

This Adobe Acrobat file contains the following three figure setting packets that were presented to the Joint Budget Committee for the Department of Regulatory Agencies:

Figure Setting Packet		Adobe Acrobat Page Numbers
1.	March 14, 2008 – Figure Setting Staff Technical Comeback	Page 2
2.	March 13, 2008 – Figure Setting Staff Technical Comeback	Pages 3 through 4
3.	March 4, 2008 – Regular Figure Setting Document	Pages 5 through 49

MEMORANDUM

TO: Members of the Joint Budget Committee

FROM: Bernie Gallagher, JBC Staff (866-4957)

SUBJECT: Department of Regulatory Agencies – Figure Setting Staff Comeback

DATE: March 14, 2008

Subsequent to figure setting recommendations for the Department of Regulatory Agencies on March 4, 2008, and after Figure Setting Staff Comebacks on March 13, 2008, Staff has determined that further corrections are necessary. Table A provides a summary of staff's recommended corrections.

TABLE A. Recommended Corrections			
Division/Line Item/Fund Source	Previous Committee Action	REVISED Staff Recommendation	Difference
(8) DIVISION OF REAL ESTATE			
<u>Description of Technical Correction:</u> Staff did not accurately annualize the change request related to the economy of scale created by the passage of four mortgage broker bills in the 2007 Legislative Session. The following corrects for this:			
<i>Personal Services</i>			
Cash Funds	\$2,931,949	\$2,984,740	\$52,791
FTE	45.4	46.5	1.1
<i>Operating Expenses</i>			
Cash Funds	\$197,164	\$197,768	\$604

M E M O R A N D U M

TO: Members of the Joint Budget Committee

FROM: Bernie Gallagher, JBC Staff (866-4957)

SUBJECT: Department of Regulatory Agencies – Figure Setting Staff Comeback

DATE: March 13, 2008

Subsequent to figure setting recommendations for the Department of Regulatory Agencies on March 4, 2008, Staff has determined that errors are included in the Staff recommendation. Table A provides a summary of staff's recommended corrections.

TABLE A. Recommended Corrections			
Division/Line Item/Fund Source	Previous Committee Action	REVISED Staff Recommendation	Difference
(1) EXECUTIVE DIRECTOR'S OFFICE			
<i>Salary Survey</i>			
<u>Description of Technical Correction:</u> Staff did not use the correct data set to figure set pursuant to Common Policy. This makes the proper adjustments to reflect the Committee's Common Policy for this line item:			
Total	\$1,679,849	\$1,325,901	(\$353,948)
General Fund	78,829	64,174	(14,655)
Cash Funds	1,332,410	1,047,658	(284,752)
Reappropriated Funds	268,610	214,069	(54,541)
<i>Leased Space</i>			
<u>Description of Technical Correction:</u> Staff did not annualize the budget amendment request brought forward from the Department and as such recommended more than is necessary. The following corrects for this:			
Cash Funds	\$2,292,424	\$2,251,493	(\$40,931)
(7) Public Utilities Commission			
<i>Commission for the Blind or Visually Impaired (NEW LINE)</i>			
<u>Description of Correction:</u> House Bill 07-1372 creates the Colorado Commission for Individuals who are Blind or Visually Impaired in the Department of Human Services (DHS), Executive Director's Office, Special Purpose sub-division. The bill specifies that the source of funding for the commission is the Colorado Disabled Telephone Users Fund. Staff did not include this line during the figure setting presentation for the Department. The amount required for this line was determined during figure setting for the DHS and its funding source is reappropriated funds, the corresponding cash funds spending authority must also be provided for the PUC to transfer these monies to DHS. The following corrects for this:			
Cash Funds	None	\$112,067	\$112,067

TABLE A. Recommended Corrections			
Division/Line Item/Fund Source	Previous Committee Action	REVISED Staff Recommendation	Difference
(8) DIVISION OF REAL ESTATE			
<u>Description of Technical Correction:</u> Staff did not accurately annualize the change request related to the economy of scale created by the passage of four mortgage broker bills in the 2007 Legislative Session. The following corrects for this:			
<i>Personal Services</i>			
Cash Funds	\$2,897,912	\$2,931,949	\$34,037
FTE	44.7	45.4	0.7
<i>Operating Expenses</i>			
Cash Funds	\$193,903	\$197,164	\$3,261

**COLORADO GENERAL ASSEMBLY
JOINT BUDGET COMMITTEE**



**FY 2008-09 STAFF FIGURE SETTING:
DEPARTMENT OF REGULATORY AGENCIES**

JBC Working Document - Subject to Change

Staff Recommendation Does Not Represent Committee Decision

Prepared By:

Bernie Gallagher, JBC Staff

March 4, 2008

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**FY 2008-09 FIGURE SETTING
STAFF PRESENTATION TO THE JOINT BUDGET COMMITTEE:
DEPARTMENT OF REGULATORY AGENCIES**

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DEPARTMENT OF REGULATORY AGENCIES
Rico Munn, Executive Director

(1) EXECUTIVE DIRECTOR'S OFFICE

Primary Function: conducting sunrise and sunset evaluations of divisions, commissions, and boards; promoting divisional efficiency and effectiveness; departmental administrative functions including accounting, budgeting, data processing, personnel, purchasing, facilities planning, and management reporting. The primary source of funding is from indirect cost recoveries that upon a variety of cash funds within the department.

Personal Services	3,563,837	3,550,333	3,861,164	3,993,458	3,947,596	3,947,596
FTE	<u>51.0</u>	<u>49.1</u>	<u>54.0</u>	<u>54.0</u>	<u>54.0</u>	<u>54.0</u>
General Fund	0	0	56,450	25,500	24,936	24,936
Cash Funds	0	0	19,000	36,500	36,310	36,310
RF/CFE	3,563,837	3,550,333	3,785,714	3,931,458	3,886,350	3,886,350
FTE	51.0	49.1	54.0	54.0	54.0	54.0
Federal Funds	0	0	0	0	0	0
Health, Life, and Dental	<u>2,319,876</u>	<u>1,591,518</u>	<u>2,253,091</u>	<u>2,336,611</u>	<u>2,477,430</u>	<u>2,477,430</u>
General Fund	76,114	59,376	120,081	73,758	78,208	78,208
Cash Funds	2,003,426	1,387,954	1,847,073	1,794,092	1,902,287	1,902,287
RF/CFE	240,336	144,188	285,937	434,092	460,167	460,167
Federal Funds	0	0	0	34,669	36,768	36,768
Short-Term Disability	<u>79,826</u>	<u>33,490</u>	<u>41,774</u>	<u>44,728</u>	<u>47,155</u>	<u>47,155</u>
General Fund	2,622	878	1,183	1,854 A	1,074	1,074
Cash Funds	69,562	29,137	33,542	35,979 A	38,181	38,181
RF/CFE	7,642	3,475	7,049	6,895 A	7,427	7,427
Federal Funds	905	0	0	0	473	473
Salary Survey and Senior Executive Service	<u>1,905,814</u>	<u>899,451</u>	<u>1,008,654</u>	<u>1,329,249</u>	<u>1,679,849</u>	<u>1,679,849</u>
General Fund	56,942	29,611	36,244	60,987 A	78,829	78,829
Cash Funds	1,689,272	770,276	821,846	1,052,812 A	1,332,410	1,332,410
RF/CFE	159,600	99,564	150,564	215,450 A	268,610	268,610
Performance-based Pay Awards	<u>0</u>	<u>0</u>	<u>475,057</u>	<u>530,142</u>	<u>530,143</u>	<u>530,143</u>
General Fund	0	0	13,741	21,971 A	21,972	21,972
Cash Funds	0	0	393,951	426,446 A	426,446	426,446
RF/CFE	0	0	67,365	81,725 A	81,725	81,725

	FY 2005-06 Actual	FY 2006-07 Actual	FY 2007-08 Appropriation	FY 2008-09			Change Request
				Request	Staff Rec. Old Format	Staff Rec. New Format	
Workers' Compensation	<u>73,502</u>	<u>89,243</u>	<u>81,821</u>	<u>104,627</u>	<u>0</u>	<u>0</u>	
General Fund	2,313	3,254	2,922 S	3,677 A	Pending	Pending	
Cash Funds	62,133	74,744	69,020 S	88,381 A	Pending	Pending	
RF/CFE	8,151	10,160	8,472 S	10,799 A	Pending	Pending	
Federal Funds	905	1,085	1,407 S	1,770 A	Pending	Pending	
SB 04-257 Amortization Equalization Disbursement	<u>134,696</u>	<u>0</u>	<u>385,299</u>	<u>552,385</u>	<u>580,087</u>	<u>580,087</u>	
General Fund	3,716	0	10,620	22,816 A	12,938	12,938	
Cash Funds	120,376	0	309,613	444,708 A	469,915	469,915	
RF/CFE	10,604	0	65,066	84,861 A	91,409	91,409	
Federal Funds	57,262	0	0	0	5,825	5,825	
SB 06-235 Supplemental Amortization Equalization Disbursement							
Equalization Distribution	<u>0</u>	<u>0</u>	<u>79,954</u>	<u>177,080</u>	<u>271,701</u>	<u>271,701</u>	
General Fund	0	0	1,896	7,316 A	5,850	5,850	
Cash Funds	0	0	64,503	142,580 A	220,272	220,272	
RF/CFE	0	0	13,555	27,184 A	42,848	42,848	
Federal Funds	0	0	0	0	2,731	2,731	
Operating Expenses	<u>135,413</u>	<u>142,341</u>	<u>211,692</u>	<u>209,671</u>	<u>209,671</u>	<u>209,671</u>	
General Fund	0	0	3,689	3,689	3,689	3,689	
Cash Funds	0	0	97,448	95,427	95,427	95,427	
RF/CFE	135,413	142,341	110,555	110,555	110,555	110,555	
Legal Services	5,347,619	5,822,297	6,591,955	7,097,007	0	0	
Hours Equivalent	<u>82,973</u>	<u>85,913</u>	<u>91,850</u>	<u>98,528</u>	<u>98,869</u>	<u>98,869</u>	
General Fund	47,113	48,654	90,141	137,580	Pending	Pending	
Cash Funds	5,159,415	5,596,773	6,233,719	6,691,332 A	Pending	Pending	
RF/CFE	83,829	93,864	132,391	132,391	Pending	Pending	
Federal Funds	57,262	83,006	135,704	135,704	Pending	Pending	
Administrative Law Judges	<u>170,820</u>	<u>214,701</u>	<u>228,903</u>	<u>236,446</u>	<u>0</u>	<u>0</u>	
General Fund	3,687	8,413	4,834 S	10,893	Pending	Pending	
Cash Funds	165,801	206,288	222,323 S	225,553	Pending	Pending	
RF/CFE	1,332	0	1,746 S	0	Pending	Pending	
Purchase of Services from Computer Center	<u>23,563</u>	<u>1,237</u>	<u>0</u>	<u>45,883</u>	<u>0</u>	<u>0</u>	
General Fund	242	12	0 S	0	Pending	Pending	
Cash Funds	19,806	1,022	0 S	0	Pending	Pending	
RF/CFE	3,515	203	0 S	45,883 A	Pending	Pending	

	FY 2005-06 Actual	FY 2006-07 Actual	FY 2007-08 Appropriation	FY 2008-09			Change Request
				Request	Staff Rec. Old Format	Staff Rec. New Format	
Multiuse Network Payments	<u>2,318</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	
General Fund	1,502	0	0	0	Pending	Pending	
Cash Funds	0	0	0	0	Pending	Pending	
RF/CFE	816	0	0	0	Pending	Pending	
Payment to Risk Management Fund	<u>24,834</u>	<u>81,141</u>	<u>69,429</u>	<u>89,689</u>	<u>0</u>	<u>0</u>	
General Fund	767	3,073	2,555 S	3,303 A	Pending	Pending	
Cash Funds	19,537	65,466	55,204 S	71,312 A	Pending	Pending	
RF/CFE	4,099	11,218	10,008 S	12,928 A	Pending	Pending	
Federal Funds	431	1,384	1,662 S	2,146 A	Pending	Pending	
Vehicle Lease Payments - CF	141,417	159,540	157,653 S	131,094 A	Pending	Pending	
Information Technology Asset Maintenance	<u>462,572</u>	<u>462,572</u>	<u>570,087</u>	<u>662,809</u>	<u>671,403</u>	<u>671,403</u>	
General Fund	0	0	0	0	0	0	
Cash Funds	212,549	212,549	280,646	375,578	354,412	354,412	
RF/CFE	250,023	250,023	289,441	187,231	190,757	190,757	
Federal Funds	0	0	0	100,000	126,234	126,234	
Leased Space	<u>2,304,701</u>	<u>2,268,234</u>	<u>2,573,535</u>	<u>2,831,428</u>	<u>2,831,428</u>	<u>2,831,428</u>	
General Fund	104,463	81,986	87,472	91,259	91,259	91,259	
Cash Funds	1,728,368	1,762,989	2,058,877 S	2,292,424 A	2,292,424	2,292,424	
RF/CFE	446,252	385,475	401,062	420,490	420,490	420,490	
Federal Funds	25,618	37,784	26,124	27,255	27,255	27,255	
Capital Complex Leased Space - CF	1,076	0	1,307 S	1,282 A	Pending	Pending	
Hardware / Software Maintenance	<u>657,699</u>	<u>668,400</u>	<u>926,466</u>	<u>669,427</u>	<u>669,117</u>	<u>669,117</u>	
General Fund	800	800	800	800	800	800	
Cash Funds	323,863	324,704	667,064	410,025	409,715	409,715	DI #1
RF/CFE	333,036	342,896	258,602	258,602	258,602	258,602	
TOTAL - (1) EXECUTIVE DIRECTOR	17,349,583	15,984,498	19,517,841	21,043,016	13,915,580	13,915,580	
FTE	51.0	49.1	54.0	54.0	54.0	54.0	
General Fund	300,281	236,057	432,628	465,403	319,555	319,555	
Cash Funds	11,716,601	10,591,442	13,332,789	14,315,525	7,577,799	7,577,799	
RF/CFE	5,248,485	5,033,740	5,587,527	5,960,544	5,818,940	5,818,940	
FTE	51.0	49.1	54.0	54.0	54.0	54.0	
Federal Funds	84,216	123,259	164,897	301,544	199,286	199,286	

	FY 2005-06 Actual	FY 2006-07 Actual	FY 2007-08 Appropriation	FY 2008-09			Change Request
				Request	Staff Rec. Old Format	Staff Rec. New Format	

/a Reflects an increase of \$62,122 and 1.0 FTE, pursuant to H.B. 07-1311.

