appropriation of \$2,143,752.

*Recommendation:* **Staff recommends an appropriation of \$2,143,752 cash funds.**

**Colorado Bureau of Investigation Background Checks Pass-through**

*Description:* This line item was added to the FY 2008-09 Long Bill to account for reappropriated funds in the Department of Public Safety, Colorado Bureau of Investigation, for processing of fingerprint-based criminal history record checks of drivers of certain motor vehicle carriers.

*Request:* The Department requests an appropriation of \$67,128 cash funds.

**DEPARTMENT OF REGULATORY AGENCIES**  
**FY 2011-12 STAFF FIGURE SETTING**  
 JBC Working Document: Decisions Subject to Change  
*Staff Recommendation Does Not Represent Committee Decision*

*Recommendation:* **Staff recommends an appropriation of \$67,128 cash funds.**

**Indirect Cost Assessment**

*Request:* The Department has requested an appropriation of \$725,657 cash funds.

*Recommendation:* **The staff recommendation is pending the approval of Committee common policies**, and staff requests permission to adjust the line once a Committee common policies are established.

**(8) DIVISION OF REAL ESTATE**

The Division of Real Estate licenses real estate agents, appraisers and mortgage loan originators, registers mortgage companies and homeowners associations, and administers the conservation easement certification programs.

**Personal Services**

*Request:* The Department requests an appropriation of \$3,326,756 and 52.3 FTE, which includes the PERA employer contribution reduction decision item.

Staff Summary Division of Real Estate	FY 2009-10 Actual	FY 2010-11 Approp.	FY 2011-12 Request	FY 2011-12 Recomm.
Director's Office	2.8	2.0	3.0	3.0
Broker Unit	8.4	9.0	8.0	8.0
Education Unit	1.7	2.0	2.0	2.0
Licensing and Operations	10.8	14.1	14.7	14.7
Appraisal Unit	4.1	5.0	6.0	6.0
Conservation Unit	2.6	2.6	2.6	2.6
Mortgage Broker Unit	5.9	7.0	6.0	6.0
Expedited Settlement and Support Services	6.8	8.4	8.0	8.0
Home Owner's Association Unit	0.0	0.0	2.0	2.0
<b>TOTAL</b>	<b>43.1</b>	<b>50.1</b>	<b>52.3</b>	<b>52.3</b>

*Recommendation:* **Staff recommends \$3,267,140 cash funds and 52.3 FTE**, pursuant to Committee policy. The following table summarizes staff's recommendation.

**DEPARTMENT OF REGULATORY AGENCIES**  
**FY 2011-12 STAFF FIGURE SETTING**  
 JBC Working Document: Decisions Subject to Change  
*Staff Recommendation Does Not Represent Committee Decision*

<b>Division of Real Estate - Personal Services</b>		
	<b>CF</b>	<b>FTE</b>
FY 2010-11 Long Bill Appropriation	\$3,198,723	50.1
FY 2010-11 Supplemental	0	0.0
H.B. 10-1197	9,028	0.2
H.B. 10-1278	103,359	2.0
<b>Subtotal FY 2010-11 Appropriation</b>	<b>3,311,110</b>	<b>52.3</b>
Annualize H.B. 10-1197	0	0.0
Annualize H.B. 10-1278	0	0.0
Restore FY 2010-11 state PERA contribution reduction	63,288	0.0
1.5% base reduction	(50,616)	0.0
NP - State PERA contribution reduction	(56,642)	0.0
<b>Recommended FY 2011-12 Appropriation</b>	<b>\$3,267,140</b>	<b>52.3</b>

**Operating Expenses**

*Request:* The Department requests an appropriation of \$210,679 cash funds.

*Recommendation:* **Staff recommends an appropriation of \$219,546 cash funds.** The following table summarizes the staff recommendation for this line item.

<b>Division of Real Estate - Operating Expenses</b>	
	<b>CF</b>
FY 2010-11 Long Bill Appropriation	\$208,646
FY 2010-11 Supplementals	9,375
H.B. 10-1278	11,790
<b>Subtotal FY 2010-11 Appropriation</b>	<b>229,811</b>
Annualize FY 2010-11 Supplemental	(375)
Annualize H.B. 10-1278	(9,890)
<b>Recommended FY 2011-12 Appropriation</b>	<b>\$219,546</b>

**DEPARTMENT OF REGULATORY AGENCIES**  
**FY 2011-12 STAFF FIGURE SETTING**  
JBC Working Document: Decisions Subject to Change  
*Staff Recommendation Does Not Represent Committee Decision*

**Commission Meeting Costs**

*Description:* This line item funds the per diem, travel, and miscellaneous expenses for Real Estate Commission members when they attend Commission meetings.

