

COLORADO GENERAL ASSEMBLY

JOINT BUDGET COMMITTEE



FY 2008-09 STAFF FIGURE SETTING: DEPARTMENT OF TRANSPORTATION

JBC Working Document - Subject to Change

Staff Recommendation Does Not Represent Committee Decision

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

For FY 2008-09 the JBC approved eliminating the cash funds exempt category of appropriations and replacing it with reappropriated funds. Reappropriated funds are those moneys that are appropriated for a second or more time in the same fiscal year. The JBC staff recommendation for FY 2008-09 is expressed in both the old format and the new format. Moneys that were previously categorized as cash funds exempt that are not reappropriated funds are characterized in the new budget format as cash funds, regardless of the TABOR status of the funds.

DEPARTMENT OF TRANSPORTATION
Russell George, Executive Director

(1) DIVISION OF AERONAUTICS

This Division 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. Beginning with FY 2006-07, the Division's budget is included in the Construction, Maintenance and Operations Line Item Total.

TOTAL	19,216,589	0	0	0	0	0	0
FTE	7.9	0.0	0.0	0.0	0.0	0.0	0.0
Cash Funds	15,266,389	0	0	0	0	0	0
FTE	5.0	0.0	0.0	0.0	0.0	0.0	0.0
Cash Funds Exempt	3,681,549	0	0	0	0	0	0
FTE	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	268,651	0	0	0	0	0	0
FTE	2.9	0.0	0.0	0.0	0.0	0.0	0.0

(2) 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	82,328	94,218	96,620	90,589	98,553	98,553
FTE	1.0	1.0	1.0	1.0	1.0	1.0
Operating Expenses	<u>99,602</u>	<u>84,281</u>	<u>117,602</u>	<u>117,602</u>	<u>117,602</u>	<u>117,602</u>
Subtotal - Transportation Commission	181,930	178,499	214,222	208,191	216,155	216,155
FTE	1.0	1.0	1.0	1.0	1.0	1.0

	FY 2005-06 Actual	FY 2006-07 Actual	FY 2007-08 Appropriation	FY 2008-09 Request	Staff Rec. Old Format	Staff Rec. New Format	Change Request
Office of the Executive Director							
Personal Services	339,402	361,161	354,689	379,025	366,941	366,941	
FTE	3.2	3.0	3.0	3.0	3.0	3.0	
Operating Expenses	<u>50,940</u>	<u>51,201</u>	<u>66,452</u>	<u>68,452</u>	<u>66,452</u>	<u>66,452</u>	
Subtotal - Executive Director	390,342	412,362	421,141	447,477	433,393	433,393	
FTE	3.2	3.0	3.0	3.0	3.0	3.0	
Office of Government Relations (previously Policy)							
Personal Services	388,629	471,067	522,066	557,496	535,138	535,138	
FTE	5.1	6.6	7.0	7.0	7.0	7.0	
Operating Expenses	<u>59,360</u>	<u>60,913</u>	<u>41,446</u>	<u>61,514</u>	<u>41,446</u>	<u>41,446</u>	
Subtotal - Office of Government Relations	447,989	531,980	563,512	619,010	576,584	576,584	
FTE	5.1	6.6	7.0	7.0	7.0	7.0	
Public Relations Office (previously Public Information)							
Personal Services	484,432	492,433	496,884	592,135	511,719	511,719	
FTE	7.0	6.8	7.0	7.0	7.0	7.0	
Operating Expenses	<u>107,726</u>	<u>106,897</u>	<u>138,013</u>	<u>133,013</u>	<u>138,013</u>	<u>138,013</u>	
Subtotal - Office of Public Relations	592,158	599,330	634,897	725,148	649,732	649,732	
FTE	7.0	6.8	7.0	7.0	7.0	7.0	
Office of Information Technology							
Personal Services	2,599,381	2,836,631	2,954,224	3,134,644	3,044,042	3,044,042	
FTE	31.7	33.0	33.7	33.7	33.7	33.7	
Operating Expenses	<u>303,007</u>	<u>318,353</u>	<u>315,008</u>	<u>328,008</u>	<u>315,008</u>	<u>315,008</u>	
Subtotal - Office of Information Technology	2,902,388	3,154,984	3,269,232	3,462,652	3,359,050	3,359,050	
FTE	31.7	33.0	33.7	33.7	33.7	33.7	

	FY 2005-06 Actual	FY 2006-07 Actual	FY 2007-08 Appropriation	FY 2008-09 Request	Staff Rec. Old Format	Staff Rec. New Format	Change Request
Office of Financial Management & Budget							
Personal Services	522,316	491,458	593,701	1,139,660	607,251	607,251	
FTE	6.1	6.0	6.0	12.0	12.0	12.0	
Operating Expenses	<u>21,950</u>	<u>18,499</u>	<u>45,363</u>	<u>62,679</u>	<u>45,363</u>	45,363	
Subtotal - Office of Financial Mgmt. & Budget	544,266	509,957	639,064	1,202,339	652,614	652,614	
FTE	6.1	6.0	6.0	12.0	12.0	12.0	
Office of Accounting							
Personal Services	1,872,465	1,894,075	1,899,924	1,560,246	1,947,061	1,947,061	
FTE	32.9	33.0	33.0	27.0	27.0	27.0	
Operating Expenses	<u>94,364</u>	<u>90,501</u>	<u>107,869</u>	<u>95,869</u>	<u>107,869</u>	107,869	
Subtotal - Office of Accounting	1,966,829	1,984,576	2,007,793	1,656,115	2,054,930	2,054,930	
FTE	32.9	33.0	33.0	27.0	27.0	27.0	
Chief Engineer and Region Directors							
Personal Services	1,407,864	1,534,551	1,443,146	1,650,336	1,493,089	1,493,089	BA #1
FTE	16.5	15.0	15.0	17.0	15.0	15.0	
Operating Expenses	<u>225,945</u>	<u>240,017</u>	<u>272,161</u>	<u>632,252</u>	<u>272,161</u>	<u>272,161</u>	
Subtotal - Chief Engineer and Region Directors	1,633,809	1,774,568	1,715,307	2,282,588	1,765,250	1,765,250	
FTE	16.5	15.0	15.0	17.0	15.0	15.0	
Human Resources and Administration							
Personal Services	5,308,398	5,628,586	5,763,074	6,784,617	6,277,494	6,277,494	DI #4 and 5
FTE	104.1	96.3	106.5	111.0	111.0	111.0	
Operating Expenses	<u>1,515,314</u>	<u>1,584,857</u>	<u>1,603,034</u>	<u>1,933,885</u>	<u>1,974,985</u>	<u>1,974,985</u>	DI #2, 3, 4, and 5
Subtotal - Human Resources & Administration	6,823,712	7,213,443	7,366,108	8,718,502	8,252,479	8,252,479	
FTE	104.1	96.3	106.5	111.0	111.0	111.0	
Division of Audit							
Personal Services	658,688	677,091	737,118	650,055	751,812	751,812	
FTE	7.5	7.5	7.5	7.5	7.5	7.5	
Operating Expenses	<u>26,421</u>	<u>20,425</u>	<u>33,290</u>	<u>33,290</u>	<u>33,290</u>	<u>33,290</u>	
Subtotal - Division of Audit	685,109	697,516	770,408	683,345	785,102	785,102	
FTE	7.5	7.5	7.5	7.5	7.5	7.5	

	FY 2005-06 Actual	FY 2006-07 Actual	FY 2007-08 Appropriation	FY 2008-09 Request	Staff Rec. Old Format	Staff Rec. New Format	Change Request
Requested Personal Services Base Reduction (0.2%)				(32,081)			
SUBTOTAL - Administration	<u>16,168,532</u>	<u>17,057,215</u>	<u>17,601,684</u>	<u>19,973,286</u>	<u>18,745,289</u>	<u>18,745,289</u>	
Personal Services	13,663,903	14,481,271	14,861,446	16,506,722	15,633,100	15,633,100	
FTE	215.1	208.2	219.7	226.2	224.2	224.2	
Operating Expenses	2,504,629	2,575,944	2,740,238	3,466,564	3,112,189	3,112,189	
Miscellaneous Administration Accounts							
Statewide Indirect Costs							
State Highway Funds	966,913	1,590,899	812,653	567,120	567,120	567,120	
Legal Services	218,935	192,754	473,958	473,958	Pending	Pending	
Risk Management - General Insurance	983,812	3,418,635	3,034,291 S	4,444,788	Pending	Pending	BA NP-1
Workers' Compensation	<u>360,509</u>	<u>316,968</u>	<u>303,933</u> S	<u>384,482</u>	Pending	Pending	BA NP-1
Subtotal - Miscellaneous	<u>2,530,169</u>	<u>5,519,256</u>	<u>4,624,835</u>	<u>5,870,348</u>	<u>567,120</u>	<u>567,120</u>	
Centrally Appropriated Personal Services							
Salary Survey Increases	408,864	348,732	439,858	560,294	556,185	556,185	BA NP-2
Performance-based Pay Awards	0	0	174,685	176,898	189,817	189,817	BA NP-2
Shift Differential	31,394	33,248	27,665	29,684	37,520	37,520	
Health/Life/Dental	509,384	771,223	840,530	968,408	968,408	968,408	BA NP-2
Short Term Disability	17,364	13,042	16,820	17,991	18,893	18,893	BA NP-2
S.B. 04-257 Amortization Equalization Disbursement	N/A	0	155,265	225,892	232,530	232,530	DI #4, #5, BA #1, NP-2
S.B. 06-235 Supplemental Amortization Equalization Disbursement	<u>0</u>	<u>0</u>	<u>32,346</u>	<u>71,118</u>	<u>108,998</u>	<u>108,998</u>	DI #4, #5, BA #1, NP-2