/b Reflects an increase of \$33,885, pursuant to S.B. 07-25.

/c Reflects increases of \$40,662, pursuant to S.B. 07-85; \$29,141, pursuant to S.B. 07-107; \$28,463, pursuant to S.B. 07-137; \$59,299, pursuant to S.B. 07-203; \$48,456, pursuant to S.B. 07-216; \$13,554, pursuant to H.B. 07-1037; \$4,337, pursuant to H.B. 07-1065; \$118,598, pursuant to H.B. 07-1322; and \$5,422, pursuant to H.B. 07-1331.

(2) DIVISION OF BANKING

Primary Function: regulates state-chartered commercial and industrial banks, trust companies, debt adjusters, and money order companies. Staff conducts examinations and enforces compliance related to the Public Deposit Protection Act, trust department oper money order companies. The funding source is the Division of Banking Cash Fund.

Personal Services - CF	2,435,860	2,608,428	2,741,481	2,833,474	2,810,567	2,810,567
FTE - CF	33.4	34.0	38.5	38.5	38.5	38.5
Operating Expenses - CF	258,601	270,726	279,905	279,905	279,905	279,905
Board Meetings - CF	10,174	11,500	23,500 S	23,500 A	23,500	23,500
Indirect Cost Assessments - CF	416,082	422,728	453,276	478,152	Pending	Pending
TOTAL - (2) BANKING - CF	3,120,717	3,313,382	3,498,162	3,615,031	3,113,972	3,113,972
FTE - CF	33.4	34.0	38.5	38.5	38.5	38.5

(3) DIVISION OF CIVIL RIGHTS

Primary Function: enforces state laws that prohibit discrimination in employment, housing, and public accommodations on the basis of race, sex, national origin, ancestry, physical or mental disability, religion, color, marital status, or sexual orientation.

Personal Services	1,484,590	1,561,336	1,580,309	1,673,349	1,659,026	1,659,026
FTE	<u>23.9</u>	<u>25.9</u>	<u>31.0</u>	<u>32.0</u>	<u>32.0</u>	<u>32.0</u>
General Fund	969,092	957,585	906,114	882,929	991,573	991,573
FTE	15.2	16.4	18.0	19.0	19.0	19.0
RF/CFE	179,706	234,347	311,532	427,757	308,417	308,417
FTE	2.2	2.0	2.0	2.0	2.0	2.0
Federal Funds	335,792	369,404	362,663	362,663	359,036	359,036
FTE	6.5	7.5	11.0	11.0	11.0	11.0
Operating Expenses	<u>87,783</u>	<u>131,792</u>	<u>97,977</u>	<u>100,736</u>	<u>100,736</u>	<u>100,736</u>
General Fund	72,614	65,381	56,857	59,616	59,616	59,616
Federal Funds	15,169	66,411	41,120	41,120	41,120	41,120

	FY 2005-06 Actual	FY 2006-07 Actual	FY 2007-08 Appropriation	FY 2008-09			Change Request
				Request	Staff Rec. Old Format	Staff Rec. New Format	
Hearings	<u>5,000</u>	<u>0</u>	<u>6,000</u>	<u>18,000</u>	<u>18,000</u>	<u>18,000</u>	
General Fund	5,000	0	5,000	17,000	17,000	17,000	
Federal Funds	0	0	1,000	1,000	1,000	1,000	
Commission Meetings	<u>5,174</u>	<u>5,163</u>	<u>12,374</u>	<u>12,374</u>	<u>12,374</u>	<u>12,374</u>	
General Fund	5,174	5,163	5,174	5,174	5,174	5,174	
Federal Funds	0	0	7,200	7,200	7,200	7,200	
Indirect Cost Assessment - FF	81,594	81,765	56,025	46,612	Pending	Pending	
TOTAL - (3) CIVIL RIGHTS	1,664,141	1,780,056	1,752,685	1,851,071	1,790,136	1,790,136	
FTE	23.9	25.9	31.0	32.0	32.0	32.0	
General Fund	1,051,880	1,028,129	973,145	964,719	1,073,363	1,073,363	
FTE	15.2	16.4	18.0	19.0	19.0	19.0	
RF/CFE	179,706	234,347	311,532	427,757	308,417	308,417	
FTE	2.2	2.0	2.0	2.0	2.0	2.0	
Federal Funds	432,555	517,580	468,008	458,595	408,356	408,356	
FTE	6.5	7.5	11.0	11.0	11.0	11.0	

(4) DIVISION OF CONSUMER COUNSEL

Primary Function: representing interests of residential, agricultural and small business consumers in electric, gas, telecommunications utility rate and service proceedings before the Public Utility Commission (PUC). The funding source is the PUC Fixed Utility fund.

Personal Services - CF	631,726	614,166	753,191	773,249	773,249	773,249	
FTE - CF	5.9	6.3	7.0	7.0	7.0	7.0	
Operating Expenses - CF	34,333	32,233	55,572	55,572	55,572	55,572	
Indirect Cost Assessments - CF	75,651	76,859	82,414	86,937	Pending	Pending	
TOTAL - (4) CONSUMER COUNSEL - CF	741,710	723,258	891,177	915,758	828,821	828,821	
FTE - CF	5.9	6.3	7.0	7.0	7.0	7.0	

	FY 2005-06 Actual	FY 2006-07 Actual	FY 2007-08 Appropriation	FY 2008-09			Change Request
				Request	Staff Rec. Old Format	Staff Rec. New Format	

(5) DIVISION OF FINANCIAL SERVICES

Primary Function: regulating state-chartered savings and loan associations and credit unions; and financial oversight of life care institutions. The funding source is the Division of Financial Services Cash Fund.

Personal Services - CF	683,231	795,112	928,668	956,351	956,351	956,351	
FTE - CF	9.9	10.6	13.0	13.0	13.0	13.0	
Operating Expenses - CF	69,762	64,148	86,921	81,671	81,671	81,671	
Indirect Cost Assessments - CF	118,882	120,780	153,054	161,454	Pending	Pending	

TOTAL - (5) FINANCIAL SERVICES - CF	871,875	980,040	1,168,643	1,199,476	1,038,022	1,038,022	
FTE - CF	9.9	10.6	13.0	13.0	13.0	13.0	

(6) DIVISION OF INSURANCE

Primary Function: regulating insurance companies doing business and/or domiciled in Colorado; licensing insurance agents and adjusters; regulating non-profit hospital and health service corporations, prepaid dental plans, health maintenance organizations, self-insurance pools for workers' compensation, fraternal benefit societies, bail bondsmen, and pre-need funeral contracts. Unless otherwise indicated, the funding source is the Division of Insurance Cash Fund.

Personal Services	5,285,870	5,105,947	5,681,419	5,852,418	5,804,777	5,804,777	
FTE	72.6	71.4	80.0	80.2	80.2	80.2	
Operating Expenses	<u>376,501</u>	<u>445,274</u>	<u>403,944</u>	<u>383,869</u>	<u>383,869</u>	<u>383,869</u>	
General Fund	100,000 /b	0	0	0	0	0	
Cash Funds	276,501	380,274 /c	383,944	383,869	383,869	383,869	
RF/CFE	0	65,000 /c	20,000	0	0	0	
Senior Health Counseling Program - FF	421,795	463,453	509,000	509,000	509,000	509,000	
FTE - FF	1.5	1.6	2.0	2.0	2.0	2.0	
PIP Exam Program - CF	26,723	16,157	0	0	0	0	
FTE - CF	0.0	0.5	0.0	0.0	0.0	0.0	
Insurance Fraud Prosecution - CF	272,895	585,868	787,018	787,018	Pending	Pending	Pending LAW

	FY 2005-06 Actual	FY 2006-07 Actual	FY 2007-08 Appropriation	FY 2008-09			Change Request
				Request	Staff Rec. Old Format	Staff Rec. New Format	
Indirect Cost Assessments	<u>849,203</u>	<u>878,838</u>	<u>937,129</u>	<u>1,007,136</u>	<u>0</u>	<u>0</u>	
Cash Funds	832,164	850,848	924,212	993,563	Pending	Pending	
Federal Funds	17,039	27,990	12,917	13,573	Pending	Pending	
TOTAL - (6) INSURANCE	7,232,987	7,495,537	8,318,510	8,539,441	6,697,646	6,697,646	
FTE	<u>74.1</u>	<u>73.5</u>	<u>82.0</u>	<u>82.2</u>	<u>82.2</u>	<u>82.2</u>	
General Fund	100,000	0	0	0	0	0	
Cash Funds	6,694,153	6,939,094	7,776,593	8,016,868	6,188,646	6,188,646	
FTE	72.6	71.9	80.0	80.2	80.2	80.2	
RF/CFE	0	65,000	20,000	0	0	0	
Federal Funds	438,834	491,443	521,917	522,573	509,000	509,000	
FTE	1.5	1.6	2.0	2.0	2.0	2.0	

/a Reflects increases of \$6,188, pursuant to S.B. 07-4; \$143,448 and 1.7 FTE, pursuant to S.B. 07-249; \$29,569, pursuant to H.B. 07-1101; \$10,201, pursuant to H.B. 07-1104; and a decrease of \$4,733 and 0.2 FTE, pursuant to H.B. 07-1234.

/b Reflects an increase of \$100,000 General Fund, pursuant to S.B. 06-208 to establish a Health Care Reform Commission

/c Reflects increases of \$93,742 cash funds and \$65,000 RF/CFE for the Blue Ribbon Health Care Reform Commission, pursuant to S.B. 06-208.

/d Reflects a decrease of \$75, pursuant to H.B. 07-1234.

(7) PUBLIC UTILITIES COMMISSION

Primary Function: regulates the rates and services of fixed utilities and transportation utilities located in the state and administers the Colorado Telecommunications High Cost Program, the Low-Income Telephone Assistance Program, the Highway Crossing Protection Program, and the Disabled Telephone Users Program. Approximately half of the Division's funding is from the PUC Fixed Utility Fund, with the remainder coming from cash fund sources indicated in the letternotes.

Personal Services	7,216,615	7,332,060	7,911,507	8,267,342	8,138,973	8,138,973
FTE	<u>88.5</u>	<u>87.3</u>	<u>96.9</u>	<u>97.6</u>	<u>97.1</u>	<u>97.1</u>
General Fund	0	0	8,405	0	0	0
FTE	0.0	0.0	0.1	0.1	0.0	0.0
Cash Funds	6,880,865	6,996,310	7,526,868	8,267,342 A	7,762,739	8,138,973
FTE	88.5	87.3	96.8	97.5 A	97.1	97.1
RF/CFE	335,750	335,750	376,234	0	376,234	0
Operating Expenses	386,260	409,512	402,660	413,290	400,479	400,479
Expert Testimony - CF	25,000	14,000	25,000	25,000	25,000	25,000
Highway Crossing Payments - CFE	212,272	240,031	0	0	0	0

	FY 2005-06 Actual	FY 2006-07 Actual	FY 2007-08 Appropriation	FY 2008-09			Change Request
				Request	Staff Rec. Old Format	Staff Rec. New Format	
Disabled Telephone Users Payment	<u>1,926,959</u>	<u>1,847,019</u>	<u>2,106,940</u>	<u>2,439,591</u>	<u>2,439,591</u>	<u>2,439,591</u>	
Cash Funds	1,523,564	1,847,019	2,106,940	2,303,483	2,303,483	2,303,483	
RF/CFE	403,395	0	0	136,108	136,108	136,108	
Transfer to Reading Services for the Blind							
Cash Fund (Disabled Fund) - CF	190,000	200,000	200,000	200,000	Pending	Pending	Pending CDE
Commission for the Deaf and							
Hard of Hearing Cash Fund - CF	25,000	222,282	644,724	675,840	Pending	Pending	Pending DHS-DD
Low Income Telephone Assistance	<u>298,212</u>	<u>1,779,665</u>	<u>2,238,600</u>	<u>2,143,752</u>	<u>2,143,752</u>	<u>2,143,752</u>	
Cash Funds	298,212	1,779,665	2,238,600	2,143,752	2,143,752	2,143,752	
RF/CFE	0	0	0	0	0	0	
Colorado Bureau of Investigation							
Background Checks Pass-through	<u>0</u>	<u>8,690</u>	<u>205,378</u>	<u>7,878</u>	<u>67,128</u>	<u>67,128</u>	
Cash Funds	0	3,850	200,538	7,878	62,288	67,128	
RF/CFE	0	4,840	4,840	0	4,840	0	
Indirect Cost Assessments	<u>1,010,485</u>	<u>1,026,621</u>	<u>1,100,812</u>	<u>1,187,308</u>	<u>0</u>	<u>0</u>	
Cash Funds	1,010,485	1,026,621	1,100,812	1,187,308	Pending	Pending	
RF/CFE	0	0	0	0	Pending	Pending	
TOTAL - (7) PUBLIC UTILITIES COMM.	11,290,803	13,079,880	14,835,621	15,360,001	13,214,923	13,214,923	
FTE	<u>88.5</u>	<u>87.3</u>	<u>96.9</u>	<u>97.6</u>	<u>97.1</u>	<u>97.1</u>	
General Fund	0	0	8,405	0	0	0	
FTE	0.0	0.0	0.1	0.1	0.0	0.0	
Cash Funds	10,339,386	12,499,259	14,446,142	15,223,893	12,697,741	13,078,815	
FTE	88.5	87.3	96.8	97.5	97.1	97.1	
RF/CFE	951,417	580,621	381,074	136,108	517,182	136,108	

/a Reflects a one-time appropriation of \$8,405 General Fund and 0.1 FTE, pursuant to H.B. 07-1228.

