

The following file contains three documents:

- A memorandum to the Joint Budget Committee dated March 17, 2011 regarding updated FTE and funding levels for the Department's informational appropriations in the FY 2011-12 Long Bill, including staff's recommendation.
- A memorandum to the Joint Budget Committee dated March 11, 2011, discussing the Department of Transportation's request for vehicle replacements in FY 2011-12, including staff's recommendations regarding replacement of the vehicles.
- The FY 2011-12 Joint Budget Committee Staff figure setting document for the Department of Transportation, which was presented to the Joint Budget Committee on February 10, 2011.

MEMORANDUM

TO: Joint Budget Committee

FROM: Craig Harper, JBC Staff

SUBJECT: Revenue Update Department of Transportation

DATE: March 17, 2011

In an effort to better align the Long Bill with the Transportation Commission's budget for FY 2011-12, the Department of Transportation is proposing the following adjustments to *informational* appropriations that the Committee approved for the FY 2011-12 Long Bill:

- Reduce the Construction, Maintenance, and Operations appropriation by a total of roughly \$30.0 million, including \$1.9 million cash funds from the Highway Users Tax Fund and \$27.8 million federal funds, to reflect updated revenue estimates for FY 2011-12.
- Add 4.5 FTE to the Construction, Maintenance, and Operations appropriation to reflect decisions already made by the Transportation Commission but not included in the November 1, 2010 budget request.
- Add 1.0 FTE to the informational appropriation for the High Performance Transportation Enterprise (HPTE) to reflect an HPTE Board decision.

The proposed changes reduce the Department's total budget by roughly \$30.0 million and add 5.5 FTE (see table below).

	Current FY 2011-12 Total	Proposed Total
Total	\$1,138,126,883	\$1,108,484,897
FTE	<u>3,315.5</u>	<u>3,321.0</u>
Cash Funds	701,256,193	699,360,251
Reappropriated Funds	4,947,436	4,979,623
Federal Funds	431,923,254	404,145,023

Staff recommends that the Committee approve the proposed changes. Staff also requests flexibility to work with the Department to finalize the Department's reappropriated funds appropriations to reflect the Committee's updated common policies.

MEMORANDUM

TO: Joint Budget Committee

FROM: Craig Harper, JBC Staff

SUBJECT: Department of Transportation Vehicle Replacements for FY 2011-12

DATE: March 11, 2011

The Department is requesting the replacement of 49 vehicles associated with non-appropriated Construction, Maintenance, and Operations line item. Appropriations to this line item are for informational purposes only but the Committee would need to approve the reappropriated funds spending authority in the Department of Personnel and Administration to allow for the vehicle replacements.

Based on common policy instructions, staff's recommendation is based on estimated mileage as of March 1, 2012, with replacement approved for vehicles anticipated to exceed 100,000 miles by that date.

Staff recommends the replacement of all 49 vehicles. Based on prior usage, all of the requested vehicles are expected to exceed 100,000 miles by March 1, 2012, with anticipated mileage ranging from roughly 105,000 to 270,000.

**COLORADO GENERAL ASSEMBLY
JOINT BUDGET COMMITTEE**



**FY 2011-12 STAFF FIGURE SETTING
DEPARTMENT OF TRANSPORTATION**

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

**Prepared By:
Craig Harper, JBC Staff
February 10, 2011**

For Further Information Contact:

Joint Budget Committee Staff
200 E. 14th Avenue, 3rd Floor
Denver, Colorado 80203
Telephone: (303) 866-2061
TDD: (303) 866-3472

**FY 2011-12 Department of Transportation
Figure Setting Table of Contents**

Division	Numbers Pages	Narrative
Administration	1	5
Personal Services	1	7
Operating Expenses	1	8
Miscellaneous Administration Accounts	1	10
Centrally Appropriated Personal Services	1	11
Construction, Maintenance, and Operations	2	13
High Performance Transportation Enterprise	3	13
First Time Drunk Driving Offender Account	3	14
Statewide Bridget Enterprise	3	15
Gaming Impacts	3	15
Department Totals	4	N/A
Footnotes and Requests for Information	N/A	17
Balancing Options	N/A	17

**FY 2011-12 Joint Budget Committee Staff Figure Setting
Department of Transportation**

	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12		
	Actual	Actual	Appropriation	Request	Staff Rec.	Change Request
DEPARTMENT OF TRANSPORTATION						
Donald E. Hunt, Executive Director						

(1) ADMINISTRATION

This line item was created to include the personal services and operating expenses for offices and programs that are the administrative piece of the Transportation Commission's non-appropriated functions. The lines below are included for figure setting purposes. Because the Administration line is a program line, the Department has discretionary flexibility over all amounts within Administration. The Transportation Commission has appropriations authority over both the Administration line and the Construction, Maintenance, and Operations line, and the combined annual request for these lines reflects anticipated revenues to the State Highway Fund, Federal Highways Administration funds, and funds from local governments. The General Assembly sets an appropriated level for the Administration line as a total, and the balance of anticipated highway funds become the appropriation to the Construction, Maintenance, and Operations line.

