

STATE OF COLORADO
JOINT BUDGET COMMITTEE



Fiscal Year 2003-04

APPROPRIATIONS REPORT

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FISCAL YEAR 2003-04 APPROPRIATIONS REPORT

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INTRODUCTION

The purpose of this report is to assist members of the General Assembly, state personnel, and other interested parties in understanding state funding decisions made during the 2003 Regular Session. This report provides an overview of state general tax revenues and expenditures, comparative and historical information regarding appropriations made during the 2003 Regular Session, and a detailed explanation of major funding changes for each state department. The FY 2003-04 Appropriations Report includes the following five sections:

PART I: OVERVIEW OF REVENUES AND EXPENDITURES

This section of the report includes: (A) an overview of state General Fund revenues and expenditures, including a summary of actions taken by the General Assembly to balance the FY 2002-03 budget in light of the economic downturn, as well as a discussion of related statutory requirements and limitations; (B) a discussion of constitutional revenue and spending limits; and (C) a series of charts identifying the sources of General Fund revenue and comparing the distribution of expenditures by program and fund source over a ten year period.

PART II: SUMMARY TABLES

This section consists of a series of tables that summarize FY 2003-04 appropriations and FTE authorizations by department and funding source. Tables in subsection B provide comparable data for the previous three fiscal years.

PART III: EXPENDITURE/APPROPRIATION DETAIL BY DEPARTMENT

This section contains detailed information regarding funding for the operations of each state department and for capital construction projects. The subsection for each department summarizes funding and FTE authorizations by division for FY 2003-04 and for the previous fiscal year. Narrative sections describe major changes in funding from FY 2002-03 to FY 2003-04. This section includes brief summaries of bills adopted in the 2002 and 2003 Regular Sessions that contained an appropriation or implemented a major policy change.

The format reflects appropriations by bill and by division or program area for each department for FY 2002-03 and FY 2003-04. The narrative describes factors affecting departmental budgets, fund sources for each division, and division activities.

The footnotes to the 2003 Long Bill (S.B. 03-258) can be found at the end of each departmental section in the 2003 Session Laws, or they can be accessed via the internet at the following address:

<http://www.leg.state.co.us/2003a/inetcbill.nsf/lbcontainer/sb03-258>.

Additional information on department activities and funding requests may also be found in Joint Budget Committee staff briefing, supplemental, and figure setting documents. These documents may be accessed via the internet at the following address:

http://www.state.co.us/gov_dir/leg_dir/jbc/jbcstaffdocs.htm.

Note that these documents, unlike information included in this appropriations report, reflect staff recommendations rather than final funding decisions made by the General Assembly.

APPENDICES

This section includes: (A) a glossary of terms used in this report; (B) descriptions of the general policies which have been applied to determine funding for operations of state departments; (C) tables summarizing 2003 Session adjustments to capital construction appropriations for FY 1992-93, FY 1998-99, FY 1999-00, FY 2000-01, and FY 2001-02; (D) tables summarizing legislative actions taken to balance the FY 2002-03 and FY 2003-04 budgets; (E) a table summarizing appropriations from the State Education Fund; and (F) a table summarizing appropriations from the Highway Users Tax Fund.

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Finally, this report includes an index to assist the reader in identifying the state department associated with a particular division, service, or program.

PART I: OVERVIEW OF REVENUES AND EXPENDITURES

A. GENERAL FUND OVERVIEW

This section provides an overview of General Fund revenues and expenditures based on Legislative Council's March 2003 revenue estimate, even though the revenue outlook continued to change after March 2003 due to the economic downturn. Since the Legislative Council March 2003 revenue estimate was used to prepare the FY 2003-04 budget, it is used as the basis for this overview. A summary of actions taken by the General Assembly to balance the state budget in FY 2002-03 and a summary of actions taken with regard to an emergency cash flow reserve for FY 2003-04 are also provided. Table 1 provides an overview of General Fund revenues, spending obligations, and ending reserves for both FY 2002-03 and FY 2003-04. Table 2 provides an overview of the statutory General Fund appropriations limit for FY 2003-04. Narrative explanations follow each table.

Summary of Actions Taken to Balance the FY 2002-03 Budget:

The General Fund revenue shortfall for FY 2002-03 was projected to be approximately \$809.8 million based on the Legislative Council Staff December 2002 revenue estimate. The General Assembly took the following actions on the FY 2002-03 budget early in the 2003 Regular Session: (1) passed S.B. 03-199 through S.B. 03-220 enacting supplemental appropriations bills containing net reductions of \$262.4 million General Fund; (2) passed S.B. 03-169 through S.B. 03-198 to make statutory changes that resulted in spending reductions of \$226.5 million and revenue enhancements of \$287.7 million; and (3) acknowledged \$33.2 million in revenue changes not previously captured in the forecast (\$30.0 million from an unclaimed property transfer, \$2.9 million from excess funds not needed to pay existing certificate of participation notes, and \$250,000 from funds paid back by the National Conference of State Legislatures).

Based on Legislative Council's March 2003 revenue estimate, the General Fund revenue shortfall for FY 2002-03 was projected to be an additional \$80.2 million over the December 2002 estimate. The General Assembly took the following actions on the FY 2002-03 budget late in the 2003 Regular Session: (1) passed supplemental add-on appropriations to the Long Bill (S.B. 03-258) totaling a net negative General Fund reduction of \$46.9 million; (2) passed S.B. 03-282 that transferred \$27.2 million from tobacco cash funds to the General Fund; and (3) acknowledged \$6.1 million in revenue changes not previously captured in the forecast (\$4.9 million change in Medicaid upper payment limit and \$1.2 million from an anticipated Medicaid lawsuit settlement). In addition, the General Assembly passed S.B. 03-349 which allows the Governor to utilize up to \$132.0 million from the statutory reserve, transfer \$18.0 million from the Local Government Severance Tax Fund, and transfer \$9.0 million from the Local Government Mineral Impact Fund if revenues continued to fall after the General Assembly adjourned in May.

Summary of Actions Taken with Regard to Emergency Cash Flow Reserve for FY 2003-04:

In recent years the State's cash flow position deteriorated due to the continued revenue shortfall. In response to this, the General Assembly passed two bills during the 2003 Session which established

an emergency cash flow reserve. The emergency cash flow reserve can be accessed by the State Treasurer to address a fiscal emergency that could lead to a cash flow deficiency in the State. Any moneys used from the emergency cash flow reserve would have to be replenished in the following fiscal year. Senate Bill 03-342 transferred \$40 million General Fund to the Controlled Maintenance Trust Fund which is then designated as a portion of the cash flow reserve. Additionally, the General Assembly provided the Governor's Office and the State Treasurer with two options to raise an additional \$160 million. Senate Bill 03-342 allows the Governor's Office and the State Treasurer to sell up to \$160 million of state buildings that would then be leased back to the State. The funds raised from this sale would be deposited to the Controlled Maintenance Trust Fund and designated as a portion of the emergency cash flow reserve. Senate Bill 03-268 allows the Governor's Office and the State Treasurer to securitize up to 60.0 percent in future tobacco proceeds in order to obtain \$160 million. These funds would be deposited to the Tobacco Litigation Trust Fund and then designated as a portion of the emergency cash flow reserve.

It is the intent of the General Assembly that the Governor's Office and the State Treasurer determine which, if either, of these options is most sound. If either of these options is not consummated by January 1, 2004, they will be repealed. The Governor's Office and the State Treasurer are to report to the Joint Budget Committee by November 1, 2003, on which option is selected. Regardless of which option is selected, the \$40 million transfer of General Fund to the Controlled Maintenance Trust Fund as a portion of an emergency cash flow reserve will occur.

Table 1		
General Fund Overview (In Millions)		
Description	FY 2002-03	FY 2003-04
<u>General Fund Available</u>		
Beginning General Fund Reserve	\$137.5	\$132.4
Gross General Fund Revenues	5,394.7	5,725.3
Transfer to Older Colorado Fund	(3.0)	(2.3)
Transfer from Controlled Maintenance Trust Fund	30.5	0.0
Transfer from Other Funds	<u>193.5</u>	<u>68.5</u>
Total General Fund Available	\$5,753.2	\$5,923.9
<u>General Fund Obligations</u>		
Capital Construction Transfer	\$10.6	\$9.5
Rebates and Expenditures	133.1	113.9
Controlled Maintenance Trust Fund Transfer	0.0	40.0
Excess Article X, Section 20 Revenues	0.0	0.0
Reimbursement for Senior Property Tax Cut	62.6	0.0
General Fund Appropriations	<u>5,414.5</u>	<u>5,538.4</u>
Total General Fund Obligations	\$5,620.8	\$5,701.8
Ending General Fund Reserve (Available Funds Less Obligations)	\$132.4	\$222.1
<u>General Fund Reserve Information</u>		
Statutorily Required General Fund Reserve	\$0.0	\$221.5
General Fund Reserve in Excess of Statutory Requirement	\$132.4	\$0.6

Beginning General Fund Reserve

These figures represent the projected total balance in the General Fund reserve at the start of the fiscal year, based on the assumptions used for revenues and obligations. The beginning General Fund reserve is the same as the prior year's ending General Fund reserve. Section 24-75-201.1 (1)(d)(III), C.R.S., requires a reserve of at least four percent of General Fund appropriations and Section 24-75-201.5, C.R.S., requires the Governor to take action to reduce state spending during the year if revenue estimates indicate the reserve would fall below two percent. Due to the revenue shortfall,

S.B. 03-349 changed the reserve requirement for FY 2002-03, so that the Governor had the flexibility to reduce the required reserve to zero by the end of the fiscal year, if necessary.

Gross General Fund Revenues

These figures represent estimates of the total General Fund revenues as reflected in Legislative Council's March 2003 revenue estimate. It should be noted that the revenue outlook continued to change after March 2003 due to the economic downturn. The major components of the State's General Fund revenues are sales and use, individual and corporate income, insurance, and cigarette taxes. General Fund revenues must be applied to statutory obligations before the General Assembly can appropriate the remaining General Fund. These obligations include rebates and expenditures and the capital construction transfer as described below.

S.B. 97-1 Transfer to Highway Fund

Senate Bill 97-1 allows 10.355 percent of the total sales tax revenue to be transferred to the State Highway Fund for transportation projects as long as there is enough revenue in the General Fund to fund a six percent increase in General Fund appropriations and the four percent statutory reserve. Based on the Legislative Council March 2003 revenue estimate, there is not sufficient General Fund revenue for transfers to occur in either FY 2002-03 or FY 2003-04.

Capital Construction Transfer

Section 24-75-302 (2), C.R.S., provides for automatic transfers of General Fund to the Capital Construction Fund through FY 2005-06. These transfers are exempt from the calculation of the statutory General Fund spending limit. The General Assembly can, and has, changed the amount of the annual transfer when necessary. S.B. 03-262 reduced the transfer to the Capital Construction Fund from the General Fund by \$91.3 million to a total of \$9.5 million for FY 2003-04.

Rebates and Expenditures

These statutory obligations include Old Age Pensions, cigarette tax rebates to local governments, Fire and Police Pension Payments for local governments, and Elderly Property Tax and Heating Credits. The estimates of these statutory obligations are exempt from the calculation of the statutory General Fund spending limit.

Controlled Maintenance Trust Fund Transfer

Senate Bill 93-7 authorized the Capital Development Committee to recommend to the Joint Budget Committee an amount of prior year excess revenues to be transferred to the Controlled Maintenance Trust Fund. Each January, the Capital Development Committee may recommend that half of the excess revenues in the prior year (up to \$50 million) be transferred to the Controlled Maintenance Trust Fund. This recommendation, in the form of a resolution, is voted on by the General Assembly.

The original intent was to build a \$300 million trust fund, so that the interest income could be used to fund controlled maintenance projects for state buildings.

House Bill 95-1359 made a number of changes to the Controlled Maintenance Trust Fund. First, the principal of the Controlled Maintenance Trust Fund may now constitute all or some portion of the state's emergency reserve. Second, the recommendation on the transfer amount now takes place after passage of the Long Bill. Third, on June 30, 1996, \$176 million General Fund was transferred to the Controlled Maintenance Trust Fund. Finally, interest income may now be appropriated for controlled maintenance projects. During the 2001 Session, in order to ensure that the S.B. 97-1 transfer of General Fund to the Highway Fund would occur, H.B. 01-1267 authorized the transfer of \$243.9 million in the Controlled Maintenance Trust Fund to the General Fund on July 1, 2001. The legislation also required that \$276.4 million be repaid to the Controlled Maintenance Trust Fund from the General Fund on July 1, 2002. Due to the revenue shortfall, H.B. 02-1466 changed the repayment to two equal amounts of \$138.2 million on July 1, 2003 and July 1, 2004. As a result of the continuing revenue shortfall, these dates were further delayed during the 2003 Session in S.B. 03-262 to July 1, 2004 and July 1, 2005. Additionally, S.B. 03-342 authorized the transfer of \$40.0 million from the General Fund to the Controlled Maintenance Trust Fund and established this amount as a Cash Flow Emergency Reserve. The Cash Flow Emergency Reserve is only to be used to resolve a cash flow emergency.

Excess Article X, Section 20 Revenues

Article X, Section 20 (TABOR) of the Colorado Constitution places restrictions on the amount of total General Fund and cash funds that can be collected and, consequently, spent by the State. Based on the Legislative Council's March 2003 revenue estimate, the State will not meet the allowable amount of total General Fund and cash funds that can be retained by the State. Therefore, there will be no excess FY 2002-03 revenues that will need to be refunded in FY 2003-04.

Reimbursement for Senior Property Tax Cut

In the 2000 General Election, Colorado voters approved a constitutional amendment that reduces property taxes for qualifying senior citizens. The property tax reduction is available to senior citizens 65 years of age or older. Qualifying seniors must have owned and lived in their homes for a least ten years. The first year the exemption is available is 2002 and the amount of the reduction depends on the value of the home. The exemption first applies to property taxes due on the 2002 value of a home, but generally those taxes are paid in 2003. The cost of the exemption will be borne by the State rather than by local governments or other property owners. Beginning in 2003, the State Treasurer is required to annually reimburse local governments by April 15 for property tax revenues lost as a result of the exemption. However, due to the revenue shortfall, S.B. 03-265 suspended this program for three years (FY 2003-04, FY 2004-05, and FY 2005-06). As a result, there will be no costs associated with this program in FY 2003-04.

General Fund Appropriations

These figures represent the total appropriations made in the Long Bill and in any separate bills. This amount does not include funds appropriated for Rebates and Expenditures, which are described above and are exempt from the calculation of the statutory General Fund spending limit.

Ending General Fund Reserve

This figure represents the amount of General Fund in reserve after the transfers and other obligations described above have occurred. The ending General Fund reserve for one fiscal year becomes the beginning General Fund reserve for the next. Due to the economic downturn, H.B. 03-349 changed the reserve requirement for FY 2002-03 so that, if necessary, no reserve was required by the end of the fiscal year.

Statutorily Required General Fund Reserve

Section 24-75-201.1 (1)(d)(III), C.R.S., requires a reserve of at least four percent of the total General Fund appropriations at the beginning of the fiscal year. If at any time during the year revenue projections indicate that there would not be sufficient General Fund revenues to maintain at least half of the required four percent (i.e., two percent), the Governor must take steps to reduce or restrict spending pursuant to Section 24-75-201.5, C.R.S.

Statutory Limit on General Fund Appropriations

Section 24-75-201.1, C.R.S., restricts the increase in state General Fund appropriations to the lesser of five percent of state personal income or six percent over the total General Fund appropriations of the previous year. The statutes also provide exemptions from the limit for the first year of new federal mandates, requirements of final court orders, and voter approved increases. Since its passage, the lesser amount has been six percent over the previous year's General Fund appropriations, so it is commonly called the "six percent spending limit." It is also referred to as the Arveschoug or Arveschoug/Bird limit after the prime sponsors of the last version of the statute, Representative Arveschoug and Senator Bird.

Table 2 Section 24-75-201.1, C.R.S., Statutory Appropriations Limit (In Millions)	
FY 2002-03 General Fund Appropriations Base	\$5,414.5
Multiplied by: Allowable Growth of Six Percent	<u>1.06</u>
FY 2003-04 General Fund Appropriations Limit	\$5,739.4
FY 2003-04 General Fund Appropriations	\$5,538.4
Less: General Fund Appropriations Exempt from Statutory Limitation	<u>(0.1)</u>
FY 2003-04 General Fund Appropriations Subject to Limit	\$5,538.3
Over/(Under) FY 2003-04 General Fund Limit	(\$201.1)

Table 2 shows the FY 2002-03 General Fund appropriations base used to calculate the allowable General Fund appropriations in FY 2003-04. The table also shows the General Fund appropriations that are exempt from the limit in FY 2003-04, and the amount of General Fund appropriations that could be made within the limit for FY 2003-04 if revenues become available.

B. ARTICLE X, SECTION 20 (TABOR) OVERVIEW

In addition to the General Fund appropriation limitations imposed by Section 24-75-201.1, C.R.S., Article X, Section 20 of the Colorado Constitution places restrictions on the amount of total General Fund and cash funds that can be collected and, consequently, spent by the State. This section provides information about this constitutional revenue and spending limit.

The provisions of Article X, Section 20 have several key points affecting the state budget:

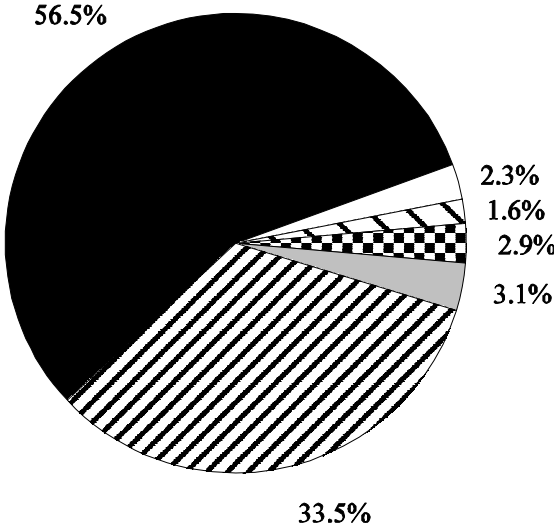
- Fiscal year spending is defined as expenditures or reserve increases. In other words, *all* revenues received by the State that are not specifically exempt are considered "spending";
- The change in fiscal year spending for the next year is restricted to the change in inflation plus the percentage change in state population in the prior calendar year, adjusted for revenue changes approved by the voters after 1991;
- Prior to July 1, 2003, any revenues received in excess of the allowable change in fiscal year spending must be refunded in the next year unless the voters approve the State keeping the excess;
- After July 1, 2003, any revenues received in excess of the allowable change in fiscal year spending must be refunded in the current fiscal year unless the voters approve the State keeping the excess (S.B. 03-222 and H.B. 03-1238 addressed this issue); and
- The base for calculating the allowable growth is the *lesser* of either actual revenues or the allowable limit.

In order to comply with the limits contained in Article X, Section 20, several calculations are necessary. Because this provision makes no distinction between General Fund and cash funds collected by the state, it is necessary to make forecasts of all the separate cash funds as well as the General Fund. The estimated totals of the General Fund and cash funds are then increased by the estimated changes in inflation and population to project the allowable increase in fiscal year spending.

As a result of the 2000 Census, it was discovered that actual population growth in the State was under-counted in prior years, resulting in over-refunds of state revenues. House Bill 02-1310 allows the state to recoup state revenues lost due to over-refunds resulting from the underestimates of population growth. The bill establishes a process which allows the adjustment of population every decade to match the federal census. This process allows the adjustment to occur over more than one fiscal year when the actual amount of state fiscal year spending for the first fiscal year in which such an adjustment can be made is insufficient to allow the state to recoup the full amount of all over-refunds. Therefore, Legislative Council's March 2003 revenue estimate makes an adjustment to the calculation of the allowable increase of revenues that the State may retain beginning in FY 2003-04.

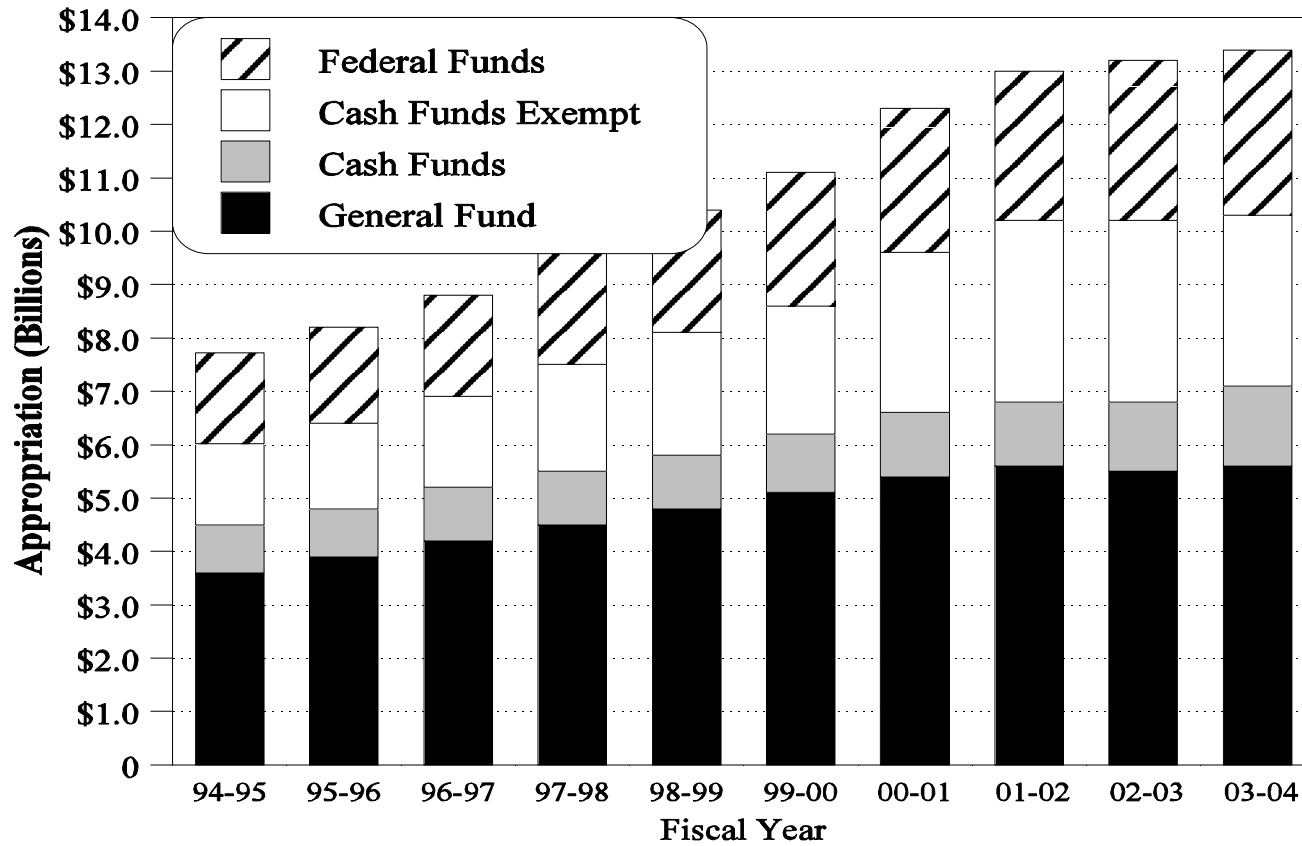
**COLORADO STATE BUDGET
SOURCES OF GENERAL FUND REVENUE
(Fiscal Year 2003-04)**

Estimated* Gross General Fund Revenues = \$5.725 Billion



* Source: Colorado Legislative Council Staff's March 2003 Economic and Revenue Forecast.

**COLORADO STATE OPERATING BUDGET
HISTORY OF APPROPRIATIONS BY FUNDING SOURCE
(Fiscal Years 1994-95 through 2003-04)**

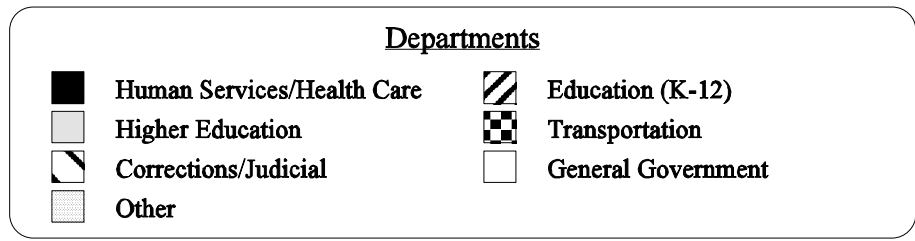
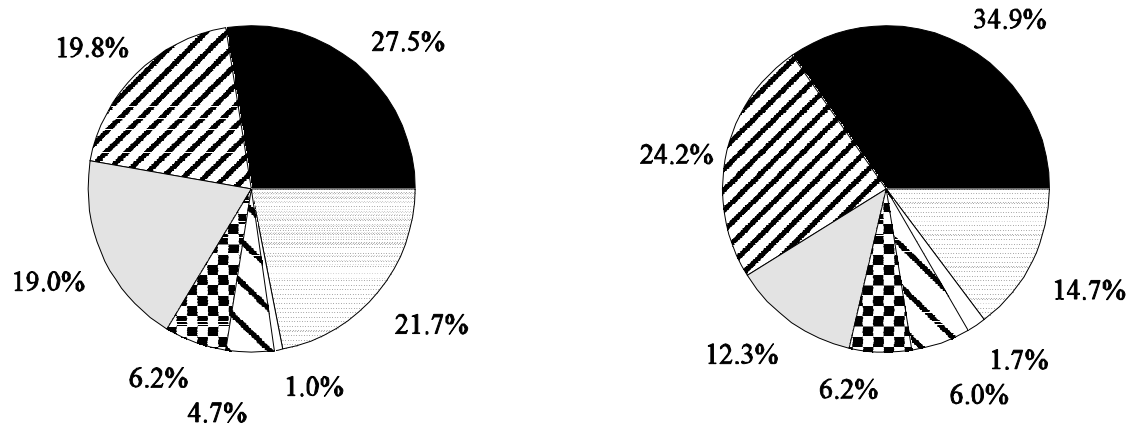


NOTE: Appropriated amounts have not been adjusted for inflation.

COLORADO STATE OPERATING BUDGET COMPARISON OF TOTAL APPROPRIATIONS BY PROGRAM

FY 1993-94 = \$6.42 billion

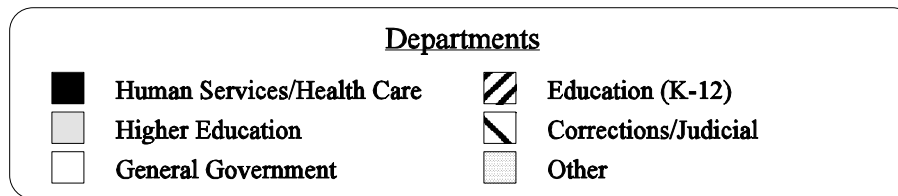
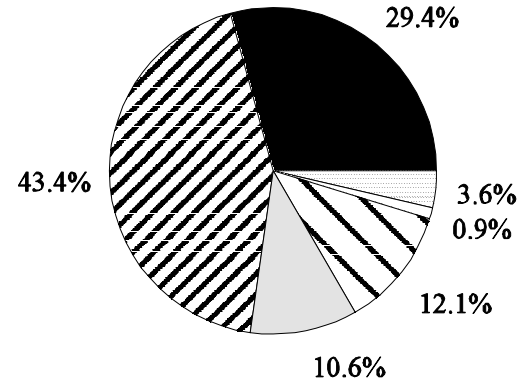
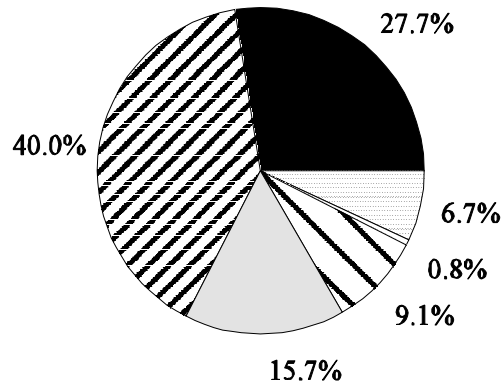
FY 2003-04 = \$13.43 billion



COLORADO STATE OPERATING BUDGET COMPARISON OF GENERAL FUND APPROPRIATIONS BY PROGRAM

FY 1993-94 = \$3.38 billion

FY 2003-04 = \$5.58 billion



PART II: SUMMARY TABLES

FY 2003-04 APPROPRIATIONS BY DEPARTMENT AND FUND SOURCE

Department	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	TOTAL
Agriculture	\$4,152,768	\$22,174,385	\$1,517,498	\$1,170,522	\$29,015,173
Corrections	469,771,508	2,915,042	58,761,215	5,122,655	536,570,420
Education	2,417,662,657	15,238,017	439,006,927	380,668,980	3,252,576,581
Governor	13,165,219	144,950	1,795,102	18,718,117	33,823,388
Health Care Policy and Financing	1,177,579,257	43,692,767	235,229,551	1,422,896,801	2,879,398,376
Higher Education	591,428,310	959,392,209	78,080,875	19,402,298	1,648,303,692
Human Services	460,282,338	82,478,941	772,353,196	490,885,080	1,805,999,555
Judicial	207,297,484	57,176,423	6,895,403	1,838,654	273,207,964
Labor and Employment	0	26,118,351	15,218,857	74,494,470	115,831,678
Law	6,521,408	2,412,964	23,676,752	799,274	33,410,398
Legislature	26,970,435	188,743	1,335,757	0	28,494,935
Local Affairs	4,779,954	25,100,630	95,329,545	48,750,957	173,961,086
Military and Veterans Affairs	3,839,292	25,117	1,357,153	122,152,344	127,373,906
Natural Resources	19,555,677	38,486,630	94,391,952	16,429,052	168,863,311
Personnel and Administration	7,888,698	10,905,106	144,855,155	71,531	163,720,490
Public Health and Environment	12,447,640	30,922,766	54,545,649	159,703,651	257,619,706
Public Safety	54,178,541	9,936,056	88,311,803	43,094,662	195,521,062
Regulatory Agencies	1,057,650	51,078,638	14,158,135	1,090,392	67,384,815
Revenue	91,734,816	44,202,819	386,154,085	1,925,618	524,017,338
State	0	14,167,657	1,371,270	0	15,538,927
Transportation	0	64,909,755	469,497,050	312,110,611	846,517,416
Treasury	<u>4,564,782</u>	<u>2,058,380</u>	<u>255,212,935</u>	<u>0</u>	<u>261,836,097</u>
OPERATING TOTAL	\$5,574,878,434	\$1,503,726,346	\$3,239,055,865	\$3,121,325,669	\$13,438,986,314
Capital Construction a/	<u>9,489,965</u>	<u>19,828,777</u>	<u>401,306,374</u>	<u>49,915,851</u>	<u>480,540,967</u>
GRAND TOTAL	\$5,584,368,399	\$1,523,555,123	\$3,640,362,239	\$3,171,241,520	\$13,919,527,281

a/ The General Fund amount represents appropriations from the Capital Construction Fund.

FOUR-YEAR SUMMARY OF EXPENDITURES/APPROPRIATIONS:

TOTAL FUNDS

Department	FY 2000-01 Actual	FY 2001-02 Actual	FY 2002-03 Appropriation	FY 2003-04 Appropriation
Agriculture	\$29,792,676	\$31,849,617	\$29,920,338	\$29,015,173
Corrections	468,422,761	506,436,018	525,160,617	536,570,420
Education	2,518,388,992	2,854,753,395	3,138,282,490	3,252,576,581
Governor	38,582,889	38,313,377	54,427,796	33,823,388
Health Care Policy and Financing	2,289,121,427	2,511,408,404	2,539,195,422	2,879,398,376
Higher Education	1,502,396,069	1,494,291,953	1,630,904,512	1,648,303,692
Human Services	1,516,587,243	1,658,963,383	1,826,573,559	1,805,999,555
Judicial	236,902,563	256,686,865	263,552,772	273,207,964
Labor and Employment	108,014,269	51,090,033	137,972,313	115,831,678
Law	30,381,949	32,635,710	33,903,991	33,410,398
Legislature	25,355,979	29,508,230	30,290,444	28,494,935
Local Affairs	141,759,061	144,502,348	179,422,405	173,961,086
Military and Veterans Affairs	121,092,091	125,062,768	127,682,550	127,373,906
Natural Resources	144,092,737	153,280,639	175,716,766	168,863,311
Personnel and Administration	130,649,482	128,902,867	146,794,162	163,720,490
Public Health and Environment	244,269,351	275,927,679	269,531,584	257,619,706
Public Safety	171,625,385	184,314,684	189,335,114	195,521,062
Regulatory Agencies	61,348,029	66,689,101	76,380,051	67,384,815
Revenue	447,013,261	475,567,529	529,493,400	524,017,338
State	9,917,456	11,249,750	12,844,545	15,538,927
Transportation	1,267,962,841	1,328,028,104	983,896,415	846,517,416
Treasury	<u>278,654,998</u>	<u>284,512,817</u>	<u>354,084,660</u>	<u>261,836,097</u>
TOTAL	\$11,782,331,509	\$12,643,975,271	\$13,255,365,906	\$13,438,986,314

FOUR-YEAR SUMMARY OF EXPENDITURES/APPROPRIATIONS:

GENERAL FUND

Department	FY 2000-01 Actual	FY 2001-02 Actual	FY 2002-03 Appropriation	FY 2003-04 Appropriation
Agriculture	\$9,903,623	\$10,043,344	\$8,299,256	\$4,152,768
Corrections	417,132,087	449,096,900	455,100,120	469,771,508
Education	2,140,176,563	2,268,512,625	2,312,835,511	2,417,662,657
Governor	19,961,784	19,931,831	31,121,647	13,165,219
Health Care Policy and Financing	1,020,263,375	1,081,904,026	1,038,484,352	1,177,579,257
Higher Education	746,513,508	770,615,074	685,529,236	591,428,310
Human Services	448,332,101	487,866,997	467,878,732	460,282,338
Judicial	194,268,468	206,485,128	200,628,757	207,297,484
Labor and Employment	0	0	0	0
Law	8,925,302	9,489,623	7,983,548	6,521,408
Legislature	24,116,364	27,317,023	28,601,460	26,970,435
Local Affairs	12,887,192	10,508,992	7,224,184	4,779,954
Military and Veterans Affairs	4,088,379	3,972,945	4,176,878	3,839,292
Natural Resources	29,187,264	24,585,620	22,351,948	19,555,677
Personnel and Administration	14,695,967	13,844,015	11,613,711	7,888,698
Public Health and Environment	30,506,538	31,806,062	16,274,247	12,447,640
Public Safety	56,743,598	56,347,905	53,759,065	54,178,541
Regulatory Agencies	1,734,418	1,678,287	1,499,339	1,057,650
Revenue	110,492,055	109,289,836	98,975,438	91,734,816
State	0	0	0	0
Transportation	0	0	0	0
Treasury	<u>31,141,103</u>	<u>30,609,757</u>	<u>92,006,317</u>	<u>4,564,782</u>
TOTAL	\$5,321,069,689	\$5,613,905,990	\$5,544,343,746	\$5,574,878,434

FOUR-YEAR SUMMARY OF EXPENDITURES/APPROPRIATIONS:

CASH FUNDS

Department	FY 2000-01 Actual	FY 2001-02 Actual	FY 2002-03 Appropriation	FY 2003-04 Appropriation
Agriculture	\$17,098,175	\$17,113,812	\$18,249,778	\$22,174,385
Corrections	11,531,249	12,509,061	2,898,073	2,915,042
Education	11,337,694	12,271,229	13,517,813	15,238,017
Governor	104,860	103,908	169,420	144,950
Health Care Policy and Financing	419,385	356,121	1,184,532	43,692,767
Higher Education	687,762,515	623,844,629	841,241,965	959,392,209
Human Services	64,481,040	74,140,042	88,702,239	82,478,941
Judicial	35,694,125	40,543,942	54,185,280	57,176,423
Labor and Employment	26,202,729	26,504,410	20,500,058	26,118,351
Law	1,279,493	1,115,355	1,059,195	2,412,964
Legislature	92,345	132,516	90,000	188,743
Local Affairs	12,700,986	23,187,519	23,770,882	25,100,630
Military and Veterans Affairs	7,640	13,639	25,113	25,117
Natural Resources	78,774,968	30,968,195	33,451,378	38,486,630
Personnel and Administration	7,839,814	12,792,663	9,736,361	10,905,106
Public Health and Environment	20,148,834	20,938,518	26,842,124	30,922,766
Public Safety	5,549,989	5,910,118	7,655,434	9,936,056
Regulatory Agencies	46,225,536	47,442,782	50,303,616	51,078,638
Revenue	33,557,485	34,829,486	37,680,477	44,202,819
State	9,881,658	10,488,306	12,644,545	14,167,657
Transportation	12,295,338	17,582,462	56,591,376	64,909,755
Treasury	<u>0</u>	<u>0</u>	<u>587,116</u>	<u>2,058,380</u>
TOTAL	\$1,082,985,858	\$1,012,788,713	\$1,301,086,775	\$1,503,726,346