/b Reflects increases of \$168,764 and 2.0 FTE, pursuant to H.B. 07-1037; \$48,193 and 1.3 FTE, pursuant to H.B. 07-1065; and \$4,878, pursuant to H.B. 07-1114.

/c Reflects an increase of \$8,458, pursuant to H.B. 07-1037.

/d Reflects an increase of \$95,152, pursuant to H.B. 07-1274.

/e Reflects increases of \$197,500 cash funds, pursuant to H.B. 07-1065; and \$3,038 cash funds and \$4,840 pass through funds to the CBI, pursuant to H.B. 07-1249.

	FY 2005-06 Actual	FY 2006-07 Actual	FY 2007-08 Appropriation	FY 2008-09			
				Request	Staff Rec. Old Format	Staff Rec. New Format	Change Request

(8) DIVISION OF REAL ESTATE

Primary Function: licenses real estate brokers, real estate appraisal professionals, mortgage brokers, analyzes subdivision offerings on undeveloped land, and administers an enforcement program that is responsive to the needs of the industry and the consumer. The funding source is the Division of Real Estate Cash Fund unless otherwise indicated.

Personal Services - CF	2,070,067	2,295,406	2,834,105 S	3,010,181 A	2,897,912	2,897,912
FTE - CF	31.4	28.7	44.8 S	44.7 A	44.7	44.7
Operating Expenses - CF	162,459	176,162	206,341 S	197,164 A	193,903	193,903
Commission Meetings - CF	16,755	21,666	21,925	21,925	21,925	21,925
Hearings - CF	450	150	4,000	4,000	4,000	4,000
CBI / FBI Record Checks - CF	24,095	0 /c	0	0		
Payments from Real Estate Recovery	0	17,277	0	50,000	50,000	50,000
General Fund	0	0	0	2,653 A	2,653	2,653
Cash Funds	0	5,567	0	0	0	47,347
RF/CFE	0	11,710	0	47,347 A	47,347	0
Mortgage Broker Consumer Protection - CF	0	0	265,085 S	733,735	265,085	265,085
Indirect Cost Assessment - CF	399,871	406,257	476,823	556,395	Pending	Pending

TOTAL - (8) REAL ESTATE	2,673,697	2,916,918	3,808,279	4,573,400	3,432,825	3,432,825
FTE	<u>31.4</u>	<u>28.7</u>	<u>44.8</u>	<u>44.7</u>	<u>44.7</u>	<u>44.7</u>
General Fund	0	0	0	2,653	2,653	2,653
Cash Funds	2,673,697	2,905,208	3,808,279	4,523,400	3,382,825	3,430,172
FTE	31.4	28.7	44.8	44.7	44.7	44.7
RF/CFE	0	11,710	0	47,347	47,347	0

/a Reflects increases of \$14,471 and 0.3 FTE, pursuant to S.B. 07-85; \$68,440 and 1.8 FTE, pursuant to S.B. 07-203; \$72,357 and 1.5 FTE, pursuant to S.B. 07-216; and \$104,618 and 2.5 FTE, pursuant to H.B. 07-1322.

/b Reflects increases of \$1,563, pursuant to S.B. 07-85; \$6,885, pursuant to S.B. 07-203; \$6,344, pursuant to S.B. 07-216; and \$7,260, pursuant to H.B. 07-1322.

/c Pursuant to H.B. 05-1040, real estate broker applicants to submit the fingerprints and fee directly to the CBI, thus removing the pass-through spending authority.

/d Reflects increases of \$186,349, pursuant to S.B. 07-203; \$265,085, pursuant to S.B. 07-216; and \$264,608, pursuant to H.B. 07-1322.

	FY 2005-06 Actual	FY 2006-07 Actual	FY 2007-08 Appropriation	FY 2008-09			Change Request
				Request	Staff Rec. Old Format	Staff Rec. New Format	

(9) DIVISION OF REGISTRATIONS

Primary Function: regulates over 295,000 licensees in more than 42 professions and occupations. Its boards and licensing programs ensure a minimum level of competency among the practitioners, facilities, programs, and equipment that it licenses. The primary funding source is the Division of Registrations Cash Fund.

Personal Services	9,551,010	9,947,867	10,677,547	11,051,898	10,893,621	10,893,621	
FTE	<u>157.7</u>	<u>157.3</u>	<u>169.5</u>	<u>171.1</u>	<u>172.0</u>	<u>172.0</u>	
Cash Funds	7,770,516	8,196,728	8,538,539	8,851,331	8,715,059	8,715,059	DI #1
FTE	135.3	134.9	144.3	145.9	146.8	146.8	DI #1
RF/CFE	1,780,494	1,751,139	2,139,008	2,200,567	2,178,562	2,178,562	
FTE	22.4	22.4	25.2	25.2	25.2	25.2	
Operating Expenses	<u>1,172,169</u>	<u>1,310,501</u>	<u>1,284,812</u>	<u>1,363,055</u>	<u>1,367,967</u>	<u>1,367,967</u>	
Cash Funds	1,050,905	1,180,678	1,284,812	1,363,055	1,367,967	1,367,967	DI #1, #2
RF/CFE	121,264	129,823	0	0	0	0	
Hearings Pursuant to Complaint	<u>236,834</u>	<u>236,900</u>	<u>307,075</u>	<u>307,075</u>	<u>307,075</u>	<u>307,075</u>	
Cash Funds	226,089	230,097	307,075	307,075	307,075	307,075	
RF/CFE	10,745	6,803	0	0	0	0	
Payments to Department of Health Care Policy and Financing	<u>146,812</u>	<u>154,383</u>	<u>14,652</u>	<u>14,652</u>	<u>14,652</u>	<u>14,652</u>	
Cash Funds	0	0	14,652	14,652	14,652	14,652	
RF/CFE	146,812 /c	154,383 /c	0	0	0	0	
Indirect Cost Assessment	<u>3,440,022</u>	<u>3,440,022</u>	<u>3,783,139</u>	<u>4,069,374</u>	<u>0</u>	<u>0</u>	
Cash Funds	3,208,884	3,208,884	3,783,139	4,069,374	Pending	Pending	
RF/CFE	231,138	231,138	0	0	Pending	Pending	
TOTAL - (9) REGISTRATIONS	14,546,847	15,089,673	16,067,225	16,806,054	12,583,315	12,583,315	
FTE	<u>157.7</u>	<u>157.3</u>	<u>169.5</u>	<u>171.1</u>	<u>172.0</u>	<u>172.0</u>	
Cash Funds	12,256,394	12,816,387	13,928,217	14,605,487	10,404,753	10,404,753	
FTE	135.3	134.9	144.3	145.9	146.8	146.8	
RF/CFE	2,290,453	2,273,286	2,139,008	2,200,567	2,178,562	2,178,562	
FTE	22.4	22.4	1.5	25.2	25.2	25.2	
Federal Funds	0	0	0	0	0	0	
FTE	0.0	0.0	1.5	0.0	0.0	0.0	

	FY 2005-06 Actual	FY 2006-07 Actual	FY 2007-08 Appropriation	FY 2008-09		
				Request	Staff Rec. Old Format	Staff Rec. New Format

/a Reflects increases of \$85,755 and 1.6 FTE, pursuant to S.B. 07-107; \$62,755 and 0.7 FTE, pursuant to S.B. 07-137; \$31,267 cash funds and 1.0 FTE, pursuant to S.B. 07-204; and \$118,399 and 1.0 FTE, pursuant to H.B. 07-1331.

/b Reflects increases of \$25,640, pursuant to S.B. 07-107; \$13,901, pursuant to S.B. 07-137; \$1,104 federal funds, pursuant to S.B. 07-204; and \$8,742, pursuant to H.B. 07-1331.

/c Reflects one-time supplemental increases in spending authority of \$132,160 for FY 2005-06 and \$139,731 for FY 2006-07 from excess reserves in the Nurse Aide Certification sub-account of the Division of Registrations Cash Fund, pursuant to S.B. 07-176.

(10) DIVISION OF SECURITIES

Primary Function: monitors the conduct of broker-dealers and sales representatives throughout Colorado and investigates citizen complaints and other indications of investment fraud. The funding source is the Division of Securities Cash Fund.

Personal Services - CF	1,546,865	1,595,217	1,684,692	1,745,359	1,731,241	1,731,241	
FTE - CF	19.3	19.4	20.0	20.0	20.0	20.0	
Operating Expenses - CF	52,784	45,970	47,816	47,816	47,816	47,816	
Hearings - CF	18,726	19,317	19,594	19,594	19,594	19,594	
Board Meetings - CF	3,983	2,936	4,500	4,500	4,500	4,500	
Securities Fraud Prosecution - CF	370,417	407,797	447,844	447,844	Pending	Pending	Pending LAW
Indirect Cost Assessment - CF	216,513	219,597	235,468	248,391	Pending	Pending	
TOTAL - (10) SECURITIES - CF	2,209,288	2,290,834	2,439,914	2,513,504	1,803,151	1,803,151	
FTE - CF	19.3	19.4	20.0	20.0	20.0	20.0	

	FY 2005-06 Actual	FY 2006-07 Actual	FY 2007-08 Appropriation	FY 2008-09		
				Request	Staff Rec. Old Format	Staff Rec. New Format

DEPARTMENT OF REGULATORY AGENCIES							
TOTALS	61,701,648	63,654,076	72,298,057	76,416,752	58,418,391	58,418,391	
FTE	<u>495.1</u>	<u>492.1</u>	<u>556.7</u>	<u>560.1</u>	<u>560.5</u>	<u>560.5</u>	
General Fund	1,452,161	1,264,186	1,414,178	1,432,775	1,395,571	1,395,571	
FTE	15.2	16.4	18.1	19.1	19.0	19.0	
Cash Funds	50,623,821	53,058,904	61,289,916	64,928,942	47,035,730	47,464,151	
FTE	396.3	393.1	444.4	446.8	447.3	447.3	
RF/CFE	8,670,061	8,198,704	8,439,141	8,772,323	8,870,448	8,442,027	
FTE	75.6	73.5	81.2	81.2	81.2	81.2	
Federal Funds	955,605	1,132,282	1,154,822	1,282,712	1,116,642	1,116,642	
FTE	8.0	9.1	13.0	13.0	13.0	13.0	

**DEPARTMENT OF REGULATORY AGENCIES
FY 2008-09
FIGURE SETTING**

(1) EXECUTIVE DIRECTOR'S OFFICE AND ADMINISTRATIVE SERVICES

This Office oversees and coordinates the operations of the Department's various divisions. It also performs departmental administrative functions, including accounting, budgeting, data processing, human resources, purchasing, facilities planning, and management reporting. The Office of Policy Research and Regulatory Reform (OPRRR), which is also within this office, conducts sunrise and sunset evaluations of divisions, commissions, and boards located throughout state government.

Staff Summary Executive Director's Office	FY 2006-07 Actual	FY 2007-08 Appropriation	FY 2008-09 Request	FY 2008-09 Recommend.
Executive Director, Deputy, and Support	3.0	4.0	4.0	4.0
Legislative Liaison & Public Information	2.0	2.5	2.5	2.5
Policy and Research (sunrise/sunset review staff)	5.5	6.5	6.5	6.5
Planning and Budgeting	2.0	2.0	2.0	2.0
Accounting and Purchasing	7.1	7.0	7.0	7.0
Information Technology	24.5	26.0	26.0	26.0
Human Resources	5.0	6.0	6.0	6.0
TOTAL	49.1	54.0	54.0	54.0

Personal Services

Staff recommends \$3,947,595 and 54.0 FTE, pursuant to committee Common Policy. The appropriation is comprised of \$24,936 General Fund, \$36,310 cash funds, \$3,886,350 reappropriated funds. This calculation includes 2007 special bills, a distribution for salary survey and performance-based pay awarded in FY 2007-08, and a 1.0 percent base reduction. Moneys from the General Fund and cash funds are from sunset reviews paid by other Departments. The new "reappropriated funds" classification affects this line item. The reappropriated cash funds portion represents indirect cost recoveries as well as from sunset reviews paid for by other Departments. Staff requests permission to adjust the fund sources for sunset review fees as necessary. The following table summarizes the staff recommendation for this line item.

Personal Services - Executive Director's Office						
	GF	CF	RF/CFE	FF	FTE	Total
FY 2007-08 Long Bill Appropriation	\$56,450	\$19,000	\$3,723,592	\$0	53.0	\$3,799,042
Salary Survey	0	0	107,039	0	0.0	107,039
Performance-based Pay	0	0	35,858	0	0.0	35,858
HB 07-1311 Sunrise Procedures	0	0	62,122	0	1.0	62,122
Annualize HB 07-1311	0	0	(3,005)	0	0.0	(3,005)
FY 2007-08 Base Continuation	<u>56,450</u>	<u>19,000</u>	<u>3,925,606</u>	<u>0</u>	<u>54.0</u>	<u>4,001,056</u>
1.0 percent Base Reduction	(565)	(190)	(39,256)	0	0.0	(40,011)
Department-initiated Funding Adjustment for OPRRR	(30,950)	17,500	0	0	0.0	(13,450)
Staff Recommendation for FY 2008-09	\$24,936	\$36,310	\$3,886,350	\$0	54.0	\$3,947,595

Health, Life, and Dental

Staff recommends an appropriation of \$2,477,430 for this line, pursuant to Committee Common Policy, comprised of \$78,208 General Fund, \$1,902,287 cash funds, \$460,167 reappropriated funds, and \$36,768 federal funds. Cash funds are from various cash sources within the Department. The new "reappropriated funds" classification affects this line item as these funds are from internal indirect cost recoveries.

