

**COLORADO GENERAL ASSEMBLY
JOINT BUDGET COMMITTEE**



**FY 2009-10 STAFF FIGURE SETTING
DEPARTMENT OF TRANSPORTATION**

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

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**FY 2009-10 Department of Transportation
Figure Setting Table of Contents**

Division	Numbers Pages	Narrative
Administration	1	7
Decision Item #2 - Transportation Base Adjustment	N/A	10
Transportation Commission	1	13
Office of the Executive Director	1	14
Office of Government Relations	1	14
Public Relations Office	2	15
Office of Information Technology	2	16
Office of Financial Management & Budget	2	17
Accounting Branch	2	18
Chief Engineer and Region Directors	3	19
Motor Pool Operations for State Fleet Vehicles	3	20
Human Resources and Administration	3	20
Division of Audit	3	21
Miscellaneous Administration Accounts	4	22
Centrally Appropriated Personal Services	4	24
Construction, Maintenance, and Operations	5	25
Gaming Impacts	6	27
Statewide Tolling Enterprise	6	28
First Time Drunk Driving Offender Account (New Line Item)	6	29
Department Totals	6	N/A
Footnotes and Requests for Information	N/A	31
Balancing Options	N/A	32

**FY 2009-10 Joint Budget Committee Staff Figure Setting
Department of Transportation**

	FY 2006-07	FY 2007-08	FY 2008-09	FY 2009-10	FY 2009-10	
	Actual	Actual	Appropriation	Request	Staff Rec.	Change Request
DEPARTMENT OF TRANSPORTATION						
Russell George, 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.

Transportation Commission						
Personal Services	94,218	90,754	98,553	94,205	92,725	DI #2
FTE	1.0	1.0	1.0	1.0	1.0	
Operating Expenses	<u>84,281</u>	<u>101,309</u>	<u>117,602</u>	<u>117,602</u>	<u>117,602</u>	
Subtotal - Transportation Commission	178,499	192,063	216,155	211,807	210,327	
FTE	1.0	1.0	1.0	1.0	1.0	
Office of the Executive Director						
Personal Services	361,161	352,971	366,941	393,226	391,781	DI #2
FTE	3.0	3.0	3.0	3.0	3.0	
Operating Expenses	<u>51,201</u>	<u>59,635</u>	<u>66,452</u>	<u>68,452</u>	<u>68,452</u>	DI #2
Subtotal - Executive Director	412,362	412,606	433,393	461,678	460,233	
FTE	3.0	3.0	3.0	3.0	3.0	
Office of Government Relations (previously Policy)						
Personal Services	471,067	457,603	535,138	589,328	570,829	DI #2, 3, BA #1a
FTE	6.6	6.7	7.0	7.0	7.0	
Operating Expenses	<u>60,913</u>	<u>63,178</u>	<u>41,446</u>	<u>61,514</u>	<u>61,514</u>	DI #2, 3, BA #1a
Subtotal - Office of Government Relations	531,980	520,781	576,584	650,842	632,343	
FTE	6.6	6.7	7.0	7.0	7.0	

	FY 2006-07	FY 2007-08	FY 2008-09	FY 2009-10	FY 2009-10	
	Actual	Actual	Appropriation	Request	Staff Rec.	Change Request
Public Relations Office (previously Public Information)						
Personal Services	492,433	569,510	511,719	617,003	612,223	DI #2
FTE	6.8	7.0	7.0	7.0	7.0	
Operating Expenses	<u>106,897</u>	<u>92,331</u>	<u>138,013</u>	<u>133,013</u>	<u>133,013</u>	DI #2
Subtotal - Office of Public Relations	599,330	661,841	649,732	750,016	745,236	
FTE	6.8	7.0	7.0	7.0	7.0	
Office of Information Technology						
Personal Services	2,836,631	2,680,361	3,044,042	3,336,480	3,229,174	DI #2
FTE	33.0	32.2	30.7	30.7	30.7	
Operating Expenses	<u>318,353</u>	<u>315,212</u>	<u>315,008</u>	<u>328,008</u>	328,008	DI #2
Subtotal - Office of Information Technology	3,154,984	2,995,573	3,359,050	3,664,488	3,557,182	
FTE	33.0	32.2	30.7	30.7	30.7	
Office of Financial Management & Budget						
Personal Services	491,458	1,074,236	607,251	1,264,607	1,179,952	DI #2
FTE	6.0	12.0	12.0	13.0	13.0	
Operating Expenses	<u>18,499</u>	<u>42,033</u>	45,363	61,709	61,709	DI #2
Subtotal - Office of Financial Mgmt. & Budget	509,957	1,116,269	652,614	1,326,316	1,241,661	
FTE	6.0	12.0	12.0	13.0	13.0	
Accounting Branch (formerly Office of Accounting)						
Personal Services	1,894,075	1,550,091	1,896,503	1,685,970	1,598,372	DI #2
FTE	33.0	26.0	27.0	26.0	26.0	
Operating Expenses	<u>90,501</u>	<u>60,032</u>	<u>107,869</u>	<u>95,869</u>	<u>95,869</u>	DI #2
Subtotal - Accounting Branch	1,984,576	1,610,123	2,004,372	1,781,839	1,694,241	
FTE	33.0	26.0	27.0	26.0	26.0	

	FY 2006-07	FY 2007-08	FY 2008-09	FY 2009-10	FY 2009-10	
	Actual	Actual	Appropriation	Request	Staff Rec.	Change Request
Chief Engineer and Region Directors						
Personal Services	1,534,551	1,575,051	1,493,089	1,610,846	1,704,455	DI #2
FTE	15.0	15.6	15.0	15.0	15.0	
Operating Expenses	<u>240,017</u>	<u>207,371</u>	<u>272,161</u>	<u>272,628</u>	<u>272,628</u>	DI #2
Subtotal - Chief Engineer and Region Directors	1,774,568	1,782,422	1,765,250	1,883,474	1,977,083	
FTE	15.0	15.6	15.0	15.0	15.0	
Motor Pool Operations for State Fleet Vehicles (ICF)						
Personal Services	0	0	91,226	82,923	82,923	
FTE	0.0	0.0	2.0	2.0	2.0	
Operating Expenses	<u>0</u>	<u>0</u>	<u>359,616</u>	<u>327,616</u>	<u>327,616</u>	
Subtotal - Motor Pool Operations for State Fleet Vehicles	0	0	450,842	410,539	410,539	
FTE	0.0	0.0	2.0	2.0	2.0	
Human Resources and Administration						
Personal Services	5,628,586	5,267,813	6,022,789	6,786,080	6,810,233	DI #2
FTE	96.3	101.9	111.0	111.0	111.0	
Operating Expenses	<u>1,584,857</u>	<u>1,534,780</u>	<u>1,974,985</u>	<u>1,926,975</u>	<u>1,933,885</u>	DI #2
Subtotal - Human Resources & Administration	7,213,443	6,802,593	7,997,774	8,713,055	8,744,118	
FTE	96.3	101.9	111.0	111.0	111.0	
Division of Audit						
Personal Services	677,091	581,466	751,812	700,696	667,667	DI #2
FTE	7.5	7.3	7.5	7.5	7.5	
Operating Expenses	<u>20,425</u>	<u>26,731</u>	<u>33,290</u>	<u>33,290</u>	<u>33,290</u>	
Subtotal - Division of Audit	697,516	608,197	785,102	733,986	700,957	
FTE	7.5	7.3	7.5	7.5	7.5	