FOUR-YEAR SUMMARY OF EXPENDITURES/APPROPRIATIONS:

CASH FUNDS EXEMPT

Department	FY 2000-01 Actual	FY 2001-02 Actual	FY 2002-03 Appropriation	FY 2003-04 Appropriation
Agriculture	\$1,680,042	\$1,459,284	\$2,355,340	\$1,517,498
Corrections	35,275,317	36,347,818	62,037,244	58,761,215
Education	126,236,827	272,063,467	439,940,659	439,006,927
Governor	2,836,619	2,903,780	4,006,869	1,795,102
Health Care Policy and Financing	134,404,175	181,961,349	238,170,788	235,229,551
Higher Education	50,849,113	81,722,042	84,659,603	78,080,875
Human Services	648,557,588	698,616,008	751,727,575	772,353,196
Judicial	5,384,519	7,468,675	6,804,189	6,895,403
Labor and Employment	15,500,554	16,153,931	15,707,223	15,218,857
Law	19,494,419	21,287,083	24,036,952	23,676,752
Legislature	1,147,270	2,058,691	1,598,984	1,335,757
Local Affairs	64,927,323	62,886,230	100,910,750	95,329,545
Military and Veterans Affairs	0	0	1,552,349	1,357,153
Natural Resources	22,965,962	83,509,067	104,258,373	94,391,952
Personnel and Administration	108,048,130	102,194,658	125,422,252	144,855,155
Public Health and Environment	39,444,743	59,757,626	64,260,683	54,545,649
Public Safety	75,141,793	83,474,529	88,899,811	88,311,803
Regulatory Agencies	12,512,156	16,488,478	23,660,629	14,158,135
Revenue	301,418,602	329,871,761	391,173,994	386,154,085
State	35,798	761,444	200,000	1,371,270
Transportation	941,660,273	981,602,731	624,097,986	469,497,050
Treasury	<u>247,513,895</u>	<u>253,903,060</u>	<u>261,491,227</u>	<u>255,212,935</u>
TOTAL	\$2,855,035,118	\$3,296,491,712	\$3,416,973,480	\$3,239,055,865

FOUR-YEAR SUMMARY OF EXPENDITURES/APPROPRIATIONS:

FEDERAL FUNDS

Department	FY 2000-01 Actual	FY 2001-02 Actual	FY 2002-03 Appropriation	FY 2003-04 Appropriation
Agriculture	\$1,110,836	\$3,233,177	\$1,015,964	\$1,170,522
Corrections	4,484,108	8,482,239	5,125,180	5,122,655
Education	240,637,908	301,906,074	371,988,507	380,668,980
Governor	15,679,626	15,373,858	19,129,860	18,718,117
Health Care Policy and Financing	1,134,034,492	1,247,186,908	1,261,355,750	1,422,896,801
Higher Education	17,270,933	18,110,208	19,473,708	19,402,298
Human Services	355,216,514	398,340,336	518,265,013	490,885,080
Judicial	1,555,451	2,189,120	1,934,546	1,838,654
Labor and Employment	66,310,986	8,431,692	101,765,032	74,494,470
Law	682,735	743,649	824,296	799,274
Legislature	0	0	0	0
Local Affairs	51,243,560	47,919,607	47,516,589	48,750,957
Military and Veterans Affairs	116,996,072	121,076,184	121,928,210	122,152,344
Natural Resources	13,164,543	14,217,757	15,655,067	16,429,052
Personnel and Administration	65,571	71,531	21,838	71,531
Public Health and Environment	154,169,236	163,425,473	162,154,530	159,703,651
Public Safety	34,190,005	38,582,132	39,020,804	43,094,662
Regulatory Agencies	875,919	1,079,554	916,467	1,090,392
Revenue	1,545,119	1,576,446	1,663,491	1,925,618
State	0	0	0	0
Transportation	314,007,230	328,842,911	303,207,053	312,110,611
Treasury	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL	\$2,523,240,844	\$2,720,788,856	\$2,992,961,905	\$3,121,325,669

FOUR-YEAR SUMMARY OF EXPENDITURES/APPROPRIATIONS:

FTE

Department	FY 2000-01 Actual	FY 2001-02 Actual	FY 2002-03 Appropriation	FY 2003-04 Appropriation
Agriculture	281.5	281.9	285.0	271.2
Corrections	5,460.1	5,736.5	6,122.6	5,825.6
Education	395.2	395.2	430.9	419.7
Governor	116.0	115.8	120.4	106.9
Health Care Policy and Financing	143.9	166.1	189.1	200.4
Higher Education	17,508.4	17,981.0	18,489.7	18,501.9
Human Services	4,438.1	4,339.0	4,622.4	4,513.1
Judicial	2,999.3	3,038.0	3,228.3	3,222.1
Labor and Employment	1,007.1	1,027.1	1,072.0	1,076.4
Law	323.9	324.2	341.2	335.7
Legislature	263.3	257.0	272.8	272.8
Local Affairs	167.4	166.9	174.9	172.1
Military and Veterans Affairs	1,232.5	1,190.3	1,157.3	1,154.8
Natural Resources	1,399.6	1,430.2	1,537.7	1,532.0
Personnel and Administration	528.6	554.5	585.3	568.8
Public Health and Environment	1,015.9	995.3	1,103.7	1,094.6
Public Safety	1,185.6	1,235.1	1,253.5	1,247.4
Regulatory Agencies	510.8	526.2	527.4	518.2
Revenue	1,460.3	1,463.8	1,518.3	1,455.0
State	93.0	95.8	103.1	109.1
Transportation	3,289.2	3,284.2	3,299.2	3,297.2
Treasury	<u>23.3</u>	<u>24.0</u>	<u>25.0</u>	<u>25.5</u>
TOTAL	43,843.0	44,628.1	46,459.8	45,920.5

**PART III: EXPENDITURE/APPROPRIATION DETAIL
BY DEPARTMENT**

DEPARTMENT OF AGRICULTURE

The Department of Agriculture regulates, promotes and supports various agricultural activities throughout Colorado. The Department performs a wide range of services including policy formulation, data collection, program inspection, responding to consumer inquiries, regulation of the State's agricultural industries, and management of the Colorado State Fair.

The Department is comprised of the Commissioner's Office and Administrative Services, Agricultural Services Division, Agricultural Markets Division, Brand Board, Special Purpose, the Colorado State Fair, and the Conservation Board, which was transferred from the Department of Natural Resources in FY 2000-01.

Department Budget: Recent Actual Expenditures and Appropriations

Funding Source	FY 2000-01 Actual	FY 2001-02 Actual	FY 2002-03 Approp.	FY 2003-04 Approp.
General Fund	\$9,903,623	\$10,043,344	\$8,299,256	\$4,152,768
Cash Funds	17,098,175	17,113,812	18,249,778	22,174,385
Cash Funds Exempt	1,680,042	1,459,284	2,355,340	1,517,498
Federal Funds	<u>1,110,836</u>	<u>3,233,177</u>	<u>1,015,964</u>	<u>1,170,522</u>
Total Funds	\$29,792,676	\$31,849,617	\$29,920,338	\$29,015,173
Full Time Equiv. Staff	281.5	281.9	285.0	271.2

FY 2003-04 Budget Changes

Significant changes in appropriations for FY 2003-04 compared to FY 2002-03 include the following:

- An increase of \$83,000 cash funds for the Wine Promotion Board;
- The elimination of General Fund dollars to the Matching Grants to Districts line item under the Conservation Board in the amount of \$400,000;
- The elimination of General Fund dollars for the Noxious Weed Management Grant Program in the amount of \$290,000;

- ❑ Refinancing \$3.4 million General Fund in the Inspection and Consumer Services program through fee increases pursuant to S.B. 03-297; and
- ❑ Refinancing \$530,000 General Fund in the Commissioner's Office and Administrative Services through higher indirect cost recoveries pursuant to S.B. 03-169.

General Factors Driving the Budget

Funding for this department consists of 14.3 percent General Fund, 76.4 percent cash funds, 5.2 percent cash funds exempt, and 4.1 percent federal funds. Some of the most important factors driving the budget are reviewed below.

Agricultural Services Division

For FY 2003-04, the Agricultural Services Division is appropriated 35.7 percent of the department's total budget (\$10.4 million) and 36.9 percent of the Department's total General Fund appropriation (\$1.5 million). Passage of S.B. 03-297, which refinances the costs associated with the Inspection and Consumer Services program, reduced the Department's total General Fund appropriation by \$3.4 million.

This division is divided into three functional sections: Inspection and Consumer Services; Plant Industry; and Animal Industry. Historically, a large majority of the Department's additional funding requests are generated by programs within this division. In FY 2003-04, there were no requests for additional funding related to the responsibilities of the Agricultural Services Division.

Cash Funds

The majority of the Department's funding (76.4 percent) is cash funds generated primarily through fees collected from inspection and certification services performed by the Agricultural Services Division and the Brand Board as well as revenue earned from the activities of the State Fair. The Colorado State Fair receives 36.5 percent of the Department's overall cash fund appropriation. The Fair collects the majority of its revenue during the 17-day Colorado State Fair held during August each year. As stated previously, the provisions of S.B. 03-297 increased the proportion of the Department's total cash fund appropriation from 58.1 percent in FY 2002-03 to 76.4 percent in FY 2003-04.

Summary of FY 2002-03 and FY 2003-04 Appropriations

Total Department Appropriations

	GF	CF	CFE	FF	Total	FTE
FY 2002-03 Total Appropriation:	\$8,299,256	\$18,249,778	\$2,355,340	\$1,015,964	\$29,920,338	285.0
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Commissioner's Office and Administrative Services	2,335,401	1,351,910	1,022,147	267,196	4,976,654	22.5
Agricultural Services Division	4,759,880	4,663,365	171,679	248,768	9,843,692	150.7
Agricultural Markets Division	0	75,337	721,568	0	796,905	9.2
Brand Board	0	3,520,067	405,296	0	3,925,363	66.3
Special Purpose	0	461,308	34,650	0	495,958	1.0
Colorado State Fair	0	8,098,767	0	0	8,098,767	26.9
Conservation Board	1,203,975	79,024	0	500,000	1,782,999	8.4
<u>Breakdown of Total Appropriation by Bill</u>						
SB 02-50	(4,727)	0	0	0	(4,727)	0.0
HB 02-1038	(4,714)	0	0	0	(4,714)	0.0
HB 02-1186	0	118,951	0	0	118,951	2.0
HB 02-1329	0	0	0	0	0	1.0
HB 02-1420	10,621,482	18,029,337	1,441,221	1,018,604	31,110,644	294.7
HB 02-1468	6,281	9,030	0	162	15,473	0.0
SB 03-169	(495,296)	90,000	900,592	0	495,296	0.0
SB 03-180	(94,063)	0	94,063	0	0	0.0
SB 03-197	(488,635)	0	0	0	(488,635)	0.0
SB 03-199	(1,241,072)	2,460	1,919,464	(2,802)	678,050	(12.7)
SB 03-258	0	0	(2,000,000)	0	(2,000,000)	0.0

	GF	CF	CFE	FF	Total	FTE
FY 2003-04 Total Appropriation:	\$4,152,768	\$22,174,385	\$1,517,498	\$1,170,522	\$29,015,173	271.2
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Commissioner's Office and Administrative Services	1,571,472	956,336	1,338,011	258,594	4,124,413	18.7
Agricultural Services Division	1,528,300	8,390,460	25,000	411,928	10,355,688	146.6
Agricultural Markets Division	388,082	75,337	119,837	0	583,256	5.2
Brand Board	0	4,017,193	0	0	4,017,193	66.3
Special Purpose	0	543,847	34,650	0	578,497	1.0
Colorado State Fair	0	8,080,712	0	0	8,080,712	26.9
Conservation Board	664,914	110,500	0	500,000	1,275,414	6.5
<u>Breakdown of Total Appropriation by Bill</u>						
SB 03-258	7,824,798	18,983,393	1,204,587	1,175,556	29,188,334	271.2
SB 03-273	(244,080)	(245,333)	0	(5,015)	(494,428)	0.0
SB 03-297	(3,426,870)	3,437,811	312,911	0	323,852	0.0
HB 03-1316	(1,080)	(1,486)	0	(19)	(2,585)	0.0
Increase/(Decrease)	(\$4,146,488)	\$3,924,607	(\$837,842)	\$154,558	(\$905,165)	(13.8)
Percentage Change	-50.0%	21.5%	-35.6%	15.2%	-3.0%	-4.8%

Detail of Appropriation by Administrative Section

Commissioner's Office and Administrative Services

The Commissioner's Office, in conjunction with the Colorado Agricultural Commission, is responsible for the development and dissemination of agricultural policies throughout Colorado. The Administrative Services section provides administrative and technical support to the various programs and activities within the Department such as accounting, budgeting, personnel, and system programming. While the majority of funding for this section remains General Fund (38.1 percent), the adoption of S.B. 03-169 increased the cash funds exempt appropriation from 10.0 percent in FY 2002-03 to 32.6 percent in FY 2003-04. These moneys are primarily derived from indirect cost recoveries. Cash funds comprise 23.0 percent of the funding and are generated from fees collected by various cash funded programs within the Department.

	GF	CF	CFE	FF	Total	FTE
FY 2002-03 Appropriation:						
SB 02-50	(\$4,727)	\$0	\$0	\$0	(\$4,727)	0.0
HB 02-1038	(4,714)	0	0	0	(4,714)	0.0
HB 02-1186	0	16,926	0	0	16,926	0.0
HB 02-1420	3,055,454	1,387,853	526,851	269,836	5,239,994	23.7
HB 02-1468	6,281	9,030	0	162	15,473	0.0
SB 03-169	(495,296)	0	495,296	0	0	0.0
SB 03-197	(117,416)	0	0	0	(117,416)	0.0
SB 03-199	(104,181)	(61,899)	0	(2,802)	(168,882)	(1.2)
TOTAL	\$2,335,401	\$1,351,910	\$1,022,147	\$267,196	\$4,976,654	22.5
FY 2003-04 Appropriation:						
SB 03-258	\$1,816,632	\$1,192,214	\$1,025,100	\$263,628	\$4,297,574	18.7
SB 03-273	(244,080)	(245,333)	0	(5,015)	(494,428)	0.0
SB 03-297	0	10,941	312,911	0	323,852	0.0
HB 03-1316	<u>(1,080)</u>	<u>(1,486)</u>	<u>0</u>	<u>(19)</u>	<u>(2,585)</u>	<u>0.0</u>
TOTAL	\$1,571,472	\$956,336	\$1,338,011	\$258,594	\$4,124,413	18.7
Increase/(Decrease)	(\$763,929)	(\$395,574)	\$315,864	(\$8,602)	(\$852,241)	(3.8)
Percentage Change	-32.7%	-29.3%	30.9%	-3.2%	-17.1%	-16.9%

FTE Detail	FY 2002-03	FY 2003-04
Commissioner's Office	7.5	6.7
Resource Analysis	1.0	0.0
Administrative Services	<u>14.0</u>	<u>12.0</u>
	22.5	18.7

FTE Changes: The reduction of 3.8 FTE reflects a decrease of 0.8 FTE for the annualization of two positions eliminated in FY 2002-03 as well as the elimination of an additional 3.0 FTE from the Commissioner's Office and Administrative Services in FY 2003-04.

General Fund Changes: The decrease of \$764,000 is primarily comprised of the following: (1) the elimination of \$364,000 for salary survey in FY 2003-04 (which includes \$244,000 related to S.B. 03-273); (2) the elimination of \$180,000 for the final phase of the Licensing and Registration System Integration project; (3) the elimination of \$148,000 for the lease purchase of 700 Kipling, which has been completed; (4) savings of \$121,000 related to the aforementioned reduction of 3.0 FTE; (5) the elimination of \$55,000 for performance-based pay; and (6) a reduction of \$13,000 to operating expenses. These reductions are partially offset by the following increases: (1) \$45,000 for health, life, and dental; (2) \$41,000 for payments to the risk management fund; (3) \$12,000 for workers' compensation; and (4) \$11,000 for communications services payments.

Cash Funds Changes: The cash funds decrease of \$396,000 is primarily due to the following: (1) the elimination of \$307,000 for salary survey in FY 2003-04 (which includes \$245,000 related to S.B. 03-273); (2) the elimination of \$83,000 for performance-based pay; and (3) the elimination of \$81,000 for the lease purchase of 700 Kipling, which has been completed. These amounts are partially offset by: (1) an increase of \$44,000 for payments to the risk management fund; (2) an increase of \$25,000 to the health, life, and dental line item; and (3) an increase of \$11,000 for legal services associated with S.B. 03-297.

Cash Funds Exempt Changes: The \$315,000 increase to the cash funds exempt appropriation is primarily comprised of \$400,000 from indirect cost recoveries from other divisions within the Department (which includes \$313,000 pursuant to S.B. 03-297). This is offset by the elimination of \$74,000 for the final phase of the Licensing and Registration System Integration project as well as a \$9,000 reduction for information technology asset maintenance.

Federal Funds Changes: The decrease to the federal funds appropriation is comprised of minor changes to various centrally appropriated line items such as salary survey and the elimination of performance-based pay.

Agricultural Services Division

The Agricultural Services Division administers the following sections: (1) Inspection and Consumer Services; (2) Animal Industry; and (3) Plant Industry. Pursuant to S.B. 03-297, the major source of funding for this division is no longer General Fund (14.8 percent), but cash funds (81.0 percent). These moneys are primarily generated from fees collected for services provided by the Division.

Inspection and Consumer Services

There are several programs within this section. The Fruit and Vegetable Inspection Program determines the grade, size, and quality of more than 2 billion pounds of fruits and vegetables each year. The Consumer/Producer Protection Program includes: the Farm Products Section, which assures a stable agricultural products distribution system; the Laboratory Services Section, which provides detailed analysis of agricultural products and issues; and the Measurement Standards Section, which tests and inspects all commercial measuring devices in the state.

Animal Industry

The Animal Health Program helps protect the economic viability of the livestock producer and oversees all aspects of animal welfare. These objectives are accomplished through the Veterinary and Animal Health Lab Section, the Rodent and Predatory Animal Control Section, the Bureau of Animal Protection, and the Pet Care Section.

Plant Industry

This section manages statewide pest control programs, registers pesticides and related applicators, and inspects plant products intended for domestic and overseas export or import to ensure they are free from pests, disease, and weeds. Despite the elimination of General Fund dollars for the noxious weed management grant program, the State Weed Coordinator still assists local and regional efforts to manage and control noxious weeds. This section also maintains the State's Insectary, which rears and releases beneficial insects to help control insect and weed pests.

	GF	CF	CFE	FF	Total	FTE
FY 2002-03 Appropriation:						
HB 02-1186	\$0	\$102,025	\$0	\$0	\$102,025	2.0
HB 02-1329	0	0	0	0	0	1.0
HB 02-1420	6,080,532	4,471,340	77,616	248,768	10,878,256	156.6
SB 03-169	0	90,000	0	0	90,000	0.0
SB 03-180	(94,063)	0	94,063	0	0	0.0
SB 03-197	(341,913)	0	0	0	(341,913)	0.0
SB 03-199	<u>(884,676)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(884,676)</u>	<u>(8.9)</u>
TOTAL	\$4,759,880	\$4,663,365	\$171,679	\$248,768	\$9,843,692	150.7
FY 2003-04 Appropriation:						
SB 03-258	\$4,955,170	\$4,963,590	\$25,000	\$411,928	\$10,355,688	146.6
SB 03-297	<u>(3,426,870)</u>	<u>3,426,870</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$1,528,300	\$8,390,460	\$25,000	\$411,928	\$10,355,688	146.6
Increase/(Decrease)	(\$3,231,580)	\$3,727,095	(\$146,679)	\$163,160	\$511,996	(4.1)
Percentage Change	-67.9%	79.9%	-85.4%	65.6%	5.2%	-2.7%

FTE Detail	FY 2002-03	FY 2003-04
Inspection and Consumer Services	84.5	84.5
Animal Industry	22.0	19.0
Plant Industry	<u>44.2</u>	<u>43.1</u>
	150.7	146.6

FTE Changes: The net reduction of 4.1 FTE is due to a decrease of 2.1 FTE for the annualization of positions eliminated in FY 2002-03 as well as the elimination of 3.0 FTE to balance the budget for FY 2003-04. These reductions are partially offset by the addition of a federally-funded FTE.

General Fund Changes: The decrease of \$3.2 million includes: (1) the refinancing of \$3.4 million General Fund for expenses related to the Inspection and Consumer Services program per S.B. 03-297; (2) a reduction of \$222,000 related to elimination of the aforementioned FTE; and (3) a decrease of \$24,000 to operating expenses for the division. These reductions are offset by an increase of \$441,000 for personal services to account for one-time savings associated with pay date shift in FY 2002-03.

Cash Funds Changes: The \$3.7 million increase to the Division's cash funds appropriation is comprised of: (1) \$3.4 million pursuant to S.B. 03-297 (which refinances the Inspection and Consumer Services program); (2) \$161,000 for the annualization of salary survey from FY 2002-03; and (3) \$139,000 related to higher indirect cost recoveries pursuant to passage of S.B. 03-169.

Cash Funds Exempt Changes: The decrease of \$147,000 to the cash funds exempt appropriation reflects the elimination of \$94,000 for the purchase of a measurement standards truck in FY 2002-03, and the elimination of \$53,000 for the noxious weed management grant program.

Federal Funds Changes: The \$163,000 increase to the Division's federal funds appropriation represents the expected receipt of moneys under various grant programs related to personal services and operating expenses.

Agricultural Markets Division

This division provides marketing assistance and related support to Colorado agricultural producers and processors competing in local, national, and international arenas. It also coordinates various market orders, promotes Colorado agricultural products, and works to assist start-up food processing companies or those companies implementing a business expansion of their processing operations within the state. At the Department's request, the majority of funding for personal services and operating expenses is now directly appropriated to the Division rather than transferred from economic development programs within the Governor's Office. Cash funds comprise 13.0 percent of the Division's appropriation and are derived from aquaculture program licensing fees.

	GF	CF	CFE	FF	Total	FTE
FY 2002-03 Appropriation:						
HB 02-1420	\$0	\$75,337	\$788,428	\$0	\$863,765	11.2
SB 03-199	0	0	1,933,140	0	1,933,140	(2.0)
SB 03-258	<u>0</u>	<u>0</u>	<u>(2,000,000)</u>	<u>0</u>	<u>(2,000,000)</u>	<u>0.0</u>
TOTAL	\$0	\$75,337	\$721,568	\$0	\$796,905	9.2
FY 2003-04 Appropriation:						
SB 03-258	<u>\$388,082</u>	<u>\$75,337</u>	<u>\$119,837</u>	<u>\$0</u>	<u>\$583,256</u>	<u>5.2</u>
TOTAL	\$388,082	\$75,337	\$119,837	\$0	\$583,256	5.2
Increase/(Decrease)	\$388,082	\$0	(\$601,731)	\$0	(\$213,649)	(4.0)
Percentage Change	n/a	0.0%	-83.4%	n/a	-26.8%	-43.5%

FTE Detail	FY 2002-03	FY 2003-04
Marketing Supervisor and Clerical Support	3.5	3.1
Senior Agricultural Market Specialist	3.0	1.6
Agricultural Market Specialist	<u>2.7</u>	<u>0.5</u>
	9.2	5.2

FTE Changes: The reduction of 4.0 FTE reflects the elimination of five employees within the Division for FY 2003-04.

General Fund Changes: In previous fiscal years, the Division had been funded through a General Fund transfer from the Governor's Office, which was reflected as cash funds exempt. Beginning in FY 2003-04, General Fund will be directly appropriated to the Department of Agriculture for personal services and operating expenses.

The General Fund amount includes \$359,000 for personal services, which is net of the 4.0 FTE eliminated for FY 2003-04, and \$29,000 for operating expenses. This latter amount includes a 50 percent reduction from the FY 2002-03 appropriation.

Cash Funds Exempt Changes: The cash funds exempt appropriation reflects a decrease of \$602,000 related to re-designation of the Division's appropriation for personal services and operating expenses from cash funds exempt to General Fund.

Brand Board

The Brand Board serves the livestock industry and assists members of the public with problems related to livestock management and commerce. This division administers and records livestock brands; and inspects cattle, horse, and alternative livestock brands (such as fallow deer and elk) to verify ownership at the time of sale, transport, or slaughter. This staff is also responsible for licensing and inspecting conventional and alternative livestock facilities. The Brand Board is fully funded from service fees.

	GF	CF	CFE	FF	Total	FTE
FY 2002-03 Appropriation:						
HB 02-1420	\$0	\$3,520,067	\$0	\$0	\$3,520,067	66.3
SB 03-169	<u>0</u>	<u>0</u>	<u>405,296</u>	<u>0</u>	<u>405,296</u>	<u>0.0</u>
TOTAL	\$0	\$3,520,067	\$405,296	\$0	\$3,925,363	66.3
FY 2003-04 Appropriation:						
SB 03-258	<u>\$0</u>	<u>\$4,017,193</u>	<u>\$0</u>	<u>\$0</u>	<u>\$4,017,193</u>	<u>66.3</u>
TOTAL	\$0	\$4,017,193	\$0	\$0	\$4,017,193	66.3
Increase/(Decrease)	\$0	\$497,126	(\$405,296)	\$0	\$91,830	0.0
Percentage Change	n/a	14.1%	-100.0%	n/a	2.3%	0.0%

FTE Detail	FY 2002-03	FY 2003-04
Program Director and Administrative Staff	7.4	7.4
Brand Inspectors	<u>58.9</u>	<u>58.9</u>
	66.3	66.3

Cash Funds Changes: The increase to the Brand Board's cash funds appropriation includes \$360,000 for a higher level of indirect cost recoveries pursuant to S.B. 03-169, \$126,000 for the annualization of salary survey, and an increase of \$8,000 for the replacement of vehicles.

Cash Funds Exempt Changes: The cash funds exempt appropriation reflects the elimination of \$405,000 for indirect cost recoveries paid from fund reserves in FY 2002-03.

Special Purpose

This section is comprised of the following program lines: the Wine Promotion Board, which promotes wines produced in Colorado; the Vaccine and Service Fund, which provides money for the

vaccination of heifer calves against brucellosis; and the Brand Estray Fund, which funds the maintenance and sale or return of abandoned or stray livestock. Cash funds are from the Colorado Wine Industry Development Fund, the Brand Estray Fund, and the Veterinary Vaccine and Service Fund. The cash funds exempt source is from reserves in the Brand Estray Fund.

	GF	CF	CFE	FF	Total	FTE
FY 2002-03 Appropriation:						
HB 02-1420	\$0	\$461,308	\$34,650	\$0	\$495,958	1.0
TOTAL	\$0	\$461,308	\$34,650	\$0	\$495,958	1.0
FY 2003-04 Appropriation:						
SB 03-258	\$0	\$543,847	\$34,650	\$0	\$578,497	1.0
TOTAL	\$0	\$543,847	\$34,650	\$0	\$578,497	1.0
Increase/(Decrease)	\$0	\$82,539	\$0	\$0	\$82,539	0.0
Percentage Change	n/a	17.9%	0.0%	n/a	16.6%	0.0%

Cash Funds Changes: The appropriation reflects an increase of \$83,000 to the cash funds spending authority provided to the Wine Promotion Board.

Colorado State Fair

This program includes personal services and operating expenses associated with the Colorado State Fair, which is administered by the State Fair Authority. In previous fiscal years, the operating budget had been designated cash funds exempt since the State Fair qualified for enterprise status under the stipulations of Article X, Section 20, of the Colorado Constitution. However, local grants and controlled maintenance funds received by the State Fair starting in FY 1999-00 have exceeded the ten percent threshold for such status. This has resulted in a cash funds designation for the State Fair's appropriation. The cash funds are from fees collected by the Colorado State Fair during its 17-day run each August and from non-fair events held at the fairgrounds throughout the remainder of the year.

	GF	CF	CFE	FF	Total	FTE
FY 2002-03 Appropriation:						
HB 02-1420	\$0	\$8,034,408	\$0	\$0	\$8,034,408	26.9
SB 03-199	0	64,359	0	0	64,359	0.0
TOTAL	\$0	\$8,098,767	\$0	\$0	\$8,098,767	26.9

	GF	CF	CFE	FF	Total	FTE
FY 2003-04 Appropriation:						
SB 03-258	\$0	\$8,080,712	\$0	\$0	\$8,080,712	26.9
TOTAL	\$0	\$8,080,712	\$0	\$0	\$8,080,712	26.9
Increase/(Decrease)	\$0	(\$18,055)	\$0	\$0	(\$18,055)	0.0
Percentage Change	n/a	-0.2%	n/a	n/a	-0.2%	0.0%

FTE Detail	FY 2002-03	FY2003-04
Administrative/Clerical Staff	14.1	14.1
Maintenance and Security	<u>12.8</u>	<u>12.8</u>
	26.9	26.9

Cash Funds Changes: The decrease to the cash funds appropriation reflects the elimination of performance-based pay in FY 2003-04.

Conservation Board

The Conservation Board is responsible for providing administrative and fiscal oversight and technical assistance to Colorado's 77 conservation districts. The Board also coordinates various federal programs related to natural resource issues, provides guidance on stream bank erosion and riparian issues, and assists farmers and ranchers in implementing a variety of water and energy efficiency practices. The Conservation Board was transferred to the Department of Agriculture from the Department of Natural Resources in FY 2000-01. The majority of funding for the division is General Fund (52.1 percent). Federal funds comprise 39.2 percent of the Board's total appropriation and come from the Bureau of Reclamation to assist land owners with conservation practices along the Colorado River.

Please note: Despite the Division title listed in the FY 2003-04 Long Bill (S.B. 03-258), the Soil Conservation Board was renamed the Conservation Board subsequent to passage of H.B. 02-1099.

	GF	CF	CFE	FF	Total	FTE
FY 2002-03 Appropriation:						
HB 02-1420	\$1,485,496	\$79,024	\$13,676	\$500,000	\$2,078,196	9.0
SB 03-197	(29,306)	0	0	0	(29,306)	0.0
SB 03-199	<u>(252,215)</u>	<u>0</u>	<u>(13,676)</u>	<u>0</u>	<u>(265,891)</u>	<u>(0.6)</u>

	GF	CF	CFE	FF	Total	FTE
TOTAL	\$1,203,975	\$79,024	\$0	\$500,000	\$1,782,999	8.4
FY 2003-04 Appropriation:						
SB 03-258	<u>\$664,914</u>	<u>\$110,500</u>	<u>\$0</u>	<u>\$500,000</u>	<u>\$1,275,414</u>	<u>6.5</u>
TOTAL	\$664,914	\$110,500	\$0	\$500,000	\$1,275,414	6.5
Increase/(Decrease)	(\$539,061)	\$31,476	\$0	\$0	(\$507,585)	(1.9)
Percentage Change	-44.8%	39.8%	n/a	0.0%	-28.5%	-22.6%

FTE Detail	FY 2002-03	FY 2003-04
Administrative/Clerical Staff	3.0	2.5
Regional Conservation Representatives	2.4	1.0
Irrigation Conservation Representatives	<u>3.0</u>	<u>3.0</u>
	8.4	6.5

FTE Changes: The reduction of 1.9 FTE reflects a decrease of 0.4 FTE for the annualization of one position eliminated in FY 2002-03 as well as the elimination of an additional 1.5 FTE in FY 2003-04.

General Fund Changes: The decrease of \$539,000 to the Board's appropriation includes the following changes: (1) the elimination of \$400,000 for the Matching Grants to Districts line item; (2) \$68,000 for the Irrigation/Conservation program; (3) \$62,000 related to the aforementioned FTE reduction; and (4) the elimination of \$6,000 for soil surveys.

Cash Fund Changes: The appropriation represents a \$31,000 increase to the spending authority for the Irrigation/Conservation program.

Recent Legislation

2002 Session Bills

S.B. 02-50: For an explanation of this bill please see the Recent Legislation section in the Department of Corrections.

S.B. 02-69: Creates personal liability for any individual convicted of damaging or destroying experimental agricultural products.

H.B. 02-1038: For an explanation of this bill please see the Recent Legislation section in the Department of Corrections.

H.B. 02-1099: Changes the statutory names of the Soil Conservation Board and the various Soil Conservation Districts to the Conservation Board and the Conservation Districts, respectively. The changes are meant to reflect the evolution of responsibilities within the Board and the districts the Board oversees.

H.B. 02-1186: Abolishes the current state organic certification program and establishes a program that is consistent with federal law and regulations as they relate to organic produce.

H.B. 02-1215: Authorizes the Commissioner of Agriculture to perform inspections of nursery stock using a risk-based approach rather than relying on annual inspections of all nursery stock businesses.

H.B. 02-1329: Requires the Commissioner of Agriculture to identify areas where pesticide contamination of groundwater is probable and to conduct monitoring in those areas. Transfers the administrative duties and appropriated FTE for monitoring pesticide levels in groundwater from the Department of Public Health and Environment to the Department of Agriculture.

H.B. 02-1366: Supplemental appropriation to the Department of Agriculture to modify the appropriation included in the FY 2001-02 Long Bill.

H.B. 02-1420: General appropriations act for FY 2002-03.

H.B. 02-1421: Supplemental appropriation to the Department of Agriculture to modify the appropriation included in the FY 2001-02 Long Bill pursuant to H.B. 02-1366.

H.B. 02-1468: Authorizes the General Assembly to annually adjust the state contribution for health, life, and dental insurance effective CY 2004 through the Long Bill. For more information, refer to the bill description in the Department of Personnel and Administration.

2003 Session Bills

S.B. 03-169: Removes indirect cost recovery caps for the Brand Inspection, Chemigation, and the Mandatory Fruit and Vegetable Inspection programs. Appropriates \$90,000 cash funds and \$901,000 cash funds exempt, which allows for the transfer of indirect cost recoveries between the Agricultural Services Division and the Commissioner's Office. Reduces the Department's General Fund appropriation by \$495,000. Sunsets effective July 1, 2006, and reinstates the previous indirect cost recovery caps.

S.B. 03-180: Appropriates \$94,000 of reserves from the Brand Inspection and the Mandatory Fruit and Vegetable Inspection funds to purchase a measurement standards truck. Eliminates the previous General Fund appropriation to accomplish this purchase.

S.B. 03-197: Reduces personal services by \$488,635 General Fund in the Department of Agriculture, which represents anticipated June payroll (FY 2002-03) to be delayed until July (FY 2003-04). For more information, refer to the bill description in the Department of Personnel and Administration.

S.B. 03-199: Supplemental appropriation to the FY 2002-03 Long Bill for the Department of Agriculture.

S.B. 03-258: General appropriations act for FY 2003-04.

S.B. 03-273: Eliminates the salary survey appropriation for FY 2003-04. For more information, refer to the bill description in the Department of Personnel and Administration.

S.B. 03-297: Authorizes the Commissioner of Agriculture, in conjunction with Colorado Agricultural Commission, to increase fees for seven programs related to Inspection and Consumer Services in the Agricultural Services Division. Refinances the General Fund subsidy for these programs with revenue generated from these fee increases. Sunsets these fee increases on July 1, 2005, and returns the fees to their previous levels.

H.B. 03-1316: Alters the manner in which group benefit plans coverage is calculated for Health, Life, and Dental appropriations. For more information, refer to the bill description in the Department of Personnel and Administration.

DEPARTMENT OF CORRECTIONS

The Department is responsible for the following activities:

- Managing, supervising, and controlling the penal, correctional, and reformatory institutions operated and supported by the state;
- Improving, developing, and carrying forward programs of counseling and parole supervision to the end that persons now dependent upon tax-supported programs may be afforded opportunity and encouragement to be restored to productive independence;
- Developing a systematic building program providing for the projected, long-range needs of the institutions under the Department's control; and
- Developing correctional industries within the institutions, which have a rehabilitative or therapeutic value for inmates, and which supply necessary products for state institutions and other public purposes, as provided by law.