Short-Term Disability

Staff recommends an appropriation of \$47,154 for this line item, pursuant to Committee Common Policy, comprised of \$1,074 General Fund, \$38,181 cash funds, \$7,427 reappropriated funds, and \$473 federal funds. Cash funds are from various cash sources within the Department. The new "reappropriated funds" classification affects this line item as these funds are from internal indirect cost recoveries.

Salary Survey

Staff recommends an appropriation of \$1,679,848 for this line item, pursuant to Committee Common Policy, comprised of \$78,829 General Fund, \$1,332,410 cash funds, and \$268,610 reappropriated funds. Cash funds are from various cash sources within the Department. The new "reappropriated funds" classification affects this line item as these funds are from internal indirect cost recoveries.

Performance-based Pay

Staff recommends an appropriation of \$530,143 for this line, pursuant to Committee Common Policy, comprised of \$21,972 General Fund, \$426,446 cash funds, and \$81,725 reappropriated funds. Cash funds are from various cash sources within the Department. The new "reappropriated funds" classification affects this line item as these funds are from internal indirect cost recoveries.

Workers' Compensation

Staff recommendation is **pending** the approval of a common policy by the Committee. Cash funds are from various cash sources within the Department. The new "reappropriated funds" classification affects this line item as these funds are from internal indirect cost recoveries.

Amortization Equalization Disbursement

Staff recommends an appropriation of **\$580,087 for this line item, pursuant to Committee Common Policy**, comprised of \$12,938 General Fund, \$469,915 cash funds, \$91,409 reappropriated funds, and \$5,825 federal funds. Cash funds are from various cash sources within the Department. The new "reappropriated funds" classification affects this line item as these funds are from internal indirect cost recoveries.

Supplemental Amortization Equalization Disbursement

Staff recommends an appropriation of **\$271,701 for this line item, pursuant to Committee Common Policy**, comprised of \$5,850 General Fund, \$220,272 cash funds, \$42,848 reappropriated funds, and \$2,731 federal funds. Cash funds are from various cash sources within the Department. The new "reappropriated funds" classification affects this line item as these funds are from internal indirect cost recoveries.

Operating Expenses

The Department requests and Staff recommends an appropriation of **\$209,671 for this line**, consisting of \$3,689 General Fund, \$95,427 cash funds, and \$110,555 reappropriated funds. Cash funds are from various cash sources within the Department. The new "reappropriated funds" classification affects this line item as these funds are from internal indirect cost recoveries.

Legal Services

Staff recommends approving the request for funding sufficient to purchase a continuation level of **98,869 hours of services**. The dollar amount of staff's recommendation is **pending** the determination of the hourly rate for legal services by the Committee. The following table summarizes Staff's calculation of the FY 2008-09 legal services recommendation:

	Legal Services				Hours	Total
	GF	CF	RF/CFE	FF		
FY 2007-08 Long Bill Approp.	\$56,256	\$5,885,787	\$132,391	\$135,704	86,216	\$6,210,138
SB 07-25 Sexual Orientation	33,885	0	0	0	500	33,885
SB 07-85 Real Estate Appraisals	0	40,662	0	0	600	40,662
SB 07-107 Landscape Architects	0	29,141	0	0	430	29,141
SB 07-137 Plumber App Reg.	0	28,463	0	0	420	28,463
SB 07-203 Mort Broker EO/Edu	0	59,299	0	0	875	59,299
SB 07-204 Elect. Rx Monitoring	0	0	0	10,166	150	10,166
SB 07-216 Mort Broker Good Fth	0	48,456	0	0	715	48,456

	Legal Services					
	GF	CF	RF/CFE	FF	Hours	Total
HB 07-1037 IOU Energy Eff.	0	13,554	0	0	200	13,554
HB 07-1065 Motor Carrier	0	4,337	0	0	64	4,337
HB 07-1322 Mort Broker Act	0	118,598	0	0	1,750	118,598
HB 07-1331 Med. Transparency	0	5,422	0	0	80	5,422
FY 2007-08 Subtotal	<u>90,141</u>	<u>6,233,719</u>	<u>132,391</u>	<u>145,870</u>	<u>92,000</u>	<u>6,602,121</u>
Annualize SB 07-25	47,439	0	0	0	700	47,439
Annualize SB 07-85	0	38,968	0	0	575	38,968
Annualize SB 07-107	0	(1,066)	0	0	(16)	(1,066)
Annualize SB 07-137	0	(5,082)	0	0	(75)	(5,082)
Annualize SB 07-203	0	174,508	0	0	2,575	174,508
Annualize SB 07-204	0	10,166	0	(10,166)	0	0
Annualize SB 07-216	0	46,761	0	0	690	46,761
Annualize HB 07-1037	0	27,108	0	0	400	27,108
Annualize HB 07-1322	0	115,209	0	0	1,700	115,209
Annualize HB 07-1331	0	21,686	0	0	320	21,686
Staff Recommendation for FY 2008-09	\$137,580	\$6,661,977	\$132,391	\$135,704	98,869	\$7,067,652

Administrative Law Judge (ALJ) Services

Staff recommendation is **pending** the approval of a common policy by the Committee. Cash funds are from various cash sources within the Department. The new "reappropriated funds" classification affects this line item as these funds are from internal indirect cost recoveries.

Purchase of Services from Computer Center

Staff recommendation is **pending** the approval of a common policy by the Committee. Cash funds are from various cash sources within the Department. The new "reappropriated funds" classification affects this line item as these funds are from internal indirect cost recoveries.

Multi-use Network Payments

Staff recommendation is **pending** the approval of a common policy by the Committee. Cash funds are from various cash sources within the Department. The new "reappropriated funds" classification affects this line item as these funds are from internal indirect cost recoveries.

Payment to Risk Management and Property Funds

Staff recommendation is **pending** the approval of a common policy by the Committee. Cash funds are from various cash sources within the Department. The new "reappropriated funds" classification affects this line item as these funds are from internal indirect cost recoveries.

Vehicle Lease Payments

Staff recommendation is **pending** the approval of a common policy by the Committee. Cash funds are from various cash sources within the Department. The new "reappropriated funds" classification affects this line item as these funds are from internal indirect cost recoveries.

Information Technology Asset Maintenance

This line item pays for replacement of the Department's IT assets on a predictable schedule. The useful life of an IT asset is determined at the time that the asset is placed in service, based on OIT guidelines, and the asset is retired when it reaches the end of that useful life. When properly implemented, such strategies can increase asset reliability, reduce maintenance costs, and create a more predictable stream of IT expenses, which makes it easier for the Department to set fees. **Staff recommends an appropriation of \$671,403**, comprised of \$354,412 cash funds, \$190,757 reappropriated funds, and \$126,234 federal funds. This recommendation includes reductions for one-time appropriations made for FY 2007-08. The new "reappropriated funds" classification affects this line item as these funds are from internal indirect cost recoveries. The following table summarizes Staff's calculation of the FY 2008-09 IT Asset Maintenance recommendation:

IT Asset Maintenance					
	GF	CF	RF/CFE	FF	Total
FY 2007-08 Long Bill Appropriation	\$0	\$280,646	\$289,441	\$0	\$570,087
SB 07-204 Elect. Prescription Drug Monitoring	0	0	0	200,000	200,000
Eliminate One-time Appropriations:					
FY 07-08 DI #1 Document Imaging System	0	0	(96,150)	0	(96,150)
FY 07-08 BA #2 Financial Services FTE	0	0	(2,534)	0	(2,534)
Annualize SB 07-204	0	73,766	0	(73,766)	0
Staff Recommendation for FY 2008-09	\$0	\$354,412	\$190,757	\$126,234	\$671,403

Leased Space

The Department requests through a **budget amendment** an increase of \$163,772 cash funds to its lease space appropriation to accommodate a significant increase in new staff as a result of the passage of 14 bills adding 17.0 FTE in FY 2007-08 and an additional 3.7 FTE in FY 2008-09 during the 2007 Legislative Session.

Historically, the number of FTE appropriated to the Department has remained relatively flat with an average annual increase of 1.2 percent between FY 2002-03 and FY 2006-07 (five years). However, in FY 2007-08, the Department had an overall annual increase of 21.8 FTE, a 4.1 percent increase and a departure from previous Departmental growth. Although the Department has observed peaks in the number of FTE appropriated to the Department in FY 2002-03 with an 11.3 FTE increase, and in FY 2006-07 with an 11.4 FTE increase, the 2007 legislative session appropriated the most FTE through legislation in recent Department history.

Given that during the 2007 Legislative Session, numerous bills were introduced that made substantive changes to DORA's statutes, and regulatory programs were added and or expanded that Legislative Fiscal Notes Staff assessed as requiring additional staff, it should be noted, however, that while the Fiscal Notes process does cover a broad spectrum of costs associated with the implementation of a legislation, costs for lease space (as well as other costs including group health, life, and dental insurance, short-term disability, etc.) are not included as items like this are thought to be best addressed through the annual budget and supplemental process.

The Department's current appropriation of \$2.5 million for leased space finances 149,127 square feet at 1560 Broadway in downtown Denver, as well as 3,453 square feet at 10 small satellite offices around the state. In January 2006, the Department has secured a 10-year lease for its Denver location. The current year rate for this space is \$16.10 per square foot and its maximum rate is \$18.10 for the final contracted year. These rates are substantially below market value which is estimated to be approximately \$25.35 for comparable office space in Denver's central business district, according to the Staubach Corporate Services Third Quarter 2007 report. Staubach Corporate Services serves as the State's central leasing representative.

The Department is requesting 5,849 square feet of office space at the same location that the Department is currently in residence. The space identified by the Department is located on the 12th Floor at the 1650 Broadway location and cost estimates for this specific leased space are calculated to be approximately \$28 to \$30 per square foot. Given that the State's leasing agent was able to negotiate a below-market rate for the Department in the past, a rate of \$28 per square foot is expected to be on the high side of the range of possible lease rates and is the basis for the request by the Department.

Other options that were considered, in place of requesting additional lease space, includes: (1) the reconfiguration of the Department's current space using modular furniture; (2) the leasing of space in less expensive outlying communities; and (3) telecommuting (working at home and communicating with the office by phone, fax and computer). The Department has indicated that it has thoroughly explored these options, but concluded that the costs to procure modular furniture and to reconfigure the office would have a large up-front cost and would limit further expansion, if it were necessary. The Department also indicated that telecommuting would bring with it a number of administrative difficulties, among them inadequate supervision, costs associated with remote network connectivity, added travel time to and from mandatory meetings, and other barriers to service delivery.

At the current time, the Department has not yet determined which agency will be assigned to the space, if the supplemental is approved. However based on calculations provided by the Department, it is estimated that the costs of procuring this space could increase fees for the assigned agency by approximately \$4 to \$7, depending on how the space will be utilized and configured.

Staff recommends that the committee approve the Department's request to increase lease space appropriation by \$163,772 cash funds to its lease space appropriation to accommodate a significant increase in new staff.

For the Leased Space line item, the Department requests and Staff recommends an appropriation of \$2,831,428, comprised of \$91,259 General Fund, \$2,292,424 cash funds, \$420,490 reappropriated funds, and \$27,255 federal funds. The recommendation includes an increase of \$163,772 to procure an additional 5,849 square feet of office space to accommodate the significant increase in new staff from passage of 14 special bills in 2007.

Capitol Complex Leased Space

The Department currently leases 169 square feet within the Capitol Complex Facilities in Grand Junction for use by the Electrical Board within the Division of Registrations. **Staff recommends funding for 169 square feet of space. The corresponding appropriation is pending the approval of a common policy by the Committee.**

Hardware/Software Maintenance

This line item pays for licensing and maintenance agreements for the computer hardware and software used by the Department. Though most IT asset acquisitions are funded by the Information Technology Asset Maintenance appropriation, the Hardware/Software Maintenance appropriation is sometimes used to acquire new IT hardware when equipment upgrades or purchases are required by licensing and maintenance contracts. **The Department requests and Staff recommends \$669,117**, comprised of \$800 General Fund, \$409,715 cash funds, and \$258,602 reappropriated funds. This represents a continuation level of funding. The following table summarizes Staff's calculation of the FY 2008-09 Hardware/Software Maintenance recommendation:

Hardware/Software Maintenance					
	GF	CF	RF/CFE	FF	Total
FY 2007-08 Long Bill Appropriation	\$800	\$400,918	\$258,602	\$0	\$660,320
SB 07-107 Landscape Architects	0	32,300	0	0	32,300
SB 07-137 Plumber Apprentice Registration	0	54,300	0	0	54,300
SB 07-187 Academic Vet License	0	5,500	0	0	5,500
SB 07-203 Mort Broker E&O and Education	0	101,490	0	0	101,490
HB 07-1234 Insurance E-file	0	42,000	0	0	42,000
HB 07-1331 Medical Transparency	0	30,556	0	0	30,556
Annualize FY 07-08 DI #2 & BA #2	0	620	0	0	620
Annualize 2007 Special Bills	0	(258,124)	0	0	(258,124)
DI #1 Medical Board FTE	0	155	0	0	155
Staff Recommendation for FY 2008-09	\$800	\$409,715	\$258,602	\$0	\$669,117

(2) DIVISION OF BANKING

The Division of Banking regulates state-chartered banks and debt management companies. Division staff conduct examinations and enforce compliance in the following areas: the Public Deposit Protection Act, trust departments, electronic funds transfers, electronic data processing, and the Uniform Consumer Credit Code. The nine-member Colorado State Banking Board is the policy and rulemaking authority for the Division. The funding source for all Division of Banking expenditures is the Division of Banking Cash Fund created in Section 11-102-403, C.R.S.