						<i>% Change Req. vs. Approp.</i>
Administration Personal Services and Operating Expenses	<u>17,182,047</u>	<u>16,570,712</u>	<u>19,837,875</u>	<u>19,666,485</u>	<u>19,205,808</u>	-0.9%
Personal Services	14,884,681	14,162,354	16,421,564	16,250,174	16,219,497	-1.0%
FTE	199.2	196.5	192.5	192.5	192.5	0.0%
Operating Expenses	2,297,366	2,408,358	3,416,311	3,416,311	2,986,311	0.0%
Miscellaneous Administration Accounts						
Statewide Indirect Costs						
State Highway Funds	556,141	116,746	123,805	139,546	139,546	
Legal Services (6,580 hours)	494,158	463,505	482,775	482,775	Pending	
Risk Management - General Insurance	4,125,757	3,292,870	1,042,310	3,335,827	Pending	
Workers' Compensation	<u>387,629</u>	<u>422,041</u>	<u>428,136</u>	<u>500,954</u>	<u>Pending</u>	
Subtotal - Miscellaneous	5,563,685	4,295,162	2,077,026	4,459,102	139,546	114.7%
Centrally Appropriated Personal Services						
Salary Survey Increases	530,595	0	0	0	0	
Performance-based Pay Awards	182,224	0	0	0	0	
Shift Differential	22,686	25,326	20,306	22,105	Pending	

	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12		
	Actual	Actual	Appropriation	Request	Staff Rec.	Change Request
Health/Life/Dental	933,620	1,061,469	1,120,523	1,299,120	997,366	
Short Term Disability	16,296	18,827	20,691	19,972	23,200	
S.B. 04-257 Amortization Equalization Disbursement	210,189	244,901	320,375	391,861	367,006	
S.B. 06-235 Supplemental Amortization Equalization Disbursement	<u>95,878</u>	<u>153,065</u>	<u>233,607</u>	<u>310,337</u>	<u>294,915</u>	
						<i>% Change Req. vs. Approp.</i>
Subtotal - Central Pots	1,991,489	1,503,588	1,715,502	2,043,395	1,682,487	19.1%
Administration - Subtotal	<u>24,737,221</u>	<u>22,369,462</u>	<u>23,630,403</u>	<u>26,168,982</u>	<u>21,027,841</u>	
Personal Services	14,884,681	14,162,354	16,421,564	16,250,174	16,219,497	
Operating & Travel	2,297,366	2,408,358	3,416,311	3,416,311	2,986,311	
Miscellaneous	5,563,685	4,295,162	2,077,026	4,459,102	139,546	
Central Pots	1,991,489	1,503,588	1,715,502	2,043,395	1,682,487	
						<i>% Change Req. vs. Approp.</i>
TOTAL - Administration	24,737,221	22,369,462	23,630,403	26,168,982	21,027,841	10.7%
FTE	199.2	196.5	192.5	192.5	192.5	0.0%
Internal Cash Funding (Print Shop and Vehicle Maint) (CFE/RF)	1,299,800	1,420,390	1,970,349	1,978,254	1,931,632	
FTE	11.8	12.0	15.0	15.0	15.0	
						<i>% Change Req. vs. Approp.</i>
APPROPRIATED LEVEL - ADMINISTRATION	24,737,221	22,369,462	23,630,403	26,168,982	21,027,841	10.7%
FTE	<u>199.2</u>	<u>196.5</u>	<u>192.5</u>	<u>192.5</u>	<u>192.5</u>	0.0%
State Highway Funds (CFE/CF)	23,437,421	20,949,072	21,660,054	24,190,728	19,096,209	11.7%
FTE	187.4	184.5	177.5	177.5	177.5	0.0%
Internal Cash Funds (CFE/RF)	1,299,800	1,420,390	1,970,349	1,978,254	1,931,632	0.4%
FTE	11.8	12.0	15.0	15.0	15.0	0.0%

(2) CONSTRUCTION, MAINTENANCE, AND OPERATIONS

Includes non-appropriated revenues to the Transportation Commission, which consists of eleven members responsible for formulating state policy with respect to the management, construction, and maintenance of state highways and transportation systems; advising and making recommendations relative to transportation policy; and adopting budget and programs. Also includes the Division of Aeronautics, which works with local airports to improve state air transportation planning, operations, and safety. H.B. 06-1244 transferred appropriation authority for the Division of Aeronautics administrative budget from the General Assembly to the Transportation Commission. Totals in this line item represent non-appropriated funds.