The Department is comprised of the following divisions:

1. Management
2. Institutions
3. Support Services
4. Inmate Programs
5. Community Services
6. Parole Board
7. Correctional Industries
8. Canteen Operation

Department Budget: Recent Actual Expenditures and Appropriations

Funding Source	FY 2000-01 Actual	FY 2001-02 Actual	FY 2002-03 Approp.	FY 2003-04 Approp.
General Fund	\$417,132,087	\$449,096,900	\$455,100,120	\$469,771,508
Cash Funds	11,531,249	12,509,061	2,898,073	2,915,042
Cash Funds Exempt	35,275,317	36,347,818	62,037,244	58,761,215
Federal Funds	<u>4,484,108</u>	<u>8,482,239</u>	<u>5,125,180</u>	<u>5,122,655</u>
Total Funds	\$468,422,761	\$506,436,018	\$525,160,617	\$536,570,420
Full Time Equiv. Staff	5,460.1	5,736.5	6,122.6	5,825.6

FY 2003-04 Budget Changes

Significant changes in appropriations for FY 2003-04 compared to FY 2002-03 include the following:

- An increase of \$25.5 million General Fund to account for one-time savings associated with the shift in pay date for FY 2002-03;
- An increase of \$13.6 million General Fund for housing inmates in private prisons;
- An increase of \$12.2 million General Fund to annualize salary survey awarded in FY 2002-03;
- An increase of \$3.4 million and 53.7 FTE for bringing 193 beds online at Denver Women's Correctional Facility (DWCF) during FY 2003-04 and to annualize the cost of bringing 98 beds online at DWCF in FY 2002-03;
- An increase of \$1.3 million General Fund to purchase a variety of services (including medical, food, and janitorial services) from the Department of Human Services;
- A net increase of \$1.2 million General Fund associated with statutory appropriations from sentencing bills enacted in prior years;
- A reduction of \$23.0 million General Fund and 357.7 FTE for base reductions to accommodate the decline in General Fund revenues;
- A reduction of \$3.2 million General Fund for a 4.0 percent reduction in the private prison reimbursement rate and a 10 percent reduction in the county jail reimbursement rate;
- A reduction of \$3.2 million cash funds exempt for one time expenses in FY 2002-03 for raw materials to manufacture license plates; and
- A reduction of \$1.9 million General Fund associated with discontinuation of one time expenses in FY 2002-03.

General Factors Driving the Budget

Funding for this department consists of 87.5 percent General Fund, 0.5 percent cash funds, 11.0 percent cash funds exempt, and 1.0 percent federal funds. Some of the most important factors driving the budget are reviewed below.

Jail Backlog

Jail backlog occurs when inmates are sentenced to the Department of Corrections (DOC) and the capacity does not exist in state prisons or private contract facilities to hold them. In these instances, counties hold the inmates in the county jail until the DOC has the capacity to take them. Pursuant to Section 17-1-112, C.R.S., the DOC, subject to available appropriations, is required to reimburse the counties for holding these inmates. The following information highlights the jail backlog history for the past five years.

	FY 99-00 Actual	FY 00-01 Actual	FY 01-02 Actual	FY 02-03 Approp.	FY 03-04 Approp.
Average County Jail Backlog	394	287	316	381	372
Cost of Jail Backlog	\$7,101,766	\$5,284,233	\$5,951,969	\$7,185,368	\$6,321,454
Daily Reimbursement Rate	\$49.40	\$50.39	\$51.65	\$51.65	\$46.49
Percent Rate Increase/(Decrease)	n/a	2.0%	2.5%	0.0%	-10.0%

Private Contracts

In the early 1990's, the DOC began contracting with private prison operators in order to reduce the number of inmates in the jail backlog while state facilities were being constructed. As of April 30, 2003, the DOC had approximately 2,307 inmates in contract facilities. There were 522 inmates in Kit Carson County, 628 inmates in Crowley County, 560 inmates in Bent County, and 597 inmates in Huerfano County. In the past, inmates were also sent to private facilities in other states. However, after the completion of the private facilities in Colorado, all inmates were returned from out of state private facilities to Colorado. The following information highlights the private contracts over the past five years.

	FY 99-00 Actual	FY 00-01 Actual	FY 01-02 Actual	FY 02-03 Approp.	FY 03-04 Approp.
Cost of Private Contracts	\$43,941,573	\$38,832,679	\$45,301,729	\$49,671,513	\$60,706,201
Daily Reimbursement Rate	\$52.28	\$53.33	\$54.66	\$52.47	\$50.37
Percent Rate Increase/(Decrease)	n/a	2.0%	2.5%	-4.0%	-4.0%

Population Increase - Impact on Capital Construction and Certificates of Participation

Population increases have resulted in the need to build or renovate several prisons. The following information highlights the appropriations for the past six years with regard to prison capacity expansion.

	FY 98-99 Approp.	FY 99-00 Approp.	FY 00-01 Approp.	FY 01-02 Approp.	FY 02-03 Approp.	FY 03-04 COP Authorization
Capital Appropriation	\$133,135,575	\$0	\$2,088,700	\$12,824,368	\$0	\$102,800,000

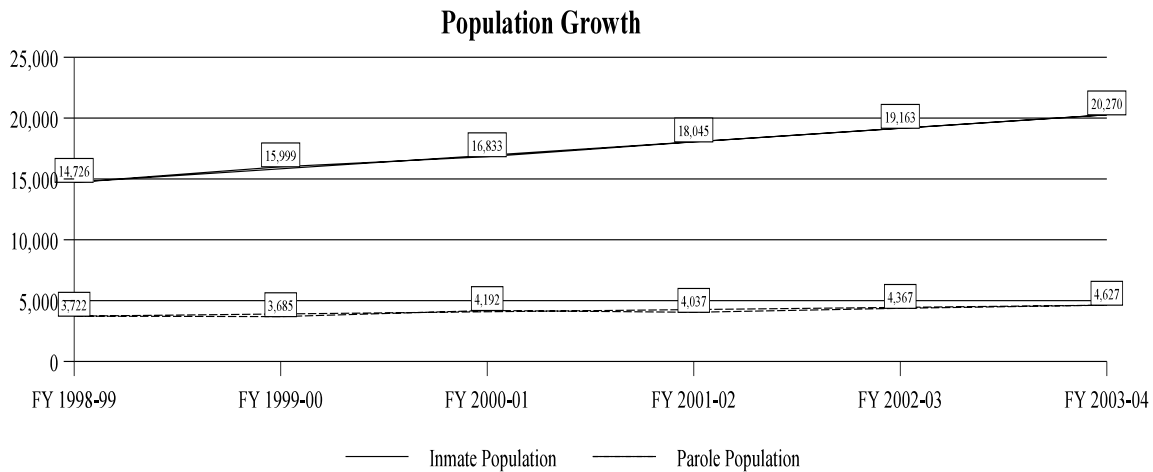
When the Owens administration took office in 1999, the capital construction requests for new prisons were withdrawn. This was done to give the new administration an opportunity to review options other than state prison construction, including the use of private facilities. The FY 2000-01 capital appropriation was for professional services to plan the 250-bed expansion of San Carlos Correctional Facility, which houses mentally ill inmates. During the 2000 Legislative Session, it was determined that the Department of Corrections (DOC) should, when feasible, place inmates with classifications of medium and below in private facilities and build state facilities for inmates classified as close and administrative segregation.

The General Assembly originally appropriated \$66.3 million total funds in FY 2001-02 for expansion and new facilities. During the 2001 special session and supplementals in the 2002 session, the capital construction appropriation for FY 2001-02 was reduced to \$12.8 million total funds. These reductions were the result of the decline in state revenues. The FY 2001-02 appropriation provided funding for the conversion of the Fort Lyon Veteran's Hospital to a prison. The expansion projects at San Carlos, Arkansas Valley, and Denver Reception and Diagnostic Center were postponed. As a result of the anticipated level of state revenues, no capital construction funding was provided for prison expansion in FY 2002-03.

In the 2003 session, H.B. 03-1256 was enacted. This bill authorizes the executive director of the Department of Corrections to enter into a 15-year, lease-purchase agreement not to exceed \$102.8 million, plus necessary administrative, monitoring, interest, and closing costs. This agreement is intended to fund a high security prison with a 948-bed capacity located on the Canon City Complex.

Population Increase - Impact on Operating

The following graph illustrates the growth in average annual population from FY 1997-98 through FY 2003-04. Fiscal Year 1998-99 through FY 2001-02 are based on actual figures, and FY 2002-03 and FY 2003-04 are based on projections.



As a result of expanding populations, the operating budget of the DOC has increased significantly. This can best be seen in the growth of the Housing and Security Subprogram budget. The Housing and Security portion of the Long Bill includes the costs associated with the operation of facility security, response to facility emergencies, documentation of facility system performance, control of harmful substances, and access/egress to facility property. In addition, funding for provision of counseling, discipline, grievance resolution, and classification of inmates is provided. The following information shows the growth in costs and FTE.

	FY 99-00 Actual	FY 00-01 Actual	FY 01-02 Actual	FY 02-03 Approp.	FY 03-04 Approp.
Total Department GF Expenditures	\$381,636,624	\$417,132,087	\$449,096,900	\$455,100,120	\$469,771,508
Percent Change - Total	n/a	9.30%	7.66%	1.34%	3.22%
Housing Expenditures	\$96,378,129	\$107,920,922	\$121,000,878	\$117,649,355	\$129,288,831
Percent Change - Housing	n/a	11.98%	12.12%	-2.77%	9.89%
Housing FTE	2,286.2	2,516.1	2,791.9	2,898.4	2,690.5

Community Services

An expanding population results in an increase in the number of inmates placed on community corrections and parole. Community corrections allows inmates to transition to the community while still classified as a DOC inmate. Inmates assigned to community corrections are either placed in a halfway house or in an intensive supervision program (ISP).

Inmates are released to parole based on the discretion of the Parole Board, or under mandatory parole statutes, depending on the statutes under which they were sentenced. There are two types of parole, regular and intensive supervision. The following information highlights the past five years of community corrections and parole activity.

	FY 99-00 Actual	FY 00-01 Actual	FY 01-02 Actual	FY 02-03 Approp.	FY 03-04 Approp.
Annual Com. Corr. Expenditures	\$8,282,753	\$8,822,768	\$9,230,269	\$9,148,237	\$9,203,522
Percent Change	n/a	6.52%	4.62%	-0.89%	0.60%
Annual Parole Expenditures	\$8,456,933	\$8,315,715	\$9,424,032	\$10,095,100	\$10,454,311
Percent Change	n/a	-1.67%	13.33%	7.12%	3.56%

Summary of FY 2002-03 and FY 2003-04 Appropriations

Total Department Appropriations

	GF	CF	CFE	FF	Total	FTE
FY 2002-03 Total Appropriation:	\$455,100,120	\$2,898,073	\$62,037,244	\$5,125,180	\$525,160,617	6,122.6
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Management	96,794,165	893,059	1,635,771	4,117,059	103,440,054	80.5
Institutions	289,720,678	45,476	888,514	80,000	290,734,668	4,800.9
Support Services	20,323,504	697,661	204,354	0	21,225,519	327.4
Inmate Programs	28,173,440	1,261,877	4,676,431	928,121	35,039,869	449.2
Community Services	19,173,860	0	69,477	0	19,243,337	240.4
Parole Board	914,473	0	0	0	914,473	13.5
Correctional Industries	0	0	42,614,358	0	42,614,358	185.0
Canteen Operation	0	0	11,948,339	0	11,948,339	25.7
<u>Breakdown of Total Appropriation by Bill</u>						
SB 98-21	\$8,679	\$0	\$0	\$0	\$8,679	0.0
HB 98-1160	140,676	0	0	0	140,676	0.0
HB 00-1107	430,128	0	0	0	430,128	0.0
HB 00-1111	134,251	0	0	0	134,251	0.0

	GF	CF	CFE	FF	Total	FTE
HB 00-1158	346,342	0	0	0	346,342	0.0
HB 00-1201	589,152	0	0	0	589,152	0.0
HB 00-1214	314,856	0	0	0	314,856	0.0
HB 00-1247	52,476	0	0	0	52,476	0.0
HB 00-1317	26,238	0	0	0	26,238	0.0
SB 01-46	23,833	0	0	0	23,833	0.0
SB 01-210	176,013	0	0	0	176,013	0.0
HB 01-1242	106,756	0	0	0	106,756	0.0
HB 01-1344	26,689	0	0	0	26,689	0.0
SB 02-50	(256,541)	0	0	0	(256,541)	0.0
HB 02-1038	(255,811)	0	0	0	(255,811)	0.0
HB 02-1420	493,457,102	2,882,583	60,454,913	4,567,146	561,361,744	6,339.3
HB 02-1468	310,471	1,632	9,202	0	321,305	0.0
SB 03-197	(25,464,056)	0	0	0	(25,464,056)	0.0
SB 03-200	(15,067,134)	13,858	1,573,129	558,034	(12,922,113)	(216.7)
FY 2003-04 Total Appropriation:	\$469,771,508	\$2,915,042	\$58,761,215	\$5,122,655	\$536,570,420	5,825.6
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Management	93,186,065	898,545	1,118,159	4,117,059	99,319,828	75.3
Institutions	307,194,503	59,262	744,954	80,000	308,078,719	4,568.7
Support Services	20,785,486	695,358	193,501	0	21,674,345	290.3
Inmate Programs	28,091,866	1,261,877	4,313,651	925,596	34,592,990	436.7
Community Services	19,486,845	0	69,477	0	19,556,322	224.4
Parole Board	1,026,743	0	0	0	1,026,743	13.5
Correctional Industries	0	0	40,332,396	0	40,332,396	191.0
Canteen Operation	0	0	11,989,077	0	11,989,077	25.7
<u>Breakdown of Total Appropriation by Bill</u>						
HB 00-1107	449,151	0	0	0	449,151	0.0
HB 00-1111	134,251	0	0	0	134,251	0.0

	GF	CF	CFE	FF	Total	FTE
HB 00-1158	346,342	0	0	0	346,342	0.0
HB 00-1201	635,069	0	0	0	635,069	0.0
HB 00-1214	409,313	0	0	0	409,313	0.0
HB 00-1247	67,782	0	0	0	67,782	0.0
SB 01-210	176,013	0	0	0	176,013	0.0
HB 01-1205	679,346	0	0	0	679,346	0.0
HB 01-1242	160,134	0	0	0	160,134	0.0
HB 01-1344	26,689	0	0	0	26,689	0.0
SB 02-50	190,757	0	0	0	190,757	0.0
HB 02-1038	190,757	0	0	0	190,757	0.0
HB 02-1283	27,251	0	0	0	27,251	0.0
HB 02-1396	27,251	0	0	0	27,251	0.0
HB 02S1-1006	22,255	0	0	0	22,255	0.0
SB 03-252	(760,997)	0	0	0	(760,997)	1.0
SB 03-258	479,343,050	2,971,704	59,134,708	5,122,655	546,572,117	5,824.6
SB 03-273	(12,240,936)	(56,589)	(372,008)	0	(12,669,533)	0.0
HB 03-1213	(69,467)	0	0	0	(69,467)	0.0
HB 03-1316	(42,503)	(73)	(1,485)	0	(44,061)	0.0
Increase/(Decrease)	\$14,671,388	\$16,969	(\$3,276,029)	(\$2,525)	\$11,409,803	(297.0)
Percentage Change	3.2%	0.6%	-5.3%	0.0%	2.2%	-4.9%

Detail of Appropriation by Administrative Section

Management

The Management division contains the main departmental management functions including the Executive Director's Office, the External Capacity Subprogram, and the Inmate Drug Reduction Subprogram. Funding for the Management division is 93.8 percent General Fund. Cash funds and cash funds exempt funding are primarily Correctional Industries sales revenue, Canteen Operation sales revenue, the Sex Offender Surcharge Fund, and the Victims Assistance and Law Enforcement funds. The federal funds are primarily from reimbursement for housing illegal aliens.

	GF	CF	CFE	FF	Total	FTE
FY 2002-03 Appropriation:						
SB 02-50	(\$256,541)	\$0	\$0	\$0	(\$256,541)	0.0
HB 02-1038	(255,811)	0	0	0	(255,811)	0.0
HB 02-1420	98,949,978	894,841	1,747,025	3,982,669	105,574,513	85.7
HB 02-1468	310,471	1,632	9,202	0	321,305	0.0
SB 03-197	(1,529,417)	0	0	0	(1,529,417)	0.0
SB 03-200	<u>(424,515)</u>	<u>(3,414)</u>	<u>(120,456)</u>	<u>134,390</u>	<u>(413,995)</u>	<u>(5.2)</u>
TOTAL	\$96,794,165	\$893,059	\$1,635,771	\$4,117,059	\$103,440,054	80.5
FY 2003-04 Appropriation:						
SB 03-252	(\$799,151)	\$0	\$0	\$0	(\$799,151)	0.0
SB 03-258	106,338,122	955,207	1,491,652	4,117,059	112,902,040	75.3
SB 03-273	(12,240,936)	(56,589)	(372,008)	0	(12,669,533)	0.0
HB 03-1213	(69,467)	0	0	0	(69,467)	0.0
HB 03-1316	<u>(42,503)</u>	<u>(73)</u>	<u>(1,485)</u>	<u>0</u>	<u>(44,061)</u>	<u>0.0</u>
TOTAL	\$93,186,065	\$898,545	\$1,118,159	\$4,117,059	\$99,319,828	75.3
Increase/(Decrease)	(\$3,608,100)	\$5,486	(\$517,612)	\$0	(\$4,120,226)	(5.2)
Percentage Change	-3.7%	0.6%	-31.6%	0.0%	-4.0%	-6.5%

FTE Detail	FY 2002-03	FY 2003-04
Executive Director's Office Subprogram	67.0	61.8
External Capacity Subprogram	<u>13.5</u>	<u>13.5</u>
	80.5	75.3

FTE Changes: The net reduction of 5.2 FTE is attributable to a General Fund base reduction.

General Fund Changes: The General Fund appropriation includes the following reductions: (1) \$12.2 million for elimination of salary survey in FY 2003-04 pursuant to S.B. 03-273; (2) \$3.2 million for reductions in the reimbursement rates for private prisons and county jails; (3) \$2.9 million for elimination of performance-based pay awards for FY 2003-04; (4) \$799,000 for lower costs associated housing an estimated average daily population (ADP) of 88.2 inmates in county jails or private prison facilities pursuant to S.B. 03-252; (5) \$307,000 for a base reduction

eliminating 5.2 FTE; (6) \$286,000 in miscellaneous reductions to centrally appropriated line items such as health, life, and dental insurance, which were reduced because of the FTE reductions throughout the Department; (7) \$69,000 in appropriations for utilities pursuant to the provisions of H.B. 03-1213; and (8) \$43,000 pursuant to H.B. 03-1316.

These amounts are partially offset by the following General Fund increases: (1) \$13.4 million for external capacity to house inmates in private prisons and county jail backlog; (2) \$1.5 million to account for one-time savings associated with the shift in pay date for FY 2002-03; (3) \$925,000 for increased payments for risk management and property insurance; (4) \$280,000 for a change in the PERA contribution rate and to annualize salary survey awarded in FY 2002-03; and (5) \$145,000 for health, life, and dental for new FTE at Denver Women's Correctional Facility.

Cash Funds Changes: The increase in cash funds is attributable to annualizing salary survey and increasing the PERA contribution rate for employees responsible for monitoring private prisons. This amount is partially offset by reductions associated with H.B. 03-1213 and H.B. 03-1316, which remove the "commercial purpose" qualifier from the crime of sexual exploitation of a child, and reduce the appropriation for health life and dental insurance, respectively (complete bill descriptions can be found at the end of the Corrections section).

Cash Funds Exempt Changes: The reduction in cash funds exempt is primarily associated with elimination of salary survey for employees in Correctional Industries and the Canteen Operation. In addition to this reduction, \$119,000 in reductions are associated with elimination of performance-based pay awards for employees in Correctional Industries and the Canteen Operation. These amounts are partially offset by miscellaneous increases in other centrally appropriated line items that fund payments to risk management and property insurance and workers compensation payments for state employees.

Federal Fund Changes: There is no change in federal funds from the State Criminal Alien Assistance Program, which reimburses governmental agencies for holding illegal aliens.

Institutions

The Institutions division includes all cost centers directly attributable to operation of the State's adult correctional facilities. These subprogram cost centers include utilities, maintenance, housing and security, food services, medical services, superintendents, the Youth Offender System, and the specialized San Carlos Correctional Facility. Funding for the Institutions division is 99.7 percent General Fund. The cash funds are primarily from fees charged for inmate medical costs. The cash funds exempt are primarily from utilities costs associated with Correctional Industries programs. The federal funds are primarily from donated U.S. Department of Agriculture foods.

	GF	CF	CFE	FF	Total	FTE
FY 2002-03 Appropriation:						
SB 98-21	\$8,679	\$0	\$0	\$0	\$8,679	0.0
HB 98-1160	140,676	0	0	0	140,676	0.0
HB 00-1107	430,128	0	0	0	430,128	0.0
HB 00-1111	134,251	0	0	0	134,251	0.0
HB 00-1158	346,342	0	0	0	346,342	0.0
HB 00-1201	589,152	0	0	0	589,152	0.0
HB 00-1214	314,856	0	0	0	314,856	0.0
HB 00-1247	52,476	0	0	0	52,476	0.0
HB 00-1317	26,238	0	0	0	26,238	0.0
SB 01-46	23,833	0	0	0	23,833	0.0
SB 01-210	176,013	0	0	0	176,013	0.0
HB 01-1242	106,756	0	0	0	106,756	0.0
HB 01-1344	26,689	0	0	0	26,689	0.0
HB 02-1420	313,295,077	45,476	744,954	80,000	314,165,507	4,969.2
SB 03-197	(19,621,774)	0	0	0	(19,621,774)	0.0
SB 03-200	<u>(6,328,714)</u>	<u>0</u>	<u>143,560</u>	<u>0</u>	<u>(6,185,154)</u>	<u>(168.3)</u>
TOTAL	\$289,720,678	\$45,476	\$888,514	\$80,000	\$290,734,668	4,800.9
FY 2003-04 Appropriation:						
HB 00-1107	\$449,151	\$0	\$0	\$0	449,151	0.0
HB 00-1111	134,251	0	0	0	134,251	0.0
HB 00-1158	346,342	0	0	0	346,342	0.0
HB 00-1201	635,069	0	0	0	635,069	0.0
HB 00-1214	409,313	0	0	0	409,313	0.0
HB 00-1247	67,782	0	0	0	67,782	0.0
SB 01-210	176,013	0	0	0	176,013	0.0
HB 01-1205	679,346	0	0	0	679,346	0.0
HB 01-1242	160,134	0	0	0	160,134	0.0

	GF	CF	CFE	FF	Total	FTE
HB 01-1344	26,689	0	0	0	26,689	0.0
SB 02-50	190,757	0	0	0	190,757	0.0
HB 02-1038	190,757	0	0	0	190,757	0.0
HB 02-1283	27,251	0	0	0	27,251	0.0
HB 02-1396	27,251	0	0	0	27,251	0.0
HB 02S1-1006	22,255	0	0	0	22,255	0.0
SB 03-258	<u>303,652,142</u>	<u>59,262</u>	<u>744,954</u>	<u>80,000</u>	<u>304,536,358</u>	<u>4,568.7</u>
TOTAL	\$307,194,503	\$59,262	\$744,954	\$80,000	\$308,078,719	4,568.7
Increase/(Decrease)	\$17,473,825	\$13,786	(\$143,560)	\$0	\$17,344,051	(232.2)
Percentage Change	6.0%	30.3%	-16.2%	0.0%	6.0%	-4.8%

FTE Detail	FY 2002-03	FY 2003-04
Utilities Subprogram	0.5	0.5
Maintenance Subprogram	295.8	284.7
Housing and Security Subprogram	2,791.9	2,690.5
Food Service Subprogram	258.3	249.1
Medical Services Subprogram	455.6	434.3
Laundry Subprogram	36.3	35.4
Superintendents Subprogram	188.5	165.2
Boot Camp Subprogram	37.6	32.7
Youthful Offender System Subprogram	194.9	183.4
Case Management Subprogram	239.3	213.0
Mental Health Services Subprogram	70.8	67.3
San Carlos Subprogram	215.2	197.1
Legal Access Subprogram	<u>16.2</u>	<u>15.5</u>
	4,800.9	4,568.7

FTE Changes: The appropriation includes a base reduction of 278.3 FTE which is partially offset by the following two increases: (1) 30.8 FTE for bringing 193 beds online at Denver Women's

Correctional Facility; and (2) 15.3 FTE to annualize FTE appropriated through a supplemental appropriation in FY 2002-03 for bringing 98 beds online at Denver Women's Correctional Facility.

General Fund Changes: The net increase in General Fund includes the following increases: (1) \$19.5 million to account for one-time savings associated with the shift in pay date for FY 2002-03; (2) \$10.2 million to annualize salary survey awarded in FY 2002-03 and for the increase in the PERA contribution rate; (3) \$2.7 million for expenses related to adding additional beds at Denver Women's Correctional Facility; (4) \$1.5 million for medical expenses associated with higher caseload; (5) \$1.3 million for appropriations that were transferred from the Department of Human Services; and (6) \$1.2 million General Fund for an overall increase in the statutory appropriations from sentencing bills enacted in prior years.

These increases are offset by two General Fund reductions: (1) a \$16.3 million base reduction associated with elimination of 278.3 FTE; and (2) a reduction of \$1.4 million associated with one-time expenses in FY 2002-03, related to an over expenditure of medical expenses in FY 2001-02.

Cash Funds Changes: The increase is for an anticipated increase in medical co-pays from inmates.

Cash Exempt Changes: The reduction reflects the elimination of a one-year federal grant received from the Division of Criminal Justice in the Department of Public Safety. This funding was used to establish electronic health records for clinical services.

Support Services

The Support Services Division includes business operations, personnel, offender services, communications, transportation, training, information systems, and facility services. Funding for the Support Services Division is 96.1 percent General Fund. The cash funds and cash funds exempt are primarily from sales from Canteen operations and sales from Correctional Industries.

	GF	CF	CFE	FF	Total	FTE
FY 2002-03 Appropriation:						
HB 02-1420	\$22,658,235	\$699,753	\$222,477	\$0	\$23,580,465	344.7
SB 03-197	(1,400,442)	0	0	0	(1,400,442)	0.0
SB 03-200	<u>(934,289)</u>	<u>(2,092)</u>	<u>(18,123)</u>	<u>0</u>	<u>(954,504)</u>	<u>(17.3)</u>
TOTAL	\$20,323,504	\$697,661	\$204,354	\$0	\$21,225,519	327.4
FY 2003-04 Appropriation:						
SB 03-258	<u>\$20,785,486</u>	<u>\$695,358</u>	<u>\$193,501</u>	<u>\$0</u>	<u>\$21,674,345</u>	<u>290.3</u>
TOTAL	\$20,785,486	\$695,358	\$193,501	\$0	\$21,674,345	290.3

	GF	CF	CFE	FF	Total	FTE
Increase/(Decrease)	\$461,982	(\$2,303)	(\$10,853)	\$0	\$448,826	(37.1)
Percentage Change	2.3%	-0.3%	-5.3%	n/a	2.1%	-11.3%

FTE Detail	FY 2002-03	FY 2003-04
Business Operations Subprogram	116.2	108.2
Personnel Subprogram	31.5	24.3
Offender Services Subprogram	38.6	36.8
Communications Subprogram	9.4	8.2
Transportation Subprogram	28.6	27.3
Training Subprogram	28.8	26.3
Information Systems Subprogram	55.0	50.6
Facility Services Subprogram	<u>19.3</u>	<u>8.6</u>
	327.4	290.3

FTE Changes: The net reduction of 37.1 FTE includes a reduction of 38.3 FTE due to a base reduction for FY 2003-04. This reduction is partially offset by an increase of 1.2 FTE associated with bringing beds online at Denver Women's Correctional Facility.

General Fund Changes: The net increase in General Fund includes the following changes: (1) an increase of \$1.4 million to account for one-time savings associated with the shift in pay date for FY 2002-03; (2) an increase of \$752,000 for the change in the PERA contribution rate and to annualize salary survey awarded in FY 2002-03; (3) an increase of \$552,000 for statewide changes associated with communications expenses paid to the Department of Personnel and Administration; and (4) an increase of \$60,000 to support 1.2 FTE associated with bringing additional beds online at Denver Women's Correctional Facility. These increases are partially offset by the following reductions: (1) \$2.1 million for base reductions associated with the elimination of 38.3 FTE; and (2) \$220,000 for one-time expenses in FY 2002-03 associated with bringing additional beds online at Denver Women's Correctional Facility.

Cash Funds Changes: The net cash funds reduction is the result of a \$7,300 reduction for vehicle lease payments, which is partially offset by \$2,900 in increased payments for communications services from the Department of Personnel and Administration and \$2,100 for increased indirect cost recoveries.

Cash Funds Exempt Changes: The net reduction in cash funds exempt is primarily attributable to the following changes: (1) a \$73,600 reduction for vehicle lease payments; (2) a \$43,100 increase for the multi-use network; and (3) a \$22,200 increase for payments for communications services received from the Department of Personnel.

Inmate Programs

The Inmate Programs division includes all educational, vocational, recreational, and inmate labor programs operated by the Department. Also included in this division are the sex offender treatment program and drug and alcohol treatment programs. Funding for the Inmate Programs is 88.2 percent General Fund. The cash funds are primarily from Drug Offender Surcharge funds. The cash funds exempt and federal funds are primarily from educational grants.

	GF	CF	CFE	FF	Total	FTE
FY 2002-03 Appropriation:						
HB 02-1420	\$36,613,784	\$1,242,513	\$3,145,285	\$504,477	\$41,506,059	466.3
SB 03-197	(1,809,463)	0	0	0	(1,809,463)	0.0
SB 03-200	<u>(6,630,881)</u>	<u>19,364</u>	<u>1,531,146</u>	<u>423,644</u>	<u>(4,656,727)</u>	<u>(17.1)</u>
TOTAL	\$28,173,440	\$1,261,877	\$4,676,431	\$928,121	\$35,039,869	449.2
FY 2003-04 Appropriation:						
SB 03-258	<u>\$28,091,866</u>	<u>\$1,261,877</u>	<u>\$4,313,651</u>	<u>\$925,596</u>	<u>\$34,592,990</u>	<u>436.7</u>
TOTAL	\$28,091,866	\$1,261,877	\$4,313,651	\$925,596	\$34,592,990	436.7
Increase/(Decrease)	(\$81,574)	\$0	(\$362,780)	(\$2,525)	(\$446,879)	(12.5)
Percentage Change	-0.3%	0.0%	-7.8%	-0.3%	-1.3%	-2.8%

FTE Detail	FY 2002-03	FY 2003-04
Labor Subprogram	112.8	98.3
Education Subprogram	149.4	152.6
Recreation Subprogram	119.5	122.7
Drug and Alcohol Treatment Subprogram	3.8	3.5
Sex Offender Treatment Subprogram	39.4	36.1
Volunteers Subprogram	9.0	9.0

FTE Detail	FY 2002-03	FY 2003-04
Community Reintegration Subprogram	<u>15.3</u>	<u>14.5</u>
	449.2	436.7

FTE Changes: The net reduction of 12.5 FTE is due to the following factors: (1) a base reduction of 18.9 FTE; (2) an additional 4.6 FTE for bringing new beds online at Denver Women's Correctional Facility; and (3) an additional 1.8 FTE to annualize FTE approved in FY 2002-03 through a supplemental appropriation for Denver Women's Correctional Facility.

General Fund Changes: The net decrease in General Fund includes the following changes: (1) \$2.1 million associated with a reduction in drug and alcohol treatment grants; (2) \$906,000 associated with the elimination of 18.9 FTE; and (3) \$227,000 associated with the elimination of contract services in the recreation subprogram. These reductions are partially offset by the following changes: (1) an increase of \$1.8 million to account for one-time savings associated with the shift in pay date for FY 2002-03; (2) an increase of \$855,000 for the change in the PERA contribution rate and to annualize salary survey awarded in FY 2002-03; and (3) an increase of \$532,000 to support 6.4 FTE associated with bringing additional beds online at Denver Women's Correctional Facility.

Cash Funds Exempt Changes: The reduction in cash funds exempt reflects an anticipated reduction in federal grants received from the Division of Criminal Justice in the Department of Public Safety.

Federal Funds: The reduction in federal funds is associated with a reduction in statewide indirect cost recoveries for FY 2003-04.

Community Services

The Community Services division includes the parole, parole Intensive Supervision Program (ISP), community supervision (transition), and community ISP (transition) subprograms. This major program area is designed to isolate most costs associated with supervising inmates and parolees in a community setting. Other costs associated with residential community corrections placements are appropriated to the Department of Public Safety, Division of Criminal Justice. Funding for the Community Services division is 99.8 percent General Fund. The cash funds exempt are moneys transferred from the Division of Criminal Justice in the Department of Public Safety.

	GF	CF	CFE	FF	Total	FTE
FY 2002-03 Appropriation:						
HB 02-1420	\$20,954,072	\$0	\$32,475	\$0	\$20,986,547	249.2
SB 03-197	(1,031,477)	0	0	0	(1,031,477)	0.0
SB 03-200	<u>(748,735)</u>	<u>0</u>	<u>37,002</u>	<u>0</u>	<u>(711,733)</u>	<u>(8.8)</u>
TOTAL	\$19,173,860	\$0	\$69,477	\$0	\$19,243,337	240.4

	GF	CF	CFE	FF	Total	FTE
FY 2003-04 Appropriation:						
SB 03-252	\$38,154	\$0	\$0	\$0	\$38,154	1.0
SB 03-258	<u>19,448,691</u>	<u>0</u>	<u>69,477</u>	<u>0</u>	<u>19,518,168</u>	<u>223.4</u>
TOTAL	\$19,486,845	\$0	\$69,477	\$0	\$19,556,322	224.4
Increase/(Decrease)	\$312,985	\$0	\$0	\$0	\$312,985	(16.0)
Percentage Change	1.6%	n/a	0.0%	n/a	1.6%	-6.7%

FTE Detail	FY 2002-03	FY 2003-04
Parole Subprogram	107.7	101.2
Parole Intensive Supervision Subprogram	46.9	42.9
Community Intensive Supervision Subprogram	46.8	42.4
Community Supervision Subprogram	29.4	28.4
Youthful Offender System Aftercare	<u>9.6</u>	<u>9.5</u>
	240.4	224.4

FTE Changes: The overall appropriation includes a base reduction of 17.0 FTE. This reduction is partially offset by the addition 1.0 FTE pursuant to S.B. 03-252, which funds a community corrections officer to handle an anticipated caseload increase.

General Fund Changes: The net General Fund increase is primarily attributable to the following changes: (1) an increase of \$1.0 million to account for one time savings associated with the shift in pay date for FY 2002-03; and (2) an increase of \$508,000 for the change in the PERA contribution rate and to annualize salary survey awarded in FY 2002-03. These increases are partially offset by the following reductions: (1) \$1.0 million associated with a base reduction that eliminated 17.0 FTE; (2) \$198,000 for one-time expenses associated with new parole officers that were approved in FY 2002-03; (3) \$66,000 associated with a reduction in anticipated caseload for the aftercare program in the Youthful Offender System; and (4) \$38,000 to support one FTE appropriated pursuant to S.B. 03-252.

Parole Board

The Parole Board has discretion to grant or deny parole for persons who were not sentenced under mandatory parole. The Board can stipulate conditions of parole for discretionary and mandatory

parolees. When conditions of parole are violated, the Board can revoke a person's parole. Funding for the Parole Board is 100.0 percent General Fund.

	GF	CF	CFE	FF	Total	FTE
FY 2002-03 Appropriation:						
HB 02-1420	\$985,956	\$0	\$0	\$0	\$985,956	13.5
SB 03-197	<u>(71,483)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(71,483)</u>	<u>0.0</u>
TOTAL	\$914,473	\$0	\$0	\$0	\$914,473	13.5
FY 2003-04 Appropriation:						
SB 03-258	<u>\$1,026,743</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$1,026,743</u>	<u>13.5</u>
TOTAL	\$1,026,743	\$0	\$0	\$0	\$1,026,743	13.5
Increase/(Decrease)	\$112,270	\$0	\$0	\$0	\$112,270	0.0
Percentage Change	12.3%	n/a	n/a	n/a	12.3%	0.0%

General Fund Changes: The increase in General Fund stems from an increase of \$71,000 to account for one-time savings associated with the shift in pay date for FY 2002-03, an increase of \$41,000 for the change in the PERA contribution rate and the annualization of salary survey awarded in FY 2002-03.

Correctional Industries

The Correctional Industries division manages profit-oriented work programs to provide inmates with training in various job skills while generating revenues to cover its costs. The major businesses operated by Correctional Industries include manufacturing operations for automobile license plates, office furniture, and modular office systems; a print shop; a leather products shop; and a garment production operation. Correctional Industries sells its products primarily to other government agencies. Funding for the Correctional Industries division is 100 percent cash funds exempt from sales of Correctional Industries products and services.