	FY 2006-07	FY 2007-08	FY 2008-09	FY 2009-10	FY 2009-10	
	Actual	Actual	Appropriation	Request	Staff Rec.	Change Request
Continuation of FY 2008-09 Vacancy Savings Reduction as Applied to Program Line				(400,204)	0	
Base Adjustment Decision Item	0	0	0	96,678	Included Above	DI #2
						% Change
SUBTOTAL - Administration	<u>17,057,215</u>	<u>16,702,468</u>	<u>18,890,868</u>	<u>20,284,514</u>	<u>20,373,920</u>	7.9%
Personal Services	14,481,271	14,199,856	15,419,063	16,857,838	16,940,334	9.9%
FTE	208.2	212.7	223.2	223.2	223.2	0.0%
Operating Expenses	2,575,944	2,502,612	3,471,805	3,426,676	3,433,586	-1.1%
Miscellaneous Administration Accounts						
Statewide Indirect Costs						
State Highway Funds	1,590,899	1,142,549	1,042,971	116,932	116,932	DI #2
Legal Services	192,754	463,308	494,158	494,158	Pending	
Risk Management - General Insurance	3,418,635	2,972,394	4,125,758	4,125,758	Pending	
Workers' Compensation	<u>316,968</u>	<u>381,217</u>	<u>387,629</u>	<u>388,211</u>	<u>Pending</u>	
						% Change
Subtotal - Miscellaneous	<u>5,519,256</u>	<u>4,959,468</u>	<u>6,050,516</u>	<u>5,125,059</u>	<u>116,932</u>	-98.1%
Centrally Appropriated Personal Services						
Salary Survey Increases	333,118	477,282	556,185	0	0	BA #2
Performance-based Pay Awards	0	174,685	189,817	0	0	
Shift Differential	33,248	27,756	37,520	25,323	13,878	
Health/Life/Dental	743,728	830,303	968,408	1,306,248	1,306,248	
Short Term Disability	12,565	12,831	18,893	19,186	19,893	
S.B. 04-257 Amortization Equalization Disbursement	0	128,917	232,530	294,081	256,688	
S.B. 06-235 Supplemental Amortization Equalization Disbursement	<u>0</u>	<u>29,350</u>	<u>108,998</u>	<u>183,130</u>	<u>160,430</u>	

	FY 2006-07	FY 2007-08	FY 2008-09	FY 2009-10	FY 2009-10	
	Actual	Actual	Appropriation	Request	Staff Rec.	Change Request
						% Change
Subtotal - Central Pots	1,122,659	1,681,124	2,112,351	1,827,968	1,757,137	-16.8%
Administration - Subtotal	<u>23,699,130</u>	<u>23,343,060</u>	<u>27,053,735</u>	<u>27,237,541</u>	<u>22,247,989</u>	
Personal Services	14,481,271	14,199,856	15,419,063	16,857,838	16,940,334	
Operating & Travel	2,575,944	2,502,612	3,471,805	3,426,676	3,433,586	
Miscellaneous	5,519,256	4,959,468	6,050,516	5,125,059	116,932	
Central Pots	1,122,659	1,681,124	2,112,351	1,827,968	1,757,137	
						% Change
TOTAL - Administration	23,699,130	23,343,060	27,053,735	27,237,541	22,247,989	-17.8%
FTE	208.2	212.7	223.2	223.2	223.2	0.0%
Internal Cash Funding (Print Shop and Vehicle Maint) (CFE/RF)	1,388,791	1,411,922	2,011,252	2,066,604	2,033,135	
FTE	12.6	14.2	15.0	15.0	15.0	
						% Change
APPROPRIATED LEVEL - ADMINISTRATION	23,699,130	23,343,060	27,053,735	27,237,541	22,247,989	-17.8%
FTE	<u>208.2</u>	<u>212.7</u>	<u>223.2</u>	<u>223.2</u>	<u>223.2</u>	0.0%
State Highway Funds (CFE/CF)	22,310,339	21,931,138	25,042,483	25,170,937	20,214,854	-19.3%
FTE	195.6	198.5	208.2	208.2	208.2	0.0%
Internal Cash Funds (CFE/RF)	1,388,791	1,411,922	2,011,252	2,066,604	2,033,135	1.1%
FTE	12.6	14.2	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.

Construction and Maintenance & Operations	1,388,739,335	1,397,903,072	1,261,992,871	830,584,741	816,684,741	BA #1a
FTE	<u>2,797.1</u>	<u>3,027.3</u>	<u>3,127.3</u>	<u>3,142.3</u>	<u>3,142.3</u>	
CF - Local Funds	3,438,193	26,153,509	87,264,138	22,975,518	22,975,518	
CFE/ CF - SHF	959,456,907	910,550,178	727,283,247	456,640,247	442,740,247	
CFE/ RF - Internal Cash Funds	1,145,032	1,291,472	1,912,328	1,912,328	1,912,328	
Federal Funds	424,699,203	459,907,913	445,533,158	349,056,648	349,056,648	

	FY 2006-07	FY 2007-08	FY 2008-09	FY 2009-10	FY 2009-10	
	Actual	Actual	Appropriation	Request	Staff Rec.	Change Request
(3) GAMING IMPACTS - CF						
This program provides for construction and maintenance of roads related to increased traffic in communities with limited gaming activities.						
FTE						
Gaming Impacts Total	<u>104,179</u>	<u>1,181,711</u>	<u>10,127,274</u>	<u>0</u>	<u>0</u>	DI # 1, BA #1b
Cash Funds	0	1,181,711	10,127,274	0	0	
Cash Funds Exempt/RF	104,179	0	0	0	0	
(4) STATEWIDE TOLLING ENTERPRISE						
This program was created pursuant to S.B. 02-179 and H.B. 02-1310 and is reflected for informational purposes only.						
Tolling Enterprise Total	1,075,900	4,726,985	2,560,000	2,500,000	2,500,000	
FTE	<u>0.0</u>	<u>0.3</u>	<u>0.0</u>	<u>1.0</u>	<u>1.0</u>	
Cash Funds - Tolling Cash Funds	0	4,726,985	2,560,000	2,500,000	2,500,000	
Cash Funds Exempt/RF	1,075,900	0	0	0	0	
(5) FIRST TIME DRUNK DRIVING OFFENDER ACCOUNT (New line item requested)						
The Department is requesting the creation of this line item to provide funding for increased high visibility drunk driving law enforcement actions undertaken pursuant to H.B. 08-						
First Time Drunk Driving Offender Account - Cash Funds	0	0	0	2,000,000	1,000,000	DI #2
TOTAL - DEPARTMENT OF TRANSPORTATION APPROPRIATED AND NON-APPROPRIATED						
						% Change
DEPARTMENT TOTALS	1,413,618,544	1,427,154,828	1,301,733,880	862,322,282	842,432,730	-35.3%
FTE	<u>3,005.3</u>	<u>3,240.3</u>	<u>3,350.5</u>	<u>3,366.5</u>	<u>3,366.5</u>	0.5%
Cash Funds	3,438,193	32,062,205	852,277,142	509,286,702	489,430,619	-42.6%
Cash Funds Exempt/RF	985,481,148	935,184,710	3,923,580	3,978,932	3,945,463	0.6%
Federal Funds	424,699,203	459,907,913	445,533,158	349,056,648	349,056,648	-21.7%

DEPARTMENT OF TRANSPORTATION

FIGURE SETTING FOR FY 2008-09

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 the offices and programs that follow. This line item is a "program" line, which gives the Department the discretion to move funds from personal services to operating 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 5.0 percent of the total Department of Transportation budget. While the majority of the Administration line item is funded from the State Highway Fund, if an administrative service is for the direct benefit of a specific highway project, or if it benefits highway construction projects in general, the Department may charge for that administrative service. Thus, construction projects assist in paying the overhead administrative costs those projects incur.

This line item provides administrative support for more than three thousand FTE that work for the Department statewide. The Department is requesting an appropriation of \$27,237,541 (25,170,937 cash funds from the State Highway fund and 2,066,604 reappropriated funds from internal cash funds) and 223.2 FTE for this line item. This represents an increase of \$183,806 (0.7 percent) above the FY 2008-09 appropriation, and is 3.2 percent of the Department's total request. The requested amount remains well within the statutory requirement that the Administration line not exceed 5.0 percent of the Department's total budget.