	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12		
	Actual	Actual	Appropriation	Request	Staff Rec.	Change Request
Construction and Maintenance & Operations	1,332,550,365	1,113,950,863	933,454,899	1,016,704,523	1,021,799,042	
FTE	<u>3,142.3</u>	<u>3,142.3</u>	<u>3,114</u>	<u>3,122.0</u>	<u>3,122.0</u>	
CF - Local Funds, Aeronautics, LEAF, MOST, Misc.	2,188,880	2,400,735	103,285,658	70,033,983	70,033,983	
CFE/ CF - SHF (HUTF)	821,954,651	675,893,025	458,052,049	511,731,482	516,826,001	
CFE/ RF - Internal Cash Funds & HUTF from Public Safety in 10-11	1,322,928	962,726	3,015,804	3,015,804	3,015,804	
Federal Funds	507,083,906	434,694,377	369,101,388	431,923,254	431,923,254	
(3) HIGH PERFORMANCE TRANSPORTATION ENTERPRISE						
This program was created pursuant to S.B. 02-179 and H.B. 02-1310 and is reflected for informational purposes only.						
High Performance Transportation Enterprise Total	1,558,900	1,726,445	2,500,000	2,500,000	2,500,000	
FTE	<u>1.0</u>	<u>1.0</u>	<u>1.0</u>	<u>1.0</u>	<u>1.0</u>	
Cash Funds - Tolling Cash Funds	1,558,900	1,726,445	2,500,000	2,500,000	2,500,000	
Cash Funds Exempt/RF	0	0	0	0	0	
(4) FIRST TIME DRUNK DRIVING OFFENDER ACCOUNT						
The line item is supported with fees paid to reinstate drivers' licenses following drunk driving convictions and provides funding for increased high visibility drunk driving law enforcement actions undertaken pursuant to H.B. 08-1194.						
First Time Drunk Driving Offender Account - Cash Funds	0	889,747	1,000,000	1,000,000	1,000,000	
(5) STATEWIDE BRIDGE ENTERPRISE						
This section was created in S.B. 09-108 and is funded through the bridge safety surcharge created in that bill.						
Statewide Bridge Enterprise - CF	0	2,377,264	71,831,867	91,800,000	91,800,000	
(6) GAMING IMPACTS - CF						
This program provides for construction and maintenance of roads related to increased traffic in communities with limited gaming activities.						
Gaming Impacts Total	<u>24,029,827</u>	<u>4,363,725</u>	<u>0</u>	<u>0</u>	<u>0</u>	
Cash Funds	24,029,827	4,363,725	0	0	0	
Cash Funds Exempt/RF	0	0	0	0	0	

	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12		
	Actual	Actual	Appropriation	Request	Staff Rec.	Change Request
TOTAL - DEPARTMENT OF TRANSPORTATION APPROPRIATED AND NON-APPROPRIATED						<i>% Change Req. vs. Approp.</i>
DEPARTMENT TOTALS	1,382,876,313	1,145,677,506	1,032,417,169	1,138,173,505	1,138,126,883	10.2%
FTE	<u>3,342.5</u>	<u>3,339.8</u>	<u>3,307.5</u>	<u>3,315.5</u>	<u>3,315.5</u>	0.2%
Cash Funds	873,169,679	708,600,013	658,329,628	701,256,193	701,256,193	6.5%
Cash Funds Exempt/RF	2,622,728	2,383,116	4,986,153	4,994,058	4,947,436	0.2%
Federal Funds	507,083,906	434,694,377	369,101,388	431,923,254	431,923,254	17.0%

DEPARTMENT OF TRANSPORTATION

FIGURE SETTING FOR FY 2011-12

JBC WORKING PAPERS - DECISIONS SUBJECT TO CHANGE

(1) ADMINISTRATION

This line item was created by Section 43-1-113 (2) (III), C.R.S., and includes the salaries and expenses for a variety of offices and programs. This line item is a "program" line, which gives the Department the discretion to move funds from personal services to operating (and vice versa) and also from one program or unit in the line to another without seeking approval from the General Assembly. Statute (Section 43-1-113 (6), C.R.S.) limits the Administration line item expenditures to no more than 5.0 percent of the total Department of Transportation budget.

This line item provides administrative support for more than three thousand FTE that work for the Department statewide. For FY 2011-12, the Department is requesting an appropriation of \$26,168,982 (\$24,190,728 cash funds from the State Highway fund and \$1,978,254 reappropriated funds from internal cash funds) and 192.5 FTE for this line item. This represents an increase of \$2,538,579 (10.7 percent) above the FY 2010-11 appropriation, and is 2.3 percent of the Department's total request, well within the statutory requirement that the Administration line not exceed 5.0 percent of the Department's total budget.

In a change from prior years, staff is not making individual recommendations for each organization within the Administration line item and is instead presenting consolidated recommendations for all of Administration. This document includes specific recommendations for the following components making up the single Administration Long Bill line item: (1) total personal services; (2) total operating expenses; (3) statewide indirect costs; (4) hours of legal services; (5) risk management and general insurance; (6) salary survey; (7) performance-based pay; (8) health, life, and dental insurance; (9) short term disability insurance; (10) amortization equalization disbursement; and (11) supplemental amortization equalization disbursement. Recommendations for the following items are pending the finalization of committee policies: (1) risk management and general insurance; (2) workers' compensation; (3) and shift differential.