	GF	CF	CFE	FF	Total	FTE
FY 2002-03 Appropriation:						
HB 02-1420	<u>\$0</u>	<u>\$0</u>	<u>\$42,614,358</u>	<u>\$0</u>	<u>\$42,614,358</u>	<u>185.0</u>
TOTAL	\$0	\$0	\$42,614,358	\$0	\$42,614,358	185.0

	GF	CF	CFE	FF	Total	FTE
FY 2003-04 Appropriation:						
SB 03-258	\$0	\$0	\$40,332,396	\$0	\$40,332,396	191.0
TOTAL	\$0	\$0	\$40,332,396	\$0	\$40,332,396	191.0
Increase/(Decrease)	\$0	\$0	(\$2,281,962)	\$0	(\$2,281,962)	6.0
Percentage Change	n/a	n/a	-5.4%	n/a	-5.4%	3.2%

FTE Changes: The overall appropriation includes funding for an additional 6.0 FTE for two new inmate wild fire teams. The FTE will fund correctional officers to supervise the 50 inmates who will participate in the program.

Cash Funds Exempt Changes: The net reduction in cash funds exempt is the result of the following changes: (1) a \$3.2 million reduction for one-time expenses in FY 2002-03 associated with raw materials for the manufacturing of license plates; (2) an increase of \$460,000 associated with an initiative to fund two inmate wild fire fighting teams (25 inmates per team); (3) an increase of \$453,000 for the change in the PERA contribution rate and to annualize salary survey awarded in FY 2002-03; and (4) an increase of \$9,800 for higher indirect cost recoveries from Correctional Industries.

Canteen Operation

The canteen provides various personal items for purchase by inmates including toiletries, snack foods, phone services, and other approved items. Per court order, all funds remaining after expenses are to be used to provide inmates with additional educational or recreational resources including library materials and cable television services. Funding for the Canteen Operation is 100.0 percent cash funds exempt from sales of canteen products to inmates.

	GF	CF	CFE	FF	Total	FTE
FY 2002-03 Appropriation:						
HB 02-1420	\$0	\$0	\$11,948,339	\$0	\$11,948,339	25.7
TOTAL	\$0	\$0	\$11,948,339	\$0	\$11,948,339	25.7
FY 2003-04 Appropriation:						
SB 03-258	\$0	\$0	\$11,989,077	\$0	\$11,989,077	25.7
TOTAL	\$0	\$0	\$11,989,077	\$0	\$11,989,077	25.7

	GF	CF	CFE	FF	Total	FTE
Increase/(Decrease)	\$0	\$0	\$40,738	\$0	\$40,738	0.0
Percentage Change	n/a	n/a	0.3%	n/a	0.3%	0.0%

Cash Funds Exempt Changes: The net increase in cash funds exempt is the result of an increase of \$48,500 for the change in the PERA contribution rate and annualization of salary survey awarded in FY 2002-03, and a reduction of \$7,700 for lower indirect cost recoveries from the Canteen Operation.

Recent Legislation

2002 Session Bills

S.B. 02-50: Makes possession of certain substances used to manufacture methamphetamine illegal. Includes a five-year statutory appropriation pursuant to Section 2-2-703, C.R.S., for the following fiscal years:

- FY 2002-03: Transfers \$486,269 General Fund to the Capital Construction Fund, then to the Corrections Expansion Reserve Fund. This mechanism allows the bed construction costs to be exempt from the Arveschoug-Bird six percent limit.
- FY 2003-04: Transfers \$486,269 General Fund to the Capital Construction Fund, then to the Corrections Expansion Reserve Fund. This mechanism allows the bed construction costs to be exempt from the Arveschoug-Bird six percent limit. Appropriates \$190,757 General Fund for the operating costs associated with the bill. The operating costs will need to be included within the Arveschoug-Bird six percent limit in FY 2003-04.
- FY 2004-05: Transfers \$486,269 General Fund to the Capital Construction Fund, then to the Corrections Expansion Reserve Fund. This mechanism allows the bed construction costs to be exempt from the Arveschoug-Bird six percent limit. Appropriates \$381,514 General Fund for the operating costs associated with the bill. The operating costs will need to be included within the Arveschoug-Bird six percent limit in FY 2004-05.
- FY 2005-06: Transfers \$449,799 General Fund to the Capital Construction Fund, then to the Corrections Expansion Reserve Fund. This mechanism allows the bed construction costs to be exempt from the Arveschoug-Bird six percent limit. Appropriates \$572,271 General Fund for the operating costs associated with the bill. The operating costs will need to be included within the Arveschoug-Bird six percent limit in FY 2005-06.

- ❑ FY 2006-07: Appropriates \$748,721 General Fund for the operating costs associated with the bill. The operating costs will need to be included within the Arveschoug-Bird six percent limit in FY 2006-07.

Additionally, the act includes an appropriation of \$14,373 General Fund and 0.3 FTE for the Public Defender's Office for FY 2002-03. The act also reduces General Fund appropriations in the Long Bill for performance-based pay awards to offset the costs of the bill in FY 2002-03.

H.B. 02-1038: Makes possession of certain items with the intent to manufacture methamphetamine illegal. Includes a five-year statutory appropriation pursuant to Section 2-2-703, C.R.S., for the following fiscal years:

- ❑ FY 2002-03: Transfers \$486,269 General Fund to the Capital Construction Fund, then to the Corrections Expansion Reserve Fund. This mechanism allows the construction costs for prison beds to be exempt from the Arveschoug-Bird six percent limit.
- ❑ FY 2003-04: Transfers \$506,530 General Fund to the Capital Construction Fund, then to the Corrections Expansion Reserve Fund. This mechanism allows the construction costs for prison beds to be exempt from the Arveschoug-Bird six percent limit. Appropriates \$190,757 General Fund for the operating costs associated with the bill. The operating costs will need to be included within the Arveschoug-Bird six percent limit in FY 2003-04.
- ❑ FY 2004-05: Transfers \$972,538 General Fund to the Capital Construction Fund, then to the Corrections Expansion Reserve Fund. This mechanism allows the construction costs for prison beds to be exempt from the Arveschoug-Bird six percent limit. Appropriates \$389,462 General Fund for the operating costs associated with the bill. The operating costs will need to be included within the Arveschoug-Bird six percent limit in FY 2004-05.
- ❑ FY 2005-06: Appropriates \$770,976 General Fund for the operating costs associated with the bill. The operating costs will need to be included within the Arveschoug-Bird six percent limit in FY 2005-06.
- ❑ FY 2006-07: Appropriates \$770,976 General Fund for the operating costs associated with the bill. The operating costs will need to be included within the Arveschoug-Bird six percent limit in FY 2006-07.

Additionally, the act appropriates \$12,947 General Fund and 0.3 FTE to the Public Defender's Office in FY 2002-03. The act also reduces the General Fund appropriations in the Long Bill for performance-based pay by \$499,216 to cover the FY 2002-03 costs of the bill.

H.B. 02-1171: Designates the Canteen Operation as an enterprise within the Division of Correctional Industries. This change allows revenues from the Canteen Operation to be reflected as cash funds exempt rather than cash funds.

H.B. 02-1283: Expands the current crime of possession, use, or unlawful removal of explosives to include chemical, biological, or radiological weapons. Includes a five-year statutory appropriation pursuant to Section 2-2-703, C.R.S., for the following fiscal year:

- FY 2002-03: Transfers \$69,467 General Fund to the Capital Construction Fund, then to the Corrections Expansion Reserve Fund. This mechanism allows the bed construction costs to be exempt from the Arveschoug-Bird six percent limit.
- FY 2003-04: Appropriates \$27,251 General Fund for the operating costs associated with the bill. The operating costs are included within the Arveschoug-Bird six percent limit in FY 2003-04.
- FY 2004-05: Appropriates \$27,251 General Fund for the operating costs associated with the bill. The operating costs will need to be included within the Arveschoug-Bird six percent limit in FY 2004-05.
- FY 2005-06: Appropriates \$27,251 General Fund for the operating costs associated with the bill. The operating costs will need to be included within the Arveschoug-Bird six percent limit in FY 2005-06.
- FY 2006-07: Appropriates \$27,251 General Fund for the operating costs associated with the bill. The operating costs will need to be included within the Arveschoug-Bird six percent limit in FY 2006-07.

H.B. 02-1301: Clarified the laws concerning introduction of contraband into state correctional facilities. Includes a five-year statutory appropriation pursuant to Section 2-2-703, C.R.S., for the following fiscal year:

- FY 2004-05: Appropriates \$24,526 General Fund for the operating costs associated with the bill. The operating costs will need to be included within the Arveschoug-Bird six percent limit in FY 2004-05.

H.B. 02-1367: Supplemental appropriation to the Department of Corrections to modify the appropriation included in the FY 2001-02 Long Bill.

H.B. 02-1396: Extends the limitation period for filing criminal charges of sex offenses against children by tolling the 10-year limitation period until the victim is 18 years of age. Includes a five-year statutory appropriation pursuant to Section 2-2-703, C.R.S., for the following fiscal years:

- FY 2002-03: Transfers \$69,467 General Fund to the Capital Construction Fund, then to the Corrections Expansion Reserve Fund. This mechanism allows the bed construction costs to be exempt from the Arveschoug-Bird six percent limit.

- ❑ FY 2003-04: Appropriates \$27,251 General Fund for the operating costs associated with the bill. The operating costs are included within the Arveschoug-Bird six percent limit in FY 2003-04.
- ❑ FY 2004-05: Appropriates \$27,251 General Fund for the operating costs associated with the bill. The operating costs will need to be included within the Arveschoug-Bird six percent limit in FY 2004-05.
- ❑ FY 2005-06: Appropriates \$27,251 General Fund for the operating costs associated with the bill. The operating costs will need to be included within the Arveschoug-Bird six percent limit in FY 2005-06.
- ❑ FY 2006-07: Appropriates \$27,251 General Fund for the operating costs associated with the bill. The operating costs will need to be included within the Arveschoug-Bird six percent limit in FY 2006-07.

H.B. 02-1420: General appropriations act for FY 2002-03.

H.B. 02-1468: Authorizes the General Assembly to annually adjust the state contribution for health, life, and dental insurance effective CY 2004 through the Long Bill. For more information, refer to the bill description in the Department of Personnel and Administration.

H.B. 02-1472: Supplemental appropriation to the Department of Corrections to modify the appropriation included in the FY 2001-02 Long Bill.

H.B. 02S1-1006: Clarifies that the offense of unlawful conduct on public property includes violations of orders, rules, and regulations concerning the prohibition, banning, or restriction of wildfires. Changes the penalty for such violations from a class 3 misdemeanor to a class 2 misdemeanor and imposes a mandatory fine. Makes it a felony to knowingly commit the offense of firing woods or prairie while knowingly violating an applicable fire ban. Exempts certain activities from such felony offense. Creates a class 3 felony crime of intentionally setting a wildfire. Provides municipalities with both the police power and the regulatory power to control and limit fires. Makes it a class 6 felony for knowingly starting a fire on Division of Parks and Outdoor Recreation lands, notwithstanding a fire ban. Includes a five- year statutory appropriation pursuant to Section 2-2-703, C.R.S., for the following fiscal years:

- ❑ FY 2002-03: Appropriates \$56,731 from the Capital Construction Fund to the Corrections Expansion Reserve Fund;
- ❑ FY 2004-05: Appropriates \$22,255 Federal Fund to the Department of Corrections; appropriates \$4,012 from the Capital Construction Fund to the Corrections Expansion Reserve Fund;

- ❑ FY 2005-06: Appropriates \$1,574 General Fund moneys to the Department of Corrections; and
- ❑ FY 2006-07: Appropriates \$22,924 from the Capital Construction Fund to the Corrections Expansion Reserve Fund and appropriates \$32,822 General Fund to the Department of Corrections.

2003 Session Bills

S.B. 03-197: Shifts the date for June paychecks for most state employees to July 1, beginning in 2003. This results in one-time savings for state departments in FY 2002-03, including a reduction in the appropriation to the Department of Corrections of \$25,464,056 General Fund. For additional information, refer to the bill description in the Department of Personnel and Administration.

S.B. 03-200: Supplemental appropriation to the Department of Corrections to modify the appropriation included in the FY 2002-03 Long Bill.

S.B. 03-252: Allows the Parole Board to temporarily move a person on parole for a nonviolent class 5 or class 6 felony (except for menacing and unlawful sexual behavior), to a community corrections program, or a pre-parole release and revocation center for up to 180 days. Allows DOC to contract with community corrections programs for the placement of such parolees. Limits the time a parolee can be revoked to the DOC to 180 days for a technical revocation (a revocation that was not the result of the commission of a new offense), provided that the parolee was serving parole for a nonviolent offense. Repeals parts of Section 17-22.5-403 (9), C.R.S., requiring an additional year of parole if a parolee is revoked to prison for the remainder of the parole period. Reduces the appropriation to the Department of Corrections by \$760,997 General Fund. Of this amount, a reduction of \$799,151 is associated with lower costs for housing an estimated average daily population (ADP) of 88.2 inmates in county jails or private prison facilities. This reduction is partially offset by an additional \$38,154 to support 1.0 FTE to supervise an increase of offenders (60.0 ADP) placed in community corrections programs.

S.B. 03-258: General appropriations act for FY 2003-04.

S.B. 03-273: Eliminates salary survey for FY 2003-04 and reduces the appropriation to the Department of Corrections by \$12,669,533. Of this amount, \$12,240,936 is General Fund, \$56,589 is cash funds, and \$372,008 is cash funds exempt. For a more detailed explanation of this bill, see the Recent Legislation section in the Department of Personnel and Administration.

S.B. 03-318: Decreases the penalty for use of a schedule I or II controlled substance to a class 6 felony. Reduces to a class 6 felony the penalty for a first possession offense when the amount of a schedule I through IV controlled substance is one gram or less. Lowers to a class 4 felony the

penalty for a second or subsequent possession offense when the amount of a schedule I through IV controlled substance is one gram or less.

Creates the Drug Offender Treatment Fund. Creates an interagency task force responsible for allocating the moneys in the Drug Offender Treatment Fund. Requires the task force to report to the Judiciary Committees of the House and Senate regarding the anticipated savings generated by the act on or before January 31, 2005, and on or before January 31, 2007. Creates judicial district drug offender treatment boards within each judicial district and directs them to distribute Drug Offender Treatment Fund moneys within the judicial district. Compels each board to report to the task force and the Judiciary Committees of the House and Senate each year the amount of Drug Offender Treatment Fund moneys received and how the moneys were distributed. Allows an offender who has 2 previous felony convictions and who is convicted of possession of one gram or less of a schedule I through IV controlled substance to be placed on probation.

Requires all portions of the act to return to existing language if the expected savings from the act of \$2.2 million are not applied to the Drug Offender Treatment Fund in the fiscal year beginning in 2005, or any fiscal year thereafter.

H.B. 03-1004: Adds manufacturing or attempting to manufacture a controlled substance, and possessing methamphetamine precursors with the intent to manufacture, in the presence of child, or on the premises where a child is found or resides, to the crime of child abuse. Makes the crime a class 3 felony. Includes a five- year statutory appropriation pursuant to Section 2-2-703, C.R.S., for the following fiscal years:

- FY 2006-07: Appropriates \$291,761 from the Capital Construction Fund to the Corrections Expansion Reserve Fund; and
- FY 2007-08: Appropriates \$416,802 from the Capital Construction Fund to the Corrections Expansion Reserve fund and appropriates \$118,516 to the Department of Corrections.

H.B. 03-1138: Makes it a class 4 felony to intentionally and unlawfully terminate another person's pregnancy. Prohibits prosecution of a person who provides medical treatment to which the pregnant woman consented. Repeals the requirement that the prosecution prove an underlying factual basis of domestic violence for a court to impose an enhanced sentence on a person convicted of a specified crime against a pregnant woman. Makes intentionally and knowingly killing a pregnant woman an aggravating factor for purposes of imposing the death penalty. Includes a five- year statutory appropriation pursuant to Section 2-2-703, C.R.S., for the following fiscal years:

- FY 2005-06: Appropriates \$138,934 from the Capital Construction Fund to the Corrections Expansion Reserve Fund;

- ❑ FY 2006-07: Appropriates \$125,041 from the Capital Constriction Fund to the Corrections Expansion Reserve Fund and appropriates \$56,436 General Fund to the Department of Corrections; and
- ❑ FY 2007-08: Appropriates \$107,228 General Fund to the Department of Corrections.

H.B. 03-1213: Removes the "commercial purpose" qualifier from the crime of sexual exploitation of a child. Includes a five- year statutory appropriation pursuant to Section 2-2-703, C.R.S., for the following fiscal years:

- ❑ FY 2003-04: Appropriates \$69,467 from the Capital Construction Fund to the Corrections Expansion Reserve Fund;
- ❑ FY 2004-05: Appropriates \$28,818 General Fund to the Department of Corrections;
- ❑ FY 2005-06: Appropriates \$28,818 General Fund to the Department of Corrections;
- ❑ FY 2006-07: Appropriates \$69,467 from the Capital Construction Fund to the Corrections Expansion Reserve Fund and appropriates \$28,818 General Fund to the Department of Corrections; and
- ❑ FY 2007-08: Appropriates \$56,436 General Fund to the Department of Corrections.

Adjusts appropriations made in the 2003 general appropriations act by decreasing the General Fund appropriation to the Department of Corrections, Institutions, Utilities Subprogram, Utilities line item by \$69,467.

H.B. 03-1256: Authorizes lease-purchase agreements for a high-custody correctional facility and several buildings at the University of Colorado Health Sciences Center (UCHSC) at Fitzsimons. Authorizes the executive director of the Department of Corrections to enter into a 15-year, lease-purchase agreement not to exceed \$102.8 million, plus necessary administrative, monitoring, interest, and closing costs. Authorizes the executive director to enter into the agreement with any for-profit or nonprofit institution. Requires the lease-purchase agreement to contain provisions that convey the title of the property to the state for the department's use on or before the term expiration of the agreement. For an explanation of the provisions related to UCHSC, see the Recent Legislation section in the Department of Higher Education.

H.B. 03-1316: Reduces the appropriation to the Department of Corrections for Health, Life, and Dental Expenditures in FY 2003-04 by \$44,061. Of this amount, \$42,503 is General Fund, \$73 is cash funds, \$1,485 is cash funds exempt. For a more detailed explanation of this bill, see the Recent Legislation section in the Department of Personnel.

H.B. 03-1317: Makes it a felony to sell or distribute chemicals, supplies, or equipment, when the seller or distributor knows or reasonably should know or believes that a person intends to use the materials sold or distributed to illegally manufacture a controlled substance. Specifies that the felony is a crime that presents an extraordinary risk of harm to society. Makes it a misdemeanor crime to sell, purchase, attempt to purchase, fill, refill, deliver, or permit to be delivered an anhydrous ammonia container under certain circumstances. Includes a five-year statutory appropriation pursuant to Section 2-2-703, C.R.S., for the following fiscal years:

- FY 2004-05: Appropriates \$69,467 from the Capital Construction Fund to the Corrections Expansion Reserve Fund;
- FY 2005-06: Appropriates \$69,467 from the Capital Construction Fund to the Corrections Expansion Reserve Fund and appropriates \$28,218 General Fund to the Department of Corrections;
- FY 2006-07: Appropriates \$69,467 from the Capital Construction Fund to the Corrections Expansion Reserve Fund and appropriates \$56,436 General Fund to the Department of Corrections; and
- FY 2007-08: Appropriates \$55,574 from the Capital Construction Fund to the Corrections Expansion Reserve Fund and appropriates \$84,654 General Fund to the Department of Corrections.

DEPARTMENT OF EDUCATION

Article IX of the Colorado Constitution requires the General Assembly to "provide for the establishment and maintenance of a thorough and uniform system of free public schools throughout the state, wherein all residents of the state, between the ages of six and twenty-one years, may be educated gratuitously." The General Assembly is also to provide for the organization of school districts throughout the State. In each district a locally-elected board of education has control over instruction of the public schools within its district. The State Board of Education, currently comprised of seven members representing each of Colorado's congressional districts and one at-large member, is responsible for the general supervision of public schools. The Commissioner of Education, appointed by the State Board, advises the State Board concerning the operation and status of public schools and serves as the executive officer of the Department of Education.

The Department distributes state and federal funds to school districts and is responsible for accrediting school districts and administering educator licensure and professional development programs. The Department also administers a variety of education-related programs, including education programs for children with special needs, English language proficiency programs, the Colorado Preschool Program, adult basic education programs, and a variety of grant programs. The Department is responsible for developing and maintaining state model content standards and administering the associated Colorado Student Assessment Program. Further, the Department is required to issue annual accountability reports for every public school in the state.

In addition to its responsibilities related to public schools, the Department is charged with promoting the improvement of library services statewide to ensure equal access to information, including providing library services to persons who reside in state-funded institutions and to persons who are blind or physically disabled. Finally, the Department operates the Colorado School for the Deaf and the Blind, located in Colorado Springs. Pursuant to S.B. 03-53, however, the School will be managed by a Board of Trustees beginning in FY 2004-05.

On November 7, 2000, a majority of Colorado voters approved Amendment 23, which added Section 17 to Article IX of the Colorado Constitution. This provision requires the General Assembly to provide certain annual inflationary funding increases for kindergarten through twelfth grade education. This provision also creates the State Education Fund, consisting of one-third of one percent of income tax revenues and any interest earned on the Fund balance. State Education Fund revenues are not subject to the Taxpayer Bill of Rights (TABOR) constitutional limitation on fiscal year spending, and any appropriation from the State Education Fund is not subject to the six percent statutory limitation on General Fund appropriations. Further information concerning the State Education Fund, including a table providing a history of appropriations from the Fund, is included in Appendix E.

Department Budget: Recent Actual Expenditures and Appropriations

Funding Source	FY 2000-01 Actual	FY 2001-02 Actual	FY 2002-03 Approp.	FY 2003-04 Approp.
General Fund	\$2,140,176,563	\$2,268,512,625	\$2,312,835,511	\$2,417,662,657
Cash Funds	11,337,694	12,271,229	13,517,813	15,238,017
Cash Funds Exempt	126,236,827	272,063,467	439,940,659	439,006,927
Federal Funds	<u>240,637,908</u>	<u>301,906,074</u>	<u>371,988,507</u>	<u>380,668,980</u>
Total Funds	\$2,518,388,992	\$2,854,753,395	\$3,138,282,490	\$3,252,576,581
Full Time Equiv. Staff	395.2	395.2	430.9	419.7

FY 2003-04 Budget Changes

Significant changes in appropriations for FY 2003-04 compared to FY 2002-03 are highlighted below. Appropriations for FY 2003-04:

- ❑ Provide for a *total* increase in funding for schools pursuant to the School Finance Act of 1994, as amended, of \$142.8 million (3.4 percent) based on a 1.1 percent projected increase in student enrollment, a 2.9 percent increase in the statewide base per pupil funding amount (to meet the “inflation plus one” requirement of Section 17 of Article IX of the Colorado Constitution), and a 0.6 percent reduction in average per pupil funding based on statutory changes to the funding formula.

It is anticipated that available *local* tax revenues, which are not reflected in appropriations to the Department of Education, will increase by \$23.1 million (1.4 percent). The appropriation thus reflects an increase of \$119.7 million (4.8 percent) for the *state* share of districts' total program funding. The appropriation also reflects a \$0.5 million increase in the amount of state funds appropriated to offset local property taxes foregone as a result of locally negotiated business incentive agreements. The total \$120.2 million increase in state funding includes: an increase of \$110.3 million General Fund (5.2 percent above the adjusted FY 2002-03 appropriation); an increase of \$8.8 million from the State Education Fund; an increase of \$1.4 million cash funds based on projected rental income earned on state trust lands; and a reduction of \$354,000 cash funds exempt from the State Public School Fund based on projected federal mineral lease revenues and interest earnings on the Public School Fund (often referred to as the "Permanent Fund");

- ❑ Include a total of \$15.0 million from the State Education Fund for capital construction programs (compared to a total of \$22.8 million available for this purpose for FY 2002-03),

consisting of \$5.0 million for the School Capital Construction Expenditures Reserve, \$5.0 million for the School Construction and Renovation Fund, and \$5.0 million for charter schools;

- Reflect the following significant increases in federal funds anticipated to be available: \$5.7 million in grants for improving teacher quality; \$1.8 million for after school learning centers; \$1.8 million through the federal Reading Excellence Act; and \$1.2 million for migrant education;
- Include increases totaling \$4.6 million from the State Education Fund for the purpose of providing the 2.9 percent increase for categorical programs to meet the “inflation plus one” requirement of Section 17 of Article IX of the Colorado Constitution;
- Reflect an increase of \$3.5 million in federal Medicaid funds anticipated to be available to school districts through the S.B. 97-101 Public School Health Services program;
- Add \$1.0 million General Fund to account for one-time savings associated with the shift in pay date for FY 2002-03;
- Add \$315,000 for contract expenses associated with the Colorado Student Assessment Program;
- Reflect a reduction of \$5.3 million in tobacco settlement funds available for the Read-to-Achieve Program;
- Reflect the continuation of a \$4.4 million (60 percent) reduction in General Fund support of various library programs, plus an additional \$2.5 million reduction in General Fund support for regional library service systems and a \$142,000 reduction in General Fund support for the Colorado Talking Book Library and state institutional libraries;
- Reflect a reduction of \$311,000 (including \$168,000 General Fund) for salary survey awards for FY 2003-04;
- Reflect the elimination of \$242,000 (including \$99,000 General Fund) for performance-based pay awards distributed in FY 2002-03 and the elimination of the same amount of funding for performance-based pay awards that would otherwise have been awarded in FY 2003-04; and
- Reflect a reduction of 22.5 FTE management and administrative personnel that are supported from the General Fund, including the elimination of 12.0 FTE and the transfer of 10.5 FTE to various cash and federal funding sources.

General Factors Driving the Budget

Although local government revenues provide a significant source of funding for K-12 education in Colorado, such funds are not reflected in appropriations to the Department of Education. Appropriations to the Department of Education for FY 2003-04 consist of 74.4 percent General Fund, 13.5 percent cash funds exempt, 11.7 percent federal funds, and less than one percent cash funds. Some of the most important factors driving the budget are reviewed below.

School Finance - State's Share of Districts' Total Program

The primary source of funding for public schools in Colorado is provided pursuant to the Public School Finance Act. The state share of funding is the largest single annual appropriation of state General Fund moneys. For FY 2003-04, the General Assembly appropriated \$2.6 billion for this purpose, including over \$2.2 billion General Fund -- representing more than 43 percent of all General Fund operating appropriations. Local government revenues also help pay for public schools, bringing the total amount available for financing public schools for FY 2003-04 to \$4.3 billion. The \$4.3 billion in state and local funds are allocated to school districts through a statutory formula that calculates a specific per pupil level of funding for each school district, as well as a specific state and local share of funding for each district.

The formula provides the same *base* amount of funding per pupil for every district. The General Assembly has historically provided for annual increases in the amount of base per pupil funding. However, pursuant to Section 17 of Article IX of the Colorado Constitution, the General Assembly is now required to provide annual inflationary increases in base per pupil funding. Specifically, for FY 2001-02 through FY 2010-11, the base per pupil funding amount must increase annually by at least the rate of inflation plus one percent; for FY 2011-12 and each fiscal year thereafter, the base per pupil funding amount must increase annually by at least the rate of inflation. For FY 2003-04, base per pupil funding increased from \$4,442 to \$4,570 (2.9 percent), based on an actual inflation rate of 1.9 percent in calendar year (CY) 2002.

The formula adjusts each district's per pupil funding based on factors that affect districts' costs of providing educational services. The formula also provides additional funding for districts with students who may be at risk of failing or dropping out of school. Thus, actual per pupil funding varies for each district. For FY 2003-04, actual per pupil funding ranges from \$5,511 to \$12,292, with a statewide average of \$5,930. Each district's per pupil funding is multiplied by its funded pupil count to determine its "total program" funding.

Local property and specific ownership taxes provide the first source of revenue for districts' total program funding, and the remainder is covered by state funds. Property taxes are based on each district's mill levy and the assessed, or taxable, value of property in each district. Specific ownership taxes are paid on motor vehicles.

In summary, the following factors directly affect the amount of state funding necessary to fund the School Finance Act:

- ✓ the number of pupils enrolled in public schools (including the number of slots statutorily authorized for state-funded preschool and full-day kindergarten programs);
- ✓ the rate of inflation;
- ✓ the number of at-risk students attending public schools;
- ✓ changes in the relative cost-of-living in various regions of the state;
- ✓ changes in statutory definitions, procedures or mathematical factors that impact the calculation of per-pupil funding for each district;
- ✓ fluctuations in local property and specific ownership taxes; and
- ✓ adjustments to the calculation of state aid certain districts are eligible to receive.

School Finance: Total Program	FY 1999-00 Actual	FY 2000-01 Actual	FY 2001-02 Actual	FY 2002-03 Approp.	FY 2003-04 Approp.
Funded Pupil Count	681,743.1	693,643.8	707,202.3	717,748.7	725,360.6
<i>Annual Percent Change</i>	<i>1.6%</i>	<i>1.7%</i>	<i>2.0%</i>	<i>1.5%</i>	<i>1.1%</i>
Statewide <u>Base</u> Per Pupil Funding	\$3,878	\$4,002	\$4,202	\$4,442	\$4,570
<i>Annual Percent Change</i>	<i>2.5%</i>	<i>3.2%</i>	<i>5.0%</i>	<i>5.7%</i>	<i>2.9%</i>
Statewide <u>Average</u> Per Pupil Funding	\$4,994	\$5,168	\$5,451	\$5,795	\$5,930
<i>Annual Percent Change</i>	<i>2.6%</i>	<i>3.5%</i>	<i>5.5%</i>	<i>6.3%</i>	<i>2.3%</i>
Total Program Funding	\$3,404,932,670	\$3,584,664,712	\$3,854,831,914	\$4,159,705,449	\$4,301,576,265
<i>Annual Percent Change</i>	<i>4.3%</i>	<i>5.3%</i>	<i>7.5%</i>	<i>7.9%</i>	<i>3.4%</i>
<u>State Share</u> of Districts' Total Program Funding	\$1,929,588,366	\$2,047,855,564	\$2,230,036,235	\$2,484,542,563	\$2,604,731,215
<i>Annual Percent Change</i>	<i>4.3%</i>	<i>6.1%</i>	<i>8.9%</i>	<i>11.4%</i>	<i>4.8%</i>
<i>State Share as Percent of Districts' Total Program</i>	<i>56.7%</i>	<i>57.1%</i>	<i>57.9%</i>	<i>59.7%</i>	<i>60.6%</i>

Please note that the annual appropriation for school finance is based on estimates of pupil counts and local property tax revenues. Thus, the annual appropriation typically requires a mid-year adjustment once the actual data is available.

School Capital Construction Funding

Pursuant to S.B. 00-181, the General Assembly is required to appropriate a total of \$190.0 million from the General Fund over an eleven-year period to provide assistance to school districts for capital improvements. The \$190.0 million is to be split between two funds. First, a total of \$105.0 million

is to be appropriated to the School Capital Construction Expenditures Reserve for capital expenditures of school districts that: (a) address immediate safety hazards or health concerns; (b) relieve excessive operating costs created by insufficient maintenance or construction spending; or (c) relieve conditions that detract from an effective learning environment. The remaining \$85.0 million is to be appropriated to the School Construction and Renovation Fund beginning in FY 2002-03; these moneys are to be used to provide matching grants to districts for qualified capital construction projects. Senate Bill 00-181 does not, however, require any General Fund appropriation in a fiscal year in which General Fund revenues do not exceed certain annual obligations by more than \$80.0 million.

In addition, S.B. 01-129 created a new program to distribute State Education Fund moneys to charter schools for capital construction while increasing the funding that will be available to school districts through the existing School Capital Construction Expenditures Reserve. Specifically, S.B. 01-129 provided that certain "qualified" charter schools will receive a flat amount of funding per pupil for capital construction expenditures based on a formula specified in statute. This per pupil funding formula was subsequently amended through both H.B. 02-1349 and S.B. 03-248. Pursuant to S.B. 03-248, the General Assembly is required to appropriate \$5.0 million annually for this purpose. Senate Bill 01-129 also required the General Assembly to annually appropriate to the School Capital Construction Expenditure Reserve an amount equal to the amount appropriated for charter school capital construction. This additional funding is to come from the State Education Fund.

The following table lists the annual appropriations required by S.B. 00-181 as well as estimated appropriations required by S.B. 01-129 (as amended by H.B. 02-1349 and S.B. 03-248) through FY 2011-12. Appropriations will continue to be required beyond FY 2011-12 pursuant to S.B. 01-129.

Fiscal Year	General Fund Appropriations Required Pursuant to S.B. 00-181	Actual/Estimated Appropriations from the State Education Fund Required Pursuant to S.B. 01-129	Total Estimated Appropriations Required for School Capital Construction
2000-01	\$5,000,000	\$0	\$5,000,000
2001-02	10,000,000	12,942,104	22,942,104
2002-03*	15,000,000	7,813,943	22,813,943
2003-04*	20,000,000	5,000,000	25,000,000
2004-05	20,000,000	10,000,000	30,000,000
2005-06	20,000,000	10,000,000	30,000,000
2006-07	20,000,000	10,000,000	30,000,000
2007-08	20,000,000	10,000,000	30,000,000
2008-09	20,000,000	10,000,000	30,000,000
2009-10	20,000,000	10,000,000	30,000,000

Fiscal Year	General Fund Appropriations Required Pursuant to S.B. 00-181	Actual/Estimated Appropriations from the State Education Fund Required Pursuant to S.B. 01-129	Total Estimated Appropriations Required for School Capital Construction
2010-11	20,000,000	10,000,000	30,000,000
2011-12	0	10,000,000	10,000,000
Total	\$190,000,000	\$105,756,047	\$295,756,047

* Please note that pursuant to H.B. 02-1349, a total of \$15.0 million was appropriated for FY 2002-03 for school district capital construction programs. However, fund sources other than the General Fund were used. Pursuant to S.B. 03-248, a total of \$10.0 million was appropriated from the State Education Fund for FY 2003-04 for school district capital construction programs (compared to the \$20.0 million scheduled under S.B. 00-181). In addition, H.B. 02-1349 and S.B. 03-248 eliminated the requirement, for FY 2002-03 and FY 2003-04 only, that the General Assembly appropriate to the School Capital Construction Expenditures Reserve an amount equal to the amount appropriated for charter school capital construction. Thus, the amounts reflected for these years in the third column, above, is half of what otherwise would have been appropriated.

Categorical Programs

Programs designed to serve particular groups of students (e.g., students with limited proficiency in English) or particular student needs (e.g., transportation) have traditionally been referred to as "categorical" programs. Section 17 of Article IX of the Colorado Constitution requires the General Assembly to increase total state funding for all categorical programs annually by at least the rate of inflation plus one percent for FY 2001-02 through FY 2010-11, and by at least the rate of inflation for subsequent fiscal years. Fiscal year 2000-01 appropriations for categorical programs totaled \$142.2 million. Based on the actual inflation rate for CY 2000 (4.0 percent), the General Assembly was required to provide an additional \$7.1 million for such programs for FY 2001-02. Most recently, based on the actual inflation rate for CY 2002 (1.9 percent), the General Assembly was required to provide an additional \$4.6 million for such programs for FY 2003-04. The following table details increases in the annual appropriation of state funds since FY 2000-01, by program area.

Required Increases in State Funding for Categorical Programs			
Long Bill Line Item	FY 2003-04 Appropriation	Change in Annual Appropriation of State Funds Since FY 2000-01	
Special education - children with disabilities	\$84,172,756	\$12,661,983	17.7%
English Language Proficiency Program	3,617,887	516,289	16.6%
Public school transportation	40,967,748	4,045,521	11.0%
Colorado Vocational Act distributions	19,742,390	1,949,540	11.0%
Special education - gifted and talented children	6,190,647	690,647	12.6%
Expelled and at-risk student services grant program and the grant program from in-school/in-home suspension programs*	6,216,786	427,979	7.4%
Small attendance center aid**	848,594	(99,546)	-10.5%

Required Increases in State Funding for Categorical Programs			
Long Bill Line Item	FY 2003-04 Appropriation	Change in Annual Appropriation of State Funds Since FY 2000-01	
Comprehensive health education	600,000	0	0.0%
Total	\$162,356,808	\$20,192,413	14.2%

* The General Assembly approved the Department's request to consolidate funding for these two programs.

** Although funding provided for small attendance center aid has declined, the amount appropriated for FY 2003-04 is estimated to be sufficient to fully fund the amount districts are anticipated to be eligible to receive.