*Request:* The Department requests a continuation appropriation of \$38,836 cash funds.

*Recommendation:* **Staff recommends an appropriation of \$38,836 cash funds.**

**Hearings Pursuant to Complaint**

*Request:* The Department requests a continuation appropriation of \$4,000 cash funds.

*Recommendation:* **Staff recommends a continuation appropriation of \$4,000 cash funds.**

**Mortgage Broker Consumer Protection**

*Description:* This line was added to the Long Bill in FY 2008-09 and is used to pay the costs for the investigation and prosecution of mortgage brokers, and mortgage fraud by the Attorney General's Office. Funds are appropriated to the Division then reappropriated to the Department of Law.

*Request:* The Department is requesting a continuation appropriation of \$305,313 cash funds.

*Recommendation:* **Staff recommendation is pending figure setting for the Department of Law,** and staff requests permission to adjust the line as necessary.

**Indirect Cost Assessment**

*Request:* The Department has requested an appropriation of \$361,746 cash funds.

*Recommendation:* **The staff recommendation is pending the approval of Committee common policies,** and staff requests permission to adjust the line once a Committee common policies are established.

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**(9) DIVISION OF REGISTRATIONS**

The Division of Registrations regulates over 300,000 licensees in more than forty-nine professions and occupations. This Division is funded by fees paid by regulated professionals and licensees.

*Staff Initiated Recommendation*

**Staff recommends the reappropriated funds that account for the divisional indirect costs be eliminated in the FY 2011-12 Long Bill and for all years thereafter.** The following table outlines the impact of removing the divisional indirects from the Division of Registrations appropriation. Staff recommends the divisional indirects be appropriated as straight cash funds to the personal

**DEPARTMENT OF REGULATORY AGENCIES  
FY 2011-12 STAFF FIGURE SETTING**

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

services and operating expenses line items. This will enable the Long Bill to clearly reflect the costs of the Division and eliminate the unnecessary reappropriation of cash funds.

<b>Estimated Impact of Removing Divisional Indirects from the Personal Services and Indirect Cost line items based on the Department's FY 2011-12 Request</b>			
	<b>With Division Indirects</b>	<b>Without Division Indirects</b>	<b>Estimated Change</b>
Personal Services			
CF	\$9,821,744	\$11,972,431	\$2,150,687
RF	2,150,687	519,421	(1,631,266)
Subtotal - Personal Services	11,972,431	12,491,852	519,421
Indirect Line Item	3,422,249	1,790,983	(1,589,098)
<b>Estimated Total</b>	<b>\$15,394,680</b>	<b>\$14,282,835</b>	<b>(\$1,111,845)</b>

**Personal Services**

Description: Division staff investigate complaints filed against licensees, staff board meetings and respond to questions from applicants and current licensees.

*Request:* The Department requests an appropriation of \$11,972,431 total funds (\$9,821,744 cash funds and \$2,150,687 reappropriated funds) and 187.4 FTE. The request includes a reduction of \$868 reappropriated funds to account for a reduction in General Fund to the Civil Rights Division personal services line item and a reduction for the state PERA contribution decision item.

<b>Staff Summary Division of Registrations</b>	<b>FY 2009-10 Approp.</b>	<b>FY 2010-11 Approp.</b>	<b>FY 2011-12 Request</b>	<b>FY 2011-12 Recomm.</b>
Director's Office	6.0	7.0	7.0	7.0
Complaint Investigations	13.0	14.6	14.6	14.6
Licensing	21.0	24.5	24.5	24.5
Support Services	15.0	18.0	22.1	22.1
Board Staff - Health Services Section	11.0	13.0	13.0	12.7
Board Staff - Business and Technical Section	61.0	65.3	64.2	64.2
Board Staff - Healthcare Section	40.5	42.0	42.0	42.0
<b>Total</b>	<b>167.5</b>	<b>184.4</b>	<b>187.4</b>	<b>187.1</b>

**DEPARTMENT OF REGULATORY AGENCIES  
FY 2011-12 STAFF FIGURE SETTING**

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

Recommendation: **Staff recommends \$11,750,379 and 187.1 FTE, pursuant to Committee policy.** The following table summarizes the staff recommendation for this line.