	FY 2005-06 Actual	FY 2006-07 Actual	FY 2007-08 Appropriation	FY 2008-09 Request	Staff Rec. Old Format	Staff Rec. New Format	Change Request
Subtotal - Central Pots	967,006	1,166,245	1,687,169	2,050,285	2,112,351	2,112,351	
Administration - Subtotal	<u>19,665,707</u>	<u>23,742,716</u>	<u>23,913,688</u>	<u>27,893,919</u>	<u>21,424,760</u>	<u>21,424,760</u>	
Personal Services	13,663,903	14,481,271	14,861,446	16,506,722	15,633,100	15,633,100	
Operating & Travel	2,504,629	2,575,944	2,740,238	3,466,564	3,112,189	3,112,189	
Miscellaneous	2,530,169	5,519,256	4,624,835	5,870,348	567,120	567,120	
Central Pots	967,006	1,166,245	1,687,169	2,050,285	2,112,351	2,112,351	
TOTAL - Administration	19,665,707	23,742,716	23,913,688	27,893,919	21,424,760	21,424,760	
FTE	215.1	208.2	219.7	226.2	224.2	224.2	
Internal Cash Funding (Print Shop and Vehicle Maint) (CFE/RF)	1,313,143	1,388,791	1,476,786	2,073,987	1,589,399	1,589,399	DI #3, BA #1
FTE	12.3	12.6	13.0	13.0	13.0	13.0	
APPROPRIATED LEVEL - ADMINISTRATION	19,665,787	23,742,716	23,913,688	27,893,919	21,424,760	21,424,760	
FTE	<u>215.1</u>	<u>208.2</u>	<u>219.7</u>	<u>226.2</u>	<u>224.2</u>	<u>224.2</u>	
State Highway Funds (CFE/CF)	18,352,644	22,353,925	22,436,902	25,819,932	19,835,361	19,835,361	
FTE	202.8	195.6	206.7	213.2	211.2	211.2	
Internal Cash Funds (CFE/RF)	1,313,143	1,388,791	1,476,786	2,073,987	1,589,399	1,589,399	
FTE	12.3	12.6	13.0	13.0	13.0	13.0	

	FY 2005-06 Actual	FY 2006-07 Actual	FY 2007-08 Appropriation	FY 2008-09 Request	Staff Rec. Old Format	Staff Rec. New Format	Change Request
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(3) 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. These totals represent non-appropriated funds. State, federal, and local funds for highway construction are split between this line and the Administration line.

Construction and Maintenance & Operations	1,235,949,603	1,388,739,335	1,018,793,615	1,259,283,772	1,259,333,566	1,259,333,566	BA NP-2
FTE	<u>3,073.5</u>	<u>2,797.1</u>	<u>3,096.3</u>	<u>3,127.3</u>	<u>3,127.3</u>	<u>3,127.3</u>	
CF - Local Funds	5,940,076	3,438,193	67,994,902	74,369,954	74,369,954	74,369,954	
CFE/ CF - SHF	766,760,808	959,456,907	507,525,315	737,468,332	737,518,126	737,518,126	
CFE/ RF - Internal Cash Funds	1,100,640	1,145,032	1,856,259	1,912,328	1,912,328	1,912,328	
Federal Funds	462,148,079	424,699,203	441,417,139	445,533,158	445,533,158	445,533,158	

(4) 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>0</u>	<u>104,179</u>	<u>14,292,757</u>	<u>10,127,274</u>	<u>10,127,274</u>	<u>10,127,274</u>	DI # 1
Cash Funds	0	0	14,292,757	0	0	10,127,274	
Cash Funds Exempt/RF	0	104,179	0	10,127,274	10,127,274	0	

(5) 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	<u>1,936,386</u>	<u>1,075,900</u>	<u>5,120,000</u>	<u>2,560,000</u>	<u>2,560,000</u>	<u>2,560,000</u>	
Cash Funds - Tolling Cash Funds	0	0	1,720,000	0	0	2,560,000	
Cash Funds Exempt/RF	1,936,386	1,075,900	3,400,000	2,560,000	2,560,000	0	

**TOTAL - DEPARTMENT OF TRANSPORTATION
APPROPRIATED AND NON-APPROPRIATED**

DEPARTMENT TOTALS	1,276,768,365	1,413,662,130	1,062,120,060	1,299,864,965	1,293,445,600	1,293,445,600	
FTE	<u>3,296.5</u>	<u>3,005.3</u>	<u>3,316.0</u>	<u>3,353.5</u>	<u>3,351.5</u>	<u>3,351.5</u>	
Cash Funds	21,206,465	3,438,193	84,007,659	74,369,954	74,369,954	844,410,715	
Cash Funds Exempt/RF	793,145,170	985,524,734	536,695,262	779,961,853	773,542,488	3,501,727	
Federal Funds	462,416,730	424,699,203	441,417,139	445,533,158	445,533,158	445,533,158	

DEPARTMENT OF TRANSPORTATION

FIGURE SETTING FOR FY 2008-09

JBC WORKING PAPERS - DECISIONS SUBJECT TO CHANGE

General Note Regarding Long Bill Format Change. The Committee has voted to change the format of the Long Bill for FY 2008-09 to include a "Reappropriated Funds" (RF) column rather than a "Cash Funds Exempt" (CFE) column. Pursuant to this format change, all of the funds that were previously listed under the "Cash Funds" (CF) column for this department will continue to be included in the CF column. The majority of Department's funds, those from the Highway Users' Tax Fund, were previously included in the CFE column but will now be included in the CF column. The Department's internal cash funds will move from the existing CFE column to the newly created RF column, as described below.

- Within the legislatively appropriated Administration line item, the Center for Printing and Visual Communications (the Print Shop) is supported with **internal cash funds**. These funds receive a T-notation as a transfer in the Long Bill and will therefore be classified as RF. For FY 2007-08, this results in a shift of \$1,476,786 and 13.0 FTE from CFE to RF.
- Also within the Administration line item, the Department is requesting an increase of \$452,763 in **internal cash funds** through a FY 2008-09 budget amendment for multi-agency fleet vehicle maintenance.
- Similarly, the Transportation Commission controlled Construction, Maintenance, and Operations line item has **internal cash funds** that will be classified as RF. For FY 2007-08, this results in a shift of \$1,856,259 from CFE to RF.

Thus, for FY 2007-08, this new Long Bill format would require a shift of a total of \$3,333,045 from the existing CFE column to the new RF column. For FY 2008-09, staff has estimated each of the above-described shifts for each line item. Staff has reflected recommended funding in the new Long Bill format in the "Staff Rec. New Format" column in the numbers pages. Once the Committee has finalized its decisions for all pending line items, staff will work the Department to ensure that the correct amounts are shifted to the CF and RF columns in the FY 2008-09 Long Bill.

(1) DIVISION OF AERONAUTICS

The cash funds that support the Division of Aeronautics are generated from a 2.9 percent sales tax on commercial jet fuel, a 6 cents per gallon excise tax on aviation gas, and a 4 cents per gallon excise tax on non-commercial jet fuel. These revenues are put into the Aviation Cash Fund and pay the administrative costs of the Division, as well as formula refunds and discretionary grants. By law, no more than five percent of revenues deposited in the Aviation Fund may be used for administrative costs. To assist local airports, the Division also distributes surplus airfield equipment, military equipment, and CDOT maintenance equipment.

H.B. 06-1244 (Hall/Owen), transferred appropriation authority for the Division of Aeronautics administrative budget from the General Assembly to the Transportation Commission. As a result of this legislation, the Division of Aeronautics budget is now included as part of the Construction, Maintenance and Operations line item of the Department. **The Committee does not need to take action on this division.**

(2) 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. Statutes (Section 43-1-113 (6), C.R.S.) limit the Administration line item expenditures to five 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.

Administration

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 \$27,893,919 (25,819,932 cash funds from the State Highway fund and 2,073,987 internal cash funds, now classified as reappropriated funds) and 226.2 FTE for this line item. This represents an increase of \$3,980,231 (16.6 percent) and 6.5 FTE from the FY 2007-08 appropriation, and is 2.1 percent of the Department's total request. This requested amount remains well within the statutory requirement that the Administration line not exceed 5 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 2008-09 Committee approved common policies for personal services calculations and operating expenses. Based on the Committee approved common policy, staff uses the Department's FY 2007-08 base appropriation of \$23,913,688 (this amount includes FY 2007-08 supplementals for risk management and workers' compensation, as the Committee has already taken action on these supplementals), 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 change with the approval of common policies for the remaining line items.

Staff also notes that the staff recommendation for several units within Administration does not match closely with the Department's request. The use of a single program line for Administration gives CDOT the flexibility to move funds between units, and between personal services and operating lines, at will. However, under the Committee-approved Option 8 methodology, staff uses last year's long bill appropriations by unit, as calculated by staff, and applies any salary increases and the Committee approved base reduction to arrive at a personal services recommendation. Those calculations do not reflect any changes made by the Department subsequent to figure setting. As a result, the recommendation does not reflect the Department's movements of funds from prior years - in some cases generating significant differences between the recommendation and request for a given year.