Staff Summary Banking Division	FY 2006-07 Actual	FY 2007-08 Appropriation	FY 2008-09 Request	FY 2008-09 Recommend.
Commissioner and Assistant	2.0	2.0	2.0	2.0
Examiners	25.5	30.0	30.0	30.0
Administration	6.5	6.5	6.5	6.5
TOTAL	34.0	38.5	38.5	38.5

Personal Services

Staff recommends \$2,810,567 cash funds spending authority and 38.5 FTE, pursuant to committee Common Policy. This calculation includes a distribution for salary survey and performance-based pay awarded in FY 2007-08, and a 1.0 percent base reduction. The following table summarizes the staff recommendation for this line item.

Personal Services - Division of Banking						
	GF	CF	RF/CFE	FF	FTE	Total
FY 2007-08 Long Bill Appropriation	\$0	\$2,741,481	\$0	\$0	38.5	\$2,741,481
Salary Survey	0	67,286	0	0	0.0	67,286
Performance-based Pay	0	30,190	0	0	0.0	30,190
FY 2007-08 Subtotal	<u>0</u>	<u>2,838,957</u>	<u>0</u>	<u>0</u>	<u>38.5</u>	<u>2,838,957</u>
1.0 percent Base Reduction	0	(28,390)	0	0	0.0	(28,390)
Staff Recommendation for FY 2008-09	\$0	\$2,810,567	\$0	\$0	38.5	\$2,810,567

Operating Expenses

The Department requests and Staff recommends a continuation appropriation of \$279,905 cash funds.

Board Meeting Costs

This line pays operating expenses of the Colorado State Banking Board. The Department requests through a **budget amendment** an increase of \$12,000 cash funds to this line item to accommodate the increased reimburseable expenses incurred by the Banking Board. The nine-member Governor-appointed Colorado State Banking Board is the policy and rulemaking authority for the

Division. The Banking Board consists of five members who are executive officers of commercial banks, an executive officer of an industrial bank, an executive officer of a trust company, and two public members.

The Colorado State Banking Board conducts monthly hearings on applications for de novo commercial banks, industrial banks, trust companies, and foreign capital depository charters; licensure of Money Transmitters; and on any rulemaking activity. Occasionally an emergency hearing is conducted on other actions that may come before the Banking Board.

As is stipulated in Section 11-102-103 (6), C.R.S., each member of the banking board shall receive the same reimbursement of expenses as those provided for members of boards and commission in the division of registrations, pursuant to Section 24-34-102 (13), C.R.S., which states that members shall be reimbursed for actual and necessary expense incurred in the discharge of official duties.

The Board Meeting Costs line in the Division of Banking has historically been set at \$11,500. Over the last five complete fiscal years, starting in FY 2002-03, the Banking Board has utilized 94.1 percent of its appropriated moneys for the operating costs of meeting. However, the Department has observed a significant departure from this historical trend. In particular, Banking Board members are requesting reimbursements for travel that in greater proportion than in previous years. The Department indicates that this is a result of having two Banking Board Members whom are from Montrose and Durango and due to the relative remoteness of these locales, the average cost of air travel is historically greater than in years past. While in the past some board members have opted to absorb these reimbursable costs of travel, this however was solely at their discretion and would have otherwise been paid for by the State, pursuant to Section 24-102-103 (6), C.R.S.

The following table provides a comparison of the anticipated current year expenses in relation to the average total expenses incurred by the Banking Board for the previous two fiscal years. Based on these calculations, the Department is anticipated to expend 67.5 percent more than what was spent on average the previous two years. This increase is largely driven by two factors: (1) the increase of reimbursable travel expenses; and (2) the pending action against regulated entities that mandates their monthly attendance, of which this is considered atypical.

Board Member Expenses	Average of FY 05-06 and FY 06-07 Total Expenses	FY 2007-08 Expenses Annualized	Variance	Variance %
Total	\$16,355	\$27,388	\$11,033	67.5%

In FY 2006-07, the Department incurred \$19,185 in costs for the Banking Board Meeting Costs line item. This is \$7,685 (66.8 percent) greater than the line's FY 2006-07 appropriation of \$11,500, however the Department had indicated that it was able to absorb these costs elsewhere in the Banking Division's personal services and operating budgets. For the current fiscal year, however, the Department has indicated that it can absorb only some of the Banking Board's expenses beyond its appropriation, but not at the level at which it did in the previous year and thus requires an additional infusion of \$12,000 to pay for the expected costs that the board will incur in FY 2007-08.

Staff recommends that the committee approve the increase of \$12,000 cash funds from the Division of Banking Cash Fund to the Board Meeting Costs line in the Division of Banking as the need to cover the increased reimburseable expenses incurred by the Banking Board as the Department can not cover such costs within existing resources. **The Department requests and Staff recommends \$23,500 cash funds spending authority for Board Meeting Costs**, which includes an increase of \$12,000 cash funds to accommodate the observed increase in reimburseable expenses incurred by the Banking Board.

Indirect Cost Assessment

Staff recommendation for this line is **pending** and Staff seeks permission from the JBC to change this once the final budget for the Department has been determined by the Committee.

(3) CIVIL RIGHTS DIVISION

The Division of Civil Rights is the administrative arm of the Colorado Civil Rights Commission. It carries out state laws that prohibit discrimination in employment, housing, and public accommodations on the basis of race, sex, national origin, ancestry, physical or mental disability, religion, color, or marital status (housing and public accommodations only). The primary duties of the Commission and of Division personnel are the investigation and adjudication of charges of unfair or discriminatory practices, and the supervision of hearings upon complaints issued against a respondent pursuant to statute. The Division's Compliance Unit also provides training and education, technical assistance with fair housing laws, public information, and community intervention. Enforcement activities account for a major portion of the Division's resources.

Staff Summary Civil Rights Division	FY 2006-07 Actual	FY 2007-08 Appropriation	FY 2008-09 Request	FY 2008-09 Recommend.
Director's Office/Administration	4.0	4.0	4.0	4.0
Outreach/Education	1.0	1.0	1.0	1.0
Intake/Employment/Public Accommodation	6.9	8.0	8.0	8.0
Investigations/Enforcement/Compliance	13.0	17.0	18.0	18.0
Mediation/State Personnel Board/Internships	1.0	1.0	1.0	1.0
TOTAL	25.9	31.0	32.0	32.0

Personal Services

Staff recommends \$1,659,026 and 32.0 FTE, pursuant to committee Common Policy, comprised of \$991,573 General Fund, \$308,417 reappropriated funds, and \$359,036 federal funds. This calculation includes 2007 special bills, a distribution for salary survey and performance-based pay awarded in FY 2007-08, and a 1.0 percent base reduction. The following table summarizes the staff recommendation for this line item.

Personal Services - Colorado Civil Rights Division						
	GF	CF	RF/CFE	FF	FTE	Total
FY 2007-08 Long Bill Appropriation	\$906,114	\$0	\$311,532	\$362,663	31.0	\$1,580,309
Salary Survey	36,244	0	0	0	0.0	36,244
Performance-based Pay	10,993	0	0	0	0.0	10,993
Annualize SB 07-25	48,238	0	0	0	1.0	48,238
FY 2007-08 Base Continuation	<u>1,001,589</u>	<u>0</u>	<u>311,532</u>	<u>362,663</u>	<u>32.0</u>	<u>1,675,784</u>
1.0 percent Base Reduction	(10,016)	0	(3,115)	(3,627)	0.0	(16,758)
Staff Recommendation for FY 2008-09	\$991,573	\$0	\$308,417	\$359,036	32.0	\$1,659,026

Operating Expenses

The Department requests and Staff recommends an appropriation of \$100,736, corresponding to \$59,616 General Fund and \$41,120 Federal Funds. This includes an increase of \$2,759, pursuant to S.B. 07-25 (Sexual Orientation).

Hearings Pursuant to Complaint

This line item pays for expenses associated with hearings, proceedings and mediations as well as a portion of the cost of cases referred to the Attorney General. Expenses of the Attorney General include costs for expert witnesses, court reporters, transcripts and depositions. **The Department requests and Staff recommends \$18,000**, comprised of \$17,000 General Fund and \$1,000 federal funds. This includes an increase of \$12,000 General Fund, pursuant to S.B. 07-25 (Sexual Orientation).

Commission Meeting Costs

This line pays for meetings that the Colorado Civil Rights Commission holds at various locations around the state. The meetings enable members of the public to tell the Commission their concerns regarding civil rights issues. Commission meetings deal with Federal HUD and EEOC matters as well as the state's civil rights laws, which explains the combination of federal and state funding. The appropriation pays for per diem and travel for commissioners and pays for miscellaneous meeting costs. **The Department requests and Staff recommends a continuation funding level of \$12,374**, comprised of \$5,174 General Fund and \$7,200 in federal funds.

Indirect Cost Assessment

Staff recommendation for this line is **pending** and Staff seeks permission from the JBC to change this once the final budget for the Department has been determined by the Committee.

(4) OFFICE OF CONSUMER COUNSEL

The Office of Consumer Counsel represents the public interest, especially residential, small business, and agricultural consumers, in cases before the Public Utilities Commission. These cases involve proposed changes to electric, gas, and telecommunications utility rates, service, and policies. The fund source for all Division appropriations is the Public Utility Commission's Fixed Utility Fund established in Section 40-2-114, C.R.S.

Staff Summary Consumer Counsel	FY 2006-07 Actual	FY 2007-08 Appropriation	FY 2008-09 Request	FY 2008-09 Recommend.
Director	1.0	1.0	1.0	1.0
Technical Staff	3.7	4.0	4.0	4.0
Administrative Staff	1.7	2.0	2.0	2.0
TOTAL	6.4	7.0	7.0	7.0

Personal Services

The Department requests and Staff recommends \$773,249 cash funds spending authority and 7.0 FTE, pursuant to committee Common Policy. This calculation includes a distribution for salary survey and performance-based pay awarded in FY 2007-08. The following table summarizes the staff recommendation for this line item.

Personal Services - Office of Consumer Counsel						
	GF	CF	RF/CFE	FF	FTE	Total
FY 2007-08 Long Bill Appropriation	\$0	\$753,191	\$0	\$0	7.0	\$753,191
Salary Survey	0	13,938	0	0	0.0	13,938
Performance-based Pay	0	6,120	0	0	0.0	6,120
Staff Recommendation for FY 2008-09	\$0	\$773,249	\$0	\$0	7.0	\$773,249

Operating Expenses

The Department requests and Staff recommends a continuation appropriation of \$55,572 cash funds.

Indirect Cost Assessment

Staff recommendation for this line is **pending** and Staff seeks permission from the JBC to change this once the final budget for the Department has been determined by the Committee.

(5) DIVISION OF FINANCIAL SERVICES

The Division of Financial Services 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. With the Banking Division, the Financial Services Division also administers the Public Deposit Protection Act which safeguards the uninsured deposits of public moneys in a number of state and federal savings and loan associations. The Division conducts on-site examinations that are designed to ensure financial stability and compliance with applicable state and federal laws. It initiates enforcement actions when appropriate. The funding source for all Division appropriations is the Division of Financial Services Cash Fund created in Section 11-40-106 (2), C.R.S.

Staff Summary Division of Financial Services	FY 2006-07 Actual	FY 2007-08 Appropriation	FY 2008-09 Request	FY 2008-09 Recommend.
Commissioner	1.0	1.0	1.0	1.0
Examiners	8.0	10.0	10.0	10.0
Administrative Support	1.6	2.0	2.0	2.0
TOTAL	10.6	13.0	13.0	13.0

Personal Services

The Department requests and Staff recommends \$956,351 cash funds spending authority and 13.0 FTE, pursuant to committee Common Policy. This calculation includes a distribution for salary survey and performance-based pay awarded in FY 2007-08. The following table summarizes the staff recommendation for this line item.

Personal Services - Division of Financial Services						
	GF	CF	RF/CFE	FF	FTE	Total
FY 2007-08 Long Bill Appropriation	\$0	\$928,668	\$0	\$0	13.0	\$928,668
Salary Survey	0	19,333	0	0	0.0	19,333
Performance-based Pay	0	8,350	0	0	0.0	8,350
Staff Recommendation for FY 2008-09	\$0	\$956,351	\$0	\$0	13.0	\$956,351

Operating Expenses

The Department requests and Staff recommends \$81,671 cash funds, which includes a reduction of \$5,250 for FY 2007-08 Decision Item #2 (Credit Union Examiners).

Indirect Cost Assessment

Staff recommendation for this line is **pending** and Staff seeks permission from the JBC to change this once the final budget for the Department has been determined by the Committee.

(6) DIVISION OF INSURANCE

The Division of Insurance regulates authorized insurance entities and licensed insurance producers throughout Colorado. Its primary objectives are the promotion and preservation of a safe and sound competitive market environment for both the industry and the consumer. The funding source for almost all Division programs is the Division of Insurance Cash Fund, created in Section 10-1-103 (3), C.R.S. Pursuant to the rules of this section, 100 percent of the revenues from insurance registration and license fees flow into this cash fund. The fund also receives 100 percent of the revenues from several other sources. The Division's remaining revenue needs are met by Section 10-3-209 (4), C.R.S., which directs up to 5 percent of insurance premium tax revenues into the Division of Insurance Cash Fund, with the remainder flowing to the General Fund. These premium tax revenues are only diverted from the General Fund to the extent needed to cover Division expenditures that are not paid by other revenue sources. About a third of the Division's funding comes from this diversion. While all Division spending is labeled cash fund in the numbers pages and in the Long Bill, this diversion means that in reality about a third of the Division's total appropriation is essentially General Fund.