Division of Registrations - Personal Services				
	CF	RF	Total	FTE
FY 2010-11 Long Bill Appropriation	\$9,564,767	\$2,139,354	\$11,704,121	181.8
FY 2010-11 Supplemental	0	0	0	0.0
S.B. 10-109	0	74,005	74,005	1.2
S.B. 10-124	56,016	0	56,016	1.0
H.B. 10-1128	(22,691)	0	(22,691)	0.0
H.B. 10-1260	5,983	0	5,983	0.0
H.B. 10-1415	35,954	0	35,954	0.4
<b>Subtotal FY 2010-11 Appropriation</b>	<b>9,640,029</b>	<b>2,213,359</b>	<b>11,853,388</b>	<b>184.4</b>
Annualize S.B. 10-109	0	(43,170)	(43,170)	(0.7)
Annualize S.B. 10-124	154,223	0	154,223	4.0
Annualize H.B. 10-1224	1,500	0	1,500	0.0
Annualize H.B. 10-1260	(5,953)	0	(5,953)	0.0
Annualize H.B. 10-1415	(10,634)	0	(10,634)	0.0
Annualize S.B. 09-138	(66,250)	0	(66,250)	0.0
Annualize S.B. 09-239	(8,000)	0	(8,000)	0.0
Restore FY 2010-11 State PERA contribution reduction	209,675	28,955	238,630	0.0
1.5% base reduction	(148,719)	0	(148,719)	0.0
NP - State PERA contribution reduction	(214,636)	0	(214,636)	0.0
Technical correction to FTE number	0	0	0	(0.6)
Eliminate divisional indirect costs	1,618,053	(1,618,053)	0	0.0
<b>Recommended FY 2011-12 Appropriation</b>	<b>\$11,169,288</b>	<b>\$581,091</b>	<b>\$11,750,379</b>	<b>187.1</b>

The following table outlines how staff calculated the amount of divisional indirects. Staff requests permission to adjust the amount of divisional indirects once Committee common policies are established.

**DEPARTMENT OF REGULATORY AGENCIES**  
**FY 2011-12 STAFF FIGURE SETTING**  
 JBC Working Document: Decisions Subject to Change  
*Staff Recommendation Does Not Represent Committee Decision*

<b>Staff Calculation of Div. of Registrations Divisional Indirects</b>	
Description	RF Amount
Staff recommendation on RF amount with divisional indirects.	\$2,199,144
Less the amount of funds from Dept. Public Health and Environment (DPHE) for the regulation of nurse aids.	(275,128)
Less the amount of funds from the Dept. of Health Care Policy and Financing for the regulation of nurse aids.	(275,128)
Less the amount of funds from DPHE for the medical marijuana cases investigated by the Medical Board.	(30,835)
<b>Estimated amount of divisional indirects.</b>	<b>\$1,618,053</b>

**Operating Expenses**

*Request:* The Department requests an appropriation of \$1,367,167 total funds (\$1,366,692 cash funds and \$475 reappropriated funds), which includes an increase of \$898 cash funds for the document printing decision item.

*Recommendation:* **Staff recommends an appropriation of \$1,354,378 total funds, of which \$1,353,903 is cash funds and \$475 is reappropriated funds.** The following table summarizes the staff recommendation.

<b>Division of Registrations - Operating Expenses</b>			
	CF	RF	Total
FY 2010-11 Long Bill Appropriation	\$1,326,130	\$0	\$1,326,130
FY 2010-11 Supplemental	(9,375)	0	(9,375)
S.B. 10-109	0	6,744	6,744
S.B. 10-124	8,288	0	8,288
H.B. 10-1128	(3,397)	0	(3,397)
H.B. 10-1141	9,375	0	9,375
H.B. 10-1224	888	0	888
H.B. 10-1260	7,119	0	7,119
H.B. 10-1415	3,691	0	3,691
<b>Subtotal FY 2010-11 Appropriation</b>	<b>1,342,719</b>	<b>6,744</b>	<b>1,349,463</b>
Annualize S.B. 10-109	0	(6,269)	(6,269)
Annualize S.B. 10-124	25,362	0	25,362
Annualize H.B. 10-1224	1,357	0	1,357

**DEPARTMENT OF REGULATORY AGENCIES**  
**FY 2011-12 STAFF FIGURE SETTING**  
 JBC Working Document: Decisions Subject to Change  
*Staff Recommendation Does Not Represent Committee Decision*