Committee-approved Personal Services Calculation. Staff has calculated the recommended continuation appropriation level for the Administration line using FY 2011-12 committee-approved common policies for personal services calculations and operating expenses. Based on the Committee approved common policy, staff uses the Department's FY 2010-11 base appropriation of \$23,630,403 (\$16,421,564 of which is for personal services) and builds the personal services recommendation based on the previously approved Option 8 methodology and including the common policy 2.5 percent adjustment to PERA (Decision Item NP-1). As discussed above, the Committee has not set common policies for several line items. As a result, the staff recommendations for those components of Administration and for the total appropriation for

Administration are still pending. While the numbers pages do show a total for Administration, that funding level will increase with the approval of common policies for the pending items.

Historic Revenue Compared to Appropriations for the Administration Program. Appropriations for the Administration Program have fluctuated with the Department's construction budget, to which the following factors have historically contributed: (1) the General Assembly's commitment of General Fund dollars to highway improvement projects, including through sales and use tax revenues pursuant to S.B. 97-1 (repealed by S.B. 09-228), specific Capital Construction Fund appropriations, and through the two-thirds share of any excess General Fund reserve pursuant to H.B. 02-1310 (repealed by S.B. 09-228); (2) proceeds received via the voter-approved TRANs bonding program; (3) general economic growth/stagnation affecting gasoline consumption and thus fuel tax revenues; and (4) year to year fluctuations in payments for workers' compensation, risk management, salary increases, indirect costs, and health insurance contributions.

**Construction, Maintenance, and Operations Actual Expenditures
Administration Program Line Appropriations**

	FY2005-06	FY 2006-07	FY 2007-08	FY 2008-09	FY 2009-10
C.M.O.	\$1,235,949,603	\$1,388,739,335	\$1,397,903,072	\$1,332,550,365	\$1,113,950,863
Change	N/A	12.4%	0.7%	(4.7)%	(16.4)%
Admin.	\$20,607,122	\$23,909,131	\$23,913,688	\$27,053,735	\$26,152,680
Change	N/A	16.0%	0.0%	13.1%	-3.3%
FTE*	219.7	219.7	219.7	223.2	223.2

*Administration Program Line appropriated FTE.

Current Appropriation vs. Request

	FY 2010-11 Appropriation	FY 2011-12 Request
Construction, Maintenance and Operations	\$933,454,899	\$1,016,704,523
Administration	\$23,630,403	\$26,168,982
FTE (Administration)	192.5	192.5

The table on the following page summarizes staff's recommendations for the components of the Administration program line item. The recommendations for each component are discussed in greater detail below.

Administration "Program Line" Recommendation Summary

	FY 2010-11 Approp. Estimate	Restore FY 2010-11 PERA Cut	1.5% Base Reduction, Staff Initiated, & Common Policy	DI NP-1 (2.5% PERA Reduction)	Staff Recomm.	Dept. Request
Personal Services	\$16,421,564	\$332,891	(\$251,317)	(\$283,641)	\$16,219,497	\$16,250,174
Operating	3,416,311		(430,000)		2,986,311	3,416,311
Statewide Indirect Costs	123,805		15,741		139,546	139,546
Legal Services	482,775				Pending	482,775
Risk Management	1,042,310				Pending	3,335,827
Workers' Compensation	428,136				Pending	500,954
Salary Survey	0				0	0
Performance-based Pay	0				0	0
Shift Differential	20,306				Pending	22,105
Health, Life, Dental	1,120,523		(123,157)		997,366	1,299,120
Short-term Disability	20,691		2,509		23,200	19,972
S.B. 04-257 AED	320,375		46,631		367,006	391,861
S.B. 06-235 SAED	233,607		61,308		294,915	310,337
Administration Total	23,630,403	332,891	(678,285)	(283,641)	21,027,841	26,168,982

The following sections detail staff's recommendations for the various components of the Administration line item.

Administration Personal Services

The personal services component of Administration supports the salaries and some benefits for eleven offices and organizations within the Administration line item (a total of 192.5 FTE appropriated in FY 2010-11 and requested in FY 2011-12). The Department requests a total of \$16,250,174 (\$15,503,246 cash funds from the State Highway Fund and \$746,928 reappropriated funds) for personal services within Administration. The following table shows the Department's allocation of funds among eleven offices within Administration, including actual expenditures for FY 2009-10 and the Department's estimated allocations for FY 2010-11 and FY 2011-12.

Department of Transportation FY 2011-12 Request for Administration Personal Services

Administration Organization	FY 2009-10 Actual	FY 2010-11 Estimate*	FY 2011-12 Est./Request	
			(\$)	FTE
Transportation Commission	\$81,859	\$76,529	\$76,529	1.0
Office of Executive Director	371,536	526,438	526,438	4.0
Government Relations	558,387	638,091	638,091	8.0
Public Relations	577,465	611,319	611,319	7.0
Information Technology	2,839,497	2,792,971	2,792,971	0.0
Financial Management & Budget	949,373	1,168,168	1,226,699	12.0
Accounting Branch	1,340,980	1,676,444	1,676,444	27.0
Chief Eng. & Region Directors	1,463,264	1,594,828	1,594,828	15.0
Motor Pool Operations	42,791	87,140	87,140	2.0
Human Resources/Administration	5,418,151	6,330,016	6,333,989	109.0
Division of Audit	<u>544,377</u>	<u>685,726</u>	<u>685,726</u>	<u>7.5</u>
Total	\$14,187,680	\$16,187,670	\$16,250,174	192.5

*Represents the Department's estimated expenditures as included in the November 2010 budget request.