Staff Summary Division of Insurance	FY 2006-07 Actual	FY 2007-08 Appropriation	FY 2008-09 Request	FY 2008-09 Recommend.
Commissioner's Office	2.7	3.0	3.0	3.0
Finance and Administration	43.5	48.0	47.9	47.9
Consumer Affairs	26.8	31.0	31.3	31.3
TOTAL	73.0	82.0	82.2	82.2

Personal Services

Staff recommends \$5,804,777 cash funds spending authority and 80.2 FTE, pursuant to committee Common Policy. This calculation includes 2007 special bills, a distribution for salary survey and performance-based pay awarded in FY 2007-08, and a 1.0 percent base reduction. The following table summarizes the staff recommendation for this line item.

Personal Services - Division of Insurance						
	GF	CF	RF/CFE	FF	FTE	Total
FY 2007-08 Long Bill Appropriation	\$0	\$5,496,746	\$0	\$0	78.5	\$5,496,746
Salary Survey	0	144,744	0	0	0.0	144,744
Performance-based Pay	0	59,082	0	0	0.0	59,082
SB 07-4 HCPF/DHS-DD Pymt Sys.	0	6,188	0	0	0.0	6,188
SB 07-249 Title Insurance	0	143,448	0	0	1.7	143,448
HB 07-1101 Pueblo Ins. Study	0	29,569	0	0	0.0	29,569
HB 07-1104 Property Casualty	0	10,201	0	0	0.0	10,201
HB 07-1234 Insurance E-file	0	(4,733)	0	0	(0.2)	(4,733)

Personal Services - Division of Insurance						
	GF	CF	RF/CFE	FF	FTE	Total
Annualize 2007 Special Bills	0	(21,834)	0	0	0.2	(21,834)
FY 2007-08 Base Continuation	<u>0</u>	<u>5,863,411</u>	<u>0</u>	<u>0</u>	<u>80.2</u>	<u>5,863,411</u>
1.0 percent Base Reduction	0	(58,634)	0	0	0.0	(58,634)
Staff Recommendation for FY 2008-09	\$0	\$5,804,777	\$0	\$0	80.2	\$5,804,777

Operating Expenses

The Division's Operating Expense appropriation consists of two components: (1) moneys continuously appropriated by Section 10-1-108 (9), C.R.S., which derive from out-of-state travel expense reimbursements paid by insurance companies, and (2) amounts appropriated annually by the General Assembly. The out-of-state travel component varies substantially. The Department requests and Staff recommends \$383,869 cash funds which includes a reduction of \$75, pursuant to H.B. 07-1234 (Insurance E-file).

Senior Health Counseling Program

This federally funded program provides senior citizens with Medicare information. The level of program expenditures is contingent on the availability of federal money from the Centers for Medicare and Medicaid Services (CMS) and the U.S. Administration on Aging, two Federal agencies located within the U.S. Department of Health and Human Services. Spending fluctuations reflect the availability of funds and the timing of the arrival of those funds. **The Department requests and Staff recommends an informational appropriation of \$509,000 federal funds and a staffing level of 2.0 FTE.**

PIP Exam Program

The PIP (Personal Injury Protection) line is a left-over from the days of no-fault auto insurance, which ended on July 1, 2003 when the relevant portions of statute sunsetted. Funding for the program was discontinued in FY 2007-08 and is in the numbers pages for informational purposes only.

Insurance Fraud Prosecution

The Insurance Division refers fraud cases to the Special Prosecutions Unit within the Department of Law for criminal prosecution. Moneys to pay for prosecution is appropriated in the Division of Insurance and is then transferred to the Department of Law where it appears again as reappropriated funds. The Committee will determine the appropriation for this line during figure setting for the Department of Law. The Department requests a continuation appropriation of \$787,018 cash funds for this line but **Staff recommendation is pending figure setting for the Department of Law.**

Indirect Cost Assessment

Staff recommendation for this line is **pending** and Staff seeks permission from the JBC to change this once the final budget for the Department has been determined by the Committee.

(7) PUBLIC UTILITIES COMMISSION

The three-member Public Utilities Commission (PUC) regulates the rates and services of fixed utilities and transportation utilities located in the state. It possesses quasi-legislative and quasi-judicial responsibilities. The PUC also administers the Colorado Telecommunications High Cost Program, the Low Income Telephone Assistance Program, the Disabled Telephone Users Program, and the Highway Crossing Protection Program. Most of the PUC's activities are supported by the PUC Fixed Utility Fund created in Section 40-2-114, C.R.S. or the PUC Motor Carrier Fund created in Section 40-2-110.5 (6), C.R.S. Unless noted otherwise, the bulk of the funding for the following appropriations will come from these two funds.

Staff Summary Public Utilities Commission	FY 2006-07 Actual	FY 2007-08 Appropriation	FY 2008-09 Request	FY 2008-09 Recommend.
Director & Commissioners	4.0	4.0	4.0	4.0
Executive Office	1.0	1.0	1.0	1.0
Administrative Services	12.0	14.3	13.4	13.4
Administrative Hearings	7.0	7.0	7.0	7.0
Policy Advisers & Case Mgmt	13.0	14.5	14.5	14.5
External Affairs	7.0	8.0	8.0	8.0
Utilities	27.0	30.0	30.0	30.0
Transportation	11.0	12.0	12.0	13.2
Gas Pipeline Safety	3.3	4.0	4.0	4.0
Rail/Transit	2.0	2.0	2.0	2.0
TOTAL	87.3	96.8	95.9	97.1

Budget Amendment (PUC Fingerprint-based Criminal History Record Checks)

The Department requests through a **budget amendment** an increase of \$176,477 cash funds and 1.9 FTE to fully cover the costs to implement the provisions of H.B. 07-1065 (Passenger Carriers Criminal History Check) and H.B. 07-1249 (Regulate Movers of Household Goods). The Department requests additional appropriations in order to maintain resources for these newly created programs.

Analysis: House Bill 07-1065 (Passenger Carriers Criminal History Check) requires an individual who applies to become or is already employed or contracted with certain motor vehicle carriers that transport passengers to submit his or her fingerprints to the Public Utilities Commission (PUC). Requires the PUC to forward the fingerprints to the Colorado Bureau of Investigation (CBI) to obtain a fingerprint-based criminal history record check. Permits an individual to resume driving a motor vehicle after the PUC receives the check results so long as the driving does not violate applicable law and does not occur while the individual has a disqualifying criminal conviction. Identifies disqualifying criminal convictions. Specifies that an individual who drives a motor vehicle in violation of the criminal history record check requirements commits a Class 2

misdeemeanor. The bill appropriated \$48,193 and 1.3 FTE in FY 2007-08 to the PUC implement the provisions of the bill as well as \$4,337 for 64 hours of legal services from the Department of Law, as well as \$197,500 from cash funds, for pass-through to the Department of Public Safety, for processing of fingerprint-based criminal history record checks.

House Bill 07-1249 (Regulate Movers of Household Goods) requires a fingerprint-based criminal history record check for every director, officer, owner, and general partner of a mover upon application for a mover registration and by January 1, 2008, for those already registered. Allows the PUC to deny, revoke, or refuse to renew the registration of a mover that is not of "good moral character", fails to abide by the terms of an arbitrator's award, or has not satisfied a civil or criminal judgment against it, unless the judgment is subject to a pending appeal. The bill appropriates \$7,878 from cash funds to the PUC, for pass-through to the department of public safety, for processing of fingerprint-based criminal history record checks.

In order to establish what the Department's original estimates for these bills were when being analyzed by Legislative Council Fiscal Note staff, JBC Staff requested the original working papers for these two bills. By reviewing the assumptions made when the costs of implementing the bill were being estimated, Staff can then better understand how the costs for the implementation of the bills were so inaccurate.

The original fiscal note for H.B. 07-1065 (Passenger Carriers Criminal History Check), prepared on March 1, 2007 estimated the costs incurred by DORA to implement the bill as being \$52,530. This was the same estimate that eventually was approved by the General Assembly and signed by the Governor. This estimated cost was based on 5,000 drivers being impacted the first year and 1,500 affected each year thereafter. This estimate is more than what the Department had originally given the Fiscal Note Staff, which was 4,000 drivers affected the first year and 1,200 drivers thereafter. The Fiscal Note Staff had determined that the need was greater than the Department had estimated, a difference of 25 percent.

The original fiscal note for H.B. 07-1249 (Regulate Movers of Household Goods), prepared on February 14, 2007, estimated the costs incurred by the Department to implement the bill as being \$10,216 in the first year and in out-years based on 786 background checks. However, the final fiscal note, prepared on June 15, 2007, indicates that the final fiscal impact of the bill was \$7,878. While there was a 22.9 percent decrease in the estimated cost of implementing this bill, the overall change is minimal, or \$2,338. The costs as determined by Fiscal Note staff was in agreement with the Department's assumptions and the estimated costs are minimally different.

Given that the Fiscal Note Staff for the two bills either agreed with the Department's estimated costs of the bills and in the case of H.B. 07-1065, actually increased the estimated fiscal impact of the bill, JBC Staff is led to believe that both parties were in accordance with the methodologies of cost estimation and that there were no big variances foreseen at the time the bill's fiscal impacts were being determined and vetted through the legislative process.

The Department has submitted this budget requests the costs to implement the provisions of H.B. 07-1065 and H.B. 07-1249 requiring fingerprint-based criminal history record checks have far

exceeded original projections and the appropriations. The driver for this inaccurate estimations was that it was not known or expected that background check returns from the state and federal bureaus of investigation would report arrests, but not convictions. This was a critical oversight in the assumptions because the bills specifically require conviction information. As a result, significant staff resources in the form of a Criminal Investigator I are not required to interpret returns from the two bureaus and to investigate conviction/disposition information through available court databases.

The Department also indicates that pursuant to H.B. 07-1249 the assessment of "good moral character" is a driver of costs that require the expertise of a General Professional V to make this assessment and to provide testimony when hearings associated with this are in question. While staff recognizes the expertise necessary to make this judgement may be necessary, the provision that "good moral character" was included in the introduced bill which was read across the desk on February 1, 2007, giving the Department sufficient time to factor in the costs associated with this. Given that neither the Department nor the Fiscal Note Staff did not account for the costs required to make adequate determination of "good moral character" and given that the Department concedes that staff does not determine this, but aids Administrative Law Judges in making this determination, JBC Staff does not recommend the costs requested in this budget amendment that both the Department and the Fiscal Note Staff did not include in the original cost estimates. However since the Department has demonstrated a need to have some oversight related to substantiating cases with issues related to "good moral character", Staff does anticipate the requirement to resource an individual with the expertise in making understanding this concept in order to better provide information to Administrative Law Judges when hearing cases.

Therefore, **staff recommends an increase of \$69,696 cash funds and 1.2 FTE**. This includes \$49,907 and 0.9 FTE Criminal Investigator I associated with the review of background checks as the nuances related to conviction information require additional resources to determine, also this includes \$19,789 and 0.3 FTE for a General Professional V to provide program oversight as well as to serve in a role to assist in substantiating issues related to "good moral character". Staff does not recommend the additional resources requested by the Department related to any additional program oversight and resources related to Administrative Law Judges, hearings reporter, or additional legal resources, as these costs are minimal and can be absorbed within existing resources and should be mitigated with the costs of further appropriations included in Staff's recommendation, or were not identified by either the Department or Fiscal Note Staff when the costs of the bills were originally determined and being vetted through the legislative process.

Personal Services

Staff recommends \$8,138,973 cash funds spending authority and 97.1 FTE, pursuant to committee Common Policy. This calculation includes 2007 special bills, a distribution for salary survey and performance-based pay awarded in FY 2007-08, a 1.0 percent base reduction, and increases related to fingerprint-based background checks. In addition, moneys spent from fund balance and previously categorized as cash funds exempt are now categorized as cash funds. The following table summarizes the staff recommendation for this line item.

Personal Services - Public Utilities Commission						
	GF	CF	RF/CFE	FF	FTE	Total
FY 2007-08 Long Bill Appropriation	\$0	\$7,304,033	\$376,234	\$0	93.5	\$7,680,267
Salary Survey	0	218,738	0	0	0.0	218,738
Performance-based Pay	0	81,692	0	0	0.0	81,692
HB 07-1037 IOU Energy Eff.	0	169,764	0	0	2.0	169,764
HB 07-1065 Motor Carriers	0	48,193	0	0	1.3	48,193
HB 07-1114 Taxicab Drivers	0	4,878	0	0	0.0	4,878
HB 07-1228 Distributed Energy Gen.	8,405	0	0	0	0.1	8,405
Annualize 2007 Special Bills	(8,405)	(52,747)	0	0	(1.0)	(61,152)
CFE to CF Funding Mix Adjustment	0	376,234	(376,234)	0	0.0	0
FY 2007-08 Base Continuation	<u>0</u>	<u>8,150,785</u>	<u>0</u>	<u>0</u>	<u>95.9</u>	<u>8,150,785</u>
1.0 percent Base Reduction	0	(81,508)	0	0	0.0	(81,508)
BA #4 PUC Fingerprinting Checks	0	69,696	0	0	1.2	69,696
Staff Recommendation for FY 2008-09	\$0	\$8,138,973	\$0	\$0	97.1	\$8,138,973

Operating Expenses

Staff recommends an appropriation of \$400,479 cash funds. This recommendation includes a \$3,759 increase related to PUC fingerprint-based background checks and a decrease of \$5,940, pursuant to H.B. 07-1037.