Summary of FY 2002-03 and FY 2003-04 Appropriations

Total Department Appropriations

	GF	CF	CFE	FF	Total	FTE
FY 2002-03 Total Appropriation:	\$2,312,835,511	\$13,517,813	\$439,940,659	\$371,988,507	\$3,138,282,490	430.9
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Management and Administration	20,091,719	2,237,171	1,427,325	7,380,343	31,136,558	118.9
Assistance to Public Schools	2,282,909,653	11,195,642	436,125,020	364,608,164	3,094,838,479	151.4
Library Programs	2,964,089	0	113,800	0	3,077,889	0.5
School for the Deaf and the Blind	6,870,050	85,000	2,274,514	0	9,229,564	160.1
<u>Breakdown of Total Appropriation by Bill</u>						
SB 02-50	(8,973)	0	0	0	(8,973)	0.0
SB 02-97	11,155	0	0	0	11,155	0.0
HB 02-1038	(8,947)	0	0	0	(8,947)	0.0
HB 02-1304	0	0	39,600	0	39,600	0.0
HB 02-1349*	998,213	0	3,610,707	0	4,608,920	0.0
HB 02-1420	2,406,928,430	13,098,032	349,511,631	371,829,390	3,141,367,483	430.5
HB 02-1468	12,786	791	948	7,157	21,682	0.0
SB 03-183	(500,000)	0	(26,759,820)	0	(27,259,820)	0.0
SB 03-190	0	0	(5,633,124)	0	(5,633,124)	0.0

	GF	CF	CFE	FF	Total	FTE
SB 03-195	(45,593,242)	0	45,593,242	0	0	0.0
SB 03-197	(1,018,001)	0	0	0	(1,018,001)	0.0
SB 03-201	(7,768,926)	418,990	28,905,286	151,960	21,707,310	0.4
SB 03-248	0	0	3,000,000	0	3,000,000	0.0
SB 03-258	(40,216,984)	0	41,672,189	0	1,455,205	0.0
FY 2003-04 Total Appropriation:	\$2,417,662,657	\$15,238,017	\$439,006,927	\$380,668,980	\$3,252,576,581	419.7
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Management and Administration	19,803,828	2,530,732	1,636,740	6,887,825	30,859,125	105.3
Assistance to Public Schools	2,389,683,265	12,622,285	434,149,191	373,781,155	3,210,235,896	154.3
Library Programs	359,796	0	713,800	0	1,073,596	0.0
School for the Deaf and the Blind	7,815,768	85,000	2,507,196	0	10,407,964	160.1
<u>Breakdown of Total Appropriation by Bill</u>						
SB 03-19	0	0	(50,298)	0	(50,298)	0.0
SB 03-248	(27,340,825)	0	(1,314,474)	0	(28,655,299)	0.0
SB 03-258	2,445,353,900	14,940,515	454,839,556	380,988,262	3,296,122,233	419.7
SB 03-273	(348,331)	(29,872)	(42,025)	(318,030)	(738,258)	0.0
SB 03-282	0	0	(14,425,518)	0	(14,425,518)	0.0
HB 03-1114	0	327,467	0	0	327,467	0.0
HB 03-1316	(2,087)	(93)	(314)	(1,252)	(3,746)	0.0
Increase/(Decrease)	\$104,827,146	\$1,720,204	(\$933,732)	\$8,680,473	\$114,294,091	(11.2)
Percentage Change	4.5%	12.7%	-0.2%	2.3%	3.6%	-2.6%

* Please note that H.B. 02-1349 included appropriation clauses that reduce the General Fund appropriation to the Teacher Development Fund by \$978,213, and reduce the cash funds exempt spending authority out of such fund by a like amount. However, as the Governor vetoed the associated FY 2002-03 Long Bill appropriations for these two line items (H.B. 02-1420), these two adjustments are not reflected above.

Detail of Appropriation by Administrative Section

Management and Administration

This section provides funding and staff for the State Board of Education, for the administration of a variety of education- and library-related programs, and for general department administration, including human resources, budgeting, accounting, information management, and facilities maintenance. The primary source of cash funds for this section is the Educator Licensure Cash Fund, which consists of fees paid by applicants for educator licenses and certificates. Cash funds exempt sources consist primarily of indirect cost recoveries and transfers of funds from various cash- and federally-funded line items. Federal funds reflected in this section are from a variety of sources.

	GF	CF	CFE	FF	Total	FTE
FY 2002-03 Appropriation:						
SB 02-50	(\$8,973)	\$0	\$0	\$0	(\$8,973)	0.0
HB 02-1038	(8,947)	0	0	0	(8,947)	0.0
HB 02-1349	20,000	0	229,000	0	249,000	0.0
HB 02-1420	25,333,753	2,186,343	2,004,040	7,221,226	36,745,362	118.5
HB 02-1468	12,786	791	948	7,157	21,682	0.0
SB 03-197	(489,856)	0	0	0	(489,856)	0.0
SB 03-201	(4,767,044)	50,037	(806,663)	151,960	(5,371,710)	0.4
SB 03-258	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$20,091,719	\$2,237,171	\$1,427,325	\$7,380,343	\$31,136,558	118.9
FY 2003-04 Appropriation:						
SB 03-248	\$0	\$0	(\$318,635)	\$0	(\$318,635)	0.0
SB 03-258	20,154,246	2,233,230	1,997,714	7,207,107	31,592,297	105.3
SB 03-273	(348,331)	(29,872)	(42,025)	(318,030)	(738,258)	0.0
HB 03-1114	0	327,467	0	0	327,467	0.0
HB 03-1316	<u>(2,087)</u>	<u>(93)</u>	<u>(314)</u>	<u>(1,252)</u>	<u>(3,746)</u>	<u>0.0</u>
TOTAL	\$19,803,828	\$2,530,732	\$1,636,740	\$6,887,825	\$30,859,125	105.3
Increase/(Decrease)	(\$287,891)	\$293,561	\$209,415	(\$492,518)	(\$277,433)	(13.6)
Percentage Change	-1.4%	13.1%	14.7%	-6.7%	-0.9%	-11.4%

FTE Detail*	FY 2002-03	FY 2003-04
Commissioner / General Management	44.5	33.3
Office of Professional Services	16.4	17.0
Library Programs	18.7	14.7
Student Assessment Program / School Accountability Reports / Longitudinal Analyses	12.3	12.3
Budget / Accounting / Purchasing	10.0	10.0
Public School Finance / School District Audits	9.0	9.0
Information Technology	<u>8.0</u>	<u>9.0</u>
	118.9	105.3

* Please note that the FTE detail provided in the above table is organized in a different manner than the actual appropriations and is provided for informational purposes only. Specifically, FTE associated with the Office of Professional Services are reflected in a separate line item, a portion of the FTE associated with assessment-related activities are reflected in separate line items, and the remaining FTE noted above are reflected in a single line item appropriation entitled "General Department and Program Administration".

FTE Changes: The appropriation reflects a reduction of 22.5 FTE that are supported by General Fund (26 percent), including the elimination of 12.0 FTE and the transfer of 10.5 FTE to various cash and federal fund sources (some of which are reflected in this section). The appropriation reflects a net increase of 0.6 FTE that are supported by cash funds, including the elimination of 1.0 FTE previously supported by Wildlife Cash Fund moneys, an increase of 1.0 FTE now supported by fees collected through the general education development (GED) program rather than the General Fund, and an increase of 0.6 FTE to annualize an educator licensure position added in February 2003. The appropriation reflects an increase of 1.0 FTE supported by cash funds exempt indirect cost recoveries, as well as an increase of 7.3 FTE supported by federal funding available for state assessments and related activities.

General Fund Changes: The appropriation reflects a net increase in General Fund, including the following changes:

- an increase of \$484,000 to account for one-time savings associated with the shift in pay date for FY 2002-03;
- an increase of \$315,000 for contract expenses associated with the Colorado Student Assessment Program;
- a reduction of \$516,000 in funding for salary survey increases in FY 2003-04, including a reduction of \$168,000 in the cost of salary survey increases for FY 2003-04 and the elimination of \$348,000 for salary survey increases in FY 2003-04 for all employees except teachers at the School for the Deaf and the Blind pursuant to S.B. 03-273;

- a base reduction of \$276,000 associated with management and administrative staff reductions;
- the elimination of \$54,000 for performance-based pay awards distributed in FY 2002-03 and \$99,000 for awards that would have been distributed in FY 2003-04;
- a reduction of \$62,000 to annualize previous General Assembly action to cash-fund the administrative costs of the general educational development (GED) program;
- a \$50,000 decrease in the General Fund share of administrative costs;
- the elimination of \$14,000 in one-time funding for the purpose of conducting a study of on-line education programs, pursuant to H.B. 02-1349;
- a decrease of \$13,000 for information technology asset maintenance; and
- a reduction of \$2,000 pursuant to H.B. 03-1316.

Cash Funds Changes: The cash funds appropriation includes increases of: (1) \$327,000 pursuant to H.B. 03-1114; (2) \$62,000 to annualize previous General Assembly action to cash-fund the administrative costs of the general educational development (GED) program; (3) \$27,000 to annualize the costs of the 1.0 FTE added to the Office of Professional Services in February 2003; and (4) \$22,000 in the cash funds share of administrative costs. These increases are offset by the following: (1) the elimination of an \$80,000 appropriation from the Wildlife Cash Fund for a position that has been eliminated; (2) a reduction of \$42,000 in funding for salary survey increases in FY 2003-04, including a reduction of \$12,000 in the cost of salary survey increases for FY 2003-04 and the elimination of \$30,000 for salary survey increases in FY 2003-04 for all employees except teachers at the School for the Deaf and the Blind pursuant to S.B. 03-273; (3) the elimination of \$12,000 for awards that would have been distributed in FY 2003-04; and (4) the elimination of \$11,000 for performance-based pay awards distributed in FY 2002-03.

Cash Funds Exempt Changes: The increase in cash funds exempt reflects the following changes: (1) a \$299,000 increase in the cash funds exempt share of various administrative costs; (2) a reduction of \$61,000 in funding for salary survey increases in FY 2003-04, including a reduction of \$19,000 in the cost of salary survey increases for FY 2003-04 and the elimination of \$42,000 for salary survey increases in FY 2003-04 for all employees except teachers at the School for the Deaf and the Blind pursuant to S.B. 03-273; (3) the elimination of \$14,000 for performance-based pay awards distributed in FY 2002-03; and (4) the elimination of \$14,000 for performance-based pay awards that would have been distributed in FY 2003-04.

Federal Funds Changes: The decrease in federal funds reflects a reduction of \$430,000 in funding for salary survey increases in FY 2003-04, including a reduction of \$112,000 in the cost of salary survey increases for FY 2003-04 and the elimination of \$318,000 for salary survey increases in FY 2003-04 for all employees except teachers at the School for the Deaf and the Blind pursuant to S.B.

03-273. The appropriation also reflects the elimination of \$116,000 for performance-based pay awards distributed in FY 2002-03. These reductions are partially offset by an increase in the federal funds share of various administrative costs.

Assistance to Public Schools

This section includes all funding that is distributed to public schools or is used to directly support public schools (e.g., federally-funded Department staff that provide technical assistance to districts concerning special education programs). This section is comprised of the following four subsections:

- Public School Finance - funding for the *state* share of districts' total program funding required under the School Finance Act (local funding is not reflected in appropriations to the Department);
- Categorical Programs - funding for all programs defined as "categorical programs" pursuant to Section 17 of Article IX of the Colorado Constitution;
- Grant Programs and Other Distributions - other funding that is distributed to public schools or is used to directly support public schools; and
- Appropriated Sponsored Programs - federal funds and transfers from other departments that support a variety of programs.

	GF	CF	CFE	FF	Total	FTE
FY 2002-03 Appropriation:						
SB 02-97	\$11,155	\$0	\$0	\$0	\$11,155	0.0
HB 02-1304	0	0	39,600	0	39,600	0.0
HB 02-1349*	978,213	0	3,381,707	0	4,359,920	0.0
HB 02-1420	2,371,108,888	10,826,689	345,119,277	364,608,164	3,091,663,018	151.4
SB 03-183	(500,000)	0	(26,759,820)	0	(27,259,820)	0.0
SB 03-190	0	0	(5,633,124)	0	(5,633,124)	0.0
SB 03-195	(45,593,242)	0	45,593,242	0	0	0.0
SB 03-201	(2,878,377)	368,953	29,711,949	0	27,202,525	0.0
SB 03-248	0	0	3,000,000	0	3,000,000	0.0
SB 03-258	<u>(40,216,984)</u>	<u>0</u>	<u>41,672,189</u>	<u>0</u>	<u>1,455,205</u>	<u>0.0</u>
TOTAL	\$2,282,909,653	\$11,195,642	\$436,125,020	\$364,608,164	\$3,094,838,479	151.4

	GF	CF	CFE	FF	Total	FTE
FY 2003-04 Appropriation:						
SB 03-19	\$0	\$0	(\$50,298)	\$0	(\$50,298)	0.0
SB 03-248	(27,340,825)	0	(995,839)	0	(28,336,664)	0.0
SB 03-258	2,417,024,090	12,622,285	450,220,846	373,781,155	3,253,648,376	154.3
SB 03-282	<u>0</u>	<u>0</u>	<u>(15,025,518)</u>	<u>0</u>	<u>(15,025,518)</u>	<u>0.0</u>
TOTAL	\$2,389,683,265	\$12,622,285	\$434,149,191	\$373,781,155	\$3,210,235,896	154.3
Increase/(Decrease)	\$106,773,612	\$1,426,643	(\$1,975,829)	\$9,172,991	\$115,397,417	2.9
Percentage Change	4.7%	12.7%	-0.5%	2.5%	3.7%	1.9%

* Please note that H.B. 02-1349 included appropriation clauses that reduce the General Fund appropriation to the Teacher Development Fund by \$978,213, and reduce the cash funds exempt appropriation out of such fund for the Teacher Development Grant Program by \$978,213. However, as the Governor vetoed the associated FY 2002-03 Long Bill appropriations for these two line items (H.B. 02-1420), these two adjustments are not reflected above.

FTE Detail	FY 2002-03	FY 2003-04
Various Appropriated Sponsored Programs	98.6	97.3
Special Education for Children with Disabilities	47.9	50.9
English Language Proficiency Programs	2.6	3.7
Public School Health Services	1.3	1.4
School Construction Program	<u>1.0</u>	<u>1.0</u>
	151.4	154.3

Public School Finance

This section consists of appropriations for the state share of funding required under the School Finance Act of 1994, as amended. The local share of funding (slightly less than 40 percent of the amount required for FY 2003-04 or \$1.7 billion), is not reflected in appropriations to the Department. For FY 2003-04, 86.3 percent of the state share is funded from the General Fund. Cash funds appropriations reflect anticipated rental income earned on public school lands. Cash funds exempt appropriations consist of moneys in the State Education Fund, federal mineral lease revenues, interest earned on the Public School Fund, spending from reserves in the State Public School Fund, and school district audit recoveries. For further information concerning the State Education Fund, including a table providing a history of appropriations from the Fund, see Appendix E.

	GF	CF	CFE	FF	Total	FTE
FY 2002-03 Appropriation:						
TOTAL	\$2,137,582,405	\$10,620,642	\$336,339,516	\$0	\$2,484,542,563	0.0
FY 2003-04 Appropriation:						
TOTAL	\$2,247,917,791	\$12,047,285	\$344,766,139	\$0	\$2,604,731,215	0.0
Increase/(Decrease)	\$110,335,386	\$1,426,643	\$8,426,623	\$0	\$120,188,652	0.0
Percentage Change	5.2%	13.4%	2.5%	0.0%	4.8%	0.0%

Based on the School Finance Act of 1994, as amended, total state and local funding for schools is anticipated to increase by \$142.8 million (3.4 percent) based on the following:

- a 1.1 percent projected increase in student enrollment (including a temporary reduction in the authorized funded slots for the Colorado Preschool Program, pursuant to S.B. 03-148);
- a 2.9 percent increase in the statewide base per pupil funding amount (based on the actual 1.9 percent inflation rate for the Denver-Boulder area for CY 2002 plus an additional one percent as required by Section 17 of Article IX of the Colorado Constitution); and
- a 0.6 percent reduction in average per pupil funding based on changes to the funding formula (including changes to the size factor, the at-risk factor, and minimum per pupil funding).

It is anticipated that available *local* property and specific ownership tax revenues (which are not reflected in appropriations to the Department) will increase by \$23.1 million (1.4 percent). The appropriation thus reflects an increase of \$119.7 million (4.8 percent) for the *state* share of funding for districts' total program funding. This amount includes \$2.4 million to partially offset \$4.8 million in local property tax revenues that will be foregone due to locally-negotiated business incentive agreements; this level of funding represents a \$0.5 million increase compared to FY 2002-03.

Of the total \$120.2 million increase in *state* funding, the appropriation reflects: an increase of \$110.3 million General Fund (5.2 percent above the adjusted FY 2002-03 appropriation); an increase of \$1.4 million cash funds based on projected rental income earned on state trust lands; an increase of \$8.8 million cash funds exempt from the State Education Fund, offset by a reduction of \$354,000 cash funds exempt from the State Public School Fund based on projected federal mineral lease revenues and interest earnings on the Public School Fund (often referred to as the "Permanent Fund").

Categorical Programs

This section includes appropriations for all "categorical programs", a term traditionally used to refer to programs designed to serve particular groups of students (e.g., students with limited proficiency in English) or particular student needs (e.g., transportation). Section 17 of Article IX of the Colorado Constitution requires the General Assembly to provide annual increases in state funding for categorical programs. Specifically, the General Assembly must increase total state funding for all categorical programs annually by at least the rate of inflation plus one percent for FY 2001-02 through FY 2010-11, and by at least inflation for subsequent fiscal years.

Categorical programs are funded primarily with General Fund and various sources of federal funds. Cash funds exempt sources include moneys in the State Education Fund, funds transferred from other departments, local funds, and spending from reserves in the Colorado Comprehensive Health Education Fund.

	GF	CF	CFE	FF	Total	FTE
FY 2002-03 Appropriation:						
TOTAL	\$141,765,474	\$0	\$16,636,930	\$111,417,576	\$269,819,980	50.5
FY 2003-04 Appropriation:						
TOTAL	\$141,765,474	\$0	\$21,212,584	\$110,534,882	\$273,512,940	54.6
Increase/(Decrease)	\$0	\$0	\$4,575,654	(\$882,694)	\$3,692,960	4.1
Percentage Change	0.0%	n/a	27.5%	-0.8%	1.4%	8.1%

FTE Changes: The appropriation reflects an increase of 4.2 federally-funded FTE for programs for children with disabilities and English language proficiency programs. This increase is partially offset by a 0.1 FTE reduction in special education staff supported by cash funds exempt.

Cash Funds Exempt Changes: The net increase in cash funds exempt reflects an increase in appropriations from the State Education Fund for the purpose of providing the 2.9 percent increase required by Section 17 of Article IX of the Colorado Constitution. The table on the following page details the allocation of the increase required for FY 2003-04, by program area.

Required Increase in <i>State</i> Funding for Categorical Programs for FY 2003-04				
Long Bill Line Item	FY 2002-03 Appropriation of State Funds	Allocation of Required FY 2003-04 Increase in State Funds		FY 2003-04 Appropriation of State Funds
Special education - children with disabilities	\$81,103,540	\$3,069,216	3.8%	\$84,172,756
English Language Proficiency Program	3,485,967	131,920	3.8%	3,617,887
Public school transportation	40,203,874	763,874	1.9%	40,967,748
Colorado Vocational Act distributions	19,374,279	368,111	1.9%	19,742,390
Special education - gifted and talented children	6,075,218	115,429	1.9%	6,190,647
Expelled and at-risk student services grant program	6,089,682	127,104	2.1%	6,216,786
Small attendance center aid	848,594	0	0.0%	848,594
Comprehensive health education	600,000	0	0.0%	600,000
Total	\$157,781,154	\$4,575,654	2.9%	\$162,356,808

Federal Funds Changes: The appropriation reflects a decrease in federal funds anticipated to be available for special education programs for children with disabilities.

Grant Programs and Other Distributions

This section includes funding for a variety of state-funded programs. A portion of the cash funds exempt appropriations are duplicative, simply providing the Department with the authority to spend moneys that are appropriated to various cash funds. For example, for FY 2003-04, \$5.0 million from the State Education Fund is appropriated to the School Construction and Renovation Fund, and a \$5.0 million cash funds exempt appropriation is also provided to authorize the Department to spend moneys in the School Construction and Renovation Fund to provide matching grants for eligible projects. Other cash funds exempt sources include the State Education Fund, the Tobacco Litigation Settlement Cash Fund, federal Medicaid funds appropriated to the Department of Health Care Policy and Financing that are used to reimburse participating school districts for health care services provided to Medicaid-eligible students, and reserves in the State Public School Fund.

	GF	CF	CFE	FF	Total	FTE
FY 2002-03 Appropriation:						
TOTAL	\$3,561,774	\$0	\$79,823,245	\$9,001,635	\$92,386,654	2.3

	GF	CF	CFE	FF	Total	FTE
FY 2003-04 Appropriation:						
TOTAL	\$0	\$0	\$64,505,061	\$9,001,783	\$73,506,844	2.4
Increase/(Decrease)	(\$3,561,774)	\$0	(\$15,318,184)	\$148	(\$18,879,810)	0.1
Percentage Change	-100.0%	n/a	-19.2%	0.0%	-20.4%	4.3%

FTE Changes: The appropriation reflects an increase of 0.1 FTE to improve technical assistance to districts participating in the S.B. 97-101 Public School Health Services program.

General Fund Changes: The decrease in General Fund reflects: (1) the elimination of \$3,142,000 for the Contingency Reserve; (2) the elimination of \$250,000 for the federal school breakfast program; and (3) the elimination of \$170,000 for grants to boards of cooperative services.

Cash Funds Exempt Changes: The appropriation reflects a decrease in cash funds exempt, including the following significant changes:

- an increase of \$3.5 million in federal Medicaid funds anticipated to be available to school districts through the S.B. 97-101 Public School Health Services program;
- an increase of \$700,000 from the State Education Fund for capital construction programs (including an increase of \$5.0 million for the School Construction and Renovation Fund, a decrease of \$1.5 million for the School Capital Construction Expenditures Reserve, and a decrease of \$2.8 million for charter schools);
- a reduction of \$9.5 million associated with the Read-to-Achieve Program (including a reduction of \$4.2 million in the amount of tobacco settlement funds appropriated to the Read-to-Achieve Cash Fund, a duplicative reduction of \$4.2 million in the associated spending authority out of the Read-to-Achieve Cash Fund, and a further reduction of \$1.1 million in funding available for the Read-to-Achieve Program based on the appropriation of funds from the Read-to-Achieve Cash Fund for regional library service systems and for juvenile diversion programs);
- a reduction of \$5.0 million in spending authority from the School Capital Construction Expenditures Reserve;
- the elimination of a \$2.7 million State Education Fund appropriation for school improvement grants;

- the elimination of a \$1.0 million appropriation from the State Education Fund to the Charter School Debt Reserve Fund; and
- the elimination of \$800,000 spending authority from the Contingency Reserve fund balance.

Appropriated Sponsored Programs

This section reflects the majority of federal funds available to the Department and the associated federally-funded department staff. This section also provides cash funds spending authority for the Department to receive fees related to conferences, as well as cash funds exempt spending authority for the Department to receive transfers from other agencies. Over 90 percent of the funds reflected in this section are distributed directly to local school districts, with the balance utilized by the Department to provide technical assistance to school districts and to cover department administrative costs.

The most significant sources of federal funds currently reflected in this section include:

- Title I of the Elementary and Secondary Education Act -- funding provided to improve education for children at risk of school failure who live in low income communities;
- U.S. Department of Agriculture Food and Nutrition Service -- funding for the National School Lunch Program, which provides for reduced-cost or free lunches to students; and
- Title II Teacher and Principal Training and Recruiting Funds -- funding provided for a variety of activities designed to improve teacher/principal quality.

	GF	CF	CFE	FF	Total	FTE
FY 2002-03 Appropriation:						
TOTAL	\$0	\$575,000	\$3,325,329	\$244,188,953	\$248,089,282	98.6
FY 2003-04 Appropriation:						
TOTAL	\$0	\$575,000	\$3,665,407	\$254,244,490	\$258,484,897	97.3
Increase/(Decrease)	\$0	\$0	\$340,078	\$10,055,537	\$10,395,615	(1.3)
Percentage Change	n/a	0.0%	10.2%	4.1%	4.2%	-1.3%

FTE Detail	FY 2002-03	FY 2003-04
Title 1 Programs	22.3	20.8
Library Services and Technology Act	19.7	19.0

FTE Detail	FY 2002-03	FY 2003-04
Improving America's Schools Act - Title V	8.8	10.3
U.S.D.A. Food and Nutrition Services	8.5	8.4
Early Childhood / Child Care Programs	5.4	6.2
Adult Education - Workforce Investment Act	5.4	6.0
State Grant for Improving Teacher Quality	3.6	4.6
Other	<u>24.9</u>	<u>22.0</u>
	98.6	97.3

FTE Changes: The appropriation reflects a net decrease of 0.7 federally-funded FTE based on anticipated changes in federal grants, as well as a 0.6 decrease in FTE supported by cash funds exempt sources.

Cash Funds Exempt Changes: The increase in cash funds exempt reflects net increases in anticipated donations, grants, and transfers from other departments for a variety of programs.

Federal Funds Changes: The increase in federal funds reflects a net increase in the amount of federal funds the Department anticipates receiving for a variety of programs, including the following significant changes to individual programs:

- an increase of \$5.7 million in grants for improving teacher quality;
- an increase of \$1.8 million for after school learning centers;
- an increase of \$1.8 million through the Reading Excellence Act;
- an increase of \$1.2 million for migrant education;
- the elimination of \$2.3 million in funding for classroom size reduction; and
- the elimination of \$1.2 million in Goals 2000 funding.

Library Programs

This section contains appropriations for all library-related programs, with the exception of Department staff who have historically been funded through the consolidated General Department and Program Administration line item (located in the Management and Administration section of the Long Bill). Library programs are primarily funded with General Fund. Cash funds exempt sources include spending authority for the State Grants to Publicly-Supported Libraries Program, transfers from the Colorado Disabled Telephone Users Fund to support privately operated reading services for the blind, and grants and donations.

	GF	CF	CFE	FF	Total	FTE*
FY 2002-03 Appropriation:						
HB 02-1420	\$3,087,594	\$0	\$113,800	\$0	\$3,201,394	0.5
SB 03-201	<u>(123,505)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(123,505)</u>	<u>0.0</u>
TOTAL	\$2,964,089	\$0	\$113,800	\$0	\$3,077,889	0.5
FY 2003-04 Appropriation:						
SB 03-258	\$359,796	\$0	\$113,800	\$0	\$473,596	0.0
SB 03-282	<u>\$0</u>	<u>\$0</u>	<u>\$600,000</u>	<u>\$0</u>	<u>\$600,000</u>	<u>0.0</u>
TOTAL	\$359,796	\$0	\$713,800	\$0	\$1,073,596	0.0
Increase/(Decrease)	(\$2,604,293)	\$0	\$600,000	\$0	(\$2,004,293)	(0.5)
Percentage Change	-87.9%	n/a	527.2%	n/a	-65.1%	-100.0%

* Most department staff responsible for library programs are funded in the Management and Administrative section of the Long Bill.

FTE Changes: The appropriation reflects the elimination of 0.5 FTE associated with the State Grants to Publicly-Supported Libraries Program.

General Fund Changes: The appropriation reflects the elimination of \$2,462,000 General Fund support for regional library service systems as well as \$142,000 for the Colorado Talking Book Library and state institutional libraries.

Cash Funds Exempt Changes: The increase in cash funds exempt reflects the appropriation of \$600,000 from the Read-to-Achieve Cash Fund for the support of regional library services systems, pursuant to S.B. 03-282.

School for the Deaf and the Blind

This section contains appropriations for the operation of the Colorado School for the Deaf and the Blind (CSDB), located in Colorado Springs. The CSDB provides educational services for children who are hearing impaired, deaf, visually impaired, or blind. Over the last several years, enrollment at the CSDB has been relatively stable at about 230 students, with about half of the students attending the school during the day only, and the other half residing at the school during the school year.

The primary source of funding for the CSDB is General Fund. However, for each student eligible for funding under the School Finance Act (an estimated 187 students for FY 2003-04)¹, the CSDB receives funding from each student's "home" school district. The amount the CSDB receives for each eligible pupil is equal to the statewide per pupil *operating* revenue, estimated to total about \$5,694 per pupil for FY 2002-03. The Department effects such transfers by withholding funds appropriated for the state share of districts' total program funding that would otherwise be paid to the home school district. This source of funding is reflected in the Long Bill as a cash funds exempt transfer from the Assistance to Public Schools section of the Long Bill. In addition, the CSDB receives federal child nutrition funds, which are also reflected as a cash funds exempt transfer. Cash funds consist of fees paid by individuals for workshops and conferences and housing reimbursements.

	GF	CF	CFE	FF	Total	FTE
FY 2002-03 Appropriation:						
HB 02-1420	\$7,398,195	\$85,000	\$2,274,514	\$0	\$9,757,709	160.1
SB 03-197	<u>(528,145)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(528,145)</u>	<u>0.0</u>
TOTAL	\$6,870,050	\$85,000	\$2,274,514	\$0	\$9,229,564	160.1
FY 2003-04 Appropriation:						
SB 03-258	<u>\$7,815,768</u>	<u>\$85,000</u>	<u>\$2,507,196</u>	<u>\$0</u>	<u>\$10,407,964</u>	<u>160.1</u>
TOTAL	\$7,815,768	\$85,000	\$2,507,196	\$0	\$10,407,964	160.1
Increase/(Decrease)	\$945,718	\$0	\$232,682	\$0	\$1,178,400	0.0
Percentage Change	13.8%	0.0%	10.2%	n/a	12.8%	0.0%

FTE Detail	FY 2002-03	FY 2003-04
Superintendent / Accountants / Administrative	22.8	22.8
Teachers / Special Education Technicians / Teacher Aides	78.0	78.0
Counselors / Nurses / Other Specialists	18.1	18.1
Facility Maintenance / Other Operational Support Staff	<u>41.2</u>	<u>41.2</u>
	160.1	160.1

¹ CSDB students who are not eligible for funding under the School Finance Act include preschool students and students ages 18 through 21 that participate in a transition program.

General Fund Changes: The net increase in General Fund includes an increase of \$528,000 to account for one-time savings associated with the shift in pay date for FY 2002-03 and an increase of \$484,000 for salary survey increases awarded in FY 2002-03. These increases are partially offset by the elimination of a one-time \$42,000 appropriation to replace a commercial dishwashing machine, and a reduction of \$33,000 due to increased funding available from districts.

Cash Funds Exempt Changes: The increase in cash funds exempt includes \$200,000 in federal grants anticipated to be available to the School plus a \$33,000 increase in amounts anticipated to be received from districts' total program funding.

Recent Legislation

2002 Session Bills

S.B. 02-50: For an explanation of this bill, refer to the bill description in the Department of Corrections.

S.B. 02-97: Modifies state housing authority law to make statutory provisions governing all housing authorities consistent with provisions governing city housing authorities. Appropriates \$11,115 General Fund to the Department of Education to offset anticipated decreases in local revenues available for public school finance in FY 2002-03.

H.B. 02-1038: For an explanation of this bill, refer to the bill description in the Department of Corrections.

H.B. 02-1053: Requires the Department of Education, in preparing application forms and reviewing submitted applications for statutorily created education grant programs, to utilize data previously received from schools and school districts to minimize the need for districts to send duplicative information in grant applications. Requires one percent of the moneys appropriated to each statutorily created education grant program or a total of \$250,000, whichever is less, to be distributed to certain boards of cooperative services to assist schools and school districts in applying for grants from statutorily created education grant programs.

H.B. 02-1246: Establishes the Eligible Facilities Education Task Force, which will be made up of members of the General Assembly and other interested parties. Requires the Task Force to examine the placement of children in eligible facilities by public agencies and to develop a funding mechanism and administrative structure that assures the provision of educational services comparable to public schools and that assures appropriate placement of children in such facilities. The bill included an appropriation of \$10,000 General Fund to the Legislative Branch for the purpose of compensating legislative members of the Task Force. This appropriation, however, was vetoed by the Governor.

H.B. 02-1303: Establishes a family literacy education grant program through which the Department of Education will provide grants to local education providers to provide family literacy, adult literacy, and English language literacy education services. Authorizes the Department to receive and expend any public or private gifts, grants, or donations to implement the grant program. Establishes the Family Literacy Education Fund, which will consist of any gifts, grants, or donations received by the Department for the program and any moneys that may be appropriated by the General Assembly. States the intent of the General Assembly that no General Fund moneys be appropriated for the purpose of implementing the program. Includes a provision repealing the program if sufficient moneys have not been credited to the Family Literacy Education Fund prior to December 1, 2002.

H.B. 02-1304: Expands the summer school grant program and provides funding for certain school districts to offer services students who have completed kindergarten and are preparing to enter the first grade and have scored at an unsatisfactory level on the reading readiness assessment for kindergarten pupils. Appropriates \$39,600 from the State Education Fund to the Department of Education for FY 2002-03 to cover the costs of the program expansion. Reduces the FY 2002-03 appropriation from the State Education Fund for the Teacher Pay Incentive Program by \$39,600.

H.B. 02-1306: Directs the Department of Education to develop and administer two additional assessments as required by the federal "No Child Left Behind Act of 2001." Specifies that such assessments shall only be developed and administered if sufficient federal funds are received for such purpose.

H.B. 02-1349: Amends the Public School Finance Act of 1994 to provide funding for school districts for FY 2002-03, making the following changes:

- Increases the statewide *base* per pupil funding from \$4,202.00 to \$4,441.51 (5.7 percent);
- Increases the *minimum* per-pupil funding from \$5,100 to \$5,435 (an increase of 6.6 percent rather than 5.7 percent as statutorily required in the absence of this change);
- Requires the General Assembly to increase the General Fund appropriation for the state share of districts' total program funding by at least 7.39 percent for FY 2002-03;
- Modifies the calculation of districts' total program funding to fund pupils enrolling in *on-line programs* at the minimum per pupil funding;
- Provides funding for up to 135 students per year to enroll in on-line programs for whom districts would otherwise not be eligible to receive per pupil funding;
- Increases the maximum number of children that can participate in the *Colorado Preschool Program* from 10,050 to 11,050 for FY 2002-03 and subsequent fiscal years. Allows certain three-year-old children to participate in the program. Reauthorizes the full-day kindergarten

component of the program and increases the maximum number of children that may participate in the full-day kindergarten component from 1,000 to 1,500; and

- Eliminates the authority for a school district to submit a ballot question seeking authorization to collect and spend additional *property tax revenue* to provide a supplemental cost of living adjustment for the district. Modifies the limitation on districts' property tax override to include an amount equal to the maximum dollar amount of property tax revenue a school district could have generated for FY 2001-02 if it submitted and received approval of such a ballot question at the November 2001 election.

Appropriates an additional \$5,217,452 (including \$1,378,213 from the General Fund and \$3,839,239 from the State Education Fund) for FY 2002-03 to cover the cost of the above changes.

School District Capital Construction. For FY 2002-03, suspends the appropriation of State Education Fund moneys to the School Capital Construction Expenditures Reserve as a match for moneys appropriated for charter school capital construction. Eliminates the associated \$7,813,943 appropriation from the State Education Fund in the FY 2002-03 Long Bill.

To meet obligations under the *Giardino* lawsuit, provides for a total of \$15,000,000 to be appropriated for school district capital construction, including the following:

- \$10,000,000 appropriated from the State Education Fund to the School District Capital Expenditures Reserve;
- \$900,000 appropriated from the State Education Fund to the School Construction and Renovation Fund; and
- \$4,100,000 in lottery proceeds transferred from the Contingency Reserve to the School Construction and Renovation Fund.

With regard to state lottery moneys transferred to the Contingency Reserve, allows the State Board of Education to approve the use of such moneys for the construction of new school facilities to replace existing school facilities with immediate safety hazards or health concerns. Modifies the capital construction financial assistance application time line.

Assistance for Fast-Growing Districts. Provides additional state funding for certain school districts whose pupil enrollment has increased. Appropriates \$260,354 from the State Public School Fund to the Department for FY 2002-03. Also creates a loan program to provide funding for capital improvements in school districts experiencing a specified level of growth in pupil enrollment.