Division of Registrations - Operating Expenses			
	CF	RF	Total
Annualize H.B. 10-1260	(1,219)	0	(1,219)
Annualize H.B. 10-1415	(3,100)	0	(3,100)
Annualize S.B. 09-230	(10,841)	0	(10,841)
<b>Recommended FY 2011-12 Appropriation</b>	<b>\$1,354,278</b>	<b>\$475</b>	<b>\$1,354,753</b>

**Office of Expedited Settlement Program Costs**

*Description:* The Office of Expedited Settlement oversees the Expedited Settlement Process (ESP) where all complaints received by Boards and Commissions are initially sent, to try and resolve the complaint without the use of the Attorney General's Office and incur legal service costs.

*Request:* The Department requests an appropriation of \$361,397 cash funds and 5.0 FTE.

*Recommendation:* **Staff recommends an appropriation of \$355,008 cash funds and 5.0 FTE.** Staff's recommendation is outlined in the following table and includes the continuation of the 2.5 percent employer PERA contribution reduction. Staff does not recommend the 1.5 percent base reduction be applied to this line item due to the small number of FTE.

Office of Expedited Settlement - Program Costs		
	CF	FTE
Personal Services	\$302,854	5.0
Operating Expenses	\$52,154	0.0
FY 2010-11 Long Bill Appropriation	\$355,008	5.0
<b>Subtotal FY 2010-11 Appropriation</b>	<b>355,008</b>	<b>5.0</b>
Increase state PERA contribution	6,389	0.0
PERA 2.5% Reduction	(6,389)	0.0
<b>Recommended FY 2011-12 Appropriation</b>	<b>\$355,008</b>	<b>5.0</b>

**Hearings Pursuant to Complaint**

*Request:* The Department requests a continuation appropriation of \$307,075 cash funds.

*Recommendation:* **Staff recommends a continuation appropriation of \$307,075 cash funds.**

**DEPARTMENT OF REGULATORY AGENCIES  
FY 2011-12 STAFF FIGURE SETTING**

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

**Payments to Department of Health Care Policy and Financing**

*Description:* Federal regulations require the state to certify nurse aides who work in medical facilities with Medicaid or Medicare patients. Federal matching funds pay half the cost of the Medicaid portion of this program, but the Department cannot apply directly for the federal match because Medicaid's centralization rules require that the matching funds be funneled through the Department of Health Care Policy and Financing. The Division obtains the funds to cover the state's expenses from an assessment on nursing homes.

*Request:* The Department requests an appropriation of \$14,652 cash funds.

*Recommendation:* **Staff recommends an appropriation of \$14,652 cash funds for this purpose.**

**Indirect Cost Assessment**

*Request:* The Department has requested an appropriation of \$3,422,249 total funds (\$3,416,018 cash funds and \$6,231 federal funds). The federal funds indirect cost assessment is for federal funds received for the nursing home programs which are not subject to appropriation by the General Assembly and therefore do not appear in the Department's budget.

The federal funds in this line item are associated with federal funds received by the Department for the Prescription Drug Monitoring Program which do not appear in the Long Bill and do not fund personal services. **Staff recommends that the federal funds for this line item be eliminated since the federal funds they are calculated on are not shown in the Long Bill because they are not subject to appropriation by the General Assembly and do not fund personal services.**

*Recommendation:* **The staff recommendation is pending the approval of Committee common policies, and with Committee approval will not include the divisional indirect costs and eliminate the federal funds.** Staff requests permission to adjust the line and apply a funding split once Committee common policies are established.

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**(10) DIVISION OF SECURITIES**

This Division regulates the conduct of securities broker-dealers and sales representatives throughout Colorado, and enforces the following programs: the Colorado Securities Act, the Colorado Commodity Code, the Colorado Municipal Bond Supervision Act, and the Local Government Investment Pool Trust Fund Administration and Enforcement Act. The Division is entirely cash funded from the Division of Securities Cash Fund.

**Decision Item #2 - Increase Securities Funding**

*Request:* The Department requests an increase of \$212,155 cash funds from the Division of Securities Cash Fund and 3.0 FTE to address an increasing examination workload and ensure a staffing level sufficient to complete minimum examination cycles.

**DEPARTMENT OF REGULATORY AGENCIES**  
**FY 2011-12 STAFF FIGURE SETTING**  
 JBC Working Document: Decisions Subject to Change  
*Staff Recommendation Does Not Represent Committee Decision*

**Recommendation:** Staff recommends the Committee approve this decision item and increase the Division of Securities appropriation by \$209,455 cash funds from the Division of Securities Cash Fund and 3.0 FTE to be allocated as outlined in the following table.