Expert Testimony

This line pays for expert testimony during hearings before the PUC. Actual expenditures for this appropriation are highly variable. **The Department requests and Staff recommends a continuation funding level of \$25,000.**

Highway Crossing Payments

Provides funds for safety upgrades at railroad crossings mainly through a change from passive warning to active warning devices. Funding for this program line was discontinued in FY 2002-03. The line is included in the numbers pages for **informational purposes only.**

Disabled Telephone Users Fund

Pursuant to Section 40-17-104 (1), C.R.S., phone companies impose a fee, set by the PUC, on each phone line in the state with the resulting revenues deposited in the Disabled Telephone Users Fund. Moneys in the fund are continuously appropriated to pay the cost of a contract with Sprint that provides telecommunications relay services for disabled individuals. A typical phone call through Sprint's service might work 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 TTY terminal used by the hearing-impaired individual. **The Department requests**

and Staff recommends a \$2,439,591 cash funds informational appropriation for this line. The cash funds source is the Disabled Telephone Users Cash Fund.

Transfer to Reading Services for the Blind

Pursuant to Sections 24-90-105.5 (5) and 40-17-104, C.R.S., the General Assembly is to annually appropriate moneys out of the Colorado Disabled Telephone Users Fund (which consists of surcharges paid on telephone access lines provided by local exchange companies) to the Reading Services for the Blind Cash Fund for use by the State Librarian in support of privately operated reading services for the blind. Moneys in the Disabled Telephone Users Fund that are not used for this purpose are continuously appropriated to the Public Utilities Commission for the reimbursement of providers who render telecommunications relay services for disabled telephone users. From FY 1999-00 through FY 2004-05, the General Assembly annually appropriated \$93,800 for the Department to contract for radio reading services. The Department used these funds to contract with Radio Reading Service of the Rockies, a non-profit on-the-air volunteer reading service for the blind, visually impaired, and print handicapped citizens of Colorado. Over the last three fiscal years, the General Assembly has increased this appropriation to \$200,000 and included a footnote in the Department of Education expressing the intended use of the additional funding. The State Board of Education approved two payments from this line item for FY 2006-07. First, the Board approved \$150,000 for the Radio Reading Service of the Rockies (the same amount approved for FY 2005-06) to continue providing free access to ink print materials statewide through various broadcasts (via television SAP feed, Internet, telephone, and podcasts), related audio services, and listener equipment for listeners. The Board also approved a payment of \$50,000 to the National Federation for the Blind (NFB) for its Newsline service (an increase of \$10,000 compared to FY 2005-06), which provides eligible Coloradans access to newspapers nationwide and a few magazines via touchtone telephone. Anyone who is a patron of the Colorado Talking Book Library (CTBL) is eligible to access Newsline services. The CTBL is able to sign patrons up for the Newsline service through their existing database. The Department requests \$200,000 cash funds spending authority, however **Staff recommendation is pending the Department of Education figure setting.**

Transfer to the Colorado Commission for the Deaf and Hard of Hearing Cash Fund

Funding for the Colorado Commission for the Deaf and Hard of Hearing is from the General Fund (for a portion of the legal interpreters program), and the balance reflects appropriations from the Colorado Disabled Telephone Users Fund (DTUF) to the Colorado Commission for the Deaf and Hard of Hearing Cash Fund for the Commission's use. Prior to FY 2006-07, the Commission was supported by ongoing and one-time transfers from the DTUF to the Commission Cash Fund that were fixed in statute; however, pursuant to S.B. 06-218, amounts from the DTUF to the Commission Cash Fund are based on annual appropriation. The Department requests \$675,840 cash funds spending authority, however **Staff recommendation is pending the Department of Human Services figure setting.**

Low Income Telephone Assistance

Since 1990, the Public Utilities Commission has run a program that subsidizes service for eligible low income telephone customers. To finance the program, the PUC imposed a fee on all telephone lines, most recently 7 cents per month. At the end of January 2006, the fund balance was \$1,097,367. On February 22, 2006, the PUC adopted Decision # C06-0164 which ordered Qwest

Communications, Inc. to establish a trust fund in the amount of \$5,500,000 to be used for purposes of funding the Low Income Telephone Assistance Program. This order negates the need for funding of the program through the surcharge on telephone subscribers. **The Department requests and Staff recommends an informational appropriation of \$2,143,752 cash funds.**

Colorado Bureau of Investigation Background Checks Pass-through (New Line)

Staff is recommending the addition of this line item to the Long Bill to reflect the moneys collected by the Department for further appropriation to the Department of Public Safety, Colorado Bureau of Investigation, for processing of fingerprint-based criminal history record checks. In 2007, the General Assembly enacted H.B. 07-1065 (Passenger Carriers Criminal History Check) and H.B. 07-1249 (Regulate Movers of Household Goods) which appropriated \$197,000 cash funds and \$7,878 (3,038 cash funds; \$4,840 cash funds exempt) for this purpose. In FY 2008-09, for H.B. 07-1065, the amount of pass-throughs is expected to decrease to \$59,250 and for H.B. 07-1249, the amount of pass-throughs is expected to remain the same. **Staff recommends \$67,128 cash funds** which includes a reduction of \$137,750 cash funds, pursuant to H.B. 07-1065.

Indirect Cost Assessment

Staff recommendation for this line is **pending** and Staff seeks permission from the JBC to change this once the final budget for the Department has been determined by the Committee.

(8) DIVISION OF REAL ESTATE

The Division of Real Estate licenses real estate brokers and appraisers, analyzes subdivision offerings on undeveloped land, and administers an enforcement program that responds to the needs of the industry and the consumer. Appropriations for the Division are from the Division of Real Estate Cash Fund created in Section 12-61-111.5 (2) (b), C.R.S., unless otherwise noted.

Staff Summary Division of Real Estate	FY 2006-07 Actual	FY 2007-08 Appropriation	FY 2008-09 Request	FY 2008-09 Recommend.
Director's Office	1.9	2.0	2.0	2.0
Enforcement Unit	8.7	16.0	16.0	14.2
Financial Examinations and Auditing	3.0	2.0	2.0	2.0
Education	0.0	1.0	1.0	1.0
Licensing and Certification	5.3	5.0	5.0	5.0
Appraisal Unit	3.0	4.5	4.5	4.5
Operational Support	5.8	9.0	9.0	9.0
Mortgage Broker	1.0	5.3	7.0	7.0
TOTAL	28.7	44.8	46.5	44.7

Personal Services

Staff recommends \$2,897,912 cash funds spending authority and 44.7 FTE, pursuant to committee Common Policy. This calculation includes 2007 special bills, a distribution for salary survey and performance-based pay awarded in FY 2007-08, a 1.0 percent base reduction, as well as supplemental and budget amendment changes made as a result of an economy of scale created from the passage of four bills in 2007 affecting mortgage brokers. The following table summarizes the staff recommendation for this line item.

Personal Services - Division of Real Estate						
	GF	CF	RF/CFE	FF	FTE	Total
FY 2007-08 Long Bill Appropriation	\$0	\$2,661,047	\$0	\$0	40.5	\$2,661,047
Salary Survey	0	70,785	0	0	0.0	70,785
Performance-based Pay	0	26,197	0	0	0.0	26,197
SB 07-85 Real Estate Appraisals	0	14,471	0	0	0.3	14,471
SB 07-203 Mort Broker EO/Edu	0	68,440	0	0	1.8	68,440
SB 07-216 Mort Broker Good Fth	0	72,357	0	0	1.5	72,357
HB 07-1322 Mort Broker Act	0	104,618	0	0	2.5	104,618
Supplemental: Economy of Scale	0	(86,828)	0	0	(1.8)	(86,828)
Annualize 2007 Special Bills	0	118,183	0	0	2.4	118,183
FY 2007-08 Base Continuation	<u>0</u>	<u>3,049,270</u>	<u>0</u>	<u>0</u>	<u>47.2</u>	<u>3,049,270</u>
1.0 percent Base Reduction	0	(30,493)	0	0	0.0	(30,493)
BA #3: Economy of Scale	0	(120,865)	0	0	(2.5)	(120,865)
Staff Recommendation for FY 2008-09	\$0	\$2,897,912	\$0	\$0	44.7	\$2,897,912

Operating Expenses

Staff recommends an appropriation of \$193,903 cash funds. This recommendation includes an annualized decrease of \$8,487 for legislation passed in 2007 and a decrease of \$4,003 for the budget amendment submitted by the Department reflecting the savings generated from the economy of scale created from the passage of four mortgage broker-related bills.

Commission Meeting Costs

This line item funds per diem, travel, and miscellaneous costs for Real Estate Commission members when they attend meetings. **The Department requests and Staff recommends a continuation appropriation of \$21,925 cash funds for this line item.**

Hearings Pursuant to Complaint

This line item pays for expenses associated with hearings, proceedings and mediations as well as a portion of the cost of cases referred to the Attorney General. Expenses of the Attorney General include costs for expert witnesses, court reporters, transcripts and depositions. **The Department**

requests and Staff recommends a continuation appropriation of \$4,000. Funding for this line is from the Division of Real Estate Cash Fund.

Payments from the Real Estate Recovery Fund

FY 2007-08 Supplemental Request:

The Department requests \$50,000 spending authority, consisting of \$2,653 General Fund and \$47,347 cash funds exempt to make statutorily required payments for Real Estate Recovery. The Department has submitted the request as "new data", pursuant to JBC supplemental criteria. Staff agrees with this determination as future claims against the Real Estate Recovery Fund can not be foreseen.

The General Assembly established the Real Estate Recovery Fund in the early 1970's to provide limited financial recourse for individuals who suffered losses because of willful wrongdoing by real estate brokers. Broker negligence was added as grounds for a claim in the late 1970's but was removed in 1998 when the state started requiring every broker to carry errors and omissions insurance. If a claimant meets the requirements, out-of-pocket losses, court costs and reasonable attorney fees can be recovered. However, payments from the fund are limited to \$50,000 per transaction with a maximum of \$150,000 per broker. For FY 2000-01 through FY 2003-04, the fund paid \$884,000 to 28 claimants, or an average of \$31,500 per claim. The primary revenue source for the fund was a surcharge on real estate broker license renewal fees. The Department of Regulatory Agencies, Division of Real Estate, was required to collect a surcharge on renewal fees if the fund balance is less than \$350,000 on January 1 of any year.

House Bill 05-1284 (Repeal Real Estate Recovery Program) eliminated the Real Estate Recovery Cash Fund and transferred the balance of the fund to the Division of Real Estate Cash Fund and required that remaining claims be paid from the balance transferred to the Division of Real Estate Cash Fund first and then the General Fund. When H.B. 05-1264 was enacted, the projected Recovery Fund balance as of June 30, 2005, was \$504,643. Claims against this transfer are were anticipated to be \$214,961 resulting in net increase of \$289,682 to the Division of Real Estate Cash Fund. To date, these funds from the Division of Real Estate Cash Fund have \$47,347 remaining, however the claim against the fund is for \$50,000, thus \$2,653 must be paid for by General Fund.

Staff recommends the approval of the Department's supplemental request to appropriate \$2,653 General Fund and \$47,347 cash funds exempt spending authority to pay the claim against the Real Estate Recovery Cash Fund.

FY 2008-09 Figure Setting:

The Real Estate Recovery Fund was repealed subject to H.B. 05-1264. This fund supported a program that reimbursed the public for acts of fraud committed by real estate licensees who were unable to pay judgments issued by a civil court. Per the act, moneys were transferred from the Recovery Fund to the Real Estate Cash Fund, however to date these funds have been exhausted and

any further claims will be paid for from the General Fund. **The Department requests and Staff recommends no appropriation for this line item.**

Mortgage Broker Consumer Protection (New Line)

Staff is recommending the addition of this line item to the Long Bill to reflect moneys appropriated through S.B. 07-203, S.B., S.B. 07-216, and H.B. 07-1322 to provide moneys to the Department of Law specific to providing consumer protection in cases involving Mortgage Brokers. **Staff recommends \$265,085 cash funds** for this line item, pursuant to S.B. 07-216.

Indirect Cost Assessment

Staff recommendation for this line is **pending** and Staff seeks permission from the JBC to change this once the final budget for the Department has been determined by the Committee.

(9) DIVISION OF REGISTRATIONS

The Division of Registrations regulates nearly 300,000 licensees in more than 42 professions and occupations throughout Colorado. Its boards and licensing programs have been created by the General Assembly to ensure a basic level of competence among licensees and to protect the public welfare. The Division's licensing examinations measure applicants' knowledge, skills, and abilities. The Division also licenses or approves qualified facilities, programs, and equipment. Public protection is further enhanced by conducting inspections, investigating complaints, and restricting or revoking licenses when generally accepted standards of practice or safety have not been met. The funding source for Division is the Division of Registrations Cash Fund created in Section 24-34-105 (2) (b) (I), C.R.S.

Staff Summary Division of Registrations	FY 2006-07 Actual	FY 2007-08 Appropriation	FY 2008-09 Request	FY 2008-09 Recommend.
Director's Office	3.0	3.4	4.0	4.0
Expedited Settlement	3.0	4.0	4.0	4.0
Examinations	3.0	3.0	3.0	3.0
Complaint Investigations	14.8	13.6	13.6	13.6
Licensing	21.0	21.0	21.0	21.0
Support Services	16.5	16.5	16.5	16.5
Board Personnel - Allied Health & Director Programs	14.0	8.8	8.8	8.7
Board Personnel - Business & Technical Section	54.0	61.3	61.3	61.3
Healthcare Section	28.0	37.9	39.9	39.9
Total	157.3	169.5	172.1	172.0

Decision Item #1 (Board of Medical Examiners Complaint Management FTE)

Decision Item #1 from the Department requests \$72,915 cash funds and 1.0 FTE to hire a General Professional V to manage and expedite high priority and complex complaints received by the Board of Medical Examiners (BME). The BME has been experiencing a backlog in its complaint and disciplinary processes that is causing the Board to fall short of its standards in resolving cases in a timely fashion, thus impacting the Board's ability to protect the public from unprofessional or criminal misconduct.