Staff has discussed this issue with the Department at length. Staff and the Department disagree with each other's methodology for inflating the personal services and operating line items for the Department's Administration Long Bill line item. Staff believes that following the Department's methodology of using the Department estimate of allocations for personal services as the starting base for figure setting risks inflating the line item at a faster rate than following the current Committee approved Option 8 methodology, which uses last year's appropriated amount as the starting point. The Department argues that the use of the Committee approved methodology is burdensome and does not allow the Department to fully utilize the flexibility it believes a program line would otherwise allow.

The Department did not submit a decision item asking the Committee to change the Option 8 methodology. However, the Department did submit a "fact sheet" estimating that using the Department's methodology would have provided an additional \$107,052 in FY 2007-08. Staff did not receive adequate information to evaluate that estimate. **Staff recommends using the current Committee approved methodology for calculating the Department's personal services line items. Staff recommends that the Department submit a decision item if it wishes to address this issue and re-adjust the funding for each individual division in the Department's Administration Long Bill line item.**

Historic Revenue Compared to Appropriations for the Administration Program. Staff notes that 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, through S.B. 97-1, through specific Capital Construction Fund appropriations, and through the two-thirds share of any excess General Fund reserve; (2) proceeds received via the voter-approved TRANs bonding program; and (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 and increase in the price of gasoline; (4) payments for workers' compensation, risk management, salary increases, indirect costs, and health insurance contributions have contributed to fluctuations in the

appropriated amount for Administration depending on the year.

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

	FY 2002-03	FY2003-04	FY2004-05	FY2005-06	FY 2006-07
C.M.O.	\$1,185,336,578	\$1,199,448,835	\$1,014,804,710	\$1,235,949,603	\$1,388,739,335
Change	0.0%	1.2%	-15.4%	21.8%	12.4%
Admin.	\$21,846,514	\$22,541,748	\$21,929,552	\$20,607,122	\$23,909,131
Change	0.0%	3.2%	-100.0%	0.0%	0.0%
FTE*	219.7	220.7	219.7	219.7	219.7

* Administration Program Line appropriated FTE.

Current Appropriation vs. Request

	FY 2007-08 Appropriation	FY 2008-09 Request
Construction, Maintenance, and Operations	\$1,018,793,615*	\$1,259,283,772**
Administration	\$23,913,688	\$27,893,919
FTE (Administration)	219.7	226.2

*This is the FY 2007-08 Long Bill appropriation and does not include latest projections from S.B. 97 - 1 and H.B. 02 - 1310.

** Department request assumes approximately \$250.9 million from S.B. 97 - 1 and \$98.0 million from H.B. 02-1310, per OSPB's September 2007 revenue projections.

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	99,548	(995)	0	98,553	90,589
EDO	370,647	(3,706)	0	366,941	379,025
Government Relations	540,543	(5,405)	0	535,138	557,496
Public Relations	516,888	(5,169)	0	511,719	592,135
Information Technology	3,074,790	(30,748)	0	3,044,042	3,134,644
Finance/Budget	613,385	(6,134)	0	607,251	1,139,660
Accounting	1,966,728	(19,667)	0	1,947,061	1,560,246
Chief Engineer/Region Directors	1,508,171	(15,082)	0	1,493,089	1,650,336
Human Resources and Admin.	5,974,209	(59,742)	363,027	6,277,494	6,784,617
Audit	759,406	(7,594)	0	751,812	650,055
Total Option 8	15,424,315	(154,243)	363,027	15,633,100	16,506,722
Operating				3,112,189	3,466,564
Statewide Indirect Costs				567,120	567,120
Legal Services				Pending	473,958
Risk Management				Pending	4,444,788
Workers' Compensation				Pending	384,482
Salary Survey				556,185	560,294
Performance-based Pay				189,817	176,898
Shift Differential				37,520	29,684
Health, Life, Dental				968,408	968,408
Short-term Disability				18,893	17,991
S.B. 04-257 AED				232,530	225,892
S.B. 06-235 SAED				108,998	71,118
Administration Total				21,424,760	27,893,919

*Staff applied the 1 percent base reduction to all of the Administration personal services lines. While most units have fewer than 20 FTE, the funds are appropriated to the Administration line item which has more than 200 FTE.

Transportation Commission

The State 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 2006-07 Actual	FY 2007-08 Appropriation	FY 2008-09 Request	FY 2008-09 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 \$90,589 and 1.0 FTE for this line.

Staff recommends \$98,553 and 1.0 FTE. The recommendation was calculated in accordance with Committee policy, including a 1 percent base reduction.

Operating Expenses

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

Staff recommends \$117,602 for 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 2006-07 Actual	FY 2007-08 Appropriation	FY 2008-09 Request	FY 2008-09 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 request is for an appropriation of \$379,025 and 3.0 FTE.

Staff recommends \$366,941 and 3.0 FTE. The recommendation was calculated in accordance

with Committee policy including a 1 percent base reduction.

Operating Expenses

The request is for an appropriation of \$68,452.

The recommendation is for an appropriation of \$66,452, calculated in accordance with Committee policy. Staff notes that the Committee did not approve a common policy change to operating line items. The Department did not submit a decision item requesting an increase or re-calculation of the Executive Director's operating expenses.

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 2006-07 Actual	FY 2007-08 Appropriation	FY 2008-09 Request	FY 2008-09 Recommendation
Management	1.0	1.0	1.0	1.0
General Professional	1.0	1.0	1.0	1.0
Budget & Policy Analyst	3.6	4.0	4.0	4.0
Program Assistant	1.0	1.0	1.0	1.0
Total	6.6	7.0	7.0	7.0

Personal Services

The Department is requesting an appropriation of \$557,496 and 7.0 FTE.

Staff recommends \$535,138 and 7.0 FTE. 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.

Staff recommends \$41,446 for operating expenses, calculated in accordance with Committee policy. Staff notes that the Committee did not approve a common policy change to operating line items. The Department did not submit a decision item requesting an increase or re-calculation of this operating line.

Public Relations Office

This office assists the Executive Director in providing information to and interacting with the media, government officials, and the public. This office provides 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 2006-07 Actual	FY 2007-08 Appropriation	FY 2008-09 Request	FY 2008-09 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	2.8	3.0	3.0	3.0
Total	6.8	7.0	7.0	7.0

Personal Services

The request is for an appropriation of \$592,135 and 7.0 FTE.

Staff recommends \$511,719 and 7.0 FTE for personal services. The recommendation was calculated in accordance with Committee policy including a 1 percent base reduction.

Operating Expenses

The request is for an appropriation of \$133,013 for operating expenses.

Staff recommends \$138,013 for operating expenses, which was calculated in accordance with Committee policy. The Department did not submit a decision item requesting a re-calculation of this operating line item.

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 2006-07 Actual	FY 2007-08 Appropriation	FY 2008-09 Request	FY 2008-09 Recommendation
Management	1.0	1.0	1.0	1.0
Prog./Admin. Assistant	2.7	2.7	2.7	2.7
IT Professionals	28.3	29.0	29.0	29.0
Specialists	1.0	1.0	1.0	1.0
Total	33.0	33.7	33.7	33.7

Personal Services

The request is for an appropriation of \$3,134,644 and 33.7 FTE.

Staff recommends \$3,044,042 and 33.7 FTE for personal services. 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.

Staff recommends \$315,008, which was calculated in accordance with Committee policy. The Department did not submit a decision item requesting a re-calculation of this operating line item.

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 2006-07 Actual	FY 2007-08 Appropriation	FY 2008-09 Request	FY 2008-09 Recommendation
Management	2.0	2.0	2.0	2.0
General Professional	0.0	0.0	1.0	1.0
Accountant	0.0	0.0	1.0	1.0
Budget/ Policy Analyst	3.0	3.0	7.0	7.0
Prog./Admin. Assistant	1.0	1.0	1.0	1.0
Total	6.0	6.0	12.0	12.0

Personal Services

The request is for an appropriation of \$1,139,660 and 12.0 FTE. The request reflects a move of 6.0 FTE from the Office of Accounting to this office in FY 2007-08, a change not anticipated in the FY

2007-08 budget or appropriation.

Staff recommends \$607,251 and 12.0 FTE. The recommendation was calculated in accordance with Committee policy including a 1 percent base reduction. Staff has reflected the move of 6.0 FTE from the Office of Accounting but has not reflected any transfer of funds because information concerning the amount of money transferred was not available.

Operating Expenses

The request is for an appropriation of \$62,679 for operating expenses.

Staff recommends a continuation appropriation of \$45,363, calculated in accordance with Committee policy. The Department did not submit a decision item requesting a re-calculation of this operating line item.

Accounting Branch

The Accounting Office 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 Office of Accounting 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 2006-07 Actual	FY 2007-08 Appropriation	FY 2008-09 Request	FY 2008-09 Recommendation
Controller	1.0	1.0	1.0	1.0
Accountant	14.0	14.0	10.0	10.0
Accounting Technician	13.0	13.0	11.0	11.0
Administrative Support	5.0	5.0	5.0	5.0
Total	33.0	33.0	27.0	27.0

Personal Services

The request is for an appropriation of \$1,560,246 and 27.0 FTE. The request reflects the move of 6.0 FTE from the Accounting Branch to the Office of Financial Management and Budget during FY 2007-08.