Charter School Capital Construction. Creates a process that allows a charter school to submit a capital construction plan to its chartering district so that it can be included in a bond election or have the school district submit a special mill levy question on its behalf. Enhances the ability of charter

schools that issue bonds to fund capital construction through a governmental entity other than a school district to obtain favorable financing terms for such bonds by:

- Creating an "intercept program" through which the State Treasurer or a chartering district can make direct payments of principal and interest due on such bonds on behalf of the charter school;
- Creating a Charter School Debt Reserve Fund, consisting of \$1,000,000 in moneys from the State Education Fund and a percentage of the savings realized by such charter schools that rely upon the existence of the Fund, and allowing moneys in the Fund to be expended to make bond payments on behalf of such charter schools when they cannot make such payments; and
- Requiring the State to consider appropriating moneys not to exceed \$200 million to restore a charter school's qualified charter school debt reserve fund to ensure that its bonds can be paid.

Makes *all* charter schools, except those operating in state facilities, eligible for additional State Education Fund moneys for capital construction. Modifies the formula for determining the amount of State Education Fund moneys to be distributed to school districts for allocation to charter schools for the purpose of funding charter school capital construction by inflation plus one percentage point over the prior year's distribution for FY 2003-04 through FY 2011-12 and by inflation over the prior budget year's distribution for each fiscal year thereafter. Modifies the allocation of funds among charter schools.

Academic Growth Pilot Program. Establishes the Academic Growth Pilot Program to use students' Colorado Student Assessment Program (CSAP) scores over time to measure students' academic growth. Authorizes districts to participate in the Pilot Program on a voluntary basis until FY 2005-06, when all districts are required to participate. Requires the Department to annually allocate moneys from the State Education Fund to each participating school district to cover costs incurred by districts in preparing academic growth profiles. Appropriates \$229,000 from the State Education Fund for FY 2002-03 for the Pilot Program.

School Breakfast Program. Requires the General Assembly to annually appropriate \$500,000 for allocation by the Department to school districts that provide a school breakfast program. Requires school districts to allocate the moneys to low-performing schools. Appropriates \$500,000 General Fund to the Department for FY 2002-03.

Facility Summer School Grant Program. Creates a program whereby grants are provided to facility schools that operate summer school programs for children residing in such facilities. Creates the Facility Summer School Grant Program Fund, which will consist of any gifts, grants, or donations received for the Program as well as any General Fund and State Education Fund moneys appropriated by the General Assembly. Appropriates \$500,000 from the State Education Fund to the Department for FY 2002-03.

National Credential Program. Directs the Department to assist individuals seeking a national credential by paying a portion of the fees charged for such credential. Establishes the National Credential Fund, which will consist of any gifts, grants, or donations received for the program as well as any General Fund and State Education Fund moneys appropriated by the General Assembly. Appropriates \$60,000 from the State Education Fund to the Department for FY 2002-03.

On-line Education Program Study. Directs the Department, in conjunction with an appointed study group consisting of members of the General Assembly and other interested parties, to study and report on several issues concerning the design, implementation, and operation of full-time elementary and secondary on-line education programs. Appropriates \$20,000 General Fund to the Department for the study. Makes this portion of the act contingent upon the passage of and savings realized from H.B. 02-1226.

Other Adjustments to Long Bill Appropriations. Makes a number of other adjustments to FY 2002-03 Long Bill appropriations in order to offset the costs of various provisions of the bill, including the following:

- Reduces the appropriation from the State Education Fund for the Teacher Pay Incentive Program by \$9,010,000 (also makes corresponding statutory changes to limit eligibility for the program and to reduce the basic grant amount); and
- Reduces the appropriation for the Contingency Reserve by \$5,000,000 (including \$4,100,000 in lottery proceeds and \$900,000 General Fund).

The act contains a provision that adjusts sources of funds appropriated for public school finance for FY 2001-02, reducing the appropriation from the State Public School Fund by \$6.0 million and increasing the appropriation from the State Education Fund by \$6.0 million to cover a projected shortfall of federal mineral lease moneys. Requires the State Treasurer to transfer \$6.0 million from the federal mineral lease moneys for FY 2002-03 to repay the State Education Fund.

H.B. 02-1393: Reduces the required increase in the FY 2001-02 General Fund appropriation for the state share of districts' total program funding from 5.8 percent to 5.0 percent. Requires the General Assembly to increase the General Fund appropriation for the state share of districts' total program funding by 7.39 percent for FY 2002-03.

H.B. 02-1420: General appropriations act for FY 2002-03.

H.B. 02-1468: Authorizes the General Assembly to annually adjust the state contribution for health, life, and dental insurance effective CY 2004 through the Long Bill. Increases the FY 2002-03 appropriation to the Department of Education for health, life, and dental insurance by \$21,682. For more information, refer to the bill description in the Department of Personnel and Administration.

2003 Session Bills

S.B. 03-19: Adjusts the method of funding costs incurred by the State Auditor's Office in reviewing tobacco settlement programs. Makes adjustments to the FY 2003-04 appropriation levels for various programs that currently receive tobacco settlement funds. With regard to the Department of Education, reduces the FY 2003-04 appropriation of tobacco settlement funds to the Read-to-Achieve Cash Fund by \$25,149, and reduces the associated spending authority out of the Read-to-Achieve Cash Fund for the Read-to-Achieve Grant Program by \$25,149. For more information, refer to the bill description in the Department of Public Health and Environment.

S.B. 03-53: Establishes, by a Type 1 transfer, a seven-member Board of Trustees for the Colorado School for the Deaf and the Blind (CSDB) which shall have complete jurisdiction over the management of the CSDB. States that members of the Board of Trustees shall not receive compensation, but shall be entitled to be reimbursed for related necessary expenses. Authorizes the Board of Trustees to grant charters to applicants that propose a charter school that is designed to provide educational services solely to students who would qualify for admission to the CSDB. Authorizes the CSDB to provide additional educational services on a local or regional basis, including the delivery of services through intergovernmental agreements with school districts, through partnerships with boards of cooperative services, or through schools chartered by the Board of Trustees. Authorizes the CSDB to provide adult educational services and receive federal moneys available for such purpose. Authorizes the CSDB to enter into contracts and receive federal matching funds for moneys spent in providing student health services. Creates the Colorado School for the Deaf and the Blind Trust Fund, which shall consist of gifts, grants, and donations received by the Board of Trustees, and authorizes the Board of Trustees to expend moneys in the Trust Fund.

S.B. 03-183: Makes the following modifications to education-related programs in order to reduce expenditures in FY 2002-03 and future fiscal years:

- Eliminates the requirement that the state provide additional funding and school districts budget for an additional \$21 per pupil for the purchase of *new textbooks* for FY 2002-03. Eliminates the FY 2002-03 appropriation of \$15,018,326 from the State Education Fund.
- Eliminates the final three years of the four-year *Teacher Pay Incentive Program*. Eliminates the FY 2002-03 appropriation of \$4,210,400 from the State Education Fund.
- Eliminates the *Summer School Grant Program*. Eliminates the FY 2002-03 appropriation of \$985,400 from the State Education Fund, as well as the associated \$985,400 cash funds exempt spending authority from the Summer School Grant Program Fund. Transfers a balance of approximately \$521,400 in the Summer School Grant Program Fund back to the State Education Fund.
- Eliminates the requirement that the General Assembly appropriate at least \$500,000 in additional funding for school districts participating in the *federal School Breakfast Program*.

Reduces the \$500,000 General Fund appropriation for the federal School Breakfast Program for FY 2002-03 to \$250,000. Reduces the FY 2002-03 General Fund appropriation for the State Share of Districts' Total Program Funding by \$250,000, and increases the State Education Fund appropriation for said purpose by \$250,000.

- Eliminates the legislative declaration concerning funding for the *Facility Summer School Grant Program* for FY 2002-03, and transfers moneys in the Facility Summer School Grant Program Fund back to the State Education Fund. Eliminates the \$500,000 FY 2002-03 appropriation from the State Education Fund.
- Eliminates the requirement that the General Assembly provide additional funding for certain school *districts with increasing enrollments*. Reduces FY 2002-03 appropriations from the State Education Fund by \$260,354.
- Transfers the balance in the *Science and Technology Education Fund* (approximately \$243,605) back to the State Education Fund.
- Modifies the *School Improvement Grant Program* to eliminate the requirement that the Department pay \$25,000 bonuses to districts for each eligible school that makes "adequate progress". Reduces the FY 2002-03 appropriation from the State Education Fund by \$150,000.
- Requires that any moneys received by school districts in FY 2001-02 for *charter school capital construction* that are not expended by January 31, 2003, revert to the State Education Fund. Requires that any moneys anticipated to be received in FY 2002-03 for charter school capital construction that are not expended, encumbered, or obligated as of January 31, 2003, remain in the State Education Fund.
- Eliminates the requirement that the Department reallocate any unused slots for the *Colorado Preschool Program* for FY 2002-03.
- Reduces FY 2002-03 appropriations from the State Education Fund for *school district capital construction* by \$4,399,940 based on a higher than anticipated amount of lottery proceeds being available for district capital construction.

Reduces FY 2002-03 appropriations to the Department of Education by a total of \$27,259,820 (including \$25,274,420 from the State Education Fund, \$985,400 in cash funds exempt spending authority from Summer School Grant Program Fund, \$500,000 from the Facility Summer School Grant Program Fund, and \$500,000 General Fund). Transfers approximately \$765,005 from two cash funds back to the State Education Fund.

S.B. 03-190: Transfers a total of \$39.5 million of payments the State receives pursuant to the Tobacco Settlement Agreement into the General Fund for FY 2002-03. With regard to the

Department of Education, reduces the FY 2002-03 appropriation of tobacco settlement funds to the Read-to-Achieve Cash Fund by \$2,816,562 and reduces the associated spending authority out of the Read-to-Achieve Cash Fund for the Read-to-Achieve Grant Program by \$2,816,562. For more information, refer to the bill description in the Department of Public Health and Environment.

S.B. 03-191: For purposes of augmenting General Fund revenues for FY 2002-03, requires the State Treasurer to transfer funds from various cash funds to the General Fund. The cash funds involved are administered by a number of departments. The transfers authorized by the act are summarized in the table on the following page.

Name of Fund	Description of Transfer Authorized by S.B. 03-191	Amount
Department of Education:		
Educator Licensure Cash Fund	Transfer the portion of the Fund balance that exceeds the target fee reserve balance of \$330,091.	\$143,535
Read-to-Achieve Cash Fund	Transfer remainder of original General Fund appropriation to the Fund (\$14,861) plus interest earnings on the Fund balance (\$1,425,760).	1,440,621
State Grants to Publicly-Supported Libraries Fund	Transfer the balance of the Fund, consisting of amounts reverted in previous years and any interest earnings.	12,875
Teacher Development Fund	Transfer the balance of the Fund, consisting of \$228,775 reverted in previous years and approximately \$158,385 in interest earnings.	387,160
Department of Higher Education:		
Advanced Technology Fund	Transfer the unencumbered fund balance.	886,189
Department of Human Services / Judicial:		
Alcohol and Drug Driving Safety Program Fund	Transfer \$1.0 million to General Fund	1,000,000
Law Enforcement Assistance Fund	Transfer \$357,000 to General Fund	357,000
Department of Labor and Employment:		
Employment Support Fund	Transfer \$5.4 million to the General Fund; refinance with Reed Act federal dollars.	5,400,000
Major Medical Insurance Fund	Transfer \$150 million to General Fund. This transfer will not impact the Department's ability to pay medical benefits.	150,000,000
Subsequent Injury Fund	Transfer \$20 million of fund balance, above that needed to provide annual medical benefits.	20,000,000

Name of Fund	Description of Transfer Authorized by S.B. 03-191	Amount
Workers' Compensation Cash Fund	Transfer of fund balance above that needed for Workers' Compensation programs.	6,000,000
Department of Law:		
Collection Agency Cash Fund	Transfer of fund reserves.	120,000
Uniform Consumer Credit Code Cash Fund	Transfer of fund reserves.	100,000
Department of Local Affairs:		
Waste Tire Cleanup Fund	Transfer the fund balance for grants and incentive agreements; payments to end users would continue.	1,468,152
Department of Natural Resources:		
Operational Account of the Severance Tax Trust Fund	Transfer \$7.1 million out of the Fund at the end of the year, leaving approximately \$2.7 million remaining in the Fund.	7,100,000
Species Conservation Trust Fund	Transfer \$1.0 million out of the Fund at the end of the year, leaving approximately \$3.4 million remaining in the balance [after the 2003 resolution for expenditures from this Fund are factored in].	1,000,000
Department of Personnel and Administration:		
Supplier Database Cash Fund	Transfer excess fund balance.	300,000
Department of Public Health and Environment:		
Colorado Children's Trust Fund	Transfer the fund balance to the General Fund.	980,396
Vital Statistics Records Cash Fund	Transfer the unused portion of the fund balance.	763,680
Department of Regulatory Agencies:		
Colorado Disabled Telephone Users Fund	Transfer \$1,132,416 of the fund balance.	1,132,416
Public Utilities Commission Motor Carrier Fund	Transfer \$1.3 million of the fund balance.	1,300,000
Real Estate Recovery Fund	Transfer \$3.2 million to General Fund.	3,200,000
Department of State:		
Department of State Cash Fund	Transfer of excess fund balance.	500,000
Total Transfers		\$203,592,024

Requires all of the transfers to occur on the effective date of the act, with the following exceptions:

Subsequent Injury Fund:	May 1, 2003
Major Medical Insurance Fund:	May 1, 2003
Waste Tire Cleanup Fund:	June 30, 2003
Severance Tax Trust Fund:	June 30, 2003

Requires the State Treasurer to transfer \$10.0 million from the General Fund to the Major Medical Insurance Fund on July 1, 2003.

S.B. 03-195: Eliminates the statutory provision requiring the General Assembly to increase the General Fund appropriation for the state share of districts' total program funding by at least 7.39 percent above the FY 2001-02 appropriation. Adjusts the FY 2002-03 appropriation for the State Share of Districts' Total Program Funding by reducing the General Fund appropriation by \$45,593,242, and increasing the State Education Fund appropriation by the same amount.

S.B. 03-197: Reduces personal services by \$1,018,001 General Fund, which represents anticipated June payroll (FY 2002-03) to be delayed until July (FY 2003-04). For more information, refer to the bill description in the Department of Personnel and Administration.

S.B. 03-201: Supplemental appropriation to the Department of Education to modify FY 2002-03 appropriations included in the FY 2002-03 Long Bill and in H.B. 02-1349.

S.B. 03-248: Amends the Public School Finance Act of 1994 to provide funding for school districts for FY 2003-04, making the following changes (effective beginning in FY 2003-04 unless indicated otherwise):

- Increases the statewide *base* per pupil funding from \$4,441.51 to \$4,570.31 (2.9 percent);
- Increases the *minimum* per-pupil funding from \$5,435 to \$5,511 (an increase of 1.4 percent rather than 2.9 percent as statutorily required in the absence of this change);
- Reduces the *size factor* for all districts by 0.0045 while maintaining the "L-curve";
- Modifies the definition of "*at-risk pupils*" to include only those pupils eligible for free lunch, eliminates the definition of "*at-risk funded pupil count*", and eliminates the authority of districts to average at-risk pupil count for up to three years;
- For FY 2003-04 and FY 2004-05 only, reduces the number of available *Colorado Preschool Program* slots from 11,050 to 9,050;

- Reduces the number of Preschool Program slots to be used for full-day kindergarten programs from 1,500 to 1,000;
- Eliminates preschool pupils funded through the Colorado Preschool Program from the definition of "pupil enrollment", thus removing such pupils for purposes of averaging pupil enrollment over a 2-, 3-, or 4-year period;
- Repeals the *Full-day Kindergarten Pilot Program*, effective July 1, 2003, instead of July 1, 2006. Allows a school district, on and after July 1, 2003, and subject to the receipt of sufficient moneys from the federal government through the "No Child Left Behind Act of 2001", to expand its current half-day kindergarten programs to full-day kindergarten educational programs to serve students at schools that received an academic performance rating of "unsatisfactory" or "low" for the previous school year;
- Specifies that school districts may receive per pupil funding for FY 2002-03 only (eliminating the authority for subsequent fiscal years) for up to a statewide total of 135 students enrolled in *on-line programs* for whom districts would otherwise not receive funding;
- Makes a number of changes and clarifications to the method of counting students enrolled in on-line programs for purposes of determining districts' total program funding;
- Eliminates a school district's authority to enter into new *business incentive agreements* with a taxpayer who either establishes a new business facility in the district or expands an existing facility, and eliminates the state replacement of school district revenues lost due to business incentive agreements entered into after the effective date of the Act;
- Expands the definition of "central administrative overhead costs" for purposes of *charter school financing*, and allows school districts to retain a portion of a charter school's per pupil share of the central administrative costs for charter school pupils enrolled in on-line programs; and
- Specifies that for FY 2003-04, the minimum dollar amount a school district is required to budget per pupil for the *instructional supplies and materials account* and for the *capital reserve fund* shall be equal to the amount the school district was required to budget to the account and the fund in FY 2002-03.

Reduces the FY 2003-04 appropriation for the state share of districts' total program funding by \$28,885,022 (including \$27,130,825 General Fund and \$1,754,197 State Education Fund) based on the above changes.

District Accreditation Requirements. Requires school districts to comply with state law concerning budgeting, accounting, and reporting procedures as a condition of accreditation.

Public School Fund. For FY 2003-04 and each fiscal year thereafter, caps the amount of interest earnings from the Public School Fund that may be expended for the maintenance of public schools at \$19.0 million, and specifies that any amount of interest earned that exceeds the cap is to remain in the Fund as principal. Modifies the definition of "interest" for purposes of the Public School Fund.

Cost of Living Analysis. For FY 2003-04 and every other fiscal year thereafter, requires the Department to transfer a portion of the total amount appropriated for the state share of districts' total program funding to the Legislative Council to fund the cost of the biennial cost of living analysis. Specifies that the amount transferred shall not exceed the maximum amount specified in a footnote in the annual Long Bill, and adds a footnote to the FY 2003-04 Long Bill specifying that the FY 2003-04 transfer shall not exceed \$182,000. [The Governor lined through this footnote.] Appropriates \$182,000 cash funds exempt to the Legislative Council for FY 2003-04 to conduct the cost of living study from moneys transferred from the Department.

School District Capital Construction. For FY 2003-04, suspends the requirement that the School Capital Construction Expenditures Reserve receive the same amount of funding from the State Education Fund as the charter school capital construction program. Provides for a total of \$10,000,000 from the State Education Fund for school district capital construction for FY 2003-04, including the following:

- \$5,000,000 to the School Capital Construction Expenditures Reserve; and
- \$5,000,000 to the School Construction and Renovation Fund.

Reduces the FY 2003-04 Long Bill appropriation from the State Education Fund to the School Capital Construction Expenditures Reserve from \$8,040,547 to \$5,000,000, and reduces the associated cash funds exempt spending authority from the School Capital Construction Expenditures Reserve by \$3,040,547. Appropriates \$5,000,000 from the State Education Fund to the School Construction and Renovation Fund, and provides \$5,000,000 cash funds exempt spending authority from the School Construction and Renovation Fund for the purpose of providing matching grants for eligible capital construction projects.

Charter School Capital Construction Funding. Requires charter schools, to be eligible for charter school per pupil facilities aid program moneys, to have capital construction costs. Limits the amount of per pupil funding available to qualified charter schools that are operating in a school district facility to one-half the amount available to other qualified charter schools. Limits the amount that the General Assembly is required to appropriate annually from the State Education Fund for charter school capital construction to \$5.0 million rather than allowing the appropriation to annually increase by the rate of inflation plus one percentage point through FY 2011-12 and by the rate of inflation annually thereafter. Reduces the FY 2003-04 Long Bill appropriation from the State Education Fund for this purpose from \$8,040,547 to \$5,000,000.

Allows charter schools that are not eligible to receive charter school per pupil facilities aid program moneys to apply directly to the State Board for supplemental assistance from the School Capital Construction Expenditures Reserve or for a matching grant through the School Construction and Renovation Fund.

Grant to Boards of Cooperative Services. Specifies that basic grants to boards of cooperative services (BOCES) are subject to annual appropriation, and that if available funds are insufficient to award the full \$10,000 to each eligible board, all awards for that year are to be reduced proportionately. Eliminates the \$210,000 General Fund appropriation included in the FY 2003-04 Long Bill for this purpose.

National Credentials Fee Assistance Program. Makes funding of the National Credentials Fee Assistance Program subject to annual appropriation. Eliminates the \$60,000 appropriation from the State Education Fund included in the FY 2003-04 Long Bill for this purpose, as well as the associated \$60,000 cash funds exempt spending authority from the National Credential Fund.

Academic Growth Pilot Program. Funds the Academic Growth Pilot Program at a rate of \$200,000 per fiscal year and specifies that the funding for the pilot program is to come from the "in-year cost recovery" resulting from the use of unique student identifiers. Eliminates the \$318,635 appropriation from the State Education Fund included in the FY 2003-04 Long Bill for this purpose.

School Accountability Reports. Delays the delivery by the Department of schools' annual accountability reports to the public schools from December 15 to January 15. Eliminates the requirement that the Department print reports in excess of the total number of pupils and teachers. Reduces the FY 2003-04 Long Bill General Fund appropriation for the Colorado Student Assessment Program by \$1,000,000. [The Governor lined through the provision making the \$1.0 million reduction.]

Adjustments to FY 2002-03 Appropriations. Adjusts the FY 2002-03 Long Bill appropriation for the state share of districts' total program funding, reducing the General Fund appropriation by \$3.0 million and increasing State Education Fund appropriation by \$3.0 million. Appropriates \$3.0 million General Fund to the Contingency Reserve (within the State Public School Fund), and adds a footnote specifying that the amount is to be used to provide supplemental assistance to the Denver school district for the purpose of mitigating the property tax revenue loss attributable to the United Airlines bankruptcy.

S.B. 03-258: General appropriations act for FY 2003-04. Also includes supplemental adjustments to the FY 2002-03 Long Bill appropriation to the Department of Education as amended by S.B. 03-183, S.B. 03-195, S.B. 03-197, and S.B. 03-201.

S.B. 03-273: Eliminates the salary survey appropriation for FY 2003-04. For more information, refer to the bill description in the Department of Personnel and Administration.

S.B. 03-282: Reduces FY 2002-03 and FY 2003-04 appropriations for various programs that currently receive tobacco settlement funds, and appropriates tobacco settlement funds for six additional programs for FY 2003-04. Transfers funds from the Tobacco Litigation Settlement Cash Fund into the General Fund for FY 2002-03. With regard to the Department of Education, reduces the FY 2003-04 appropriation of tobacco settlement funds to the Read-to-Achieve Cash Fund by \$6,962,759, and reduces the associated spending authority out of the Read-to-Achieve Cash Fund for the Read-to-Achieve Grant Program by \$8,062,759. Appropriates \$600,000 from the Read-to-Achieve Cash Fund for regional library service systems for FY 2003-04. Also appropriates \$500,000 from the Read-to-Achieve Cash Fund to the Department of Public Safety for the Juvenile Diversion Program for FY 2003-04. For more information, refer to the bill description in the Department of Public Health and Environment.

H.B. 03-1021: Makes both technical and substantive changes to the "Charter School Facilities Financing Act" as follows:

- Specifies that only qualified charter schools that have an investment grade credit rating may have bonds that rely upon the state Charter School Debt Reserve Fund issued on their behalf by the Colorado Educational and Cultural Facilities Authority (CECFA);
- Requires a qualified charter school that has such bonds issued on its behalf to simultaneously:
(a) use the credit enhancement of an existing statutory provision that imposes a moral obligation on the State to replenish qualified charter school debt service reserve funds; and
(b) request to participate in an existing intercept program;
- Requires a qualified charter school to pay to the State Treasurer for deposit into the State Charter School Interest Savings Account (within the State Charter School Debt Reserve Fund) a specified amount of interest rate savings on bonds issued on its behalf by CECFA that result from more favorable financing terms;
- Clarifies that \$200 million is the maximum outstanding principal amount of bonds that may be enhanced by the State's moral obligation and the Charter School Debt Service Reserve Fund;
- Covenants with the purchasers of qualified charter school bonds that the state will not repeal, revoke, or rescind any statutory provisions that would adversely affect the rights and remedies available to the bond purchasers; and
- Authorizes the State Treasurer to charge a fee to the charter school to defray administrative costs and appropriates \$20,000 cash funds exempt to the State Treasurer from the State Charter School Interest Savings Account of the State Charter School Debt Reserve Fund.

H.B. 03-1032: Requires a school district's superintendent and chief financial officer to inform the school district's board of education of each loan requested through the state interest-free loan

program and the amount of the loan. Requires the district's board to approve the school district's application to participate in the loan program.

H.B. 03-1114: Makes modifications to the lists of circumstances under which the Department is either required or permitted to deny, annul, suspend, or revoke an educator license, authorization, or endorsement. Permits the Department to grant a new type of authorization for a person employed as a teacher in a teacher-in-residence program.

Repeals the existing prohibition against requiring fingerprints for a professional educator license, renewal of a license, or an authorization, and allows the Department to require an educator to submit fingerprints when the Department finds good cause to believe the educator has been convicted of a felony or misdemeanor, other than a misdemeanor traffic offense or traffic infraction. Permits the Department to use the ICON system at the state Judicial Department, the Federal Bureau of Investigation, and other available sources when investigating the criminal history of educators. Directs the court to notify the Department if a person who holds a teacher license, or who is a current or former employee of a school district or a charter school, is convicted of a felony or is convicted of incest and the victim is younger than 18 years of age, and requires the Department to notify a school district of a person's conviction for a felony or a certain misdemeanor. Appropriates \$327,467 from the Educator Licensure Cash Fund to the Department of Education for FY 2003-04, including \$91,667 for the Department's related administrative costs and \$235,800 for the purchase of fingerprint background checks from the Department of Public Safety. Provides \$235,800 cash funds exempt spending authority to the Department of Public Safety.

H.B. 03-1160: Establishes the Colorado Opportunity Contract Pilot Program, which specifies the procedures for a school district to provide financial assistance for certain children to attend a participating nonpublic school under the terms of an opportunity contract between the child's parent and the school district. Permits any school district to voluntarily participate in the Program, but requires a school district that had eight or more schools that received an academic performance rating of "low" or "unsatisfactory" in the 2001-02 school year to participate in the Program. Specifies the criteria to be met by a nonpublic school to qualify as a participating nonpublic school in the Program.

This act, as amended by H.B. 03-1369, specifies that to be eligible to participate in the Program, a child must:

- be eligible for free or reduced-cost school lunch;
- have been continuously enrolled in and attending a public school during the previous school year or have not attained the age for compulsory school attendance; and
- have recently performed academically below a certain level, or (for children in grades one through three only) lack overall learning readiness attributable to at least three significant family risk factors, or (for children in grades one through three only) reside in a neighborhood

where the public school received an academic performance rating of "low" or "unsatisfactory".

Caps the number of children participating in the pilot program at one percent of a school district's enrollment for FY 2004-05; two percent for FY 2005-06; four percent for FY 2006-07; and six percent for FY 2007-08 and for subsequent school years. Directs a school district to meet the cap by giving a priority to eligible children who participated in the Program the previous year, to siblings of selected children, and by use of a lottery.

Permits the school district to count an eligible child attending a participating nonpublic school in its pupil enrollment for purposes of the "Public School Finance Act of 1994". Requires the district to pay the parent of an eligible child enrolled in the Program the lesser of: (a) the participating nonpublic school's actual educational cost per pupil; or (b) a percent of the district's per pupil operating revenues, based on the grade level the child is enrolled in (37.5 percent for kindergarten, 75.0 percent for grades one through eight, or 85.0 percent for grades nine through twelve).

Requires the State Auditor to conduct a performance and financial audit of the Program and to report findings on or before January 1, 2008. Requires a school district, on or before January 1, 2008, to evaluate the academic performance of children participating in the Program and to report certain information to the General Assembly.

H.B. 03-1316: Alters the manner in which group benefit plans coverage is calculated for Health, Life, and Dental appropriations. Reduces the FY 2003-04 appropriation to the Department of Education by \$3,746, including \$2,087 General Fund. For more information, refer to the bill description in the Department of Personnel and Administration.

GOVERNOR - LIEUTENANT GOVERNOR - STATE PLANNING AND BUDGETING

The Department is comprised of the Office of the Governor, the Office of the Lieutenant Governor, the Office of State Planning and Budgeting, Economic Development Programs, and the Office of Innovation and Technology.

Department Budget: Recent Actual Expenditures and Appropriations

Funding Source	FY 2000-01 Actual	FY 2001-02 Actual	FY 2002-03 Approp.	FY 2003-04 Approp.
General Fund	\$19,961,784	\$19,931,831	\$31,121,647	\$13,165,219
Cash Funds	104,860	103,908	169,420	144,950
Cash Funds Exempt	2,836,619	2,903,780	4,006,869	1,795,102
Federal Funds	<u>15,679,626</u>	<u>15,373,858</u>	<u>19,129,860</u>	<u>18,718,117</u>
Total Funds	\$38,582,889	\$38,313,377	\$54,427,796	\$33,823,388
Full Time Equiv. Staff	116.0	115.8	120.4	106.9

FY 2003-04 Budget Changes

Significant changes in appropriations for FY 2003-04 compared to FY 2002-03 are highlighted below. Appropriations for FY 2003-04:

- Reverse one-time FY 2002-03 reduction due to the pay date shift with an increase of \$374,000 General Fund;
- Discontinue one-time funding from FY 2002-03 for the Governor's economic development initiatives (\$9 million General Fund for the Tourism Office and \$4.2 million General Fund for the Economic Development Commission);
- Reduce funding for the Tourism Office by \$2.5 million General Fund;
- Eliminate appropriations to the Office of State Planning and Budgeting and the Office of Innovation and Technology for coordination of state Health Insurance Portability and Accountability Act (HIPAA) implementation, resulting in a reduction of \$2.2 million cash funds exempt in Medicaid funds transferred from the Department of Health Care Policy and Financing;

- ❑ Implement the following General Fund base reductions:

Governor's Office	\$56,000	1.0 FTE
Office of Economic Development	\$1,160,000	8.0 FTE
Office of Innovation and Technology	\$322,000	4.5 FTE

- ❑ Eliminate funding for the Existing Industries Job Training program (\$1.1 million General Fund);
- ❑ Discontinue funding for Agricultural Marketing (\$600,000 General Fund). Funding for this program is now appropriated to the Department of Agriculture; and
- ❑ Eliminate salary survey for FY 2003-04, resulting in reductions of \$204,000 General Fund, \$43,000 cash funds exempt, and \$4,000 federal funds.

General Factors Driving the Budget

Funding for this department consists of 38.9 percent General Fund, 0.4 percent cash funds, 5.3 percent cash funds exempt, and 55.3 percent federal funds. One of the most important factors driving the budget is federal funds.

Federal Funds

Federally-funded programs comprised over 60 percent of the Office's budget in FY 2002-03, and over 55 percent in FY 2003-04. These programs generally have no state match and funding is provided at the discretion of federal authorities. Historically, federal funding has fluctuated significantly and has included a wide variety of programs, ranging from job training to energy conservation.

Summary of FY 2002-03 and FY 2003-04 Appropriations

Total Department Appropriations

	GF	CF	CFE	FF	Total	FTE
FY 2002-03 Total Appropriation:	\$31,121,647	\$169,420	\$4,006,869	\$19,129,860	\$54,427,796	120.4
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Office of the Governor	2,731,426	75,000	288,704	18,051,696	21,146,826	36.4

	GF	CF	CFE	FF	Total	FTE
Office of the Lieutenant Governor	240,536	0	1,500	0	242,036	5.0
Office of State Planning and Budgeting	0	0	1,409,035	0	1,409,035	19.5
Economic Development Programs	26,984,087	94,420	310,131	1,078,164	28,466,802	45.0
Office of Innovation and Technology	1,165,598	0	1,997,499	0	3,163,097	14.5
<u>Breakdown of Total Appropriation by Bill</u>						
SB 02-50	(10,021)	0	0	0	(10,021)	0.0
HB 02-1038	(9,992)	0	0	0	(9,992)	0.0
HB 02-1420	20,435,578	169,420	4,038,449	19,102,167	43,745,614	127.5
HB 02-1468	4,813	0	739	92	5,644	0.0
SB 03-197	(419,749)	0	0	0	(419,749)	0.0
SB 03-202	14,121,018	0	(32,319)	27,601	14,116,300	(7.1)
SB 03-258	(3,000,000)	0	0	0	(3,000,000)	0.0
FY 2003-04 Total Appropriation:	\$13,165,219	\$144,950	\$1,795,102	\$18,718,117	\$33,823,388	106.9
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Office of the Governor	2,672,355	75,000	195,840	17,676,983	20,620,178	35.4
Office of the Lieutenant Governor	268,902	0	1,500	0	270,402	5.0
Office of State Planning and Budgeting	0	0	1,287,684	0	1,287,684	19.5
Economic Development Programs	9,322,921	69,950	310,078	1,041,134	10,744,083	37.0
Office of Innovation and Technology	901,041	0	0	0	901,041	10.0
<u>Breakdown of Total Appropriation by Bill</u>						
SB 03-258	13,369,628	144,950	1,838,665	18,722,318	34,075,561	106.9
SB 03-273	(203,657)	0	(43,423)	(3,971)	(251,051)	0.0
HB 03-1316	(752)	0	(140)	(230)	(1,122)	0.0

	GF	CF	CFE	FF	Total	FTE
Increase/(Decrease)	(\$17,956,428)	(\$24,470)	(\$2,211,767)	(\$411,743)	(\$20,604,408)	(13.5)
Percentage Change	-57.7%	-14.4%	-55.2%	-2.2%	-37.9%	-11.2%

Detail of Appropriation by Administrative Section

Office of the Governor

As the chief executive of the State, the Governor is responsible for the overall operation of the executive branch of government. This office provides for coordination, direction, and planning of agency operations; maintains a liaison with local governments and the federal government; and exercises the executive powers of the State. The cash funds are from the Mansion Activity Fund. The cash funds exempt funding is primarily from indirect cost recoveries. The federal funds represent grants received, or estimated to be received, by the Governor's Office for the Office of Energy Conservation, the Head Start Program, and other initiatives.

	GF	CF	CFE	FF	Total	FTE
FY 2002-03 Appropriation:						
SB 02-50	(\$10,021)	\$0	\$0	\$0	(\$10,021)	0.0
HB 02-1038	(9,992)	0	0	0	(9,992)	0.0
HB 02-1420	3,306,056	75,000	203,373	18,024,003	21,608,432	39.0
HB 02-1468	4,813	0	739	92	5,644	0.0
SB 03-197	(152,212)	0	0	0	(152,212)	0.0
SB 03-202	<u>(407,218)</u>	<u>0</u>	<u>84,592</u>	<u>27,601</u>	<u>(295,025)</u>	<u>(2.6)</u>
TOTAL	\$2,731,426	\$75,000	\$288,704	\$18,051,696	\$21,146,826	36.4
FY 2003-04 Appropriation:						
SB 03-258	\$2,876,764	\$75,000	\$239,403	\$17,681,184	\$20,872,351	35.4
SB 03-273	(203,657)	0	(43,423)	(3,971)	(251,051)	0.0
HB 03-1316	<u>(752)</u>	<u>0</u>	<u>(140)</u>	<u>(230)</u>	<u>(1,122)</u>	<u>0.0</u>
TOTAL	\$2,672,355	\$75,000	\$195,840	\$17,676,983	\$20,620,178	35.4
Increase/(Decrease)	(\$59,071)	\$0	(\$92,864)	(\$374,713)	(\$526,648)	(1.0)
Percentage Change	-2.2%	0.0%	-32.2%	-2.1%	-2.5%	-2.7%

FTE Detail	FY 2002-03	FY 2003-04
Governor	1.0	1.0
Chief of Staff/Deputy Chief of Staff	2.0	2.0
Program Directors	8.5	8.5
Policy/Program Staff	6.9	6.9
Accounting Staff	2.0	2.0
Staff Assistants/Support Staff	13.5	12.5
Domestics	<u>2.5</u>	<u>2.5</u>
	36.4	35.4

FTE Changes: The reduction of 1.0 FTE is due to a General Fund base reduction.

General Fund Changes: The General Fund appropriation includes: (1) a \$204,000 reduction per S.B. 03-273 that eliminated salary survey for FY 2003-04; (2) a \$56,000 reduction associated with the elimination of 1.0 FTE; (3) a \$48,000 reduction due to the elimination of performance-based pay awards; and (4) a \$42,000 reduction in the amount of proposed salary survey relative to FY 2002-03.

These reductions are partially offset by the following increases: (1) \$152,000 to account for the one-time shift in the pay date in FY 2002-03; (2) \$96,000 for salary survey awarded in FY 2002-03 for FTE in the Office of the Governor; (3) \$28,000 in the state contribution to group health, life, and dental insurance coverage; (4) \$14,000 in risk management payments; and (5) \$2,000 due to a change in the PERA contribution rate.