Staff recommends a total appropriation of \$16,219,497, including \$15,410,856 cash funds from the State Highway Fund and \$808,641 reappropriated funds, calculated pursuant to Committee common policy for personal services. The recommendation is below the request largely because of the committee-approved 1.5 percent base reduction for vacancy savings, which was not requested by the Governor. The following table shows the components of staff's recommendation.

Summary of (1) Administration Personal Services Recommendation						
	TOTAL	GF	CF	RF	FF	FTE
FY 2010-11 Long Bill*	\$16,421,564	\$0	\$15,603,259	\$818,305	\$0	192.5
Restore FY 2010-11 PERA Reduction	332,891	0	318,477	14,414	0	
Decision Item NP-1 - FY 2011-12 PERA Reduction	(283,641)	0	(272,054)	(11,587)	0	
Base reduction (1.5%)	(251,317)	0	(238,826)	(12,491)	0	
Total Recommendation	\$16,219,497	\$0	\$15,410,856	\$808,641	\$0	192.5

*Represents Long Bill "appropriation" as approved by the Joint Budget Committee and General Assembly. Does not reflect Department's current estimate of FY 2010-11 personal services expenditures.

Administration Operating Expenses

This funding supports non-personnel operating expenses for all eleven offices within the

Administration program line item. The Department requests a continuation appropriation of \$3,416,311 for operating expenses, including \$2,284,208 cash funds from the State Highway Fund and \$1,132,103 reappropriated funds, the same level as was appropriated for FY 2010-11. The following table shows the Department's allocation of funding for operating expenses among the various organizations within the Administration line item.

Department of Transportation FY 2011-12 Request for Administration Operating Expenses

Administration Organization	FY 2009-10 Actual	FY 2010-11 Estimate	FY 2011-12 Estimate
Transportation Commission	\$73,158	\$117,602	\$117,602
Office of Executive Director	22,172	68,452	68,452
Government Relations	28,351	61,514	61,514
Public Relations	47,500	133,013	133,013
Information Technology	417,488	328,008	328,008
Financial Management & Budget	17,451	61,709	61,709
Accounting Branch	41,313	95,869	95,869
Chief Eng. & Region Directors	132,629	272,628	272,628
Motor Pool Operations	89,314	327,616	327,616
Human Resources/Administration	1,518,130	1,916,610	1,916,610
Division of Audit	<u>20,852</u>	<u>33,290</u>	<u>33,290</u>
Total	\$2,408,358	\$3,416,311	\$3,416,311

Staff recommends a total appropriation of \$2,986,311 for Administration operating expenses, including \$1,934,208 cash funds from the State Highway Fund and \$1,052,103 reappropriated funds. Staff's recommendation includes the following reductions from the request and the FY 2010-11 appropriation to better align the FY 2011-12 appropriation with anticipated expenditures: (1) \$350,000 cash funds from the State Highway Fund and (2) \$80,000 reappropriated funds.

The Department has reverted significant cash funds spending authority the past two years (see table below). The Department's cash funds revert to the State Highway Fund and are available for construction projects the following year. The cash fund reversions are largely the result of hiring freezes at the Department and management changes to reduce operating expenses (for example, strictly limiting in-state travel). Staff believes that the Department has managed its appropriations responsibly and does not recommend reducing spending authority in an amount equal to the reversions. However, staff does recommend limited reductions to better align appropriations with likely expenditures. The Department has also reverted reappropriated funds spending authority, largely from the garage serving fleet vehicles from other state agencies. Staff recommends the \$80,000 reduction in reappropriated funds spending authority to eliminate that cost center's estimated "empty spending authority."

	FY 2008-09 SHF Reversions	FY 2009-10 SHF Reversions
Personal Services	\$1,342,690	\$2,350,664
Operating Expenses	<u>570,106</u>	<u>1,094,000</u>
Total	\$1,912,796	\$3,444,664

Staff is not recommending reductions to personal services appropriations within Administration because the Department has managed the appropriations responsibly and staff believes the Department should be able to fill necessary vacant positions in the future.

Miscellaneous Administration Accounts

Statewide Indirect Costs

The Department is requesting \$139,546 cash funds from the State Highway Fund for the appropriated share of its statewide indirect cost allocation. While the Department's total statewide indirect cost allocation is \$1,993,515, under the request the Department would pay \$1,853,969 of that total from the non-appropriated Construction, Maintenance, and Operations line item. Starting in FY 2009-10, the Department standardized the allocation of indirect costs between Administration and the Construction, Maintenance, and Operations line according to the distribution of FTE between the line items.

Staff recommends the request, pursuant to Committee policy for this line item.