Staff recommends \$1,947,061 and 27.0 FTE. The recommendation was calculated in accordance with Committee policy, including a 1 percent base reduction. Staff has reflected the move of 6.0 FTE to the Office of Financial Management and Budget but has not reflected any transfer of funds

because information concerning the amount of money transferred was not available.

Operating Expenses

The request is for an appropriation of \$95,869 for operating expenses.

Staff recommends for a continuation appropriation of \$107,869, calculated in accordance with Committee policy. The Department did not submit a decision item requesting a re-calculation of this operating line item.

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 2006-07 Actual	FY 2007-08 Appropriation	FY 2008-09 Request	FY 2008-09 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	0.0	0.0	2.0	0.0
Total	15.0	15.0	17.0	15.0

Personal Services

The request is for \$1,650,336 and 17.0 FTE for Highway Administration. The request includes \$91,226 in internal cash funds associated with Budget Amendment #1 (Multi-Agency Fleet Vehicle Maintenance), discussed below.

The staff recommendation is \$1,493,089 and 15.0 FTE. The recommendation was calculated in accordance with Committee policy including a 1 percent base reduction. Staff recommendation does not include funding associated with Budget Amendment #1 (discussed below).

BUDGET AMENDMENT #1: MULTI-AGENCY FLEET VEHICLE MAINTENANCE

The Department requests \$452,764 internal cash funds spending authority (including \$91,226 for personal services, \$359,616 for operating expenses, and \$1,921 split between the AED and SAED lines) and 2.0 FTE to implement CDOT's piece of a multi-agency fleet vehicle maintenance plan. CDOT has been designated as the lead agency for this budget amendment, which includes non-prioritized requests for the departments of Public Safety and Human Services, as well as for the

Department of Personnel and Administration. The total multi-agency request is for \$545,398 and 3.5 FTE for FY 2008-09. CDOT's portion of the request would annualize to \$421,172 and 2.0 FTE in FY 2009-10 and beyond, and the total request would annualize to \$490,087 for FY 2009-10 and beyond.

The request is designed to save state money by doing additional vehicle maintenance and repairs in state-owned garages rather than outsourcing that work to private garages. CDOT, Public Safety, and Human Services garages distributed in the Denver metro area and in Grand Junction would service other agencies vehicles as well as their own. CDOT would open the downtown Denver garage to other agencies, hiring two additional mechanics to service the non-CDOT vehicles. Human Services already services other agencies' vehicles but would receive an additional 0.5 FTE to do so on a larger scale in Grand Junction. Public Safety would also begin to service other agencies vehicles at their garage in Golden with 1.0 additional FTE.

The Department estimates that the request would save the state \$240,907 per year in repair labor costs. According to the request, the Department of Personnel would pass the anticipated savings along to departments starting in FY 2009-10 through reductions in the per mile variable vehicle charge. The savings estimate is based on an assumed charge of \$52 per hour in state garages, compared to between \$80 and \$100 per hour in private garages. The Department argues that allowing the agencies' garages to service vehicles for multiple agencies would more efficiently utilize state garage space and personnel, allowing the state to conduct more routine maintenance without the additional cost charged by private garages.

According to the request, the state spent \$4.9 million at private garages for maintenance of fleet vehicles in FY 2006-07. Of the \$4.9 million, \$2.3 million was for labor costs, the source of potential savings in this request. The Department estimates that approximately 22.8 percent of that work could be brought into state garages (based on complexity of repairs and geographic location), resulting in \$532,236 in annual labor costs brought "in-house." The assumed rate difference between state (\$52 per hour) and private garages (\$95 per hour) would generate \$240,907 in savings on labor costs.

The request would require agencies to "ramp up" to the requested FTE and funding levels as demand for service dictates, constraining agencies to the lesser of the spending authority requested and the actual revenues collected for serving state vehicles.

Staff has two concerns about the request:

- First, according to the Department, this request originated in the Government Efficiency and Management (GEM) study. However, the study is still not available for staff to review. While the Department argues that this budget amendment should stand alone, staff is not comfortable recommending implementation without the opportunity to review the GEM study.
- Second, staff believes that the Department of Personnel and Administration should be the lead agency for this request. Section 24-30-1104 (2)(b), C.R.S. directs the Department to

"establish and operate central facilities for the maintenance, repair, and storage of state-owned passenger motor vehicles for the use of state agencies; utilize any available state facilities for that purpose; and enter into contracts with such facilities as are necessary to carry out the provisions of this part 11." Personnel manages the state's fleet program and would be responsible for capturing savings from the proposal. Furthermore, CDOT's, Public Safety's, and Human Services' statutory authority to conduct vehicle maintenance for other departments (the goal of this budget amendment) is entirely dependent on the Department of Personnel's authority to contract with those agencies to conduct such maintenance.

Staff recommends that the Committee deny the multi-agency fleet vehicle maintenance request as submitted. Staff believes that such a program could indeed generate savings for the state. However, without access to the GEM study, staff does not have adequate information to recommend funding the request. In addition, staff believes that as the fleet program manager Personnel should be the lead agency for this request rather than CDOT.

Operating Expenses

The request is for an appropriation of \$632,252 for operating expenses, including \$359,616 internal cash funds (now classified as RF) associated with Budget Amendment #1.

Staff recommend \$272,161 for operating expenses, pursuant to Committee policy. Staff recommendation does not include funding associated with Budget Amendment #1.

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 2006-07 Actual	FY 2007-08 Appropriation	FY 2008-09 Request	FY 2007-08 Recommendation
Director's Office	2.6	4.0	4.0	4.0
Printing and Visual Communications	12.6	13.0	13.0	13.0
Procurement	10.8	12.0	12.0	12.0
Administrative Services	6.9	7.0	11.0	11.0
Human Resources	25.0	26.0	28.0	28.0
Center for Equal Opportunity	4.7	6.0	5.5	5.5
Facilities Management	28.2	33.0	29.5	29.5
Organizational Learning & Development	5.5	5.5	8.0	8.0
Total	96.3	106.5	111.0	111.0

Personal Services

The request is for an appropriation of \$6,784,617 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, this office is entirely funded with internal cash funds (cash revenues transferred from other divisions within the Department and from other state agencies).

The personal services request is affected by two decision items (#4 and #5), as discussed below.

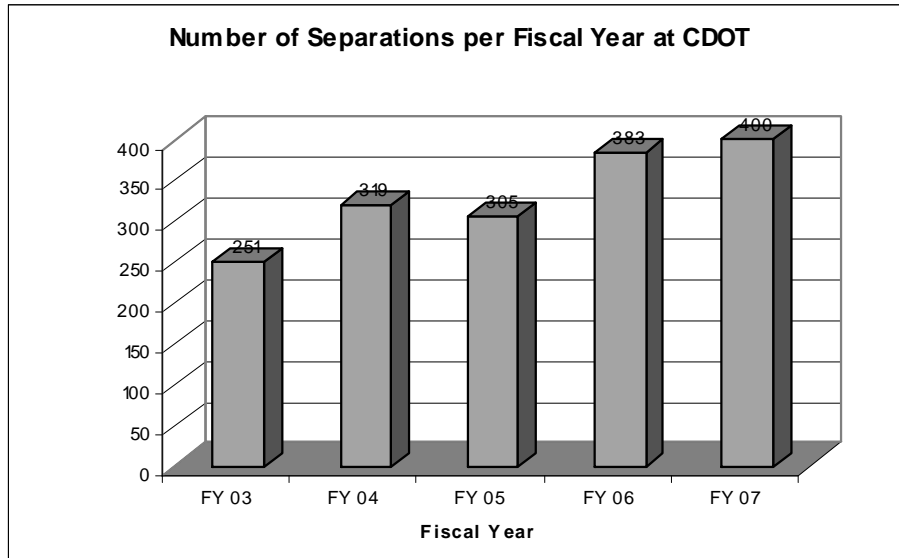
Staff recommends \$6,277,494 and 111.0 FTE. The recommendation was calculated in accordance with Committee policy including a 1 percent base reduction. The recommendation includes funding associated with decision items #4 and #5, discussed below.