Background: Medicine is a regulated profession because of the potential harm to the public if an incompetent or impaired physician is licensed to practice. To protect the public from the unprofessional, improper, unlawful, fraudulent and/or incompetent practice of medicine, Colorado law has bestowed upon the BME the jurisdiction to discipline physicians and physician assistants and take legal action against any person practicing medicine without a license to do so.

The Colorado Board of Medical Examiners license physicians, investigate complaints, discipline those who violate the law, conduct physician evaluations and facilitate rehabilitation of physicians where appropriate. By following up on complaints, medical boards give the public a way to enforce basic standards of competence and ethical behavior in their physicians, and physicians a way to protect the integrity of their profession. The BME also adopts policies and guidelines related to the practice of medicine.

The Colorado BME is made up of volunteer physicians and members of the public who are appointed by the governor and paid a nominal stipend for their service. The BME is supported with an administrative staff which includes investigators and licensing staff. The BME is funded directly from physician licensing and registration fees. Obtaining a license to practice medicine in Colorado is a rigorous process. The BME ensures those entering the profession have met predetermined qualifications that include medical school graduation, postgraduate training and passage of a national medical licensing examination. Applicants also must provide details about their work history and reveal information regarding past medical history that may affect their ability to practice. Only those who meet the state's predetermined qualifications are granted permission to practice medicine. After physicians are licensed, they must re-register to continue their active status. During this re-registration process, physicians must demonstrate that they have maintained acceptable standards of professional conduct and medical practice.

Analysis: Currently the BME has a staff of 8.3 FTE, consisting of a Program Director, 2.5 FTE enforcement staff, 2.8 FTE unit management and support, as well as 2.0 FTE licensing and general office support staff. In FY 2006-07 the BME spent \$1.7 million, which includes \$715,000 in personal services, \$98,000 in operating, \$766,000 in legal services, and \$98,000 for hearings. The request from the Department for \$73,000 and 1.0 FTE does not mark a significant increase in resources in terms of the size of the program.

The key driver for the request from the Department is the complexity of cases that are reviewed and investigated by the Board. During the complaint and disciplinary process conducted by the BME's staff, the staff conducts an initial investigation into the allegations by issuing a subpoena for medical records if necessary, receiving a response from the physician licensee (i.e. "respondent"), and

consulting with medical experts as necessary to the particulars of the case. This process is currently handled by 1.5 Administrative Assistant FTE and by 1.0 General Professional II FTE whom triage any cases that appear to be standard priority and those which are of a higher priority (more dangerous allegations) or complex complaints that may pose a greater threat to public safety.

The time frame for this initial investigation varies, which is a function of the complexity of the complaint. More simple complaints require a response from a respondent and then action by the Board, however more complex cases require response from the respondent, but also a number of other iterative fact finding including the use of an expert to review the case in addition to having the Board take action. This can exponentially add to the time required to resolve cases brought forth to the BME.

A key component to the backlog the Board has been experiencing is due to increasing frequency of complex cases and thus, the increased time to resolution. A key factor driving this involves the fact that many physicians receive \$25,000 in legal defense for complaints filed with the BME as a part of their liability insurance coverage, which can disincentivize early resolution to a complaint. The BME requires assistance in the identification of these complex cases, medical expertise, the medical healthcare delivery system, expertise of the legal and tort law system, and the ability to assimilate this information and analyze it expeditiously. In discussions with the Department, Staff has learned that the BME's need for this expertise has been long standing for over three fiscal years, however the program has reached a tipping-point with respect to addressing the case backlog and providing more efficient service delivery.

Based on the Board of Medical Examiner's need to address case backlog, the ever-increasing complexity of cases, and the inherent danger of not controlling any bad actors whom may cause consumer harm due to poor service delivery, **Staff recommends the Department's request for \$72,915 cash funds and 1.0 FTE** to hire a General Professional V to provide the medical expertise, the medical healthcare delivery system, expertise of the legal and tort law system, and the ability to assimilate this information and analyze it expeditiously.

Personal Services (Decision Item #1)

Staff recommends \$10,962,621 and 172.1 FTE, pursuant to committee Common Policy. This appropriation consists of \$8,784,060 cash funds and \$2,178,562 reappropriated funds. This calculation includes 2007 special bills, a distribution for salary survey and performance-based pay awarded in FY 2007-08, and a 1.0 percent base reduction. The following table summarizes the staff recommendation for this line item.

Personal Services - Division of Registrations						
	GF	CF	RF/CFE	FF	FTE	Total
FY 2007-08 Long Bill Appropriation	\$0	\$8,240,363	\$2,139,008	\$0	166.2	\$10,379,371
Salary Survey	0	240,801	43,525	0	0.0	284,326
Performance-based Pay	0	85,714	18,034	0	0.0	103,749
SB 07-107 Landscape Architects	0	85,755	0	0	1.6	85,755

Personal Services - Division of Registrations						
	GF	CF	RF/CFE	FF	FTE	Total
SB 07-137 Plumber App Reg.	0	62,755	0	0	0.7	62,755
SB 07-204 Elect. Rx Monitoring	0	31,267	0	0	1.0	31,267
HB 07-1331 Med. Transparency	0	118,399	0	0	1.0	118,399
Annualize 2007 Special Bills	0	(61,965)	0	0	0.6	(61,965)
FY 2007-08 Base Continuation	<u>0</u>	<u>8,803,089</u>	<u>2,200,567</u>	<u>0</u>	<u>171.1</u>	<u>11,003,657</u>
1.0 percent Base Reduction	0	(88,031)	(22,006)	0	0.0	(110,037)
DI #1: Medical Exam Board FTE	0	69,001	0	0	0.9	69,001
Staff Recommendation for FY 2008-09	\$0	\$8,784,060	\$2,178,562	\$0	172.0	\$10,962,621

Decision Item #2 (License Records Management Funding)

Decision Item #2 is a request from the Department for an increase of \$89,706 cash funds in FY 2008-09 to image an existing backlog of boxes of application records and to provide an annual ongoing funding amount to image records annually. The Department estimates that the backlog reduction will require \$60,075 and the on-going request be \$29,631. The Department is seeking to provide a reliable, secure, and efficient records management process for the documents it is required to receive and retain.

The Division of Registrations regulates over 290,000 licensees within more than 42 professions, occupations, and entities. The Division issued over 28,000 licences in FY 2006-07. The Division is required to permanently retain completed license application documentation and these documents are considered to be permanent due to their legal and informational value. While the number of documents that the Division is required to retain varies from profession to profession, the number of documents in aggregate occupy a large volume of space at the Department's headquarter's location at 1650 Broadway in Denver's Central Business District, that could otherwise be made areas of office productivity or to accommodate work space for Department staff. Further there are numerous boxes of documents scattered throughout the Division's offices and work space cubicles and in some instances were stacked so high as to possibly be at risk of not being in compliance with applicable Occupational Safety and Health Administration (OSHA) guidelines.

The number of licenses issued by the Division of Registrations issued every year continues to grow without corresponding increases in appropriations. Between FY 2001-02 and FY 2006-07, the number of licenses increased by 40.2 percent, or an average increase per year of 6.7 percent. While the Department has sought to out-source its space needs, through the vendor DocuVault at the cost of approximately \$1,200 to store some of its records more space will need to be procured to accommodate this observed increase in the number of licenses issued per year.

A cost-benefit analysis of the request from the Department as compared to the status quo, based on the current leased space rate of \$16.35 per square foot at the Department's 1650 Broadway location

in Denver and an inflationary increase of 3.0 percent per year, the Department will observe a cost beneficial return for the requested investment in Year 13, or FY 2021-22. However given that the Department secured a significantly below-market lease rate for the current space they occupy, a more realistic leased space rate might be \$28.00 per square foot. If, however, significant legislation were passed increasing the number of FTE in the Division, then the need for space to accommodate the increase would necessitate the Department procure space at the going market rate. Based on the same previous assumptions, the Department will observe a cost beneficial return for the requested increase in resources in Year 7, or in FY 2015-16. These estimates are simplified and do not include costs incurred for access to transportation costs incurred between the Division's headquarters and the Docuvault location or other indirect cost drivers.

The Department estimates that it has 225 boxes of documents, each with approximately 3,000 pages within. At the going rate to scan and to quality control these documents from the Department of Personnel and Administration, Division of Central Services, Integrated Document Solutions \$0.089, as well as data storage costs of \$0.01 per megabyte, the cost of housing these documents electronically will be approximately \$62,748, of which \$2,673 would be ongoing for data storage. Further the Department's ongoing costs include an inflationary increase of 7.0 percent in the number of documents in need of scanning in the out-years, thus these costs are estimated to be approximately \$29,994. While staff recognizes a near-term need to factor in these costs Staff expects these costs to diminish as data storage costs decline and more importantly as the Department moves towards a more paperless process to the extent it is able, thus Staff will seek to minimize the currently appropriated resources required to process paper documents into electronic formats over time as is necessary. Therefore, staff recommends the Department's request of \$89,706 cash funds in the FY 2008-09 to reduce the Division of Registrations backlog of documents, increase the amount of space that can otherwise be used for office productivity and work space, and permanently resolve paper storage limits.

Operating Expenses (Decision Items #1 and #2)

Staff recommends an appropriation of \$1,367,967 cash funds. This recommendation includes an increase of \$89,706 cash funds for Decision Item #2(License Records Management), \$3,759 for Decision Item #1 (Medical Board FTE), and an annualized decrease of \$10,310 for legislation passed in 2007.

Hearings Pursuant to Complaint

This line item pays for expenses associated with hearings, proceedings and mediations as well as a portion of the cost of cases referred to the Attorney General. Expenses of the Attorney General include costs for expert witnesses, court reporters, transcripts and depositions. **The Department requests and staff recommends a continuing level of funding of \$307,075 cash funds.**

Payments to Department of Health Care Policy and Financing

Federal regulations require the state to certify nurse aides who work in medical facilities with Medicaid or Medicare patients. The Nursing Board, which is within the Division of Registrations, runs Colorado's nurse aide certification program. Federal matching funds pay half the cost of the medicaid portion of this program, but the Department cannot apply directly for the federal match; Medicaid's centralization rules require that the match be funneled through the Department of Health

Care Policy and Financing. **The Department requests and staff recommends an appropriation of \$14,652**, which equals half the cost of extra investigations performed by the Division. The Division obtains most of this appropriation from an assessment on nursing homes.

Indirect Cost Assessment

Staff recommendation for this line is **pending** and Staff seeks permission from the JBC to change this once the final budget for the Department has been determined by the Committee.

(10) DIVISION OF SECURITIES

The Division of Securities monitors the conduct of broker-dealers and sales representatives throughout Colorado. It also investigates citizen complaints and other indications of investment fraud. In addition to license application screening, Division personnel perform on-site examinations of broker-dealer offices. The Division 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.

All appropriations for the Division are from the Division of Securities Cash Fund.

Staff Summary Division of Securities	FY 2006-07 Actual	FY 2007-08 Appropriation	FY 2008-09 Request	FY 2008-09 Recommend.
Commissioner's Office	2.0	2.0	2.0	2.0
Administration Unit	2.0	2.0	2.0	2.0
Examination Unit	5.8	6.0	6.0	6.0
Enforcement Unit	9.6	10.0	10.0	10.0
TOTAL	19.4	20.0	20.0	20.0

Personal Services

The Department requests and Staff recommends \$1,731,241 cash funds spending authority and 20.0 FTE, pursuant to committee Common Policy. This calculation includes a distribution for salary survey and performance-based pay awarded in FY 2007-08. The following table summarizes the staff recommendation for this line item.

Personal Services - Division of Securities						
	GF	CF	RF/CFE	FF	FTE	Total
FY 2007-08 Long Bill Appropriation	\$0	\$1,684,692	\$0	\$0	20.0	\$1,684,692
Salary Survey	0	46,221	0	0	0.0	46,221
Performance-based Pay	0	17,815	0	0	0.0	17,815
FY 2007-08 Base Continuation	<u>0</u>	<u>1,748,728</u>	<u>0</u>	<u>0</u>	<u>20.0</u>	<u>1,748,728</u>
1.0 percent Base Reduction	0	(17,487)	0	0	0.0	(17,487)
Staff Recommendation for FY 2008-09	\$0	\$1,731,241	\$0	\$0	20.0	\$1,731,241

Operating Expenses (Decision Item #5)

The Department requests and Staff recommends a continuation level of funding of \$47,816 cash funds.

Hearings Pursuant to Complaint

The Department requests and Staff recommends an appropriation of \$19,594 cash funds.

Board Meeting Costs

This line item funds per diem, travel, and miscellaneous costs for the five members of the Colorado Securities Board. **The Department requests and Staff recommends a continuation appropriation of \$4,500 cash funds.**

Securities Fraud Prosecution

The Securities Division refers fraud cases to the Securities Fraud Unit within the Criminal, Justice and Appellate Division of the Department of Law for investigation and criminal prosecution. Monies to pay for prosecutions is appropriated in the Division of Securities and is then transferred to the Department of Law where it appears again as reappropriated funds. The Committee will determine the appropriation for this line during figure setting for the Department of Law. The Department requests \$447,844 cash funds for this line, however **Staff recommendation is pending figure setting for the Department of Law.**

Indirect Cost Assessment

Staff recommendation for this line is **pending** and Staff seeks permission from the JBC to change this once the final budget for the Department has been determined by the Committee.

LONG BILL FOOTNOTE UPDATE

Staff recommends the **discontinuation** of the following footnote to the Department's section of the FY 2007-08 Long Bill.

120 Department of Regulatory Agencies, Executive Director's Office and Administrative Services -- The Department is requested to submit a report to the Joint Budget Committee by October 1, ~~2006~~ 2007 on the Office of Expedited Settlement within the Division of Registrations. The report shall include quantitative measures that can be used to assess the program and a recommendation, based on those measures, to continue, modify or discontinue the program.

Comment: Staff is able to request this information from the Department as needed and does not require a footnote or formal written request for information.