Committee-approved Personal Services Calculation. Staff has calculated the recommended continuation appropriation level for each unit within the Administration line using FY 2009-10 Committee approved common policies for personal services calculations and operating expenses. Based on the Committee approved common policy, staff uses the Department's FY 2008-09 base appropriation of \$27,053,735 (this amount includes an FY 2008-09 supplemental reflecting savings as a result of the hiring freeze, as the Committee has already approved that change), and builds the personal services line item based on the previously approved Option 8 methodology. To date, the Committee has not set common policies for several line items. As a result, the staff recommendations for those lines 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 remaining line 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, specific Capital Construction Fund appropriations, and through the two-thirds share of any excess General Fund reserve pursuant to H.B. 02-1310; (2) proceeds received via the voter-approved TRANs bonding program; (3) general economic growth/stagnation, which has historically increased the amount of gas tax revenues available for highway purposes and recently decreased due to economic downturns, increases in the price of gasoline, and increases in fuel efficiency; and (4) payments for workers' compensation, risk management, salary increases, indirect costs, and health insurance contributions fluctuate significantly from year to year.

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

	FY2003-04	FY2004-05	FY2005-06	FY 2006-07	FY 2007-08
C.M.O.	\$1,199,448,835	\$1,014,804,710	\$1,235,949,603	\$1,388,739,335	\$1,397,903,072
Change	n/a	-15.4%	21.8%	12.4%	0.7%
Admin.	\$22,541,748	\$21,929,552	\$20,607,122	\$23,909,131	\$23,913,688
Change	n/a	-2.7%	-6.0%	16.0%	0.0%
FTE*	220.7	219.7	219.7	219.7	219.7

* Administration Program Line appropriated FTE.

Current Appropriation vs. Request

	FY 2008-09 Appropriation	FY 2009-10 Request**
Construction, Maintenance, and Operations*	\$1,261,748,574	\$830,584,741
Administration	\$27,358,998	\$27,237,541
FTE (Administration)	223.2	223.2

* This is the FY 2008-09 Long Bill appropriation and does not incorporate current revenue projections for FY 2008-09, which have decline significantly since the Long Bill was enacted. The Department currently anticipates a *total* of approximately \$867.7 million in revenues for FY 2008-09.

** The Department's November 1, 2008 request assumed \$13.9 million in transfers from the General Fund pursuant to S.B. 97-1. The Transportation Commission has since revised its estimates to eliminate the anticipated transfer, which would reduce the Construction, Maintenance, and Operations budget by \$13.9 million. That reduction is not incorporated in the request column because the Department has not submitted a budget amendment to reduce the request.

The table on the following page details the estimated appropriation levels for the Administration program line offices, and the current approved common policy amounts that are included in the calculation of the recommended appropriation for the Administration line item for the Department.

Administration "Program Line" Recommendation Summary

	Base Continuation	Base Reduction at 1.0% (for more than 20FTE)*	Decision Items/ Budget Amendments	Staff Recomm.	Request
Option 8 Calculations:					
Trans. Commission	101,737	(1,017)	(7,995)	92,725	94,205
EDO	383,580	(3,836)	12,037	391,781	393,226
Government Relations	554,098	(5,541)	22,272	570,829	589,328
Public Relations	537,492	(5,375)	80,106	612,223	617,003
Information Technology	3,170,627	(31,706)	90,253	3,229,174	3,336,480
Finance/Budget	656,155	(6,562)	530,359	1,179,952	1,264,607
Accounting	2,006,743	(20,067)	(388,304)	1,598,372	1,685,970
Chief Engineer/Region Directors	1,563,448	(15,634)	156,641	1,704,455	1,610,846
Motor Pool Operations for State Fleet Vehicles	91,226	(912)	0	82,923	82,923
Human Resources and Administration	6,412,475	(64,125)	461,883	6,810,233	6,786,080
Division of Audit	777,591	(7,776)	(102,148)	667,667	700,696
Dept. Assumed Base Reduction	N/A	N/A	0	(Included Above)	(400,204)
Base Adjustment Decision Item	N/A	N/A	0	(Included Above)	96,678
Total Option 8	16,255,172	(162,551)	855,104	16,940,334	16,857,838
Operating				3,433,586	3,426,676
Statewide Indirect Costs				116,932	116,932
Legal Services				Pending	494,158
Risk Management				Pending	4,125,758
Workers' Compensation				Pending	388,211
Salary Survey				0	0
Performance-based Pay				0	0
Shift Differential				13,878	25,323
Health, Life, Dental				1,306,248	1,306,248

	Base Continuation	Base Reduction at 1.0% (for more than 20FTE)*	Decision Items/ Budget Amendments	Staff Recomm.	Request
Short-term Disability				19,893	19,186
S.B. 04-257 AED				256,688	294,081
S.B. 06-235 SAED				160,430	183,130
Administration Total				22,247,989	27,237,541

* Staff applied the 1 percent base reduction to all of the Administration personal services lines. While most of the units within Administration have fewer than 20 FTE, and would be exempted from the base reduction if they were separate line items, the Long Bill line item as a whole has more than 200 FTE.

DECISION ITEM #2: TRANSPORTATION BASE ADJUSTMENT

The Department is requesting a net increase of \$96,678 cash funds from the State Highway Fund as a base adjustment to account for changes made within the Administration program line over the past several years. The Department is also requesting the creation of a new line item for high visibility drunk driving enforcement activities pursuant to H.B. 08-1194, in the amount of \$2 million for FY 2009-10. A discussion of the newly requested drunk driving enforcement line item begins on page 29 of this document.

Background

The General Assembly appropriates funds for the Department's Administration line item each year. Staff makes figure setting recommendations at a detailed level, on an organization or office-specific basis within the Administration line. However, statute (Section 43-1-113(3)(a)) directs that the Long Bill include only one line item for Administration. The use of a program line gives the Department flexibility to address changes in staffing, operating allocations, or professional service contracts by shifting funds between personal services and operating expenses and between different offices as long as it stays within the overall appropriation for the line item in a given fiscal year.

The Department has used the flexibility afforded by the Administration program line to make adjustments and reorganize work within the line item to improve operations and better align operations with statutory requirements. The Department has not historically followed up those adjustments with decision item requests to change the allocation of funds for the following year through the figure setting process. Because JBC staff build figure setting recommendations based on the prior year's figure setting document as adjusted by the Committee and the General Assembly, the Department's changes not requested as decision items have not been accounted for in each year's figure setting document.

Over time, this trend (moves of funds and FTE between organizations within the line item not recognized in the following year's figure setting process) has created a disconnect between figure setting recommendations and the Department's actual expenditures.

Department Request

The Department has highlighted changes to nineteen lines included in the figure setting documents but embedded in the Administration line item in the Long Bill. The net impact of the requested changes (some increasing costs and some decreasing costs for Administration) has created a shortfall of \$96,678 below the amount that would have been appropriated for Administration in FY 2008-09 had those changes been recognized through the figure setting process in prior years. The changes the Department has indicated account for the “shortfall” are shown in the table below:

Line Item	Requested Change
Transportation Commission Staff - personal services	(7,995)
Executive Director’s Office - personal services	12,037
Executive Director’s Office - operating expenses	2,000
Government Relations - personal services	22,272
Government Relations - operating expenses	20,068
Public Relations - personal services	80,106
Public Relations - operating expenses	(5,000)
Information Technology - personal services	90,253
Information Technology - operating expenses	13,000
Financial Management and Budget - personal services	530,359
Financial Management and Budget - operating expenses	17,316
Accounting - personal services	(388,304)
Accounting - operating expenses	(12,000)
Chief Engineer and Regions - personal services	156,641
Chief Engineer and Regions - operating expenses	475
Human Resources and Administration - personal services	461,883
Human Resources and Administration - operating expenses	(41,100)
Audit - personal services	(102,148)
Statewide Indirect Costs - adjustment to allocation to Administration	<u>(753,185)</u>
Net Change to Administration	\$96,678

Staff Analysis

Staff believes that the cause of the disconnect between JBC staff documents and the Department's submissions is a difference in the interpretation of the term "program line." The use of a program line provides the Department with flexibility to make adjustments within a given fiscal year. However, the Department has apparently expected the JBC to incorporate adjustments during figure setting without submitting specific decision items to explain such changes. In contrast, JBC staff has taken the position that the flexibility given by the program line only applies to a given fiscal year and that carrying forward changes would require submitting decision items, as the Department has done this year. Department staff have indicated a willingness to do so in future years to improve the alignment of JBC staff and Department budget documents.