DECISION ITEM #4: HUMAN RESOURCES PERSONNEL

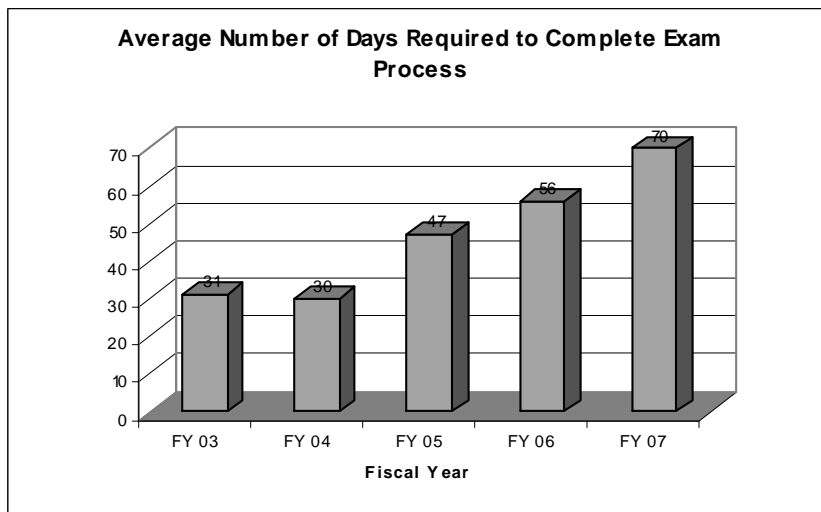
The Department requests a total increase of \$143,807 State Highway Funds (classified as cash funds for the FY 2008-09 Long Bill) and 2.0 FTE to reduce the backlog of unfilled vacancies and expedite the process of advertising and filling vacancies. The request includes \$127,144 for Division of Human Resources personal services, with the remainder split between operating expenses (\$13,986), AED (\$1,823), and SAED (\$854). The request would move the funds from the Construction, Maintenance, and Operations line (non-appropriated) to the legislatively appropriated Administration line. The request would annualize to \$137,467 and 2.0 FTE in FY 2009-10 and beyond.

The request would increase the staff of the Center of Human Resources Management Selection and Staffing Unit from 18.0 FTE to 20.0 FTE. Of the current 18.0 FTE, 5.0 general professional positions are responsible for recruiting and selection of new hires. Two FTE provide support to the recruiting and selection staff, and 11.0 handle payroll, transfers, and promotions. Thus, the 2.0 requested FTE would represent a 40 percent increase to the staff currently responsible for recruiting and selecting new employees. As of the November 1 request, the unit had no vacancies.

Analysis. In recent years, rising turnover rates have increased the workload for the Department's human resources personnel. The agency's separation rate (percentage of employees leaving CDOT within a given year) has increased from 8.0 percent in FY 2000-01 to 13.3 percent in FY 2006-07. That has meant an increase from 251 separations in FY 2002-03 to 400 in FY 2006-07 (see graph below).



While the number of employees leaving the agency has increased by 59 percent since FY 2002-03, the Department's number of FTE focused on recruiting and hiring new employees has not increased.



The increase in workload has slowed the process of hiring new employees to fill those vacancies. As shown in the graph at left, in FY 2002-03 it took less than 30 days to complete the exam process for the average vacancy. By FY 2006-07, it took the Department approximately 70 days to complete the exam process. While staff believes that the exam period for FY 2006-07 is somewhat inflated because some human resources staff were diverted to SAP

implementation for part of that year, the trend still makes clear that the existing staff is unable to keep pace with the workload. The Department estimates that the requested 2.0 FTE would allow CDOT to reduce the average exam time to approximately 30 days within one year.

According to the Executive Branch's response to footnote 20 from the FY 2007-08 Long Bill, CDOT had a total of 310.7 FTE worth of vacancies for FY 2006-07. Of that total, 299.2 FTE were on the Commission-controlled Construction, Maintenance, and Operations side of the budget, and 11.5 FTE were on the legislatively appropriated Administration side. With a total appropriation of 3,307 FTE for FY 2006-07, those vacancies represent 9.3 percent of the Department's appropriated staff for that

year. Staff notes that the existing 5.0 human resources FTE are responsible for recruiting and selecting applicants for all of the Department's vacancies.

In addition to the increasing separation rate, the Department argues that it faces increased challenges in finding qualified applicants for open positions. Increased competition from the private sector for a limited number of applicants and low unemployment rates have made filling positions more difficult. The Department plans to use the additional FTE to increase recruiting efforts, including an increased presence at the State's colleges and universities. Thus, the request represents the Department's effort to both increase recruiting efforts to find qualified employees and to accelerate the exam and selection process for individuals that do apply.

Staff acknowledges that agencies statewide are facing a demographic "bubble" with increasing numbers of employees eligible for retirement in coming years. National reports indicate that the problem may be particularly significant for transportation agencies.¹ Given the Department's high level of vacancies and large numbers of employees becoming eligible for retirement in coming years, staff sees no indication of a decline in workload for the human resources staff.

Staff recommends funding the additional 2.0 FTE and providing a total appropriation of \$119,516, distributed as shown in the following table. The reduction below the request is because the recommendation reduces salaries for the new FTE to the minimum level for the requested positions, does not provide AED or SAED for the new positions (pursuant to Committee policy), and provides funding for eleven months instead of the requested twelve. Staff does not expect the Department to be able to hire the new FTE to start on July 1, 2008.

Funding Breakdown for DI #4, Human Resources Staff		
Line Item	Request	Staff Recommendation
Personal Services	127,144	105,530
Operating Expenses	13,986	13,986
Amortization Equalization Disbursement	1,823	0
Supplemental Amortization Equalization Disbursement	854	0
Total	143,807	119,516

¹See Transportation Research Board, Special Report 275, *The Workforce Challenge: Recruiting, Training and Retaining Qualified Workers for Transportation and Transit Agencies*, June 30, 2003, <http://onlinepubs.trb.org/onlinepubs/sr/sr275.pdf>.

DECISION ITEM #5: LEARNING AND DEVELOPMENT SUPPORT

The Department requests a total increase of \$315,965 State Highway Funds (now classified as cash funds) and 2.5 FTE to centralize and standardize the Department's training activities. The request includes \$279,705 for Division of Human Resources personal services for the Office of Organizational Learning and Development (including \$123,200 in one-time consulting costs), with the remainder split between operating expenses (\$32,965), AED (\$2,243), and SAED (\$1,052). The request would move the funds from the Construction, Maintenance, and Operations line (non-appropriated) to the legislatively appropriated Administration line. The request would annualize to \$183,102 and 2.5 FTE in FY 2009-10 and beyond.

The request would expand the staff of the Office of Organizational Learning and Development (OL&D) from 5.5 FTE to 8.0 FTE, adding one general professional IV, one general professional V, and a half-time administrative assistant. The goal of the request is to improve CDOT's training program by creating a designated unit within OL&D to standardize training efforts across the Department, better tying training curricula to the Department's mission and strategic plan, and improving CDOT's ability to measure the results of training efforts. The Department expects the effort to: 1) increase employee productivity by having a better trained and more engaged workforce and 2) increase retention of employees by improving supervisory skills and employee morale.

According to the Department, the current training program is fragmented among different units without standardization and often with limited linkage to the Department's mission and strategic goals. The Department believes that improving the training program will increase productivity and improve employee morale, leading to improved retention.

Analysis. Staff agrees that the current fragmentation of training among Departmental programs poses a potential problem. Staff also agrees that improved training may increase employee productivity. However, staff has no way to estimate the potential increases in productivity associated with an incremental improvement in training. In addition, the Department does not appear to have a viable means of measuring such changes in productivity.

As for retention, staff agrees that improved training is a potential solution to *some* problems affecting employee retention. For example, improving managers' supervisory skills may improve employee morale for managers and employees alike. In addition, training that engages employees and provides room for personal and professional growth may also improve morale and encourage employees to stay. On the other hand, employees leaving a job because of superior pay or benefits offered elsewhere seem unlikely to stay as a result of improved training.

CDOT has not been able to provide adequate data to assess the factors driving the Department's current hiring and retention problems. However, Department staff have provided relevant studies

from the private sector that appear to be applicable to CDOT.² According to those studies, a focus on improving management and providing additional opportunity for upward mobility can play a significant role in improving retention.

Staff recommends approving the decision item and providing a total of \$290,462, distributed as shown in the table below. Staff also recommends including a request for information from the Department to report back to the Committee on the effectiveness of these efforts in two years. The reduction below the request is because the recommendation reduces salaries for the new FTE to the minimum level for the requested positions, does not provide AED or SAED for the new positions (pursuant to Committee policy), and provides funding for eleven months instead of the requested twelve. Staff does not expect the Department to be able to hire the new FTE to start on July 1, 2008.

Funding Breakdown for DI #5, Learning and Development Support		
Line Item	Request	Staff Recommendation
Personal Services (includes \$123,200 in one-time consulting)	279,705	257,497
Operating Expenses	32,965	32,965
Amortization Equalization Disbursement	2,243	0
Supplemental Amortization Equalization Disbursement	1,052	0
Total	315,965	290,462

Operating Expenses

The request is for an appropriation of \$1,933,885 for operating expenses. The operating expenses request is affected by four decision items. Decision items #2 and #3 are discussed below. Decision items #4 and #5 were discussed above in the Human Resources and Administration personal services section.

Staff recommends \$1,974,985, calculated pursuant to Committee policy and including funding associated with decision items #2, #3, #4, and #5. Calculations for the staff recommendation are shown in the table below, followed by the discussions of relevant decision items.

²See 2007-2008 Towers Perrin Global Workforce Study, available at: http://www.towersperrin.com/tp/getwebcachedoc?webc=HRS/USA/2007/200712/RCC_Survey_Report_Dec_2007.pdf

Decision Item/Budget Amendment	Staff Recommendation (Cash Funds from State Highway Fund)
<i>FY 2007-08 Long Bill Appropriation</i>	\$1,603,034
+ Supplemental Appropriations for Operating Expenses	0
= FY 2007-08 Total Operating Expenses Appropriation	1,603,034
+ DI #2: Utilities Expenses (discussed below)	225,000
+ DI #3: Print Shop Spending Authority (discussed below)	100000
+ DI #4: Human Resources Personnel (discussed above)	13,986
+ DI #5: Learning and Development (discussed above)	32,965
= Total Recommendation for FY 2008-09	1,974,985

DECISION ITEM #2: UTILITIES EXPENSES

The Department requests \$225,000 cash funds exempt (now classified as cash funds) from the State Highway Fund to cover increased utility expenses at the CDOT headquarters complex. Utilities expenses for most of the Department's facilities are under the Transportation Commission controlled Construction, Maintenance, and Operations line item. However, utilities costs for the headquarters complex are under the legislatively appropriated Administration line, specifically the Facilities Management group within the Division of Human Resources and Administration.