Legal Services

The Department is requesting an appropriation of \$482,775 for legal services through the Department of Law. This represents a continuation of last year's level, 6,580 hours. Legal Services costs for the Construction, Maintenance, and Operations programs (9,817 hours) and the Division of Aeronautics (35 hours) are funded through the non-appropriated Construction, Maintenance, and Operations line item.

Staff recommends the requested level of 6,580 legal services hours for Administration. The Department's legal services budget is used to defend the Department in personnel issues, against landowners contesting condemnations, and against companies contesting contract awards. Additionally, legal service hours are used defending the Department against environmental lawsuits involving such issues as drinking water contamination by underground storage tanks and by inclement weather road treatments. **The recommended funding level will be incorporated into the line item after the Committee has set hourly rates.**

DEPARTMENT OF TRANSPORTATION, ADMINISTRATION - Legal Services									
	FY 2010-11 Appropriation			FY 2011-12 Request			FY 2011-12 Recommendation		
	Legal Services Hours	Rate	Total	Legal Services Hours	Rate	Total	Legal Services Hours	Rate	Total
Base Budget	6,580	\$73.37	\$482,775	6,580	\$73.37	\$482,775	6,580	TBD	TBD
TOTAL - CFE/CF	6,580	\$75.38	\$482,775	6,580	\$75.38	\$482,775	6,580	TBD	PENDING

Risk Management - General Insurance

The Department is requesting \$3,335,827 for Risk Management and General Insurance costs.

Staff's recommendation is pending the approval of a committee policy for this line item. Staff asks permission to make the corresponding adjustments in the Department's appropriation when the Committee approves this common policy. If staff believes there is reason to deviate from the common policy, staff will appear before the Committee later to present the relevant analysis.

Workers' Compensation

The Department is requesting an appropriation of \$500,954 for Workers' Compensation costs. A majority of the Department's employees are contained in the non-appropriated section of the budget, so this request reflects only a small portion of the Department's total workers' compensation costs.

Staff's recommendation is pending the approval of a committee policy for this line item. Staff asks permission to make the corresponding adjustments in the Department's appropriation when the Committee approves this common policy. If staff believes there is reason to deviate from the common policy, staff will appear before the Committee later to present the relevant analysis.

Centrally Appropriated Personal Services

Salary Survey Increases

The Department is not requesting any salary survey increases for FY 2011-12.

Consistent with the request and with committee policy, staff is not recommending salary survey for FY 2011-12.

Performance-Based Pay Awards

The Department is not requesting any funding for performance-based pay.

Consistent with the request and with committee policy, staff is not recommending any performance-based pay awards for FY 2011-12.

Shift Differential

The Department is requesting \$22,105 for shift differential within Administration.

Staff's recommendation is pending the approval of a committee policy for this line item. Staff asks permission to make the corresponding adjustments in the Department's appropriation when the Committee approves this common policy. If staff believes there is reason to deviate from the common policy, staff will appear before the Committee later to present the relevant analysis.

Health/Life/Dental

The Department requests \$1,299,120 for health, life, and dental insurance costs.

Staff recommends a total appropriation of \$997,366 for health, life and dental insurance costs, including \$953,904 cash funds from the State Highway Fund and \$43,461 reappropriated funds, calculated pursuant to committee policy for this line item.

Short Term Disability

The Department requests \$19,972 for Short Term Disability costs.

Staff recommends an appropriation of \$23,200 for Short Term Disability costs, including \$22,271 cash funds from the State Highway Fund and \$929 reappropriated funds, calculated pursuant to committee policy.

S.B. 04-257 Amortization Equalization Disbursement

The Department requests \$391,861 to fund this PERA-based adjustment.

Staff recommends \$367,006, including \$352,313 cash funds from the State Highway Fund and \$14,692 reappropriated funds, calculated pursuant to committee common policy for this line.

S.B. 06-235 Supplemental Amortization Equalization Disbursement

The Department requests \$310,337 for the supplemental amortization equalization disbursement.

Staff recommends \$294,915, including \$283,109 cash funds from the State Highway Fund and \$11,806 reappropriated funds, calculated pursuant to committee common policy for this line.

Internal Cash Funding

The Administration Division's internal cash funds (classified as reappropriated funds in the Long Bill) are derived from: 1) work performed by the Center for Printing and Visual Communications (the Print Shop) for both Department reproduction and sign production, as well as for similar work performed for other state agencies; and 2) personal services and operating expenses for the multi-agency fleet vehicle work at the Department's garage. The Department is requesting a total of \$1,978,254 reappropriated funds spending authority and 15.0 associated FTE as part of the Administration line item.

Staff recommends a total appropriation of \$1,931,632 in internal cash funds (reappropriated funds) spending authority and 15.0 FTE, including \$808,641 for personal services, \$1,052,103 for operating expenses, and \$70,888 for central appropriations. The amount for centralized appropriations will change with adoption of a committee policy for Shift Differential. Staff asks permission to update the internal cash funds recommendation and appropriation to reflect the Committee's policy on additional line items. This amount includes personal services and operating expenses for the Center for Printing and Visual Communications (Print Shop) and the motor pool operations (multi-agency fleet vehicle maintenance) garage.