Regarding the specific adjustments cited in the request, the net increase of \$96,678 masks the total increased cost of the Department's adjustments from prior years. The requested adjustment to statewide indirect cost allocations between the appropriated Administration line and the non-appropriated Construction, Maintenance, and Operation line offsets \$753,185 of the increase. Excluding the indirect cost adjustment shows that the Department's changes over the past several years increased costs to the Administration line by \$849,863 relative to the funding provided through the figure setting process.

The adjustments covered in the request have taken place over multiple years and the Department is unable to trace specific reasons for all of the changes. However, the request includes explanations for adjustments resulting in changes of more than \$50,000 to a given organizational line. Below are brief descriptions of several of the largest changes.

The request shows an increase of \$530,359 for personal services and \$17,316 for operating expenses in the Office of Financial Management and Budget (OFMB). The majority of this increase is the result of a transfer of \$484,544 in personal services and \$12,000 in operating (along with 6.0 FTE) from the Accounting Branch in FY 2006-07. The Department made the transfer to better align each office with staff duties. An additional \$50,000 increase is the result of the conversion and upgrade of two temporary positions to become permanent FTE. Another \$50,000 increase is the result of a swap of 2.0 FTE from OFMB for 2.0 FTE from the Construction, Maintenance, and Operations line item. The positions relocated from the Construction line were Budget Analyst V positions and were more expensive than the Accounting Technician III positions that were moved out of Administration. Finally, the surplus \$40,000 generated by the changes discussed above was eliminated through a reduction in contracts and downgraded positions when filling vacancies.

The request shows a decrease of \$400,304 (\$388,304 for personal services and \$12,000 for operating) in the Accounting Branch. The transfer to OFMB discussed above accounts for a reduction of \$484,544 in personal services and the entire \$12,000 in operating. The transfer of personal services funds to OFMB was partially offset by an increase of \$40,000 related to SAP system implementation and \$25,000 related to the reclassification of several positions.

The request shows an increase of \$461,883 in personal services and a reduction of \$41,100 in

operating in the Division of Human Resources and Administration (DHRA). According to the Department, they have repeatedly transferred funds from operating to personal services within DHRA. During figure setting, JBC staff has often reduced the operating amounts to match the request but has not increased personal services funding because there was no decision item making such a request.

Staff recommends that the Committee approve the requested changes. Staff has distributed the changes among affected line items in the summary table on pages 9 and 10 of this document. Staff further recommends that the Committee direct the Department to continue to submit decision items for changes made under the discretion afforded by the program line that the Department wishes to see incorporated during figure setting. Staff has included a request for information at the end of this document asking the Department to submit decision items requesting continuation of adjustments made during FY 2008-09 and FY 2009-10 that the Department wishes to see recognized in the FY 2010-11 budget. The adjustments requested in the decision item are reflected in staff's recommendations for each affected line below.

Transportation Commission

The Transportation Commission consists of 11 members appointed by the Governor and confirmed by the Senate. Staff assist the Commission in their duties to establish policy with regard to highway maintenance, highway construction, adopting Department budgets, managing surface transportation, and influencing state transportation policy.

	FY 2007-08 Actual	FY 2008-09 Appropriation	FY 2009-10 Request	FY 2009-10 Recommendation
General Professional	1.0	1.0	1.0	1.0
Total	1.0	1.0	1.0	1.0

Personal Services

The Department is requesting an appropriation of \$94,205 cash funds from the State Highway Fund and 1.0 FTE for this line. The request includes a reduction of \$7,995 cash funds pursuant to Decision Item #2, discussed above.

Staff recommends \$92,725 and 1.0 FTE. The recommendation was calculated in accordance with Committee policy, including a 1 percent base reduction and including the requested \$7,995 reduction pursuant to Decision Item #2.

Operating Expenses

The Department is requesting a continuation appropriation of \$117,602 for the operating expenses of the Transportation Commission office.

Staff recommends \$117,602 for Transportation Commission operating expenses, calculated in accordance with Committee policy.

Office of the Executive Director

The Executive Director is responsible for all planning and program activities of the Department. This includes working with federal, state, and local agencies to develop, construct, and maintain an integrated, intermodal transportation system.

	FY 2007-08 Actual	FY 2008-09 Appropriation	FY 2009-10 Request	FY 2009-10 Recommendation
Executive Director	1.0	1.0	1.0	1.0
Deputy Director	1.0	1.0	1.0	1.0
Program Assistant	1.0	1.0	1.0	1.0
Total	3.0	3.0	3.0	3.0

Personal Services

The Department is requesting an appropriation of \$393,226 cash funds from the State Highway Fund and 3.0 FTE for the Executive Director's Office. The request includes an increase of \$12,037 cash funds pursuant to Decision Item #2, discussed above.

Staff recommends \$391,781 and 3.0 FTE. The recommendation was calculated in accordance with Committee policy including a 1 percent base reduction and includes an increase of \$12,037 pursuant to Decision Item #2.

Operating Expenses

The request is for an appropriation of \$68,452 cash funds, including an increase of \$2,000 pursuant to Decision Item #2.

The recommendation is for an appropriation of \$68,452, calculated in accordance with Committee policy and including the \$2,000 increase pursuant to Decision Item #2.

Office of Government Relations

The Office of Government Relations was created by the Transportation Commission to assist the Commission and the Executive Director in developing policies and procedures for the Department, including policies related to highway construction and maintenance projects. The Office also coordinates federal and state legislative liaison activities, and provides policy and analytical support for Department decisions.

	FY 2007-08 Actual	FY 2008-09 Appropriation	FY 2009-10 Request	FY 2009-10 Recommendation
Management	1.0	1.0	1.0	1.0
General Professional	1.0	1.0	1.0	1.0

	FY 2007-08 Actual	FY 2008-09 Appropriation	FY 2009-10 Request	FY 2009-10 Recommendation
Budget & Policy Analyst	3.7	4.0	4.0	4.0
Program Assistant	1.0	1.0	1.0	1.0
Total	6.7	7.0	7.0	7.0

Personal Services

The Department is requesting an appropriation of \$589,328 cash funds from the State Highway Fund and 7.0 FTE. The request includes an increase of \$22,272 pursuant to Decision Item #2. The November 1, 2008 request included a decision item seeking additional funding and 1.0 FTE. However, the decision item was withdrawn by Budget Amendment #1a.

Staff recommends \$570,829 and 7.0 FTE, including an increase of \$22,272 pursuant to Decision Item #2. The recommendation was calculated in accordance with Committee policy including a 1 percent base reduction.

Operating Expenses

The Department is requesting an appropriation of \$61,514 for operating expenses. The request includes an increase of \$20,068 pursuant to Decision Item #2. A requested increase pursuant to Decision Item #3 was withdrawn with the submission of Budget Amendment #1a.

Staff recommends \$61,514 for operating expenses, calculated in accordance with Committee policy and including an increase of \$20,068 pursuant to Decision Item #2.

Public Relations Office

This office assists the Executive Director in providing information to and interacting with the media, government officials, and the public, including providing information related to road closures, accidents, weather conditions, and highway construction and delays, and other related information. The office also works closely with the Office of Transportation Safety to publicize safety issues and provide media exposure to important Department campaigns.