According to CDOT, the Department has used vacancy savings from the Facilities Management group to cover increasing utility costs at the headquarters complex since the Department last requested an increase for utilities in FY 2001-02. The Department's data shows an increase of approximately \$225,000 per year in utility costs since FY 2001-02 without corresponding increases in the Facilities operating budget (see table below).

Fiscal Year	Utility Costs	Increase in Utility Costs Over Prior Year	Facilities Operating Budget	Utilities as Percentage of Facilities Operating Budget
2001-02	203,923	N/A	426,231	47.8%
2002-03	240,710	36,787	443,437	54.3%
2003-04	291,514	50,804	426,237	68.4%
2004-05	340,543	49,029	416,231	81.8%
2005-06	379,646	39,103	420,231	90.3%
2006-07	355,732	(23,914)	420,231	84.7%
2007-08 (projected)	380,000	24,268	420,231	90.4%

CDOT's utility costs for the headquarters complex have increased by 186 percent since FY 2001-02, with the share of the Facilities Management group's operating budget consumed by utilities moving from 47.8 percent in FY 2001-02 to 84.7 percent in FY 2006-07 and a projected 90.4 percent in FY 2007-08.

Staff has worked with the Department to better understand the source of the increased costs. The Department estimates that 17.5 percent of the additional cost is the result of increased space utilization at the headquarters complex. The Department renovated the Shumate Building, a 28,000 square foot building in the headquarters complex, and moved staff from leased space into the renovated space at headquarters. That renovation resulted in a 17.5 percent increase in used space at headquarters. The balance of the growth in costs is the result of rate increases for electricity (40-50 percent increase since 2002) and natural gas (250 percent increase since 2002).

Staff recommends funding the request, a \$225,000 increase in operating expenses for Human Resources and Administration.

DECISION ITEM #3: PRINT SHOP SPENDING AUTHORITY

The Department requests an additional \$100,000 in internal cash funds (now classified as reappropriated funds) spending authority for the Department's Center for Printing and Visual Communications (Print Shop). The request would provide additional spending authority for the Print Shop's operating expenses.

The Print Shop provides printing services for CDOT and other state agencies, with the spending authority in the annual Long Bill setting the annual limit in the office's spending authority. The Print

Shop is funded by internal cash funds payments made by other CDOT divisions and other governmental organizations. According to the Department, CDOT's construction program makes up approximately 35-40 percent of the shop's annual business; other state agencies account for approximately 15-20 percent; and the remaining 40-50 percent is for other CDOT programs, the Transportation Commission, etc.

The Print Shop's FY 2007-08 total appropriation of \$1,476,786 consists of \$774,696 in personal services and \$702,090 in operating expenses. The Department last requested an increase for Print Shop operating expenses in FY 2006-07. That request was for \$125,000, and the General Assembly provided \$65,000. The FY 2008-09 request reflects the unapproved portion of that earlier request, in addition to funds to cover heightened demand for Print Shop services since FY 2006-07.

For the past several years, the Print Shop has exceeded its operating budget, forcing transfers from personal services to cover the difference (see table below).

Fiscal Year	Operating Budget	Actual
FY 2004-05	\$652,090	\$777,090
FY 2005-06	652,090	755,242
FY 2006-07	702,090	772,000

According to CDOT, when the Print Shop approaches its spending limit for each year (after transferring any available funds from personal services), it: 1) stops accepting business from non-CDOT agencies and 2) has vendors bill directly to the CDOT programs or offices making orders. As a result, the purchase of supplies is billed to other programs, while labor is paid to the Print Shop. In each of the past several years, the Print Shop has stopped accepting outside business late in the fiscal year (in late April or early May of 2007).

The Department argues that turning away other agencies' orders costs the state money as those agencies have to find other vendors. CDOT further argues that billing supply costs to customer programs is not a good accounting practice as compared to keeping those costs on the Print Shop's books.

Staff recommends approving the request for \$100,000 in additional internal cash funds spending authority for Print Shop operations. The Print Shop has demonstrated that the existing demand more than exhausts their spending authority each year.

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 2006-07 Actual	FY 2007-08 Appropriation	FY 2008-09 Request	FY 2008-09 Recommendation
Audit Manager	1.0	1.0	1.0	1.0
Auditors	5.0	5.0	5.0	5.0
IT Professional	1.0	1.0	1.0	1.0
Administrative Support	0.5	0.5	0.5	0.5
Total	7.5	7.5	7.5	7.5

Personal Services

The request is for an appropriation of \$650,055 and a continuing level of 7.5 FTE.

Staff recommends \$751,812 and 7.5 FTE. The recommendation was calculated in accordance with Committee policy including a 1 percent base reduction.

Operating Expenses

The request is for an appropriation level of \$33,290 for operating expenses.

Staff recommends \$33,290, calculated in accordance with Committee policy.

Miscellaneous Administration Accounts

Statewide Indirect Costs

The Department is requesting \$567,120 State Highway Funds for the appropriated share of its statewide indirect cost allocation. Statewide indirect cost assessments of \$1,348,763 in cash funds from the State Highway Fund and \$5,399 cash funds from the Aviation Cash Fund for the Division of Aeronautics are included in the Transportation Commission controlled Construction, Maintenance, and Operations line. Federal highway funds are prohibited under federal law from being used to pay statewide indirect costs.

Staff recommends funding the Department's request for \$567,120 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 2008-09.

Legal Services

The Department is requesting an appropriation of \$473,958 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 recommendation is for 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 2007-08 Appropriation			FY 2008-09 Request			FY 2008-09 Recommendation		
	Legal Services Hours	Rate	Total	Legal Services Hours	Rate	Total	Legal Services Hours	Rate	Total
Base Budget	6,580	\$72.03	\$473,958	6,580	\$72.03	\$473,958	6,580	TBD	TBD
TOTAL - CFE/CF	6,580	\$72.03	\$473,958	6,580	\$72.03	\$473,958	6,580	TBD	PENDING

Risk Management - General Insurance

The Department is requesting \$4,444,788 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 \$384,482 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 request is for \$560,294 in salary survey increases for Administration. This amount includes \$35,743 associated with a statewide budget amendment (total compensation update).

Staff recommendation is \$556,185, calculated in accordance with Committee common policy.

Performance-Based Pay Awards

The request is for \$176,898 in performance pay increases for Administration. This amount includes \$494 associated with a statewide budget amendment (total compensation update).

Staff recommendation is \$189,817, calculated in accordance with Committee common policy.

Shift Differential

The request is for \$29,684 for shift differential. This amount represents the Department's November 1 request and was not affected by the total compensation budget amendment.

Staff recommendation is \$37,520, calculated in accordance with Committee common policy.

Health/Life/Dental

The request is for an appropriation of \$968,408 for health, life, and dental insurance costs. This amount includes \$55,133 associated with a statewide budget amendment (total compensation update).

Staff recommends an appropriation of \$968,408 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 \$17,991 to provide for Short Term Disability costs. This amount includes \$42 associated with a statewide budget amendment (total compensation update).

Staff recommends an appropriation of \$18,893 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 \$225,892 to fund this PERA-based adjustment. The request includes funds associated with decision items #4 (Human Resources Personnel) and #5 (Learning and Development Support), as well as budget amendment #1 (multi-agency fleet vehicle maintenance) and budget amendment NP-2 (total compensation update).

Staff recommends \$232,530 pursuant to Committee common policy for this line. Pursuant to Committee common policy, the recommendation does not include additional funding associated with new FTE requested in decision items #4 and #5 and budget amendment #1.

S.B. 06-235 Supplemental Amortization Equalization Disbursement

The request is for an appropriation of \$71,118 for the supplemental amortization equalization disbursement. The request includes funds associated with decision items #4 (Human Resources Personnel) and #5 (Learning and Development Support), budget amendment #1 (multi-agency fleet vehicle maintenance), and budget amendment NP-2 (total compensation update).

Staff recommends \$108,998 pursuant to Committee common policy for this line. Pursuant to Committee common policy, the recommendation does not include additional funding associated with new FTE requested in decision items #4 and #5 and budget amendment #1.

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 Department is requesting \$2,073,987 internal cash funds (now classified as reappropriated funds) and 15.0 FTE of Administration Program costs be funded through internal cash funding. The requested level reflects personal services and operating costs for the Print Shop, including funding associated with decision item #3 (discussed above in the Human Resources and Administration section), and the proposed multi-agency fleet vehicle maintenance work requested in budget amendment #1 (discussed above in the Chief Engineer and Regional Transportation Directors section).