Cash Funds Exempt Changes: The decrease in cash funds exempt is due to a \$43,000 reduction per S.B. 03-273 eliminating salary survey for FY 2003-04, and a \$50,000 reduction in the amount of indirect cost recoveries used to offset General Fund.

Federal Fund Changes: The decrease in federal funds is due to a \$370,000 reduction in the amount of federal grants the office expects to receive, and a \$4,000 reduction per S.B. 03-273 eliminating salary survey for FY 2003-04.

Office of the Lieutenant Governor

Colorado's Constitution provides for the Lieutenant Governor to become Governor in the case of the death, impeachment, felony conviction, incapacitation, or resignation of the Governor. The Lieutenant Governor serves as chairperson of the Colorado Commission of Indian Affairs and handles additional responsibilities assigned by the Governor. The cash exempt funds are from donations.

	GF	CF	CFE	FF	Total	FTE
FY 2002-03 Appropriation:						
HB 02-1420	\$287,753	\$0	\$1,500	\$0	\$289,253	5.5
SB 03-197	(18,442)	0	0	0	(18,442)	0.0
SB 03-202	<u>(28,775)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(28,775)</u>	<u>(0.5)</u>
TOTAL	\$240,536	\$0	\$1,500	\$0	\$242,036	5.0
FY 2003-04 Appropriation:						
SB 03-258	<u>\$268,902</u>	<u>\$0</u>	<u>\$1,500</u>	<u>\$0</u>	<u>\$270,402</u>	<u>5.0</u>
TOTAL	\$268,902	\$0	\$1,500	\$0	\$270,402	5.0
Increase/(Decrease)	\$28,366	\$0	\$0	\$0	\$28,366	0.0
Percentage Change	11.8%	n/a	0.0%	n/a	11.7%	0.0%

FTE Detail	FY 2002-03	FY 2003-04
Lieutenant Governor	1.0	1.0
Administration	1.5	1.5
Commission of Indian Affairs	<u>2.5</u>	<u>2.5</u>
	5.0	5.0

General Fund Changes: The increase in General Fund is due to an \$18,000 increase to account for the one-time shift in the pay date in FY 2002-03, and a \$10,000 increase for salary survey awarded in FY 2002-03.

Office of State Planning and Budgeting

The Office of State Planning and Budgeting is responsible for the development of executive budget requests, the review and analysis of departmental expenditures, and preparation of revenue and economic forecasts for the State. The cash exempt funds are from indirect cost recoveries collected from the State Highway Fund in the Department of Transportation pursuant to Section 43-1-113(8)(a), C.R.S.

	GF	CF	CFE	FF	Total	FTE
FY 2002-03 Appropriation:						
HB 02-1420	\$0	\$0	\$1,525,946	\$0	\$1,525,946	20.5

	GF	CF	CFE	FF	Total	FTE
SB 03-202	<u>0</u>	<u>0</u>	<u>(116,911)</u>	<u>0</u>	<u>(116,911)</u>	<u>(1.0)</u>
TOTAL	\$0	\$0	\$1,409,035	\$0	\$1,409,035	19.5
FY 2003-04 Appropriation:						
SB 03-258	<u>\$0</u>	<u>\$0</u>	<u>\$1,287,684</u>	<u>\$0</u>	<u>\$1,287,684</u>	<u>19.5</u>
TOTAL	\$0	\$0	\$1,287,684	\$0	\$1,287,684	19.5
Increase/(Decrease)	\$0	\$0	(\$121,351)	\$0	(\$121,351)	0.0
Percentage Change	n/a	n/a	-8.6%	n/a	-8.6%	0.0%

FTE Detail	FY 2002-03	FY 2003-04
Director	1.0	1.0
Deputy Director	1.0	1.0
Analysts	12.5	12.5
Economists	2.0	2.0
Financial Manager	1.0	1.0
Support Staff	<u>2.0</u>	<u>2.0</u>
	19.5	19.5

Cash Funds Exempt Changes: The decrease in cash funds exempt is primarily due to the elimination of \$185,000 from the Department of Health Care Policy and Financing for oversight of statewide Health Insurance Portability and Accountability Act (HIPAA) implementation. This reduction is partially offset by a \$62,000 increase for salary survey amounts awarded in FY 2002-03 and a \$2,600 increase due to a change in the PERA contribution rate.

Economic Development Programs

The Office of Economic Development was formed in 1988 to centralize and coordinate the state's business assistance, retention, expansion, and recruitment programs. Other activities include international trade assistance and Colorado tourism promotion. The cash funds are from the Minority Business Cash Fund, fees, gifts, and donations. The cash exempt funds are from indirect cost recoveries from federal grants, reserves from the Colorado Travel and Tourism Fund, transfers from the Division of Insurance Cash Fund (for the capital company incentives program), donations, and gifts. The federal funds are grants from the Small Business Association and grants passed through from the Department of Transportation for the Construction Development Center.

	GF	CF	CFE	FF	Total	FTE
FY 2002-03 Appropriation:						
HB 02-1420	\$15,449,548	\$94,420	\$310,131	\$1,078,164	\$16,932,263	47.0
SB 03-197	(161,694)	0	0	0	(161,694)	0.0
SB 03-202	14,696,233	0	0	0	14,696,233	(2.0)
SB 03-258	<u>(3,000,000)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(3,000,000)</u>	<u>0.0</u>
TOTAL	\$26,984,087	\$94,420	\$310,131	\$1,078,164	\$28,466,802	45.0
FY 2003-04 Appropriation:						
SB 03-258	<u>\$9,322,921</u>	<u>\$69,950</u>	<u>\$310,078</u>	<u>\$1,041,134</u>	<u>\$10,744,083</u>	<u>37.0</u>
TOTAL	\$9,322,921	\$69,950	\$310,078	\$1,041,134	\$10,744,083	37.0
Increase/(Decrease)	(\$17,661,166)	(\$24,470)	(\$53)	(\$37,030)	(\$17,722,719)	(8.0)
Percentage Change	-65.5%	-25.9%	0.0%	-3.4%	-62.3%	-17.8%

FTE Detail	FY 2002-03	FY 2003-04
Administration	6.0	6.0
Business Development	9.5	9.2
Grand Junction Satellite Office	1.0	1.0
Minority Business Office	3.0	2.0
Small Business Assistance	4.0	0.0
Small Business Development Centers	3.0	3.5
International Trade Office	7.7	6.0
Motion Picture and Television	1.5	0.0
Colorado Welcome Centers	3.3	3.3
Colorado Tourism Office	3.0	3.0
Economic Development Commission	2.0	2.0
Certified Capital Company Program	<u>1.0</u>	<u>1.0</u>
	45.0	37.0

FTE Changes: General Fund base reductions resulted in the elimination of the Small Business Assistance Office (4.0 FTE) and the Motion Picture and Television Commission (4.5 FTE). There

are also FTE reductions in the following programs due to General Fund base reductions: International Trade Office (1.7 FTE); Minority Business Office (1.0 FTE); and Business Development (0.3 FTE). These reductions are partially offset by an increases of 3.0 FTE for the Tourism Office (per S.B. 03-143) and 0.5 federally-funded FTE in the Small Business Development Centers program.

General Fund Changes: The decrease in General Fund is due to: (1) elimination of one-time increases of \$9 million for Tourism and \$4.2 million for the Economic Development Commission that were part of the Governor's FY 2002-03 economic development initiative; (2) a \$2.5 million reduction to the Colorado Promotion - Other Program Costs (Tourism Office) funding; (3) a \$1.0 million reduction due to the elimination of the Existing Industry Job Training program; (4) a \$600,000 reduction due to the transfer of the Agricultural Marketing appropriation to the Department of Agriculture; and (5) \$533,000 in reductions associated with the elimination of the Motion Picture and Television Commission, the Small Business Assistance Office, 1.7 FTE in the International Trade Office, and 1.0 FTE in the Minority Business Office.

These General Fund reductions are partially offset by the following increases: (1) \$146,000 to account for the one-time shift in the pay date in FY 2002-03; (2) \$45,000 for salary survey increases awarded in FY 2002-03; (3) \$4,000 in vehicle lease payments; and (4) \$2,300 due to a change in the PERA contribution rate.

Cash Funds Changes: The decrease of \$24,000 in cash funds spending authority is due to the elimination of the Small Business Assistance Office.

Federal Funds Changes: The decrease in federal funds is due to a reduction in federal funds received by the Small Business Assistance Office and the Small Business Development Centers.

Office of Innovation and Technology

The Office of Innovation and Technology was established in 1999 and is responsible for oversight of state communications and information systems policy, including support of the Commission on Information Management (IMC).

	GF	CF	CFE	FF	Total	FTE
FY 2002-03 Appropriation:						
HB 02-1420	\$1,392,221	\$0	\$1,997,499	\$0	\$3,389,720	15.5
SB 03-197	(87,401)	0	0	0	(87,401)	0.0
SB 03-202	(139,222)	0	0	0	(139,222)	(1.0)
TOTAL	\$1,165,598	\$0	\$1,997,499	\$0	\$3,163,097	14.5

	GF	CF	CFE	FF	Total	FTE
FY 2003-04 Appropriation:						
SB 03-258	<u>\$901,041</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$901,041</u>	<u>10.0</u>
TOTAL	\$901,041	\$0	\$0	\$0	\$901,041	10.0
Increase/(Decrease)	(\$264,557)	\$0	(\$1,997,499)	\$0	(\$2,262,056)	(4.5)
Percentage Change	-22.7%	n/a	-100.0%	n/a	-71.5%	-31.0%

FTE Detail	FY 2002-03	FY 2003-04
Deputy Director	1.0	1.0
Chief Information Officer	1.0	0.0
Deputy Chief Information Officer	1.0	0.0
Science & Technology Commission Director	1.0	0.0
Controller	0.5	0.0
Project Policy Coordinator	2.0	0.0
Technology & Business Analyst	3.3	0.0
Research & Special Projects	0.7	0.0
Program Assistant	1.0	0.0
Staff Assistant	3.0	1.0
Supervising Policy & Budget Analyst	0.0	5.0
Standards & Technology Analyst	<u>0.0</u>	<u>3.0</u>
	14.5	10.0

FTE Changes: The reduction of 4.5 FTE is due to a General Fund base reduction.

General Fund Changes: The decrease in General Fund is due to a \$322,000 reduction associated with the 4.5 FTE reduction. This reduction is partially offset by a \$58,000 increase to account for the one-time shift in the pay date in FY 2002-03 and a \$1,100 increase due to a change in the PERA contribution rate.

Cash Funds Exempt Changes: The decrease in cash funds exempt is due to the elimination of funding for independent validation and verification (IV&V) and quality assurance project oversight of the Department of Health Care Policy and Financing's implementation of the Health Insurance Portability and Accountability Act (HIPAA).

Recent Legislation

2002 Session Bills

S.B. 02-50: For an explanation of this bill please see the Recent Legislation section in the Department of Corrections.

H.B. 02-1038: For an explanation of this bill please see the Recent Legislation section in the Department of Corrections.

H.B. 02-1420: General appropriations act for FY 2002-03.

H.B. 02-1468: Authorizes the General Assembly to annually adjust the state contribution for health, life, and dental insurance effective CY 2004 through the Long Bill. For more information, refer to the bill description in the Department of Personnel and Administration.

2003 Session Bills

S.B. 03-143: Transfers 3.0 FTE, but no funding, from the Motion Picture and Television Commission to the Tourism Office beginning in FY 2002-03. The bill results in no net change to the Department's appropriation.

S.B. 03-197: Reduces personal services by \$419,749 General Fund, which represents anticipated June payroll (FY 2002-03) to be delayed until July (FY 2003-04). For more information, refer to the bill description in the Department of Personnel and Administration.

S.B. 03-202: Modifies appropriations included in the FY 2002-03 Long Bill.

S.B. 03-258: General appropriations act for FY 2003-04.

S.B. 03-273: Eliminates the salary survey appropriation for FY 2003-04. For more information, refer to the bill description in the Department of Personnel and Administration.

H.B. 03-1316: Alters the manner in which group benefit plans coverage is calculated for Health, Life, and Dental appropriations. For more information, refer to the bill description in the Department of Personnel and Administration.

DEPARTMENT OF HEALTH CARE POLICY AND FINANCING

The Department of Health Care Policy and Financing oversees the State's Medicaid program, the Colorado Indigent Care Program (CICP), the Comprehensive Primary and Preventive Care Grant program, the Home Care Allowance and Adult Foster Care programs, the Children's Basic Health Plan, and S.B. 97-101 public school Medicaid-funded health care services, in conjunction with the Department of Education. The Department also serves as the single state agency for the receipt of federal Medicaid funds; as such, approximately \$0.6 billion of its FY 2003-04 appropriation is transferred to other state agencies receiving Medicaid, including the Departments of Education, Higher Education, Human Services, Public Health and Environment, and Regulatory Agencies.

The Department is responsible for the development and operation of various publicly financed health care programs for eligible Coloradans. Federal matching funds support the majority of functions and programs. These federal funds are largely Medicaid (Title XIX) funds or Children's Basic Health Plan (Title XXI) funds. The Department is comprised of the following divisions: (1) Executive Director's Office; (2) Medical Services Premiums; (3) Indigent Care Program; (4) Other Medical Services; and (5) Department of Human Services Medicaid-Funded Programs.

Department Budget: Recent Actual Expenditures and Appropriations

Funding Source	FY 2000-01 Actual	FY 2001-02 Actual	FY 2002-03 Approp.¹	FY 2003-04 Approp.
General Fund	\$1,020,171,950	\$1,081,697,611	\$1,038,484,352	\$1,177,579,257
General Fund Exempt ²	91,425	206,415	0	0
Cash Funds	419,385	356,121	1,184,532	43,692,767
Cash Funds Exempt	134,404,175	181,961,349	238,170,788	235,229,551
Federal Funds	<u>1,134,034,492</u>	<u>1,247,186,908</u>	<u>1,261,355,750</u>	<u>1,422,896,801</u>
Total Funds	\$2,289,121,427	\$2,511,408,404	\$2,539,195,422	\$2,879,398,376
Full Time Equiv. Staff	143.9	166.1	189.1	200.4

¹ Pursuant to S.B. 03-196, beginning in FY 2002-03 the State changed from an accrual basis of accounting to a cash basis of accounting for Medicaid health care services. Changing accounting methodologies created a one-time savings of \$154.0 million (\$77.0 million General Fund) in FY 2002-03.

² Actual expenditures shown as General Fund Exempt are expenditures that are excluded from the term "fiscal year spending" as such term is defined in section 20 (2) (e) of article X of the state constitution.

FY 2003-04 Budget Changes

Significant changes in appropriations for FY 2003-04 compared to FY 2002-03 are highlighted below. Appropriations for FY 2003-04:

Medicaid Medical Services

- ❑ Provide a net increase of \$130.1 million, or 7.1 percent, to adjust for one-time saving initiatives enacted in the Medicaid program in FY 2002-03 as follows:
 - ✓ an increase of \$140.0 million to adjust for the impact of changing from the accrual basis of accounting to the cash basis of accounting;
 - ✓ an increase of \$15.0 million for Health Maintenance Organization (HMO) recoveries; and
 - ✓ a *net* decrease of \$24.9 million for Medicare Upper Payment Limit refinancings.
- ❑ Provide an increase of \$129.1 million, or 7.0 percent, to fund caseload and cost per client increases for Medicaid medical services. During FY 2003-04, the Medicaid program is projected to provide health care services to 362,654 Medicaid clients. This represents a caseload increase of 17,431 clients (5.0 percent) over the FY 2002-03 supplemental forecast of 345,225.
- ❑ Provide a net increase of \$17.1 million for policy initiatives and special legislation as follows:
 - ✓ a net increase of \$30.5 million to establish a nursing facility provider bed fee and a continuity and quality of care grant program;
 - ✓ an increase of \$0.6 million to comply with federal regulation on the reimbursement of Rural Health Centers;
 - ✓ a decrease of \$7.6 million to the county transportation program;
 - ✓ a decrease of \$2.8 million to reduce reimbursement rates to Federal Qualifying Health Centers;
 - ✓ a decrease of \$2.6 million for prescription drug controls;
 - ✓ a decrease of \$1.0 million to establish higher co-payments on Medicaid medical services; and

- ✓ a \$718,000 General Fund decrease offset by a corresponding increase in cash funds to establish a premium fee for children waiver programs.

Indigent Care and Other Medical Services Programs

- ❑ Provide an increase of \$22.6 million, or 9.7 percent, for the Safety Net Provider program. The increase results from certifying additional expenditures at public hospitals under the Medicare Upper Payment limit in order to draw down the additional federal funding.
- ❑ Provide an increase of \$9.8 million for the Children's Basic Health Plan for cost per client and caseload increase. The appropriation will support an average monthly caseload of 52,695 children. This represents an increase of 3,532 children, or 7.2 percent. However, FY 2003-04 projections were for a monthly caseload exceeding 59,000 children. In order to cap the children's population at 52,695, the adult prenatal program was suspended. The appropriation also provides a net decrease of \$469,000 for deposits into the Children's Basic Health Plan Trust Fund. The appropriation offsets the General Fund reduction of \$1.5 million with an approximate \$1.0 million increase from the Tobacco Litigation Settlement Fund.
- ❑ Provide an increase of \$7.1 million for the Public School Health Services program. The increase in appropriation results from certifying more Medicaid services performed at the public schools in order to draw down the additional federal funding.
- ❑ Provide an increase of \$3.0 million for the Nurse Home Visitor program. The increase in appropriation results from identifying Medicaid services provided through the Nurse Home Visitor program in order to draw down the additional federal funding.

Administrative Programs

- ❑ Provide a net decrease of \$25.4 million, or 30 percent, for administrative expenses as follows:
 - ✓ a decrease of \$22.4 million for one-time expenses related to the Rocky Mountain HMO lawsuit and legal expenses for the defense of other outstanding HMO lawsuits;
 - ✓ a decrease of \$5.0 million for expenses related to the implementation of the Health Insurance Portability Accountability Act of 1996.
 - ✓ a decrease of \$500,000 for one-time expenses associated with moving to cash accounting for Medicaid services;
 - ✓ a decrease of \$494,000 for issuing Medicaid cards twice a year instead of monthly;
 - ✓ a net increase of \$3.0 million for common policy adjustments, annualization of previous year actions, and administrative costs associated with special legislation.

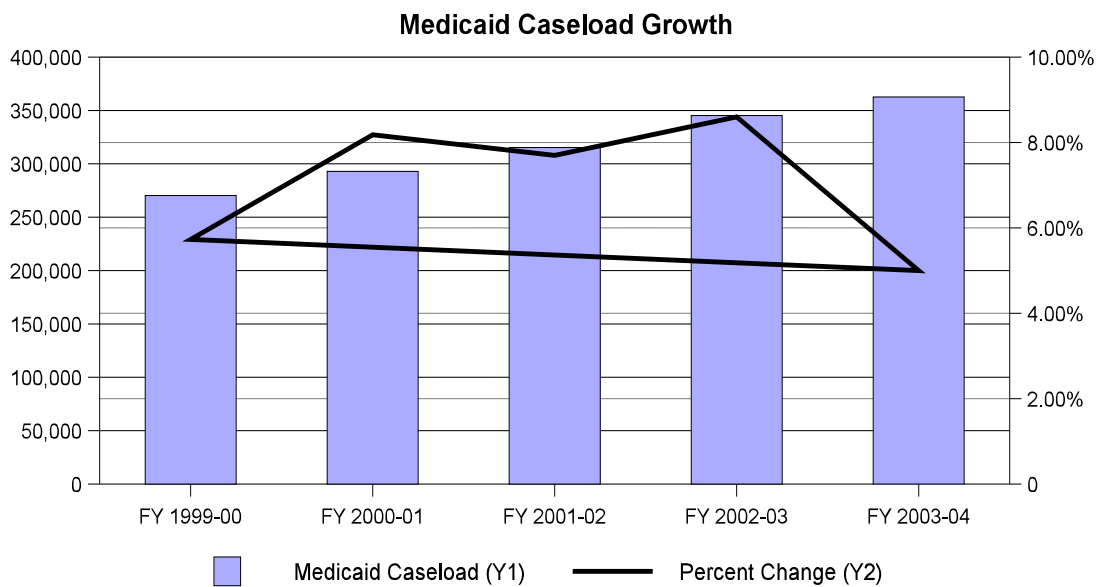
General Factors Driving the Budget

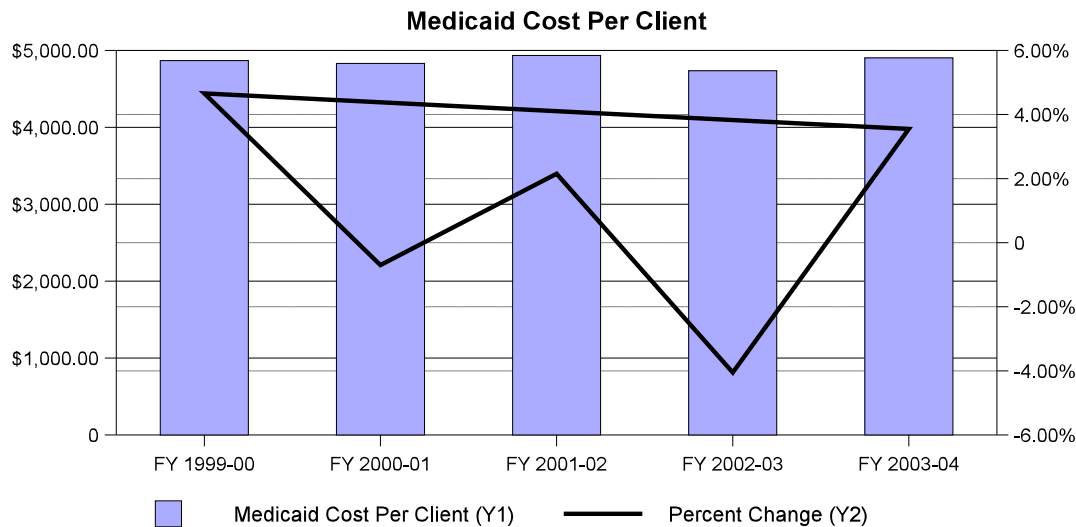
Funding for this department consists of 40.9 percent General Fund, 1.5 percent cash funds, 8.2 percent cash funds exempt, and 49.4 percent federal funds. Some of the most important factors driving the budget are reviewed below.

Medical Services Premiums

Medical Services Premiums reflect the health care services costs for qualifying individuals in the Medicaid program. Services include acute care (such as physician visits and hospital visits) as well as long-term care (such as nursing facility and community long-term care alternatives). The Department contracts with health care providers in both fee-for-service and health maintenance organization (HMOs) arrangements in order to provide services to eligible clients.

Total costs for the program are a function of caseload and the respective cost-per-client. During the late 1990s, Medicaid caseload declined due to the impacts of federal welfare reform and a robust economy. However, since FY 1999-00 Medicaid caseloads have begun to increase again. This is partly due to new populations becoming eligible (mainly children) and the worsening economic climate. In addition to increased costs from caseload growth, the Medicaid budget has also grown as a result of higher medical costs and greater utilization of medical services. Recent budget increases for medical services are primarily in the areas of community long-term care, nursing facilities, and pharmaceuticals.





As the above charts show, the highest caseload growth occurred in FY 2002-03. However, the percent change in the cost-per-client for Medicaid medical services was reduced to -4.05 percent growth (note: the chart above excludes appropriations that reduce General Fund expenditures but increase overall expenditures through different finance mechanisms). The decrease in the cost-per-client costs resulted primarily from budget reductions enacted FY 2002-03. The cost-per-client rose again in FY 2003-04. However, additional budget reductions enacted in FY 2003-04 slowed this growth. The tables below provide detail on the budget actions taken for FY 2002-03 and FY 2003-04 to control the costs in the Medicaid program.

FY 2002-03 Medicaid Medical Services Budget Reductions				
	<u>GF</u>	<u>CF & CFE¹</u>	<u>FF</u>	<u>Total</u>
Original FY 2002-03 Appropriation:	\$838,461,881	\$34,565,803	\$856,771,989	\$1,729,799,673
<u>Medical Services Reductions</u>				
Hospital Rate Reductions and Cost Recoveries	(10,796,123)	0	(10,796,123)	(21,592,246)
Pharmacy Reimbursement and Prescription Drug Controls	(4,559,766)	0	(4,559,766)	(9,119,532)
Cap Home and Community-Based Services for the Elderly and Disabled and Raise the Long-Term Care Score	(4,292,123)	0	(4,292,122)	(8,584,245)
Suspend Provider Rate Increases	(3,803,640)	0	(3,803,640)	(7,607,280)
Home Health Review and Limit Scope and Duration of Services	(3,212,090)	0	(3,212,090)	(6,424,180)

FY 2002-03 Medicaid Medical Services Budget Reductions				
	<u>GF</u>	<u>CF & CFE¹</u>	<u>FF</u>	<u>Total</u>
Increase Efforts to Recover from 3rd Parties	(2,766,192)	0	(2,766,192)	(5,532,384)
Delay in Nursing Home Rate Increases	(2,621,398)	0	(2,621,398)	(5,242,796)
Reimbursement Rate Reductions for Emergency Transportation, County Transportation, Lab & X-ray, Durable Medical Equipment, and Private Duty Nursing Services	(2,300,321)	0	(2,300,321)	(4,600,642)
Reduce Nursing Reimbursement Rate (one-year only)	(762,635)	0	(762,635)	(1,525,270)
Psychotherapy Crossover Claim Reimbursement Reduction	(561,766)	0	(561,766)	(1,123,532)
Eliminate Eligibility for Optional Legal Immigrants (one month impact only)	(430,125)	0	(389,302)	(819,427)
Private Duty Nursing Client Review	(222,004)	0	(222,003)	(444,007)
Medicaid Savings from Capping Home Care Allowance Program	(107,201)	0	(107,203)	(214,404)
Technical Correction	(22,374)	0	(67,130)	(89,504)
Increase for Old Age Pensioner Health and Medical Program (moved to Other Medical Services division in FY 2003-04)	<u>0</u>	<u>146,867</u>	<u>0</u>	<u>146,867</u>
Subtotal Medical Services Reductions	(36,457,758)	146,867	(36,461,691)	(72,772,582)
<u>Financing Changes</u>				
Implement Cash Accounting (one-time savings)	(70,000,000)	0	(70,000,000)	(140,000,000)
Medicare Upper Payment Adjustments	(17,434,983)	34,869,965	17,434,983	34,869,965
One-time Cost Recoveries from HMOs	(7,491,824)	0	(7,491,824)	(14,983,648)
HMO Family Planning Enhanced Match Rate	<u>(1,446,108)</u>	<u>0</u>	<u>1,446,109</u>	<u>1</u>
Subtotal Financing Changes	(96,372,915)	34,869,965	(58,610,732)	(120,113,682)
Total Medicaid Reductions	(\$132,830,673)	\$35,016,832	(\$95,072,423)	(\$192,886,264)
Increase for Additional Caseload	7,679,937	(133,884)	5,890,655	13,436,708
FY 2002-03 Total Medicaid Medical Service Premium Appropriation	\$713,311,145	\$69,448,751	\$767,590,221	\$1,550,350,117

¹Includes the Old Age Pensioner Health and Medical Program. In FY 2003-04, this program is moved from the Medical Services Premiums division to the Other Medical Services division.

FY 2003-04 Medicaid Medical Services Budget Reductions				
	<u>GF</u>	<u>CF & CFE¹</u>	<u>FF</u>	<u>Total</u>
FY 2002-03 Base Appropriation:	\$713,311,145	\$69,448,751	\$767,590,221	\$1,550,350,117
<u>Medical Services Reductions</u>				
County Transportation	(3,820,341)	0	(3,820,341)	(7,640,682)
Reduce Reimbursement Rate to Federal Qualifying Health Centers	(1,397,493)	0	(1,397,493)	(2,794,986)
Additional Prescription Drug Controls	(1,338,213)	0	(1,247,326)	(2,585,539)
Increase Co-payments	(485,017)	0	(485,017)	(970,034)
Subtotal Medical Services Reductions	(7,041,064)	0	(6,950,177)	(13,991,241)
<u>Financing Changes & Program Transfers</u>				
Implement Cash Accounting	70,000,000	0	70,000,000	140,000,000
Transfer Anti-Psychotic Drugs to Medical Services Premiums Division	13,884,062	0	13,884,062	27,768,124
Medicare Upper Payment Adjustments	12,465,116	(24,930,231)	(12,465,116)	(24,930,231)
One-time Cost Recoveries from HMOs	7,491,824	0	7,491,824	14,983,648
Adjust Rural Health Centers Reimbursement Rate	284,419	0	284,419	568,838
Bad Debt Adjustment	23,911	0	23,910	47,821
Establish Nursing Facility Bed Fee	(9,934,000)	25,192,508	15,258,508	30,517,016
Establish Premium Fee for Children Waiver Programs	(717,719)	717,719	0	0
Establish Intermediate Care Facility Bed Fee	(34,047)	68,094	34,047	68,094
Transfer Old Age Pensioner Health and Medical Program	<u>0</u>	<u>(9,989,344)</u>	<u>0</u>	<u>(9,989,344)</u>
Subtotal Financing Changes	93,463,566	(8,941,254)	94,511,654	179,033,966
Total Medicaid Policy Initiatives and One-Time Financing Adjustments	\$86,422,502	(\$8,941,254)	\$87,561,477	\$165,042,725
Base Increase for Caseload and Cost-Per Client	64,665,971	522,746	63,904,113	129,092,830
FY 2003-04 Total Medicaid Medical Service Premium Appropriation	\$864,399,618	\$61,030,243	\$919,055,811	\$1,844,485,672

Indigent Care Program

Safety Net Provider Program: In FY 2003-04, the Department established new methodologies for distributing Disproportionate Share Payments and Major Medical Teaching Hospitals payments. The payments were collapsed into one line-item called Safety Net Provider Payments. The methodology change resulted in an additional \$11.3 million in federal funds for hospitals providing care to Colorado's indigent population.

Children Basic Health Plan: The Children's Basic Health Plan provides health care insurance to uninsured children from families at or below 185 percent of the federal poverty level (\$33,485 for a family of four). A 65 percent federal match is available for the program. Beginning in FY 2002-03, the program was expanded to include an adult prenatal benefit. Under Colorado law, the Children Basic Health Plan is not an entitlement program and enrollment into the program can be capped. However, federal regulation requires adult populations be eliminated before children in the program can be capped. For FY 2003-04, enrollment in the children's program was expected to exceed an average monthly enrollment of 59,000. Because of the State's economic situation, S.B. 03-291 was passed to suspend the adult prenatal program for one year so that the children's population could be capped at 52,965 average monthly enrollment.

Department of Human Services Medicaid-Funded Programs

Many programs in the Department of Human Services are funded with Medicaid dollars. The General Fund contained in the Medicaid dollars is appropriated in this division, matched with anticipated federal funds, and transferred to the Department of Human Services as Medicaid *cash funds exempt*. Thus, two dollars of Medicaid cash funds exempt shown in another department, such as the Department of Human Services, contains a dollar originally appropriated as General Fund in the Department of Health Care Policy and Financing. In order to reflect the true statewide General Fund impact, the term "net General Fund" is used to describe the Medicaid used in the "receiving" Departments. The expenditures reflect the General Fund and federal fund amounts transferred to the Department of Human Services on behalf of its Medicaid-funded programs.

	FY 99-00	FY 00-01	FY 01-02	FY 02-03	FY 03-04
Expenditures	\$475,536,495	\$505,177,681	\$535,090,512	\$529,103,736	\$532,273,579
Percent Increase	N/A	6.2%	5.9%	-1.1%	0.6%

Summary of FY 2002-03 and FY 2003-04 Appropriations

Total Department Appropriations

	GF	CF	CFE	FF	Total	FTE
FY 2002-03 Total Appropriation:	\$1,038,484,352	\$1,184,532	\$238,170,788	\$1,261,355,750	\$2,539,195,422	189.1
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Executive Director	13,585,978	65,003	298,429	14,080,049	28,029,459	37.6
Medical Programs Administration	15,187,973	908,514	654,721	39,456,001	56,207,209	148.5
Medical Services Premiums	713,311,145	0	69,448,751	767,590,221	1,550,350,117	0.0
Indigent Care Program	18,363,696	211,015	155,553,665	161,526,421	335,654,797	3.0
Other Medical Services	14,612,666	0	12,148,913	13,088,525	39,850,104	0.0
Department of Human Services Medicaid-Funded Programs	263,422,894	0	66,309	265,614,533	529,103,736	0.0
<u>Breakdown of Total Appropriation by Bill</u>						
SB 01S2-012	0	0	0	103,386	103,386	0.0
SB 02-027	0	0	0	36,675	36,675	0.4
SB 02-050	(4,909)	0	0	0	(4,909)	0.0
HB 02-1038	(4,895)	0	0	0	(4,895)	0.0
HB 02-1039	40,558	0	0	77,262	117,820	0.8
HB 02-1155	0	0	14,047,724	11,788,631	25,836,355	0.0
HB 02-1263	0	0	41,140	0	41,140	0.0
HB 02-1292	(372,929)	0	0	(258,877)	(631,806)	0.0
HB 02-1293	0	0	8,750	8,750	17,500	0.0
HB 02-1295	50,563	0	0	50,563	101,126	0.0
HB 02-1348	(1,215,079)	0	0	0	(1,215,079)	0.0
HB 02-1420	1,180,936,543	751,563	186,737,806	1,346,226,245	2,714,652,157	193.3
HB 02-1457	(174,287)	0	0	(219,040)	(393,327)	0.0
HB 02-1468	3,780	0	31	4,311	8,122	0.0

	GF	CF	CFE	FF	Total	FTE
HB 02-1473	2,183,746	0	0	2,183,745	4,367,491	0.0
SB 03-173	(762,635)	0	0	(762,636)	(1,525,271)	0.0
SB 03-175	(558,514)	558,514	0	0	0	0.0
SB 03-176	(1,368,632)	0	0	(1,246,163)	(2,614,795)	0.0
SB 03-187	(127,430)	0	0	(127,430)	(254,860)	0.0
SB 03-190	0	0	(1,358,260)	0	(1,358,260)	0.0
SB 03-196	(77,000,000)	0	0	(77,000,000)	(154,000,000)	0.0
SB 03-197	(2,324,943)	0	(10,418)	(2,601,325)	(4,936,686)	0.0
SB 03-203 ¹	(58,435,748)	(125,545)	37,264,081	(14,829,481)	(36,126,693)	(5.4)
SB 03-258 ²	(2,380,837)	0	1,439,934	(2,078,866)	(3,019,769)	0.0
FY 2003-04 Total						
Appropriation:	\$1,177,579,257	\$43,692,767	\$235,229,551	\$1,422,896,801	\$2,879,398,376	200.4
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Executive Director	18,858,139	514,836	432,278	39,001,962	58,807,215	200.4
Medical Services						
Premiums	864,399,617	25,978,321	35,051,922	919,055,812	1,844,485,672	0.0
Indigent Care Program	16,780,069	220,514	171,741,297	179,792,856	368,534,736	0.0
Other Medical Services	14,142,977	15,997,852	27,274,019	17,882,326	75,297,174	0.0
Department of Human Services Medicaid- Funded Programs	263,398,455	981,244	730,035	267,163,845	532,273,579	0.0
<u>Breakdown of Total Appropriation by Bill</u>						
SB 03-011	(582,232)	0	0	(52,294)	(634,526)	0.8
SB 03-019	0	0	(39,343)	0	(39,343)	0.0
SB 03-022	0	10,750,000	0	0	10,750,000	0.0
SB 03-258	1,195,137,503	635,517	238,651,413	1,414,315,399	2,848,739,832	196.6
SB 03-259	(970,963)	994,140	0	23,175	46,352	1.0
SB 03-266	(9,934,000)	30,517,016	0	15,280,508	35,863,524	2.0
SB 03-273	(170,286)	0	(3,656)	(204,650)	(378,592)	0.0
SB 03-282	0	0	1,660,537	2,534,503	4,195,040	0.0

	GF	CF	CFE	FF	Total	FTE
SB 03-291	(4,995,208)	0	(5,039,393)	(8,949,348)	(18,983,949)	0.0
SB 03-294	(506,900)	0	0	(447,787)	(954,687)	0.0
HB 03-1292	(398,047)	796,094	0	398,047	796,094	0.0
HB 03-1316	(610)	0	(7)	(752)	(1,369)	0.0
Increase/(Decrease)	\$139,094,905	\$42,508,235	(\$2,941,237)	\$161,541,051	\$340,202,954	11.3
Percentage Change	13.4%	3588.6%	-1.2%	12.8%	13.4%	6.0%

¹S.B. 03-203 as passed by the General Assembly contained a deduction of \$1,215,079 General Fund related to transferring the poison control center from the Department of Health Care Policy and Financing to the Department of Public Health and Environment. Because this appropriation transfer is already accounted for in H.B. 02-1348, the amount of the transfer has been deducted from the amount shown for S.B. 03-203 in order to avoid a double count of the reduction.