Comparison of Staff Recommendation on DI #2 to Department Request			
	Department Request	Staff Recomm.	Staff Higher / (Lower) Than Department
New Examiners			
Personal Services			
Salaries	\$174,996	\$174,996	\$0
PERA Contribution	17,762	\$13,387	(\$4,375)
Medicare	2,537	\$2,537	\$0
Personal Services Subtotal	\$195,296	\$190,921	(\$4,375)
Operating	16,860	18,534	1,674
<b>Total</b>	<b>\$212,156</b>	<b>\$209,455</b>	<b>(\$2,701)</b>

*Analysis:* Prior to the passage of the federal Dodd-Frank Wall street Reform and Consumer Protection Act (Dodd-Frank Act) in 2010, the state was responsible for regulating and examining investment advisory firms (IA firms) with assets under \$25.0 million. IA firms with assets greater than \$25 million were regulated by the Securities and Exchange Commission (SEC). After the passage of the Dodd-Frank Act the state is now responsible for regulation of all firms with assets of \$100.0 million or less. Any firms with assets in excess of \$100.0 million are regulated by the SEC. This will increase the Division's examination responsibility by 100 firms (739 firms). The examination of firms with assets greater than \$25.0 million will be inherently more complex and require additional examination time.

The increase in the number of broker dealer branch offices (branch offices) in Colorado is also a reason for this request. A branch office is an organizations place of business that is not their headquarters, and can range in size from a few people to hundreds. The number of branch offices in Colorado has grown from 1,803 in 2004 to 5,655 in 2010. Branch offices are examined on a risk based and given the substantial grow in the number of branch offices, only a small percentage of these offices are being examined.

**DEPARTMENT OF REGULATORY AGENCIES  
FY 2011-12 STAFF FIGURE SETTING**

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

While examinations of branch offices is a concern to the Division, the increase in the number of IA firms the Division is required to examine can not be completed at the current staffing levels. Based on the important of examinations in ensuring the health of the securities industry, **staff is recommending the Committee approve this decision as outlined in the table above.**

Staff Initiated Recommendation

**Staff recommends the personal services and operating line items be combined for the Division of Securities.** Staff's recommendation will enable the Department to have flexibility to cover unforeseen increase in operating expenses, especially related to increased travel expenses for banking examinations that take longer than anticipated. Staff does not believe that this recommendation will delegate the General Assembly's fiscal oversight to the Department, but will provide the Department will the flexibility to better manage periodic program expenditure fluctuations and workload changes.

**Personal Services**

*Description:* Division staff investigate fraudulent and other abusive conduct in the securities market and when appropriate issue sanctions and take other enforcement action. Staff also investigate consumer complaints, monitor Colorado broker-dealer and sale representative conduct, screen license applications, and perform on-site examinations of broker-dealer offices.

*Request:* The Department requests \$2,132,555 cash funds and 26.0 FTE, reflecting the requested increase of \$195,295 cash funds and 3.0 FTE for the additional securities staff and the state PERA contribution reduction decision item.

<b>Staff Summary Division of Securities</b>	<b>FY 2009-10 Actual</b>	<b>FY 2010-11 Approp.</b>	<b>FY 2011-12 Request</b>	<b>FY 2011-12 Recomm.</b>
Commissioner's Office	2.0	2.0	2.0	2.0
Administration Unit	2.0	2.0	2.0	2.0
Examination Unit	7.0	8.0	11.0	11.0
Enforcement Unit	10.0	11.0	11.0	11.0
<b>TOTAL</b>	<b>21.0</b>	<b>23.0</b>	<b>26.0</b>	<b>26.0</b>

*Recommendation: Recommendation:* **Staff recommends \$0 cash funds and 0.0 FTE**, reflecting staff's recommendation to consolidate the personal services and operating expenses line items in this division, and the approval of the modified decision item. Staff's recommendation is outlined in the following table.