	FY 2007-08 Actual	FY 2008-09 Appropriation	FY 2009-10 Request	FY 2009-10 Recommendation
Management	1.0	1.0	1.0	1.0
Administrative Support	3.0	3.0	3.0	3.0
Public Info. Specialist – Gen. Professional	3.0	3.0	3.0	3.0
Total	7.0	7.0	7.0	7.0

Personal Services

The request is for an appropriation of \$617,003 and 7.0 FTE. The request includes an increase of

\$80,106 pursuant to Decision Item #2. The increased costs are associated with moves of FTE between the Construction, Maintenance, and Operations line item and the Public Relations Office in which the FTE counts remained constant but personal services costs for Public Relations increased because the new FTE were paid at a higher level. The Department has also moved resources from operating to personal services for contract services, and while JBC staff has recognized cuts in operating, staff has not increased the personal services appropriation.

Staff recommends \$612,223 and 7.0 FTE for personal services. The recommendation was calculated in accordance with Committee policy including a 1 percent base reduction. The recommendation includes an increase of \$80,106 pursuant to Decision Item #2.

Operating Expenses

The request is for an appropriation of \$133,013 for operating expenses. The request includes a reduction of \$5,000 pursuant to Decision Item #2.

Staff recommends \$133,013 for operating expenses, which was calculated in accordance with Committee policy and includes the requested \$5,000 reduction pursuant to Decision Item #2.

Office of Information Technology

This office was separated out of the Division of Human Resources and Administration to bring it into closer involvement with the Executive Director's Office. This office is responsible for providing the computing communications infrastructure for the Department. This includes providing computing support for the Department's financial management, project engineering, highway maintenance, traffic operations and personnel functions.

	FY 2007-08 Actual	FY 2008-09 Appropriation	FY 2009-10 Request	FY 2009-10 Recommendation
Management	1.0	0.0	0.0	0.0
Prog./Admin. Assistant	3.2	3.7	3.7	3.7
IT Professionals	27.0	27.0	27.0	27.0
Specialists	1.0	0.0	0.0	0.0
Total	32.2	30.7	30.7	30.7

Personal Services

The request is for an appropriation of \$3,336,480 and 30.7 FTE. The request includes an increase of \$90,253 pursuant to Decision Item #2. The majority of the increase related to Decision Item #2 is for contract services that were paid with transfers from operating but not requested as decision items and were therefore not recognized in the figure setting process.

Staff recommends \$3,229,174 and 30.7 FTE for personal services, including an increase of \$90,253 pursuant to Decision Item #2. The recommendation was calculated in accordance with

Committee policy, including a 1 percent base reduction.

Operating Expenses

The request is for an appropriation of \$328,008 for operating expenses and includes an increase of \$13,000 pursuant to Decision Item #2.

Staff recommends \$328,008, which was calculated in accordance with Committee policy. The recommendation includes an increase of \$13,000 pursuant to Decision Item #2.

Office of Financial Management and Budget

This office coordinates the Department's budget process, forecasts revenues, manages federal funds, and prepares the budget for all Department organizations. This office also develops the Statewide Transportation Improvement Plan (STIP), a financially constrained, 5-year state transportation planning document. Finally, this office analyzes pending legislation which has a fiscal impact on the Department.

	FY 2007-08 Actual	FY 2008-09 Appropriation	FY 2009-10 Request	FY 2009-10 Recommendation
Management	2.0	2.0	2.0	2.0
General Professional	1.0	1.0	0.0	0.0
Accountant	2.0	2.0	2.0	2.0
Budget/ Policy Analyst	5.0	5.0	7.0	7.0
Prog./Admin. Assistant	2.0	2.0	2.0	2.0
Total	12.0	12.0	13.0	13.0

Personal Services

The request is for an appropriation of \$1,264,607 and 13.0 FTE. The request includes an increase of \$530,359 pursuant to Decision Item #2. The increase related to Decision Item #2 is largely the result of a transfer of personnel and funds from the Accounting Branch to better align staff with responsibilities.

Staff recommends \$1,179,952 and 13.0 FTE. The recommendation was calculated in accordance with Committee policy including a 1 percent base reduction. The recommendation includes an increase of \$530,359 pursuant to Decision Item #2.

Operating Expenses

The request is for an appropriation of \$61,709 for operating expenses, including an increase of \$17,316 pursuant to Decision Item #2 resulting from the transfer of personnel from the Accounting Branch.

Staff recommends an appropriation of \$61,709, calculated in accordance with Committee policy

and including an increase of \$16,346 pursuant to Decision Item #2. According to staff's calculations, \$16,346 is the increase required to achieve the requested level of funding from the Committee-approved appropriation in the FY 2008-09 figure setting document.

Accounting Branch

The Office of Accounting used to be part of the Human Resources and Administration Division. Starting with FY 2007-08, the Department reorganized and moved 6.0 FTE from the Accounting Office to the Office of Financial Management and Budget, renaming the Office of Accounting as the Accounting Branch. The reorganization has not changed the functions of the office. It is responsible for timely and accurate payments to public and private vendors. In addition, the office is responsible for expeditious billing and collection of all receivables due to the Department, including reimbursements to the State from the federal and local governments for highway construction.

	FY 2007-08 Actual	FY 2008-09 Appropriation	FY 2009-10 Request	FY 2009-10 Recommendation
Controller	2.0	1.0	2.0	2.0
Accountant	9.5	9.5	9.5	9.5
Accounting Technician	11.0	11.0	11.0	11.0
General Professional	0.5	0.5	0.5	0.5
Administrative Support	3.0	5.0	3.0	3.0
Total	26.0	27.0	26.0	26.0

Personal Services

The request is for an appropriation of \$1,685,970 and 26.0 FTE. The request reflects a reduction of \$388,304 and 1.0 FTE pursuant to Decision Item #2 as a result of a transfer of 7.0 FTE to the Office of Financial Management and Budget since FY 2006-07.

Staff recommends \$1,598,372 and 27.0 FTE. The recommendation was calculated in accordance with Committee policy, including a 1 percent base reduction. The recommendation includes the requested reduction of \$388,304 and 1.0 FTE pursuant to Decision Item #2.

Operating Expenses

The request is for an appropriation of \$95,869 for operating expenses and includes a reduction of \$12,000 pursuant to Decision Item #2.

Staff recommends \$95,869, calculated in accordance with Committee policy and including the requested \$12,000 reduction pursuant to Decision Item #2 for resources transferred to the Office of Financial Management and Budget.

Chief Engineer and Region Directors

The Chief Engineer, the Deputy Engineer, the six Regional Transportation Directors, and related clerical and administrative assistants are contained in this program office. These staff direct all design, construction, and maintenance activities, as well as interacting with various federal, state, local, and private organizations to accomplish program goals and responsibilities.

	FY 2007-08 Actual	FY 2008-09 Appropriation	FY 2009-10 Request	FY 2009-10 Recommendation
Chief & Deputy Engineers	2.0	2.0	2.0	2.0
Regional Transportation Directors	6.0	6.0	6.0	6.0
Administrative Support	7.0	7.0	7.0	7.0
Fleet Vehicle Mechanics*	<u>0.0</u>	<u>2.0</u>	<u>0.0</u>	<u>0.0</u>
Total	15.0	17.0	15.0	15.0

*The request moves the fleet vehicle mechanics to a new organization, "Motor Pool Operations for State Fleet Vehicles," which is discussed below.

Personal Services

The request is for \$1,610,846 and 15.0 FTE for Highway Administration. The request includes a move of \$91,226 reappropriated funds and 2.0 FTE to a newly created organization, "Motor Pool Operations for State Fleet Vehicles," which is discussed below. The request also includes an increase of \$156,641 pursuant to Decision Item #2. According to the request, the Department has increased personal services costs for engineers and executives in this organization faster than centralized POTs increases would allow. For example, the request states that state executive services contracts have "on occasion received increases as high as 5 percent in years when salary survey ranged from 2 percent to 4 percent."

The staff recommendation is \$1,704,455 and 15.0 FTE. The recommendation was calculated in accordance with Committee policy including a 1 percent base reduction. The recommendation moves funding and FTE associated with the motor pool operations work to the new organization, as requested. The recommendation also includes an increase \$156,641 pursuant to Decision Item #2. Staff finds the historic payment of raises so far in excess of salary survey problematic because the Department did not request those increases through decision items but believes that such issues would be better addressed going forward rather than taking retroactive cuts that could damage the Department's engineering and regional leadership.