Staff recommends a total appropriation of \$1,589,399 in internal cash funds spending authority and 13.0 FTE, including \$784,912 for personal services and \$804,487 for operating expenses for the Center for Printing and Visual Communications (Print Shop). The recommendation includes the requested \$100,000 increase in Print Shop operating expenses from decision item #3 but does not include any funding associated with the multi-agency fleet vehicle request (budget amendment #1).

(3) CONSTRUCTION, MAINTENANCE AND OPERATIONS

These funds are appropriated by the Transportation Commission. Staff recommends that FTE, funding, and associated lettered notes 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. This request is for funds totaling \$1,259,283,772 and 3,127.3 FTE. This request is based on the following projections by the Department:

- \$74,369,954 local cash funds
- \$737,468,332 cash funds (formerly cash funds exempt) per estimated share of the Highway User's Tax Fund
- \$1,912,238 internal cash funds (now classified as reappropriated funds)
- \$445,533,158 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.

Staff notes that the Department estimates show that of the \$737 million cash funds from the Highway Users Tax Fund, approximately \$250 million will be from Senate Bill 97-1 transfers. The Department is also budgeting \$98 million in prior year excess reserves (H.B. 02-1310) transfers. This projection is based on the Department's November 1, 2007 budget request and does not include more recent revenue projections from Legislative Council and the Office of State Planning and Budgeting.

Staff recommends inclusion of \$1,259,333,566 and 3,127.3 FTE for the Construction, Maintenance and Operations line item. This recommendation is based on the Department's projected revenues.

Below are two tables summarizing the December 2007 Legislative Council and OSPB Revenue Forecasts. Staff notes that the two forecasts illustrate the difference in assumption methodology.

Based on LCS Forecast*
December 2007 Revenue Estimate
Transportation Funding (GF Diversions)
Five Year Projection
(in millions)

	08	09	10	11	12	Totals
Capital**	\$20.0	\$20.0	\$20.0	\$20.0	\$20.0	\$100.0
S.B. 97-1	243.3	253.3	265.3	279.2	292.9	1,334.0
Gaming***	14.3	10.1	0.0	0.0	0.0	24.4
H.B. 02-1310	166.0	108.1	67.4	39.1	29.3	409.9
Totals	\$443.6	\$391.5	\$352.7	\$338.3	\$342.2	\$1,868.3

* Taken from JBC staff January 9, 2008 Memo: "FY 2007-08 Supplementary Request Summary". Based on Legislative Council December 2007 Revenue Estimate. The estimate includes bills passed during the 2007 Session, Governor's actions, 2007 1331 Supplemental Requests, and January 2008 Supplemental Requests.

** S.B. 07-240 transferred \$20 million from the General Fund Exempt Account to the Capital Construction Fund in FY 2007-08. The numbers for FY 2008-09, 2009-10, 2010-11, and 2011-12 are only estimates and may change.

*** 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 amount appropriated for FY 2007-08 and the Department's request for FY 2008-09. Staff has not included an amount for each year after FY 2008-09 because the General Assembly makes a determination on a year-by-year basis.

Based on OSPB Forecast*
December 2007 Revenue Estimate
Transportation Funding (GF Diversions)
Five Year Projection
(in millions)

	08	09	10	11	12	Totals
Capital**	\$20.0	\$20.0	\$20.0	\$20.0	\$20.0	\$100.0
S.B. 97-1	242.9	254.0	265.6	245.0	272.7	1,280.2
Gaming***	14.3	10.1	0.0	0.0	0.0	24.4
H.B. 02-1310	92.7	48.4	3.8	0.0	0.0	144.9
Totals	\$369.9	\$332.5	\$289.4	\$265.0	\$292.7	\$1,549.5

* Taken from OSPB staff December 20, 2007 Memo: "December 2007 Revenue Forecast".

** S.B. 07-240 transferred \$20 million from the General Fund Exempt Account to the Capital Construction Fund in FY 2007-08. The numbers for FY 2008-09, 2009-10, 2010-11, and 2011-12 are only estimates and may change.

*** 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 amount appropriated for FY 2007-08 and the Department's request for FY 2008-09. Staff has not included an amount for each year after FY 2008-09 because the General Assembly makes a determination on a year-by-year basis.

(4) 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.

DECISION ITEM #1: LIMITED GAMING FUNDS

The Department requests \$10,127,124 in Limited Gaming Funds to address gaming related traffic increases on highways leading to and within fifty miles of the gaming communities. The request represents a \$4.2 million decrease from the FY 2007-08 appropriation.

Background Information

Since its inception in 1991, gaming has significantly increased traffic on highways providing access to the gaming communities, with large increases from pre-gaming levels and generally consistent growth since 2000 (see table below).

Traffic Increases on State Highways Near Gaming Communities

Highway	Annual Average Daily Traffic							Percent Change 1991-06
	Pre-Gaming 1991	2000	2002	2003	2004	2005	2006	
S.H. 119/U.S. 6*	3,050	16,078	18,070	17,393	17,400	14,500	14,300	
Percent Change			12.4%	(3.7)%	0.0%	(16.7)%	(1.4)%	368.9%
S.H. 67	2,587	5,764	5,633	5,662	5,600	5,700	5,500	
Percent Change			(2.3)%	0.5%	(1.1)%	1.8%	(3.5)%	112.6%
S.H. 24**	7,050	16,524	18,120	16,689	16,700	16,700	17,400	
Percent Change			9.7%	(7.9)%	0.1%	0.0%	4.2%	146.8%
S.H. 160**	4,556	6,521	6,456	6,520	6,600	6,700	6,800	
Percent Change			(1.0)%	1.0%	1.2%	1.5%	1.5%	49.3%

* Decline in traffic in 2005 is the result of a rockslide that closed S.H. 119.

**Traffic volumes for S.H. 24 and S.H. 160 are shown for illustrative purposes - the FY 2008-09 request does not include funds for those highways.

Responding to this increased traffic, in 1994 the General Assembly enacted S.B. 94-60 (later amended by S.B. 97-27) to provide additional funding for highway maintenance and construction on highways near the gaming communities. By statute (Section 43-1-220(1), C.R.S.), the Department may annually request Limited Gaming funds, drawn from taxes paid by the casinos, for transportation needs on highways leading to and within fifty miles of gaming communities.

Details of the FY 2008-09 Request

The following table shows how the Department plans to use the requested gaming funds, based on an effort to improve service and safety and reduce congestion.

FY2008-09 Proposed Gaming/State Highway Fund Expenditures	
Proposed Expenditures by Region	FY 2008-09 Gaming Fund Request
Region 1 (Black Hawk/Central City)	
S.H. 6 and S.H. 119 rock fall mitigation	\$222,750
S.H. 6 and S.H. 119 corridor and safety infrastructure	\$8,456,247
Area Highway Maintenance	\$290,993
Sub-total	\$8,969,990
Region 2 (Cripple Creek)	
S.H. 67 at County Road 61, Rainbow Valley Road intersection construction.	\$500,000
Area Highway Maintenance	\$657,284
Sub-total	\$1,157,284
Region 5 (Southwest Colorado)	
No funding requested for FY 2008-09	\$0
Grand Total	\$10,127,274

The FY 2008-09 request includes two significant policy changes from prior year Limited Gaming Fund requests: 1) the omission of projects in CDOT Region 5 (Southwest Colorado) and 2) the omission of non-gaming funds to pay a portion of each requested project.

The Department's request would not provide any Limited Gaming Funds for Region 5 (Southwest Colorado). The state Gaming Commission has indicated that roads in that region should no longer receive gaming funds because under federal law the tribal casinos do not pay taxes into the Limited Gaming Fund. Prior to the FY 2008-09 request, CDOT and the Gaming Commission had always provided a portion of each gaming fund appropriation for Region 5. For example, Region 5 received \$196,796 in gaming funds in FY 2006-07 (3.7 percent of the total appropriation) and \$2.4 million in FY 2007-08 (16.5 percent of the total appropriation).

Region 5 had requested \$4.2 million in Limited Gaming Funds for FY 2008-09. However, the Gaming Commission has decided not to provide Limited Gaming funds for Region 5 in FY 2008-09. Instead, the Gaming Commission resolution (see Appendix A) asks the State and the tribe to

negotiate a cost sharing arrangement to pay for the region's gaming road projects.

In another change from prior years, the Department does not intend to match the gaming funds with non-gaming funds. For FY 2006-07 and FY 2007-08, Construction, Maintenance, and Operations funds had paid for nearly half of gaming highway projects, with the gaming funds paying the other half. CDOT calculated the split based on the share of additional traffic directly attributable to gaming. Starting with FY 2008-09, because of fiscal constraints and higher priorities on non-gaming highways, CDOT is no longer programming non-gaming funds for gaming highway improvement projects. CDOT has indicated that only routine maintenance at pre-gaming levels will proceed without gaming funds. As a result, the projects proposed in the FY 2008-09 Limited Gaming Fund request are entirely dependent on gaming funds.

Limited Gaming Funds Distribution

The following table shows a breakdown of the Limited Gaming Fund by distribution source. Included in this table is the Department of Transportation distribution request for FY 2008-09. As indicated the table, the distribution of funds changed substantially starting with FY 2007-08.

As shown in the table, fifty percent of the limited gaming funds are distributed as follows: 28 percent to the State Historical Society, 12 percent divided among Gilpin and Teller Counties, and 10 percent divided among Cripple Creek, Central City, and Black Hawk. The other 50 percent were either appropriated for other uses (including transportation) or went to the General Fund. With the passage of S.B. 07-246, any remaining share that would have gone to the General Fund now goes into the Clean Energy Fund.