**DEPARTMENT OF REGULATORY AGENCIES**  
**FY 2011-12 STAFF FIGURE SETTING**  
 JBC Working Document: Decisions Subject to Change  
*Staff Recommendation Does Not Represent Committee Decision*

<b>Division of Securities - Personal Services</b>		
	<b>CF</b>	<b>FTE</b>
FY 2010-11 Long Bill Appropriation	\$1,956,533	23.0
FY 2010-11 Supplemental	0	0.0
<b>Subtotal FY 2010-11 Appropriation</b>	<b>1,956,533</b>	<b>23.0</b>
Restore FY 2010-11 state PERA contribution reduction	40,167	0.0
1.5% base reduction	(29,951)	0.0
NP - State PERA contribution reduction	(41,337)	0.0
DI #2 - Securities Resources	190,921	3.0
Staff recommended line item consolidation	(2,116,333)	(26.0)
<b>Recommended FY 2011-12 Appropriation</b>	<b>\$0</b>	<b>0.0</b>

**Operating Expenses**

*Request:* The Department requests an appropriation of \$67,829 cash funds, reflecting an increase of \$16,860 cash funds for the increased staff and an increase of \$48 for the document printing decision item.

*Recommendation:* **Staff recommends \$0 cash funds**, reflecting staff's recommendation to consolidate the personal services and operating expenses line items in this division. Staff's recommendation is outlined in the following table.

<b>Division of Securities - Operating Expenses</b>	
	<b>CF</b>
FY 2010-11 Long Bill Appropriation	\$56,149
FY 2010-11 Supplemental	0
<b>Subtotal FY 2010-11 Appropriation</b>	<b>56,149</b>
DI #2 - Securities staffing	16,860
Staff recommended line item consolidation	(73,009)
<b>Recommended FY 2011-12 Appropriation</b>	<b>\$0</b>

**Program Costs (Recommended New Line Item for FY 2011-12)**

*Description:* Staff is recommending that this line item be added to the FY 2011-12 Long Bill and include the costs for the Division of Financial Services personal services and operating expenses.

*Request:* This line item was not requested by the Department for FY 2011-12.

**DEPARTMENT OF REGULATORY AGENCIES  
FY 2011-12 STAFF FIGURE SETTING**

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

**Recommendation: Staff recommends an appropriation of \$2,189,342 cash funds and 26.0 FTE.** This recommendation is in accordance with staff's recommendation to combine the personal services and operating expenses line items for this division. Staff's recommendation is outlined in the following table.

<b>Division of Securities - Program Costs (NEW LINE ITEM)</b>		
	<b>CF</b>	<b>FTE</b>
Personal Services	\$2,116,333	26.0
Operating Expenses	73,009	0.0
<b>Recommended FY 2011-12 Appropriation</b>	<b>\$2,189,342</b>	<b>26.0</b>

**Hearings Pursuant to Complaint**

*Request:* The Department requests an appropriation of \$19,594 cash funds.

*Recommendation:* **Staff recommends an appropriation of \$19,594 cash funds.**

**Board Meeting Costs**

*Description:* This line item funds the per diem, travel, and miscellaneous costs incurred by the five Colorado Securities Board members when they attended board meetings.

*Request:* The Department requests a continuation appropriation of \$4,500 cash funds.

*Recommendation:* **Staff recommends a continuation appropriation of \$4,500 cash funds.**

**Securities Fraud Prosecution**

*Description:* Division refers cases to the Securities Fraud Unit within the Department of Law's Criminal, Justice and Appellate Division for investigation and criminal prosecution. Funds appropriated in this line are reappropriated to Department of Law.

*Request:* The Department requests \$493,081 cash funds for this line.

*Recommendation:* **Staff recommendation is pending figure setting for the Department of Law,** and staff requests permission to adjust the line as necessary.

**Indirect Cost Assessment**

*Request:* The Department has requested an appropriation of \$166,071 cash funds.

*Recommendation:* **The staff recommendation is pending the approval of Committee common policies,** and staff requests permission to make adjustments once common policies are established.

**DEPARTMENT OF REGULATORY AGENCIES  
FY 2011-12 STAFF FIGURE SETTING**

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

**Long Bill Footnotes and Requests for Information**

The Long Bill for FY 2010-11 did not contain any footnotes specific to the Department of Regulatory Agencies. Staff recommends the following information request be **discontinued** for FY 2011-12:

**N**     **Department of Regulatory Agencies, Division of Registrations, Office of Expedited Settlement Program Costs** -- The Department is requested to submit to the Joint Budget Committee, on or before November 1, 2010, a report detailing the method being used to track the number of legal service hours billed to the Office of Expedited Settlement by the Department of Law and the number of hours billed to the Office of Expedited Settlement for FY 2009-10 AND the current fiscal year broken out by board.