Operating Expenses

The request is for an appropriation of \$272,628 for operating expenses. The request moves \$327,616 reappropriated funds associated with the motor pool operations for state fleet vehicles to the new organization and also includes an increase of \$475 pursuant to Decision Item #2.

Staff recommends \$272,628 for operating expenses, pursuant to Committee policy. The

recommendation includes the reduction of \$327,616 for the transfer of motor pool operations to the new organization and the requested increase of \$475 pursuant to Decision Item #2.

Motor Pool Operations for State Fleet Vehicles

The Motor Pool Operations for Fleet Vehicles organization was created with the General Assembly’s approval of a budget amendment in the FY 2008-09 Long Bill. Personnel under this line service state fleet vehicles for other agencies at the Department’s garage and thus collect revenue from the other agencies. The organization's funds are classified as reappropriated funds.

	FY 2007-08 Actual	FY 2008-09 Appropriation	FY 2009-10 Request	FY 2009-10 Recommendation
Fleet Vehicle Mechanics	0.0	0.0	2.0	2.0
Total	0.0	0.0	2.0	2.0

Personal Services

The request is for \$82,923 and 2.0 FTE. For FY 2008-09, funds and staff were originally included in the Chief Engineer and Region Directors organization. However, for ease of comparison, staff has reflected the FY 2008-09 appropriation in the newly requested line in the attached numbers pages.

Staff recommends the Department's request of \$82,923 reappropriated funds.

Operating Expenses

The request is for an appropriation of \$327,616 reappropriated funds for operating expenses. The request includes a reduction of \$32,000 to annualize the budget amendment creating the organization.

Staff recommends \$327,616 reappropriated funds, calculated in accordance with Committee policy.

Human Resources and Administration

This Division is responsible for internal services including procurement, administrative services, personnel, reproduction, Equal Opportunity hiring, Equal Opportunity Business programs, Americans with Disabilities Act programs, and operating and maintenance of Department buildings and facilities.

	FY 2007-08 Actual	FY 2008-09 Appropriation	FY 2009-10 Request	FY 2009-10 Recommendation
Director's Office	2.9	4.0	4.0	4.0

	FY 2007-08 Actual	FY 2008-09 Appropriation	FY 2009-10 Request	FY 2009-10 Recommendation
Printing and Visual Communications	14.2	13.0	13.0	13.0
Procurement	11.2	12.0	12.0	12.0
Administrative Services	8.8	11.0	11.0	11.0
Human Resources	27.8	28.0	28.0	28.0
Center for Equal Opportunity	6.3	5.5	5.5	5.5
Facilities Management	27.3	29.5	29.5	29.5
Organizational Learning & Development	5.3	8.0	8.0	8.0
Total	103.8	111.0	111.0	111.0

Personal Services

The request is for an appropriation of \$6,786,080 and 111.0 FTE. The Division of Human Resources and Administration includes the Center for Printing and Visual Communications, which provides reproduction services, issuance of RFPs and design plans to support the construction program, and the making of road signs. Since this work is done for various programs within the Department, as well as for other state agencies, the print shop is entirely funded with internal cash funds (reappropriated funds). The request includes an increase of \$461,883 related to Decision Item #2. As discussed above, the Department attributes the increases to repeated shifts of resources from operating to personal services over several years, where the reduction to operating was sometimes recognized by JBC staff but the increases to personal services were not.

Staff recommends \$6,810,233 and 111.0 FTE. The recommendation was calculated in accordance with Committee policy including a 1 percent base reduction. The recommendation includes an increase of \$461,883 associated with Decision Item #2.

Operating Expenses

The request is for an appropriation of \$1,926,975 for operating expenses. The request includes a reduction of \$41,100 related to Decision Item #2.

Staff recommends \$1,933,885, calculated pursuant to Committee policy and including the \$41,100 reduction associated with Decision Item #2.

Division of Audit

The Division of Audit is responsible for performing internal audits, external audits on persons entering into contracts with the Department, financial audits, audits required by the federal government, performance audits, and special studies as requested by the Transportation Commission. Under Section 43-1-106 (12) (e), C.R.S., this Division reports directly to the Transportation

Commission.

	FY 2007-08 Actual	FY 2008-09 Appropriation	FY 2009-10 Request	FY 2009-10 Recommendation
Audit Manager	1.0	1.0	1.0	1.0
Auditors	5.5	5.5	5.5	5.5
IT Professional	0.7	1.0	1.0	1.0
Administrative Support	0.0	0.0	0.0	0.0
Total	7.2	7.5	7.5	7.5

Personal Services

The request is for an appropriation of \$700,696 and a continuing level of 7.5 FTE. The request includes a reduction of \$102,148 related to Decision Item #2. The reduced funds were moved to operating expenses, and the reduction to personal services was not recognized in the figure setting process.

Staff recommends \$667,667 and 7.5 FTE. The recommendation was calculated in accordance with Committee policy including a 1 percent base reduction and the reduction associated with Decision Item #2.

Operating Expenses

The request is for a continuation appropriation of \$33,290 for operating expenses.

Staff recommends a continuation appropriation of \$33,290 for operating expenses, calculated in accordance with Committee policy.

Miscellaneous Administration Accounts

Statewide Indirect Costs

The Department is requesting \$116,932 State Highway Funds for the appropriated share of its statewide indirect cost allocation. While the Department's total statewide indirect cost allocation is \$1,670,462, under the request the Department would pay \$1,553,530 of that total from the non-appropriated Construction, Maintenance, and Operations line item. As part of Decision Item #2, discussed above, the Department is proposing to standardize the allocation of indirect costs between Administration and the Construction, Maintenance, and Operations line according to the distribution of FTE between the line items.

The Department's allocation of indirect costs between lines has fluctuated in the past, including within a given fiscal year, when the Department has made changes that required additional funding within the Administration line item and has not requested such resources through a supplemental. For example, by increasing the share of indirect costs paid by the Construction, Maintenance, and

Operations line item within a given year, the Department has freed up funds within the Administration budget that the General Assembly expected to pay statewide indirect costs. In some cases, the Department has used those funds to cover increased costs within the Administration line item resulting from Departmental decisions without approval by the General Assembly.

Staff recommends funding the Department’s request for \$116,932 cash funds for the appropriated share of statewide indirect costs. This total reflects the Committee policy based on the statewide indirect cost allocation plan for FY 2009-10. **Staff further recommends that the Committee approve the Department's proposal to standardize the allocation of indirect costs between the Department's line items.** A consistent mechanism to allocate indirect cost responsibilities between the appropriated and non-appropriated line items will improve the transparency of the Administration budget.

Legal Services

The Department is requesting an appropriation of \$494,158 for legal service hours. 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 included in the Transportation Commission controlled Construction, Maintenance, and Operations line.

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 2008-09 Appropriation			FY 2009-10 Request			FY 2009-10 Recommendation		
	Legal Services Hours	Rate	Total	Legal Services Hours	Rate	Total	Legal Services Hours	Rate	Total
Base Budget	6,580	\$75.10	\$494,158	6,580	\$75.10	\$494,158	6,580	TBD	TBD
TOTAL - CFE/CF	6,580	\$75.10	\$494,158	6,580	\$75.10	\$494,158	6,580	TBD	PENDING

Risk Management - General Insurance

The Department is requesting \$4,125,758 for Risk Management and General Insurance costs.

Staff recommendation is pending the approval of a Committee policy for this line item.

Workers' Compensation

The Department is requesting an appropriation of \$388,211 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 recommendation is pending the approval of a Committee policy for this line item.

Centrally Appropriated Personal Services

Salary Survey Increases

The Department is not requesting any salary survey increases for FY 2009-10.

Consistent with the request and with Committee policy, staff is not recommending salary survey for FY 2009-10.

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 2009-10.

Shift Differential

The request is for \$25,323 for shift differential.

Staff recommends \$13,878 for shift differential, calculated in accordance with Committee policy to fund shift differential at 50 percent of the FY 2007-08 actual level.