(2) CONSTRUCTION, MAINTENANCE AND OPERATIONS

These funds are appropriated by the Transportation Commission. Staff recommends that FTE, funding, and associated letternotes continue to be shown in the Long Bill for informational purposes. This amount will change slightly once all pending items have been finalized by the Committee. The Department's request includes funds totaling \$1,016,704,523 and 3,122.0 FTE for the Construction, Maintenance, and Operations line item, and is based on the following projections by the Department:

1. \$581,765,465 cash funds, including the Department's estimated share of Highway Users Tax Fund revenues, local cash funds (local contributions to state highway projects that are given to the State to accelerate the completion of projects that are high priorities for local governments, and miscellaneous fees and revenues); Division of Aeronautics funding, and other cash fund sources;
2. \$3,015,804 internal cash funds (now classified as reappropriated funds); and
3. \$431,923,254 in anticipated federal funds.

The request continues the implementation of a FY 2010-11 Department of Public Safety decision item that: (1) funds Department of Transportation high visibility drunk driving enforcement activities with HUTF "Off-the-Top" appropriations transferred from the Colorado State Patrol rather than the Law Enforcement Assistance Fund and (2) transfers savings in the Law Enforcement Assistance Fund to the General Fund at the end of FY 2010-11 and at the end of FY 2011-12. Transfers in both years were enacted through H.B. 10-1388.

Staff recommends inclusion of an informational appropriation of \$1,021,799,042 and 3,122.0 FTE for the Construction, Maintenance and Operations line item. This recommendation is based on the Department's projected revenues as included in the November 1, 2010 request. **Staff requests permission to adjust the line item's informational appropriation to reflect the Department's projection of State Highway Fund revenues after accounting for the final appropriation to Administration (including currently pending line items).**

(3) HIGH PERFORMANCE TRANSPORTATION ENTERPRISE

This section, created in S.B. 09-108, replaces the Statewide Tolling Enterprise created pursuant to

S.B. 02-179 and H.B. 02-1310. In addition to taking over the responsibilities of the former Statewide Tolling Enterprise, the High Performance Transportation Enterprise was established to pursue public-private partnerships and other means of completing surface transportation projects, including collecting tolls on existing roadways if such projects are approved by local transportation entities. The section is granted enterprise status as long as it retains the authority to issue revenue bonds and receives less than 10.0 percent of its total revenues from grants from state and local governments. The amounts shown are revenue estimates from the existing toll lanes on Interstate 25. Because the revenues are continuously appropriated to the Department, the amounts are shown in the Long Bill for information purposes only.

For FY 2011-12, the Department requests \$2,500,000 cash funds and 1.0 FTE for the operation of the High Performance Transportation Enterprise. This amount represents the Department's estimate of revenue from the HOV Express Lanes for FY 2010-11.

Staff recommends the Committee reflect the Department's request for an informational appropriation of \$2,500,000 cash funds spending authority and 1.0 FTE for FY 2011-12.

(4) FIRST TIME DRUNK DRIVING OFFENDER ACCOUNT

The General Assembly created the First Time Drunk Driving Offender Account, a subaccount within the Highway Users Tax Fund, with the enactment of H.B. 08-1194. The legislation made the account subject to annual appropriation in the Long Bill, and this line item was created in the FY 2009-10 Long Bill. The line item uses increased fees to reinstate drivers' licenses following drunk driving convictions to fund additional high visibility drunk driving enforcement events. Prior to the passage of H.B. 08-1194, which became effective during FY 2008-09, the Department had conducted an average of seven high visibility events per year which were funded out of DUI fines paid into the Law Enforcement Assistance Fund (LEAF) for the Prevention of Drunken Driving created in Section 43-4-401, C.R.S. House Bill 08-1194 directs the Department to conduct a total of twelve high visibility events per year, an increase of five events per year over the previous average.

For the high visibility events, the Department partners with the Colorado State Patrol and with local law enforcement agencies. The program funds overtime expenses at local law enforcement agencies to increase enforcement efforts for defined periods of time, for example over holiday weekends. Local agencies apply to the Department to receive funding and participate in the program, and the Department targets areas with elevated enforcement needs. Program expenses also include advertising to inform the public of upcoming and ongoing enforcement events in an effort to prevent individuals from driving drunk in the first place, as well as costs to reach out to law enforcement agencies.

For FY 2011-12, the Department requests \$1,000,000 cash funds from the First Time Drunk Driving Offenders Account, equal to the FY 2010-11 appropriation.

Staff recommends the Department's request of \$1.0 million to the First Time Drunk Driving

Offender Account in FY 2011-12.

(5) STATEWIDE BRIDGE ENTERPRISE

This section was created by S.B. 09-108 and is funded through the bridge safety surcharge created by S.B. 09-108. The enterprise's purpose is to facilitate the repair or replacement of bridges rated as in poor condition and as either structurally deficient or functionally obsolete. The enterprise has the authority to issue revenue bonds and borrow funds from the Transportation Commission to be repaid from bridge safety surcharge revenues. The section can maintain enterprise status as long as it retains the authority to issue revenue bonds and receives less than 10.0 percent of its total revenues from grants from state and local governments. Because the revenues are continuously appropriated to the Department, the amounts are shown in the Long Bill for informational purposes only.