Limited Gaming Fund Distribution	Percent of Total	FY 04-05 Actual	FY 05-06 Actual	FY 06-07 Actual	FY 07-08 Projected	FY 08-09 Projected
State Historical Society	28%	\$26,020,457	\$28,041,290	\$29,779,880	\$30,673,276	\$31,593,475
Gilpin and Teller Counties	12%	11,151,624	12,017,696	12,762,806	13,145,690	13,540,061
Cripple Creek, Central City, Black Hawk	10%	9,293,020	10,014,747	10,635,671	10,954,741	11,283,384
<u>General Fund Transfer</u>	<u>50%</u>	<u>46,465,103</u>	<u>50,073,732</u>	<u>53,178,357</u>	<u>54,773,709</u>	<u>56,416,918</u>
Municipal Impact Fund	1.0%	0	0	0	0	0
Local Government Impact Fund ^a	13.0%	6,040,463	6,509,585	6,913,186	7,120,582	7,334,199
Colorado Tourism Fund ^b		185,861	19,000,000	19,676,799	20,267,103	20,875,116
New Jobs Incentive Fund ^c		N/A	3,000,000	3,106,863	3,200,069	3,296,071
State Council on the Arts Fund ^d		N/A	1,500,000	1,553,432	1,600,034	1,648,035
Film Incentives Fund ^e		N/A	500,000	621,372	640,014	659,214
Bioscience Grant ^f		N/A	2,000,000	2,500,000	3,500,000	3,500,000
Clean Energy Fund ^g		N/A	N/A	7,000,000	4,153,149	8,977,009
Department of Transportation		0	0	5,259,411	14,292,757	10,127,274
Credited to General Fund		40,238,779	17,564,147	6,547,294	0	0
Total:	100%	\$92,930,204	\$100,147,465	\$106,356,714	\$109,547,416	\$112,833,838
Transportation Percent of Fund		0.0%	0.0%	4.9%	13.0%	9.0%
General Fund Percent of Fund		43.3%	17.5%	6.2%	0.0%	0.0%

^a Per HB 06-1201 Section 5 (2) Local Government Impact Fund distribution percentage was changed to an aggregate total of thirteen percent. Prior to FY 2006, the distribution to this fund was 6.5 percent of the total General Fund Transfer.

^b Per HB 06-1201 Section 4 (III) (A) Tourism Promotion Fund distribution became a set amount in FY 2006 that adjusts with inflation in future years. Prior to FY 2006, the distribution to this fund was 0.2 percent of the total General Fund Transfer.

^c Per HB 06-1201 Section 4 (III) (A) and Section 9 New Jobs Incentives Fund distribution became an established portion of the Limited Gaming Fund distribution to the General Fund with a set amount for FY 2006 that adjusts with inflation in future years. Prior to FY 2006, the Limited Gaming Fund distribution did not include this fund.

^d Per HB 06-1201 Section 4 (III) (A) and Section 7 State Council on the Arts Fund distribution became an established portion of the Limited Gaming Fund distribution to the General Fund with a set amount for FY 2006 that adjusts with inflation in future years. Prior to FY 2006, the Limited Gaming Fund distribution did not include this fund.

^e Per HB 06-1201 Section 4 (III) (A) and Section 8 Film Incentives Fund distribution became an established portion of the Limited Gaming Fund distribution to the General Fund with a set amount for FY 2006 that adjusts with inflation in future years. Prior to FY 2006, the Limited Gaming Fund distribution did not include this fund.

^f Per HB 06-1360 Section 2 and Section 5 (a) Bioscience Grant distribution became an established portion of the Limited Gaming Fund distribution to the General Fund for FY 2006 only. According to this bill, no distribution shall be made in future years.

^g Per SB 07-246 Section 3 (5), the Clean Energy Fund received 7 million for FY07 and for FY08 and future years, will receive the remainder of any moneys that would otherwise be transferred to the State General Fund.

As the above table illustrates, if the General Assembly approves this decision item, the Clean Energy Fund will receive \$10.1 million less from the balance of the Limited Gaming Fund. If the request is denied, the Clean Energy Fund would retain an additional \$10.1 million of the balance of the Limited Gaming Fund for FY 2008-09.

Staff recommends that the Committee approve the Department's request for a \$10,127,274 appropriation from the Limited Gaming Fund.

(5) 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.

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 toll collection system will include electronic equipment, toll tag readers, software, and integration efforts to be interoperable with the existing toll collection systems on E-470 and the Northwest Parkway.

The Tolling Enterprise opened its first project, the North I 25 / Express Lanes, to the public in June of 2006.

To date, the Transportation Commission has authorized transfers to the Tolling Enterprise totaling \$7 million. These funds are to be used for start-up costs of the enterprise.

For FY 2008-09, the Department requests \$2,560,000 cash funds (formerly cash funds exempt) 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 2008-09.

Staff recommends the Committee reflect the Department's request for \$2,560,000 cash funds spending authority for FY 2008-09. The appropriation is reclassified as cash funds because of the elimination of cash funds exempt for the FY 2008-09 Long Bill. Staff notes that these funds will be listed for information only.

LONG BILL FOOTNOTES AND REQUESTS FOR INFORMATION

Staff recommends the following footnote be **eliminated and replaced with a written request for information**. Staff recommends that the written request for information include the modifications shown in struck type and small capitals.

117 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.

If the Committee approves the Department's Limited Gaming Fund request, **staff recommends continuation of the following footnote, including the modification shown in struck type and small capitals.**

118 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 2008-09 2010-11, 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.

If the Committee approves the recommendation to expand the Office of Organizational Learning and Development (decision item #5), staff recommends inclusion of the following request for information.

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.

Appendix A Gaming Commission Resolution

COLORADO LIMITED GAMING CONTROL COMMISSION

Resolution Concerning the FY 2008-09 Budget Request
From the Colorado Department of Transportation
To the Colorado Limited Gaming Control Commission
and the Colorado Division of Gaming

WHEREAS, gaming is recognized as a valuable economic resource for the State of Colorado, and for Region 1 – Black Hawk / Central City, Region 2 – Cripple Creek, and Region 3 – Southwest Colorado; and

WHEREAS, the Limited Gaming Fund has been established by the General Assembly in the Office of the State Treasurer under C.R.S. 12-47.1-701 to help offset financial impacts associated with increased highway traffic, greater need for law enforcement, and increased demands on other social services caused by gaming; and

WHEREAS, C.R.S. 12-47.1-701(1)(c)(I) mandates that the State Treasurer distribute fifty percent of the balance remaining in the Limited Gaming Fund to the state general fund or such other fund as the General Assembly shall provide, including the state highway fund, and that the General Assembly shall determine and appropriate an amount as a separate line item to be transferred to the state highway fund; and

WHEREAS, in accordance with the provisions of C.R.S. 12-47.1-701(1)(c)(I), section 43-1-220(1)(c)(I), C.R.S. stipulates that the receipts from the Limited Gaming Fund are to be used on public roads and highways leading to and within a fifty-mile radius of any limited gaming community; and

WHEREAS, the Colorado Department of Transportation provided the Colorado Gaming Commission its fiscal year 2008-09 request for limited gaming funds as part of the Commission's annual tax setting hearings on April 19, 2007, and, further, it requested support from the Colorado Gaming Commission for its request amounting to a grand total of \$15,887,995; and

WHEREAS, the Colorado Gaming Commission supports the amount of \$8,513,743 for Region 1 – Black Hawk / Central City to fund S.H. 6 and S.H. 119 rock fall mitigation, S.H. 119 final design phase 1 corridor improvements, S.H. 6 overlay, S.H. 6 and S.H. 119 corridor safety and infrastructure, and area highway maintenance; and

WHEREAS, the Colorado Gaming Commission supports the amount of \$3,157,284 for Region 2 – Cripple Creek to fund S.H. 67 at C.R. 61: Rainbow Valley Road intersection construction and area highway maintenance; and

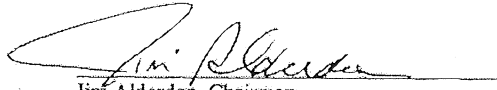
WHEREAS, the Colorado Gaming Commission does not support the amount of \$4,216,968 for Region 5 – Southwest Colorado to fund U.S. 160/491 construction of passing lane and area highway maintenance; now, therefore,

Appendix A Gaming Commission Resolution

BE IT RESOLVED that the Colorado Gaming Commission supports, in part, the request of the Colorado Department of Transportation for its fiscal year 2008-09 request for limited gaming funds in the amount of \$11,671,027 for expenses related to Regions 1 and 2, and finds that the funding of this amount is necessary for the protection and public safety of casino patrons and others traveling those highways; and

BE FURTHER RESOLVED that the Colorado Gaming Commission encourages the appropriate Colorado state agencies to consider and negotiate with the Ute Mountain Ute Tribe to share the highway maintenance expenses with the Colorado Department of Transportation for the roads in Region 5, leading to, but not on, the Reservation that are used by patrons visiting the Tribal casino.

Dated this ~~16~~ 17 day of May 2007,


Jim Alderden, Chairman
Colorado Limited Gaming Control Commission