Health/Life/Dental

The request is for an appropriation of \$1,306,248 for health, life, and dental insurance costs.

Staff recommends an appropriation of \$1,306,248 for the Health, Life, and Dental Insurance amount contained in the Administration Program line. This is pursuant to previously approved Committee policy for this line.

Short Term Disability

The request is for \$19,186 to provide for Short Term Disability costs.

Staff recommends an appropriation of \$19,893 for Short Term Disability costs. This recommendation was calculated using Committee policy for short-term disability costs.

S.B. 04-257 Amortization Equalization Disbursement

The request is for an appropriation of \$294,081 to fund this PERA-based adjustment.

Staff recommends \$256,688 pursuant to Committee common policy for this line.

S.B. 06-235 Supplemental Amortization Equalization Disbursement

The request is for an appropriation of \$183,130 for the supplemental amortization equalization disbursement.

Staff recommends \$160,430 pursuant to Committee common policy for this line.

Internal Cash Funding

This line represents internal funds derived from work performed by the Center for Printing and Visual Communications for both Department reproduction and sign production, as well as for similar work performed for other state agencies. The line also includes personal services and operating expenses for the multi-agency fleet vehicle work at the Department's garage, now placed under the newly requested Motor Pool Operations for State Fleet Vehicles line, discussed above. The Department is requesting \$2,066,604 internal cash funds (reappropriated funds) and 15.0 FTE of Administration Program costs be funded through internal cash funding.

Staff recommends a total appropriation of \$2,033,135 in internal cash funds (reappropriated funds) spending authority and 15.0 FTE, including \$901,032 for personal services and \$1,132,103 for operating expenses. 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. The specific recommendations for the multi-agency garage are discussed in greater detail above.

(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 once all pending items have been finalized by the Transportation Commission, and will reflect the most recent revenue estimates available. The final Transportation Commission approved budget will be adopted in April. The November 1, 2008 request includes funds totaling \$830,584,741 and 3,142.3 FTE for the Construction, Maintenance, and Operations line item, and is based on the following projections by the Department:

1. \$22,975,518 local cash funds
2. \$456,640,247 cash funds (formerly cash funds exempt) per estimated share of the Highway User's Tax Fund
3. \$1,912,238 internal cash funds (now classified as reappropriated funds)
4. \$349,056,648 in anticipated federal funds

The local cash funds are from local contributions to state highway projects, and are given to the State to accelerate the completion of a project which is of high priority to a local government. Cash funds are also generated by miscellaneous fees and revenues.

The Department's estimates of total revenues in FY 2009-10 have changed significantly since the November 1, 2008 submission. Based on revised estimates of transfers from the General Fund pursuant to S.B. 97-1 and H.B. 02-1310, the Transportation Commission's approved FY 2009-10 budget currently includes \$848.5 million in *total* revenues for all line items, a reduction of \$13.9 million from the request level shown in the numbers pages.

Staff recommends inclusion of an informational appropriation of \$816,684,471 and 3,142.3 FTE for the Construction, Maintenance and Operations line item. This recommendation is based on the Department's projected revenues as included in the Transportation Commission's official budget proposal for FY 2009-10, including revised estimates of revenues resulting from S.B. 97-1 and H.B. 02-1310. The revised estimates eliminate all transfers from the General Fund in FY 2009-10, and staff's recommendation eliminates the \$13.9 million difference to better align the Long Bill appropriation with the Department's current revenue forecasts.

Below are two tables summarizing the December 2008 Legislative Council and OSPB Revenue Forecasts. Staff notes that the two forecasts illustrate the difference in assumption methodology.

Based on LCS Forecast*
December 2008 Revenue Estimate
Transportation Funding (GF Diversions)
Five Year Projection
(in millions)

	08	09	10	11	12	Totals
Capital**	\$20.0	\$9.0	\$0.0	\$0.0	\$0.0	\$29.0
S.B. 97-1	238.1	0.0	0.0	233.9	245.8	717.8
Gaming***	14.3	10.1	0.0	0.0	0.0	24.4
H.B. 02-1310	166.1	27.7	1.2	0.0	79.4	274.4
Totals	\$438.5	\$46.8	\$1.2	\$233.9	\$325.2	\$1,045.6

* Taken from JBC staff January 20, 2009 Memo: "Supplemental Requests for FY 2008-09: Overview of Supplemental Requests". Based on Legislative Council December 2008 Revenue Estimate. The estimate includes bills passed during the 2008 Session, Governor's actions, 2008 1331 Supplemental Requests, and January 2009 Supplemental Requests.

** H.B. 08-1376 transferred \$9 million from the General Fund Exempt Account to the Capital Construction Fund in FY

2008-09. Staff has not included amounts for years beyond FY 2008-09 because the General Assembly makes a determination on a year-by-year basis.

*** Pursuant to Section 12-47.1-701 (c) (I), C.R.S., the General Assembly shall determine and appropriate an amount as a separate line item to be transferred to the State Highway Fund for Gaming Impacts. Staff has included the amounts appropriated for FY 2007-08 and FY 2008-09. Staff has not included an amount for each year after FY 2008-09 because the Department is not requesting limited gaming funds for FY 2009-10 and the General Assembly makes a determination on a year-by-year basis.

Based on OSPB Forecast*
December 2008 Revenue Estimate
Transportation Funding (GF Diversions)
Five Year Projection
(in millions)

	08	09	10	11	12	Totals
Capital**	\$20.0	\$20.0	\$0.0	\$0.0	\$0.0	\$40.0
S.B. 97-1	238.1	0.0	0.0	0.0	0.0	238.1
Gaming***	14.3	10.1	0.0	0.0	0.0	24.4
H.B. 02-1310	27.9	0.0	0.0	0.0	0.0	27.9
Totals	\$300.3	\$30.1	\$0.0	\$0.0	\$0.0	\$330.4

* Taken from OSPB staff December 19, 2008 Memo: "December 2008 Revenue Forecast".

** H.B. 08-1376 transferred \$9 million from the General Fund Exempt Account to the Capital Construction Fund in FY 2008-09. Staff has not included amounts for years beyond FY 2008-09 because the General Assembly makes a determination on a year-by-year basis.

*** Pursuant to Section 12-47.1-701 (c) (I), C.R.S., the General Assembly shall determine and appropriate an amount as a separate line item to be transferred to the State Highway Fund for Gaming Impacts. Staff has included the amounts appropriated for FY 2007-08 and FY 2008-09. Staff has not included an amount for each year after FY 2008-09 because the Department is not requesting limited gaming funds for FY 2009-10 and the General Assembly makes a determination on a year-by-year basis.

(3) 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 50 percent share of the Limited Gaming Fund year-end balance that is transferred to the General Fund, in order to partially pay for highway construction and maintenance in the vicinity of Colorado's gaming communities. Under Section 12-47.1-701 (5) (b), C.R.S., the General Fund share not otherwise appropriated now transfers to the Clean Energy Fund created in Section 24-75-1201 (1), C.R.S.

In 1994 the General Assembly enacted S.B. 94-60 (later amended by S.B. 97-27) in order to be able

to provide additional funding for limited gaming related road repairs. The enacted legislation allows the Department of Transportation to annually request Limited Gaming Funds for transportation needs attributable to limited gaming. Under Section 43-1-220 (1), C.R.S., such funds 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 2009-10. The original FY 2009-10 decision item requesting \$10.4 million was withdrawn by Budget Amendment #1b.

Staff does not recommend any funding for Gaming Impacts in FY 2009-10.

(4) STATEWIDE TOLLING ENTERPRISE

This is a line item added for the Department in the FY 2003-04 Long Bill in order to reflect the newly created division's funding for informational purposes. Funds are not subject to legislative appropriation.