For FY 2011-12, the Department requests \$91,800,000 cash funds, reflecting the Department's estimate of revenues to the Statewide Bridge Enterprise.

Staff recommends the Committee reflect the Department's request for an informational appropriation of \$91,800,000 cash funds spending authority for FY 2011-12, reflecting the Department's anticipated revenues for the Bridge Enterprise.

(6) GAMING IMPACTS

Background. Since it began in Colorado in 1991, limited gaming has caused pavement, congestion, and safety problems for highways that were not originally built to support the traffic volumes affecting roads into and surrounding the gaming communities. Gaming communities are found within three transportation regions: Region 1 (Blackhawk/Central City), Region 2 (Cripple Creek), and Region 5 (Southwest Colorado). Pursuant to Section 12-47.1-701 (1) (c) (I), C.R.S., the Department may annually request funds from the Limited Gaming Fund in order to partially pay for highway construction and maintenance in the vicinity of Colorado's gaming communities.

Under Section 43-1-220 (1), C.R.S., gaming funds received by the Department must be used for projects on highways leading to and within 50 miles of a limited gaming community. Section 43-1-220(1), C.R.S., reads as follows:

- (c) (I) The limited gaming fund. The receipts from the limited gaming fund shall be segregated from other receipts paid into the state highway fund.
- (II) In accordance with the provisions of section 12-47-701 (1) (c) (I), C.R.S., the receipts from the limited gaming fund are to be used on public roads and highways leading to and within fifty-mile radius of any limited gaming community for:
 - (A) Any proposed or anticipated transportation needs attributable to limited gaming;
and
 - (B) Any reimbursement for emergency repairs and modifications attributable to limited gaming that the department has performed during the previous fiscal year.

The Department is not requesting Limited Gaming Funds for FY 2011-12.

Staff does not recommend any funding for Gaming Impacts in FY 2011-12.

LONG BILL FOOTNOTES AND REQUESTS FOR INFORMATION

The Department did not have any Long Bill footnotes in FY 2010-11, and staff does not recommend any new footnotes in FY 2011-12.

Staff recommends the continuation of the following request for information.

- 60 Department of Transportation, Administration** -- The Department is requested to complete state budget forms for Administration personal services that provide information for each office or section within the Administration line item. This information should be sufficiently detailed to allow calculation for Option 8 purposes. PERA and Medicare should also be provided by the individual section or office. Additionally, the Department should include subtotals for salary and FTE for each of the offices within the Administration line item information currently supplied.

Staff recommends the **elimination** of the following request for information related to a decision item approved for the FY 2008-09 Long Bill.

- 61 ~~Department of Transportation, Administration~~** -- ~~By August 1, 2010, the Department is requested to provide a report to the Joint Budget Committee regarding the effectiveness of the expansion of the Office of Organizational Learning and Development in reducing turnover and increasing retention of Department staff.~~

Staff recommends continuation of the following request for information (as amended below) to explain the Department's requested changes for the FY 2012-13 budget request.

- 62 Department of Transportation, Administration** -- The Department is requested to submit, with the November 1, 2010 budget request, decision items for any changes made within the Administration program line during either FY ~~2009-10~~ 2010-11 or FY ~~2010-11~~ 2011-12 that the Department wishes to have recognized during the FY ~~2011-12~~ 2012-13 figure setting process.

BUDGET BALANCING OPTIONS

Because the Department receives no General Fund appropriations and the majority of the Department's cash funds are constitutionally protected from transfer to the General Fund, the Department presents limited options to balance a General Fund shortfall. The following option is presented without staff recommendation in order to maximize the Committee's choices. The Committee may wish to consider this option now or in the future.

Options with Revenue Impacts	GF	CF	RF	FF	Total	FTE
2						
First Time Drunk Driving Offender Account						
<p>The Committee could use funds from the First Time Drunk Driving Offender Account (Account) to offset HUTF-eligible General Fund appropriations in the Department of Revenue (primarily driver's license offices). Pursuant to H.B. 08-1194, the General Assembly annually appropriates funds from the Account to the Department to support high visibility drunk driving events such as "The Heat Is On." Section 43-4-901, C.R.S., as enacted in H.B. 08-1194, directs the Department to conduct twelve high visibility events per year. The Department estimates that the Account will have an ongoing fund balance of approximately \$2.1 million which could be used to offset General Fund reductions in the Department of Revenue <i>without impacting current funding levels for drunk driving enforcement</i>. The Committee could also amend statute to reduce the number of high visibility enforcement events and offset additional General Fund appropriations in the Department of Revenue. Through H.B. 11-1161, the Committee is proposing to fully refinance applicable General Fund appropriations in FY 2011-12 with driver's license fee revenues. Should that bill fail, or should the Committee wish to reduce the use of that license fee revenue, funds from the Account would be available.</p>						