This program was established pursuant to S.B. 02-179 and H.B. 02-1310. Under the program, the Department is authorized to create a Statewide Tolling Authority in order to oversee the finance, construction, operation, and maintenance of additional highway capacity. The Transportation Commission established this body on August 15, 2002, as a division within the Department. Under the provisions of this legislation, the Transportation Commission serves as the board of the authority, which is granted enterprise status as long as it retains the authority to issue revenue bonds and receives less than 10 percent of its total revenues from grants from state and local governments. The Department indicates that tolling projects will be identified through the statewide transportation planning process.

The legislation created the Statewide Tolling Enterprise Special Revenue Fund for the deposit of tolls and other revenue. The revenue fund is continuously appropriated to the Tolling Enterprise and may only be used to pay for the administration, planning, financing, construction, operation, maintenance, or repair of toll highways or to pay for the Enterprise's operating costs and expenses.

In September 2002, the Commission authorized a \$1,000,000 transfer from the State Highway Fund

to establish the Tolling Enterprise Operating Fund for the start-up costs of the enterprise. The majority of these funds have been used to fund a Traffic and Revenue Feasibility Study for potential toll projects, and for individual corridor environmental studies that coincide with the Feasibility Study. In addition, the funds have been used for staff time, a financial advisory contract, and legal services costs.

For FY 2005-06, the authority requested and was granted a second transfer of \$2,000,000 from the Transportation Commission. These funds were used to begin the procurement process for a toll collection system and construction for converting existing High Occupancy Vehicle (HOV) lanes along I-25 to High Occupancy Toll (HOT) lanes. The North I-25 HOT lanes opened to the public in June of 2006.

For FY 2009-10, the Department requests \$2,500,000 cash funds and 1.0 FTE for the operation of the Statewide Tolling Enterprise. This amount represents the Tolling Enterprise's estimate of revenue from the HOV Express Lanes for FY 2009-10.

Staff recommends the Committee reflect the Department's request for \$2,500,000 cash funds spending authority and 1.0 FTE for FY 2009-10. Staff notes that these funds and the 1.0 FTE will be listed for information only.

(5) FIRST TIME DRUNK DRIVING OFFENDER ACCOUNT (NEW LINE ITEM)

The Department is requesting the creation of a new legislatively appropriated line item for the First Time Drunk Driving Offender Account created by H.B. 08-1194. The bill increases fees to reinstate a driver's license following a drunk driving conviction and deposits the additional fee revenue into the First Time Drunk Driving Offender Account (a separate account within the HUTF that is created by the bill) 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. H.B. 08-1194 requires the Department 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.

Need for New Line Item

H.B. 08-1194 included an appropriation clause providing \$2 million to the Construction, Maintenance, and Operations line item in FY 2008-09. The fiscal note anticipated continued expenditures at that level annually, and the funds are subject to legislative appropriation. However, because the Construction line item is continuously appropriated to the Department and controlled by the Transportation Commission, the Department argues that the line should not include any funding that is legislatively appropriated. In addition, the drunk driving enforcement activities do not fit under the statutory definition of administration. Thus, as the General Assembly did with the legislatively appropriated Gaming Impacts line item, the Department is requesting the creation of an additional line item.

If the Committee wishes to continue to fund additional drunk driving enforcement events pursuant to H.B. 08-1194, then staff recommends that the Committee approve the request to create a new line item for the First Time Drunk Driving Offenders Account, as requested by the Department.

Funding Amount

As mentioned above, the fiscal note for H.B. 08-1194 anticipated continued expenditures of \$2 million per year for the additional high visibility enforcement events in FY 2009-10 and going forward. The bill requires the Department to conduct a total of 12 high visibility events per year, which would require an additional five per year as a result of this bill.

According to the Department, each event has historically cost between \$200,000 and \$250,000. Thus, the \$2 million per year anticipated in H.B. 08-1194 would fund *at least eight* additional enforcement events if the cost of each event fell at the upper end of that range. The bill only requires the Department to fund an additional four to five events per year, however, and the Department has indicated an intent to conduct only four to five more per year. The Department has indicated that the program would use any additional funding (above the amount needed to meet the bill's required number of episodes) to: 1) reach out to additional law enforcement agencies to increase participation; 2) increase the number of days per episode; 3) increase the number of episodes; and/or 4) increase advertising in conjunction with each episode.

It does not appear that the program has a clear plan for how to spend the money above the amount required to fund a total of twelve enforcement events per year. Thus, staff believes that the Department should need *no more than \$1.25 million* (five events at \$250,000 per event) to meet the requirements of H.B. 08-1194.

Staff offers three options for the Committee's consideration:

1. Fund the new line item at \$2 million as requested by the Department.
2. (Staff recommendation) Fund the new line item at \$1.0 to \$1.25 million per year, enough to fund the additional enforcement events required by the bill. The remainder (\$750,000 to 1.0 million) could be used to offset General Fund expenditures in the Department of Revenue. The Department of Revenue already uses the First Time Drunk Driving Offender Account

- under H.B. 08-1194 to pay costs related to the program.
3. Eliminate the program and use all reinstatement fee revenues to offset General Fund appropriations in the Department of Revenue. Doing so would provide additional General Fund offsets but would decrease overall state revenues because the reduced number of enforcement events would also reduce the number of DUI convictions, fines, and reinstatement fees. Eliminating the program would also have some negative impact on public safety although staff has been unable to quantify the likely impact.

Staff recommends appropriating \$1.0 million to the First Time Drunk Driving Offender Account in FY 2009-10. Doing so would allow the Department to fund five additional events per year (at \$200,000 per event), meeting the requirements of H.B. 08-1194 but would also allow the General Assembly to offset additional General Fund appropriations in the Department of Revenue.

LONG BILL FOOTNOTES AND REQUESTS FOR INFORMATION

The Department is not requesting Limited Gaming funds for FY 2009-10. If the Committee *does* provide any limited gaming funds to the Department, staff recommends continuation of the footnote. However, **if, as requested, the Committee does not provide any Limited Gaming funds, staff recommends deletion of the footnote.**

- 57 **Department of Transportation, Gaming Impacts** -- It is the intent of the General Assembly that these funds shall remain available until completion of the project or the close of FY ~~2010-11~~ 2011-12, whichever comes first. At project completion or the end of the three-year period, unexpended and unencumbered balances shall revert to the Limited Gaming Fund from which they were appropriated.

Staff recommends the continuation of the following request for information.

- 65 **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.

For tracking purposes, staff recommends the continuation of the following request for information related to decision items approved for the FY 2008-09 Long Bill.

- 66 **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 the inclusion of the following new request for information related to Decision Item #2, the Transportation Base Adjustment.

Department of Transportation, Administration -- The Department is requested to submit, with the November 1, 2009 budget request, decision items for any changes made within the Administration program line during the either FY 2008-09 or FY 2009-10 that the Department wishes to have recognized during the FY 2010-11 figure setting process.

BUDGET BALANCING OPTIONS

Because the Department receives no General Fund appropriations and the majority of the vast 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. These options are presented without staff recommendation in order to maximize the Committee's choices. The Committee may wish to consider these options now or in the future.

Numbering does not indicate priority.

Options with Revenue Impacts	GF	CF	RF	FF	Total	FTE
<p>1</p> <p>Cash Funds Transfer from the State Infrastructure Bank (State Infrastructure Revolving Fund)</p> <p>The Committee elected to transfer \$3 million from the State Infrastructure Bank, created in Section 43-1-113.5, C.R.S., (officially called the State Infrastructure Revolving Fund) to the General Fund during the FY 2008-09 supplemental process. An additional cash fund transfer would be possible in FY 2009-10, although the amount available for transfer is uncertain because the majority of the fund's balance is constitutionally protected under Section 18 of Article X of the State Constitution.</p>						
<p>2</p> <p>First Time Drunk Driving Offender Account</p> <p>As discussed above, the Committee could use funds from the First Time Drunk Driving Offender Account, to offset General Fund appropriations in the Department of Revenue. In addition to the options discussed above with respect to the Department's request for a new line item, the Committee could amend statute to reduce the number of additional high visibility enforcement events (statute currently requires four to five additional events per year) and offset additional General Fund appropriations in the Department of Revenue.</p>						