²The General Fund and Cash Fund Exempt appropriations have been adjusted to reflect the appropriation by line-item in the bill. The grand totals for these fund sources in the printed bill does not equal the individual line item appropriations.

Detail of Appropriation by Administrative Section

Executive Director's Office

The appropriation for the Executive Director's Office covers all administrative functions and personnel for the Department. In FY 2002-03, the Department's administrative functions were divided into two divisions: the Executive's Director's Office (EDO) and the Medical Program Administration (MPA). In addition, 3.0 FTE were appropriated in the Indigent Care Program, Administration line item. However, beginning in FY 2003-04, the Department's administrative functions and FTE positions were consolidated into the Executive's Director's Office. The table below combines the FY 2002-03 appropriation for the Executive Director's Office and the Medical Programs Administration in order to compare it to the Executive Director's Office FY 2003-04 appropriation.

	GF	CF	CFE	FF	Total	FTE
FY 2002-03 Appropriation:						
Executive Director's Office						
SB 02-050	(\$4,909)	\$0	\$0	\$0	(\$4,909)	0.0
HB 02-1038	(4,895)	0	0	0	(4,895)	0.0
HB 02-1420	2,620,302	65,003	97,044	2,952,559	5,734,908	37.6
HB 02-1468	3,780	0	31	4,311	8,122	0.0
SB 03-197	(83,294)	0	(3,799)	(157,001)	(244,094)	0.0

	GF	CF	CFE	FF	Total	FTE
SB 03-203	<u>11,054,994</u>	<u>0</u>	<u>205,153</u>	<u>11,280,180</u>	<u>22,540,327</u>	<u>0.0</u>
Subtotal EDO	13,585,978	65,003	298,429	14,080,049	28,029,459	37.6
Medical Programs Administration						
SB 01S2-012	0	0	0	103,386	103,386	0.0
SB 02-027	0	0	0	36,675	36,675	0.4
HB 02-1039	40,558	0	0	77,262	117,820	0.8
HB 02-1263	0	0	41,140	0	41,140	0.0
HB 02-1292	(30,899)	0	0	(30,898)	(61,797)	0.0
HB 02-1293	0	0	8,750	8,750	17,500	0.0
HB 02-1420	18,611,488	350,000	466,859	41,382,948	60,811,295	152.7
HB 02-1457	(22,376)	0	0	(67,130)	(89,506)	0.0
SB 03-175	(558,514)	558,514	0	0	0	0.0
SB 03-176	17,500	0	0	17,500	35,000	0.0
SB 03-187	(127,430)	0	0	(127,430)	(254,860)	0.0
SB 03-196	250,000	0	0	250,000	500,000	0.0
SB 03-197	(387,560)	0	(6,619)	(591,600)	(985,779)	0.0
SB 03-203	(2,593,127)	0	(63,652)	(1,862,039)	(4,518,818)	(5.4)
SB 03-258	<u>(11,667)</u>	<u>0</u>	<u>208,243</u>	<u>258,577</u>	<u>455,153</u>	<u>0.0</u>
Subtotal MPA	15,187,973	908,514	654,721	39,456,001	56,207,209	148.5
TOTAL	\$28,773,951	\$973,517	\$953,150	\$53,536,050	\$84,236,668	186.1
FY 2003-04 Appropriation:						
SB 03-011	\$219,525	\$0	\$0	\$658,576	\$878,101	0.8
SB 03-022 ¹	0	10,656	0	0	10,656	0.0
SB 03-258	18,779,954	415,003	435,941	38,414,944	58,045,842	196.6
SB 03-259	0	23,177	0	23,175	46,352	1.0
SB 03-266	0	66,000	0	22,000	88,000	2.0
SB 03-273	(170,286)	0	(3,656)	(204,650)	(378,592)	0.0
SB 03-294	29,556	0	0	88,669	118,225	0.0

	GF	CF	CFE	FF	Total	FTE
HB 03-1316	(610)	0	(7)	(752)	(1,369)	0.0
TOTAL	\$18,858,139	\$514,836	\$432,278	\$39,001,962	\$58,807,215	200.4
Increase/(Decrease)	(\$9,915,812)	(\$458,681)	(\$520,872)	(\$14,534,088)	(\$25,429,453)	14.3
Percentage Change	-34.5%	-47.1%	-54.6%	-27.1%	-30.2%	7.7%

¹ This appropriation is double counted because the appropriation is contained in both S.B. 03-258 and S.B. 03-022. S.B. 03-022 transferred the administration of the Old Age Pension Health and Medical funds from the Department of Human Services to the Department of Health Care Policy and Financing. Because the funds are no longer transferred, they are no longer considered cash fund exempt. However, a corresponding reduction to the Long Bill was not made.

FTE Detail	FY 2002-03	FY 2003-04
Executive Director/External Affairs	4.5	4.5
Colorado Indigent Care Program Administration (transferred in FY 2003-04)	0.0	3.0
Administer Early and Periodic Screening, Diagnosis, and Treatment program (transferred in FY 2003-04)	0.0	6.0
Colorado Benefits Management System	6.0	5.5
Health Insurance Portability and Accountability Act	5.3	6.0
Child Health Plan Plus	8.6	8.6
Operations and Finance	61.5	61.5
Medical Program Administration	<u>100.2</u>	<u>105.3</u>
	186.1	200.4

FTE Changes: The appropriation provides a net increase of 14.3 FTE. Of the 14.3 FTE, 6.0 FTE are transferred from the Department of Public Health and Environment to administer the Early and Periodic Screening, Diagnosis, and Treatment program, and 3.0 FTE are transferred from the Colorado Indigent Care division to the Executive Director's Office. The remaining 5.3 FTE increase includes 3.8 FTE associated with new legislation (S.B. 03-259, S.B. 03-266, and S.B. 03-011), 1.0 FTE to administer the Primary Preventive Care Grant Program and an increase of 0.5 FTE to annualize FTE changes made in FY 2002-03.

General Fund Changes: The General Fund net decrease is attributed to the following items: (1) \$10.6 million associated with the one-time payment of the Rocky Mountain HMO Lawsuit settlement judgment; (2) \$394,000 for one-time expenses associated with defending the State in HMO lawsuits; (3) \$305,000 for eliminating salary survey increases and performance pay adjustments; (4) \$258,000 for issuing Medicaid cards only twice a year instead of monthly; (5) \$256,000 to reduce program and administrative costs associated with the implementation of the Health Insurance Portability and

Accountability Act of 1996 (HIPAA); (6) \$250,000 for one-time expenses associated with implementing cash accounting; and (7) \$115,000 for other changes associated with administrative contract adjustment and common policy adjustments.

The decreases above are offset by the following increases: (1) \$510,000 to annualize system costs for the Medical Management Information System related to prescription drug cost controls enacted in FY 2002-03; (2) \$479,000 to account for the shift in the pay date in FY 2002-03; (3) \$430,000 for personnel and operating costs associated with annualizing FY 2002-03 changes, and from transferring the Early and Periodic Screening, Diagnosis, and Treatment Program and Colorado Indigent Care Program administration to this division; (3) \$370,000 for changes in the Nursing Home Survey Certification program and to reverse a one-time fund shift in the program in FY 2002-03; (4) \$249,000 for administrative costs associated with implementing prescription drug changes in S.B. 03-294 and S.B. 03-011; and (5) \$230,000 for the enrollment broker contract to comply with new federal regulations on managed care.

Cash Funds Changes: The net decrease in cash funds is primarily due to a decrease of \$559,000 to reverse a one-time fund shift enacted in FY 2002-03 for the Nursing Home Survey Certification program pursuant to S.B. 03-175. This decrease is offset by the following increases: (1) \$66,000 for the administrative costs associated with S.B. 03-266 from the nursing facility cash fund; (2) \$23,000 for the administrative costs associated with S.B. 03-259 from the children's home-and community-based services cash fund; and (3) \$11,000 to reflect a change in the manner that the Old Age Pension Health and Medical funds are administered pursuant to S.B. 03-022.

Cash Fund Exempt Changes: The net decrease in the cash funds exempt results primarily from the following decreases: (1) \$205,000 for one-time expenses associated with defending the State in HMO lawsuits; (2) \$177,000 for one-time expenses associated with bringing certain nursing homes into compliance with state standards; (3) \$110,000 to reduce program and administrative costs associated with the implementation of the Health Insurance Portability and Accountability Act of 1996; and (4) \$50,000 to eliminate one-time funding associated with prior year legislation. These decreases are partly offset by increases of \$12,000 for various contract and common policy adjustments and \$11,000 to charge the Old Age Pension Health and Medical funds for Medicaid card printing and distribution costs (note: This appropriation is funded in S.B. 03-258 as cash fund exempt and funded in S.B. 03-022 as cash funds. The appropriation in S.B. 03-258 will need to be adjusted to reflect the passage of S.B. 03-022).

Federal Funds Changes: The \$14.5 million decrease in federal funds is attributed to the following decreases: (1) \$10.6 million associated with the one-time payment of the Rocky Mountain HMO Lawsuit settlement judgment; (2) \$4.6 million to reduce program and administrative costs associated with the implementation of HIPAA; (3) \$749,000 to correct a fund split for the utilization review contracts; (4) \$599,000 for one-time expenses associated with the defending the State in HMO lawsuits; (5) 439,000 to adjust the federal grant funding for the Medicaid Buy-in program and to eliminate one-time funding from prior session bills; (6) \$339,000 for eliminating salary survey increases and performance pay adjustments; (7) \$258,000 for issuing Medicaid cards only twice a

year instead of monthly;(8) \$250,000 for one-time expenses associated with implementing cash accounting; (9) \$177,000 to eliminate one-time funding associated with bringing certain nursing homes into compliance with state standards; (10) \$151,000 for adjustments to the Nursing Home Survey and Certification program; and (11) \$150,000 for administrative contracts and common policy adjustments.

The above federal fund decreases are offset by the following increases: (1) \$1.4 million to annualize system costs for the Medical Management Information System related to prescription drug cost controls enacted in FY 2002-03; (2) \$757,000 to account for the shift in the pay date in FY 2002-03; (3) \$747,000 for administrative costs associated with implementing prescription drug changes in S.B. 03-294 and S.B. 03-011; (4) \$456,000 for personnel and operating costs associated with annualizing FY 2002-03 changes and from transferring the Early and Periodic Screening, Diagnosis, and Treatment Program and Colorado Indigent Care Program administration to this division; (5) \$230,000 for the enrollment broker contract to comply with new federal regulations on managed care; and (6) \$157,000 for other administrative contract adjustment and common policy adjustments.

Medical Services Premiums

This division provides the health care funding for Medicaid clients. Clients are divided into 11 different eligibility categories. Caseload estimates for each eligibility category are listed in the related data table at the end of this section. In addition, information regarding the estimated funding for the different medical services is listed at the end of this section.

In FY 2002-03, this division contained \$9.9 million in cash funds exempt associated with the Old Age Pension Health and Medical Fund program. Beginning in FY 2003-04, this program has been transferred to the Other Medical Programs division. The FY 2003-04 appropriation for this division contains only Medicaid health care costs. In general, Medicaid health care services are funded with 50 percent state funds (General Fund, cash fund, or cash funds exempt) and 50 percent federal funds. After the 2003 Regular Legislative Session, the Congress passed and the President signed the Job and Growth Tax Relief Reconciliation Act of 2003. This Act increases the federal matching rate to 52.95 percent for Medicaid medical services that do not currently have an enhanced match rate (i.e. such as family planning, breast and cervical cancer treatment program, etc.). This increased federal match rate is available from April 1, 2003 through June 30, 2004 (i.e. three months in FY 2002-03 and 12 months in FY 2003-04). The appropriations contained in this report *do not* reflect the increased federal match rate.

	GF	CF	CFE	FF	Total	FTE
FY 2002-03 Appropriation:						
HB 02-1292	(\$227,979)	\$0	\$0	(\$227,979)	(\$455,958)	0.0
HB 02-1295	50,563	0	0	50,563	101,126	0.0
HB 02-1420	838,728,143	0	34,565,803	857,038,250	1,730,332,196	0.0

	GF	CF	CFE	FF	Total	FTE
HB 02-1457	(88,846)	0	0	(88,845)	(177,691)	0.0
SB 03-173	(762,635)	0	0	(762,636)	(1,525,271)	0.0
SB 03-176	(1,290,375)	0	0	(1,167,906)	(2,458,281)	0.0
SB 03-196	(70,000,000)	0	0	(70,000,000)	(140,000,000)	0.0
SB 03-203	(58,871,722)	0	35,016,832	(21,154,293)	(45,009,183)	0.0
SB 03-258	<u>5,773,996</u>	<u>0</u>	<u>(133,884)</u>	<u>3,903,067</u>	<u>9,543,179</u>	<u>0.0</u>
TOTAL	\$713,311,145	\$0	\$69,448,751	\$767,590,221	\$1,550,350,117	0.0
FY 2003-04 Appropriation:						
SB 03-011	(801,757)	0	0	(710,870)	(1,512,627)	0.0
SB 03-258	876,423,596	0	35,051,922	905,010,583	1,816,486,101	0.0
SB 03-259	(717,719)	717,719	0	0	0	0.0
SB 03-266	(9,934,000)	25,192,508	0	15,258,508	30,517,016	0.0
SB 03-294	(536,456)	0	0	(536,456)	(1,072,912)	0.0
HB 03-1292	<u>(34,047)</u>	<u>68,094</u>	<u>0</u>	<u>34,047</u>	<u>68,094</u>	<u>0.0</u>
TOTAL	\$864,399,617	\$25,978,321	\$35,051,922	\$919,055,812	\$1,844,485,672	0.0
Increase/(Decrease)	\$151,088,472	\$25,978,321	(\$34,396,829)	\$151,465,591	\$294,135,555	0.0
Percentage Change	21.2%	n/a	-49.5%	19.7%	19.0%	n/a

The appropriation funds medical services for an estimated 362,654 clients. This caseload estimate represents an increase of 5.0 percent over the FY 2002-03 supplemental caseload estimate of 345,225. The increase of \$294.1 million is comprised of adjustments for one-time saving initiatives enacted in FY 2002-03 and base and policy adjustments. Adjustments from one-time saving initiatives provide for approximately \$130.1 million of the increase. Funding for the increase in caseload and medical costs account for \$129.1 million. The appropriation contains an increase of \$27.8 million to transfer the anti-psychotic drug expenditures from the Department of Human Services Medicaid Program division to this division, and a decrease of \$10.0 million to transfer the Old Age Pension Health and Medical funds to the Other Medical Services division. Lastly, the appropriation provides a net increase of \$17.1 million for policy initiatives and special legislation. The appropriations for each of these categories are described below.

Restore One-Time FY 2002-03 Funding Reductions: In FY 2002-03, several one-time saving initiatives were enacted. Because these initiatives were one-time in nature, funding related to these

initiatives was restored in the FY 2003-04 appropriation. Fiscal Year 2003-04 funding increases related to these one-time initiatives include the following:

- ✓ Provides an increase of \$140.0 million (\$70.0 million General Fund and \$70.0 million federal funds) related to changing accounting methodologies from an accrual basis to a cash basis. Prior to FY 2002-03, the State used an accrual basis of accounting for Medicaid medical expenditures. In FY 2002-03, S.B. 03-196 changed the method of accounting from an accrual basis to a cash basis. Under the accrual basis, expenditures are reflected in the time period that the expenditure occurred. Thus, claims received after June 30th for services provided on or before June 30th were charged back to the previous fiscal year's appropriation. Under the cash basis of accounting, claims will be charged to the period in which the claim is paid. Thus, services provided on or before June 30th but billed after June 30th will now be paid against the current year appropriation. Changing the accounting methodology in FY 2002-03 allowed a one-time savings in the medical service premiums line item of \$140.0 million. However, the FY 2003-04 appropriation must be adjusted to add this one-time savings back into the base.
- ✓ Provides an increase of \$15.0 million (\$7.5 million General Fund and \$7.5 million federal funds) to adjust for one-time cost recoveries from Health Maintenance Organizations (HMOs). In FY 2002-03, the Department collected \$15.0 million from HMOs for prior year overpayments. This funding was used to offset FY 2002-03 expenditures but was one-time in nature. Therefore, the FY 2003-04 appropriation restores the funding.
- ✓ Provides a net decrease of \$24.9 million (an increase of \$12.5 million General Fund, a decrease of \$24.9 million cash fund exempt, and a decrease of \$12.5 million federal funds). In FY 2002-03, the appropriation reflected one-time refinancing actions under the Medicare Upper Payment Limit for hospitals and nursing facilities. For the most part, these refinancing actions were retroactive adjustments for prior years. Therefore, the General Fund savings associated with these refinancing actions were not available in FY 2003-04. This resulted in an increase to the General Fund and the decreases in cash fund exempt and federal funds as reflected above.

Medicaid Base Caseload and Service Cost Increases: The FY 2003-04 appropriations contains an increase of \$129.1 million (\$64.7 million General Fund, \$0.5 million cash funds exempt, and \$63.9 million federal funds). The increase in funding results from the following factors:

- ✓ The appropriation contains an increase of approximately \$27.0 million total funds (\$13.5 million General Fund, \$523,000 cash fund exempt, and \$13.0 million federal funds) for caseload growth. In FY 2002-03, a total of 345,223 Medicaid clients are anticipated to be served. For FY 2003-04, the Medicaid caseload grows to 362,654. This is a 5.0 percent caseload increase. The caseload growth is primarily in the adult and children categories. The adult categories are anticipated to grow by 4,318 clients, or 8.8 percent. The children

categories are anticipated to grow by 13,113 clients, or 6.9 percent. The growth in the remaining categories (elderly, disabled, non-citizens) offset each other.

- ✓ An increase of \$102.1 million (\$51.2 million General Fund and \$50.9 million federal funds) for increases in cost per client costs. The cost-per-client is based on: (1) acute and long-term care services; (2) the mix of services within these caseload categories; and (3) the caseload mix that utilizes the various array of services. The cost-per-client reflects services costs only (does not reflect any one-time offsets or refinancing costs). The cost-per-client increase represents an increase of 5.8 percent.

Transfer of Appropriations: The Department's appropriation contains an increase of \$27.8 million (\$13.9 million General Fund and \$13.9 million federal funds) to the Medical Services Premiums division to reflect the transfer of the anti-psychotic drug appropriation from the Department of Human Services Medicaid Programs division. The appropriation also contains a decrease of \$10.0 million in cash funds exempt to transfer the Old Age Pension Health and Medical program from the Medical Services Premium division to the Other Medical Services division.

Medicaid Policy Initiatives and Special Legislation: The appropriation contains a net increase of \$17.1 million (a \$17.4 million General Fund decrease, a \$26.0 million cash fund increase, and \$8.6 million federal funds increase). The funding changes related to these issues are described below.

- ✓ Provides a net increase of \$30.5 million (a decrease of \$9.9 million General Fund, an increase of \$25.2 million cash funds, and an increase of \$15.3 million federal funds) to establish a nursing facility provider fee program pursuant to S.B. 03-266. This bill authorized the Department to impose a provider fee on nursing home facilities in order to finance two new nursing home programs and reduce General Fund appropriations. The two new programs include a quality of care grant program funded from this appropriation and a state-only program for specified legal immigrants funded in the Other Medical Services division.
- ✓ Includes an increase of \$569,000 (\$284,000 General Fund and \$285,000 federal funds) to comply with federal regulations related to the reimbursement of rural health centers.
- ✓ Provides a decrease of \$7.6 million (\$3.8 million General Fund and \$3.8 million federal funds) to reduce the country transportation service. The reduction is based on restructuring county transportation services to transport based on medical necessity because of wheel chair access needs or based on special circumstances prior authorized by the Department.
- ✓ Includes a decrease of \$2.8 million (\$1.4 million General Fund and \$1.4 million federal funds) to eliminate the inflationary rate increase for Federal Qualifying Health Centers.
- ✓ Includes a net decrease of \$2.6 million (\$1.3 million General Fund and \$1.3 million federal funds) from enacting two bills to control prescription drug utilization. Specifically, S.B. 03-294 authorizes the Department to implement drug utilization mechanisms, including but not

limited to prior authorization, to control prescription drug costs in the Medicaid program. S.B. 03-011 requires a generic drug equivalent of a brand-name drug to be prescribed if the generic drug is a therapeutic equivalent to the brand-name drug and requires the Department to adopt rules for a mail order pharmacy program.

- ✓ Contains a decrease of \$1.0 million (\$500,000 General Fund and \$500,000 federal funds) to establish higher co-payments on Medicaid medical services up to the federal guidelines.
- ✓ Offsets \$718,000 in General Fund with \$718,000 in cash funds by establishing a premium charge for families with children in Home- and Community-based Medicaid waiver programs.

General Fund, Cash Funds, Cash Funds Exempt and Federal Funds Changes: The overall changes in fund source are noted in the explanations above and summarized in the table below.

Issue	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	Total Funds
FY 2002-03 App.	713,311,145	0	69,448,751	767,590,221	1,550,350,117
Adjust for Cash Accounting	70,000,000	0	0	70,000,000	140,000,000
Adjust for Caseload and Cost-per-Client Increases	64,665,971	0	522,746	63,904,113	129,092,830
Transfer Anti-Psychotic Drugs	13,884,062	0	0	13,884,062	27,768,124
Adjust for One-Time UPL Adjustment	12,465,116	0	(24,930,231)	(12,465,116)	(24,930,231)
Adjust for One-Time HMO Recoveries	7,491,824	0	0	7,491,824	14,983,648
Increase for Rural Health Centers	284,419	0	0	284,419	568,838
Bad Debt Adjustment	23,910	0	0	23,910	47,820
Nursing Facility Bed Fee (S.B. 03-266)	(9,934,000)	25,192,508	0	15,258,508	30,517,016
County Transportation	(3,820,341)	0	0	(3,820,341)	(7,640,682)
Federal Qualifying Health Center Rates	(1,397,493)	0	0	(1,397,493)	(2,794,986)
Prescription Drugs (S.B. 03-011 & S.B. 03-294)	(1,338,213)	0	0	(1,247,326)	(2,585,539)

Issue	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	Total Funds
Children Waiver Premium Fee (S.B. 03-259)	(717,719)	717,719	0	0	0
Increase Co-Payments	(485,017)	0	0	(485,016)	(970,033)
Residential Provider Fee (H.B. 03-1292)	(34,047)	68,094	0	34,047	68,094
Transfer Old Age Pension Health and Medical Program	0	0	(9,989,344)	0	(9,989,344)
Total FY 2003-04 App.	864,399,617	25,978,321	35,051,922	919,055,812	1,844,485,672

The table below provides detailed information related to Medicaid caseload and health care service costs. The table *does not* include costs associated with the Old Age Pension Health and Medical Program.

Related Data for the Medical Service Premiums Division				
	FY 2000-01	FY 2001-02	FY 2002-03	FY 2003-04
Recipients:				
<i>Elderly:</i>				
SSI 65+	34,773	35,123	35,892	35,502
SSI 60 - 64	5,445	5,546	5,742	5,790
Qualified Medicare Beneficiaries	8,182	8,456	9,041	9,450
<i>Disabled:</i>				
Non-elderly/SSI Disabled Eligibles	49,674	49,809	49,912	49,658
<i>Adults:</i>				
Categorically Eligible Low Income Adults	30,142	36,889	42,941	47,215
S.B. 02S2-12 Breast and Cervical Cancer Clients	N/A	N/A	54	117
Baby Care - Adults	5,729	6,003	6,323	6,303
<i>Children:</i>				
Categorically Eligible Low Income Children	132,279	155,511	177,538	190,588
Foster Care	12,832	13,120	13,334	13,397
<i>Other:</i>				
Non-Citizens	<u>13,834</u>	<u>4,897</u>	<u>4,448</u>	<u>4,634</u>
Total Recipients	292,890	315,354	345,225	362,654

Related Data for the Medical Service Premiums Division				
	FY 2000-01	FY 2001-02	FY 2002-03	FY 2003-04
<u>Expenditure by Service Area:</u>				
<i>Acute Care:</i>				
Acute Care Costs	\$888,534,987	\$968,319,583	\$1,005,235,205	\$1,088,938,923
Supplemental Medicare Insurance and Health Insurance Buy-in	<u>35,362,514</u>	<u>39,233,809</u>	<u>43,428,185</u>	<u>49,152,656</u>
Subtotal Acute Care:	\$923,897,501	\$1,007,553,392	\$1,048,663,390	\$1,138,091,579
<i>Long-term Care:</i>				
Class I Nursing Facilities	\$354,245,703	\$378,210,565	\$387,568,807	\$405,753,482
Class II Nursing Facilities	948,114	1,172,719	1,231,355	1,292,923
Community Based LTC	112,138,210	137,837,446	160,997,808	191,456,354
Program for All-Inclusive Care for the Elderly (PACE)	10,059,413	17,359,215	21,800,892	26,589,302
Single Entry Point	<u>13,642,174</u>	<u>14,181,961</u>	<u>14,454,026</u>	<u>14,981,846</u>
Subtotal LTC:	\$491,033,614	\$548,761,906	\$586,052,888	\$640,073,907
Total Service Expenditures	\$1,414,931,115	\$1,556,315,298	\$1,634,716,278	\$1,778,165,486
<u>Bottom Line Financing</u>				
Upper Payment Limit	n/a	27,608,753	59,023,471	34,093,240
Bad Debt	included above	1,547,588	1,594,016	1,641,836
HMO Recovery	n/a	n/a	(14,983,648)	n/a
Cash Accounting	n/a	n/a	(140,000,000)	n/a
Nursing Facility Provider Fee	n/a	n/a	n/a	30,517,016
Intermediate Care Facility Provider Fee	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>	<u>68,094</u>
Total Appropriation	\$1,414,931,115	\$1,585,471,639	\$1,540,350,117	\$1,844,485,672
<u>Average Annual Cost per Recipient:</u>				
Acute Care	\$3,154.4	\$3,195.0	\$3,037.6	\$3,138.2
Long-term Care	<u>1,676.5</u>	<u>1,740.1</u>	<u>1,697.6</u>	<u>1,765.0</u>
Total	\$4,830.9	\$4,935.1	\$4,735.2	\$4,903.2

Indigent Care Program

This division contains funding for the Colorado Indigent Care Program which includes funding for the Disproportionate Share Payments to Hospitals Program, the Major Medical Teaching Hospital Payments, the Comprehensive Primary and Preventive Care Grant Program, pursuant to S.B. 00-71, and the Children's Basic Health Plan.

The Indigent Care Program provides reimbursement to participating hospitals and clinics that serve uninsured or under-insured people through the Colorado Indigent Care Program (CICP) and the Disproportionate Share program. To be eligible for the Colorado Indigent Care Program, individuals must have income or assets equal to or lower than 185 percent of the federal poverty level and may not qualify for assistance from the Medicaid program.

The Comprehensive Primary and Preventive Care Grant Program provides grants to providers that serve a designated medically underserved area or population, up to 185 percent of poverty. This program is funded with S.B. 00-71 tobacco funds.

The Children's Basic Health Plan provides health care insurance to uninsured children from families at or below 185 percent of the federal poverty level. Beginning in October 2002, a prenatal care program became available for low-income eligible adult women. However, due to budget shortfalls, S.B. 03-291 suspended new enrollment into this program beginning in May 2003.

	GF	CF	CFE	FF	Total	FTE
FY 2002-03 Appropriation:						
HB 02-1155	\$0	\$0	\$14,021,561	\$11,740,044	\$25,761,605	0.0
HB 02-1292	(114,051)	0	0	0	(114,051)	0.0
HB 02-1420	22,496,720	336,560	141,850,722	151,852,700	316,536,702	3.0
SB 03-190	<u>0</u>	<u>0</u>	<u>(1,358,260)</u>	<u>0</u>	<u>(1,358,260)</u>	<u>0.0</u>
SB 03-197	<u>(7,766)</u>	<u>0</u>	<u>0</u>	<u>(7,914)</u>	<u>(15,680)</u>	<u>0.0</u>
SB 03-203	<u>(426,966)</u>	<u>(125,545)</u>	<u>(331,898)</u>	<u>(387,899)</u>	<u>(1,272,308)</u>	<u>0.0</u>
SB 03-258	<u>(3,584,241)</u>	<u>0</u>	<u>1,371,540</u>	<u>(1,670,510)</u>	<u>(3,883,211)</u>	<u>0.0</u>
TOTAL	\$18,363,696	\$211,015	\$155,553,665	\$161,526,421	\$335,654,797	3.0
FY 2003-04 Appropriation:						
SB 03-019	\$0	\$0	(\$39,343)	\$0	(\$39,343)	0.0
SB 03-258	21,818,977	220,514	175,837,214	186,885,419	384,762,124	0.0
SB 03-282	0	0	982,819	1,856,785	2,839,604	0.0

	GF	CF	CFE	FF	Total	FTE
SB 03-291	(5,038,908)	0	(5,039,393)	(8,949,348)	(19,027,649)	0.0
TOTAL	\$16,780,069	\$220,514	\$171,741,297	\$179,792,856	\$368,534,736	0.0
Increase/(Decrease)	(\$1,583,627)	\$9,499	\$16,187,632	\$18,266,435	\$32,879,939	(3.0)
Percentage Change	-8.6%	4.5%	10.4%	11.3%	9.8%	-100.0%

FTE Changes: The FTE change results from transferring the administration of this program from this division to the Executive Director's Office.

General Fund Changes: The General Fund appropriation reflects a total decrease of \$1.6 million. The decrease primarily results from a decrease of \$1.5 million to the Child's Basic Health Plan Trust Fund and a decrease of \$129,000 from transferring the administration of the Colorado Indigent Care Program from this division to the Executive Director's Office.

Cash Funds Changes: The change is attributable to increases in enrollment fees for the Children's Basic Health Plan based on increased caseload.

Cash Funds Exempt Changes: The \$16.1 million increase to cash fund exempt results from the following items:

- ✓ Provides an increase of \$11.3 million to certify additional public expenditures under the Medicare Upper Payment limit in order to draw down additional federal funding. This funding change resulted from a change in methodology on how Disproportionate Share Hospital payments and Major Teaching hospital payments are distributed to qualifying hospitals.
- ✓ Provides an increase of \$3.6 million for the Children's Basic Health Plan administration, premium and dental costs associated with serving a total of 52,965 children in the program.
- ✓ Provides a net appropriation of \$977,000 for Children's Basic Health Plan Trust fund. The appropriation is comprised of a \$1.0 million deposit into the trust fund from the Tobacco Litigation Settlement fund and an appropriation of \$23,000 appropriation out of the trust fund to pay for audit expenses for the programs funded by the Tobacco Litigation Settlement fund.
- ✓ Provides for an increase of \$325,000 for the Comprehensive Primary and Preventive Care Program. The increase includes a \$162,500 appropriation increase from the Tobacco Litigation Settlement fund into the Comprehensive Primary and Preventive Care Fund and an increase of \$162,500 from the Comprehensive Primary and Preventive Care Fund for the Comprehensive Primary and Preventive Care Grant Program.

Federal Funds Changes: The federal fund changes reflect the matching federal funds for the changes mentioned above. Specifically, the federal funds changes include the following:

- ✓ Provides an increase of \$11.3 million in federal matching funds for the Safety Net Provider Program;
- ✓ Provides an increase of \$7.1 million in federal matching monies for the Children's Basic Health Plan administration, premium and dental programs; and
- ✓ Includes a decrease of \$125,000 from moving the administration of the Indigent Care Program from this division to the Executive Director's Office.

Other Medical Services

This division contains the funding for the following programs: (1) Old Age Pensioner Health and Medical Program; (2) Home Care Allowance; (3) Adult Foster Care; (4) Primary Care Physician Reimbursements; (5) H.B. 92-1208 Immunizations, administered by the Department of Public Health and Environment; (6) Family Medicine Residency Training, administered by the Commission on Family Medicine at the University of Colorado; and (7) S.B. 97-101 Public School Health Services, administered jointly with the Department of Education. For those programs administered by another department, the funds are reflected in this division to receive the federal Medicaid match and are transferred to the other department as Medicaid cash funds exempt. The Old Age Pensioner Health and Medical Program is a state-only medical program funded solely from the Old Age Pensioner Medical Fund. Prior to FY 2003-04, this program was contained in the Medical Services Premiums division. The Home Care Allowance and Adult Foster Care programs are state-only programs funded with 95.0 percent General Fund and 5.0 percent local match. The S.B. 97-101 Public School Health Services program is a Medicaid program funded with certified cash funds exempt which are used to draw down the federal funds match.

	GF	CF	CFE	FF	Total	FTE
FY 2002-03 Appropriation:						
HB 02-1348	(\$1,215,079)	\$0	\$0	\$0	(\$1,215,079)	0.0
HB 02-1420	18,189,421	0	9,708,911	10,646,454	38,544,786	0.0
SB 03-197	<u>(544)</u>	<u>0</u>	<u>0</u>	<u>(544)</u>	<u>(1,088)</u>	<u>0.0</u>
SB 03-203	<u>(2,361,132)</u>	<u>0</u>	<u>2,440,002</u>	<u>2,442,615</u>	<u>2,521,485</u>	<u>0.0</u>
TOTAL	\$14,612,666	\$0	\$12,148,913	\$13,088,525	\$39,850,104	0.0
FY 2003-04 Appropriation:						
SB 03-022	\$0	\$10,739,344	\$0	\$0	\$10,739,344	0.0

	GF	CF	CFE	FF	Total	FTE
SB 03-258	<u>14,099,277</u>	<u>0</u>	<u>27,274,019</u>	<u>17,882,326</u>	<u>59,255,622</u>	<u>0.0</u>
SB 03-266	<u>0</u>	<u>5,258,508</u>	<u>0</u>	<u>0</u>	<u>5,258,508</u>	<u>0.0</u>
SB 03-291	<u>43,700</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>43,700</u>	<u>0.0</u>
TOTAL	\$14,142,977	\$15,997,852	\$27,274,019	\$17,882,326	\$75,297,174	0.0
Increase/(Decrease)	(\$469,689)	\$15,997,852	\$15,125,106	\$4,793,801	\$35,447,070	0.0
Percentage Change	-3.2%	n/a	124.5%	36.6%	89.0%	n/a

The increase of \$35.4 million for this division is attributed to the following program changes:

- ✓ *Transfer of the Old Age Pension Health and Medical Program:* S.B. 03-022 transfers the Old Age Pension Health and Medical Program from the Medical Services Premiums division to this division. The appropriation includes a double count resulting from transferring the administrative responsibilities for this program from the Department of Human Services to the Department of Health Care Policy and Financing. In S.B. 03-022 the appropriation for this program is shown as cash funds and in S.B. 03-258 the appropriation is reflected as cash funds exempt. Therefore, the appropriation reflects a total cash fund appropriation of \$10.7 million and a cash fund exempt appropriation of \$10.0 million.
- ✓ *Public School Health Services:* The appropriation includes an additional \$3.6 million in cash fund exempt from certifying monies spent by school districts on health services for Medicaid eligible children in order to receive an additional \$3.6 million in matching federal funds. The additional matching federal funds can be spent to expand health care services provided by the schools.
- ✓ *Legal Immigrant Nursing Home Program:* The appropriation includes an increase of \$5.3 million cash funds to establish a state-only nursing home program for legal immigrants that were adversely affected by the passage of S.B. 03-266.
- ✓ *Nurse Home Visitor Program:* The appropriation includes an increase of \$1.5 million cash funds exempt (Tobacco Litigation Settlement Trust Fund) and a corresponding increase of \$1.5 million in federal funds for the Nurse Home Visitor Program.
- ✓ *State-Only Prenatal Program:* The appropriation includes an increase of \$43,700 General Fund for a state-only prenatal program to serve adult women who were previously served by the Children's Basic Health Plan before the program was suspended. By transferring these women into a state-only program, the state was able to establish a cap on the children's program sooner.

- ✓ *Family Medicine Residency Training Program:* The appropriation includes a General Fund reduction of \$190,000 and a corresponding reduction of \$190,000 in federal matching funds for the Family Medicine Residency Training Program administered by the Advisory Commission on Family Medicine at the Department of Higher Education Health Sciences Center. The appropriation results in a reduction of approximately \$42,000 total funds for each of the nine residency programs serving Medicaid clients.
- ✓ *Home Care Allowance:* The appropriation includes a General Fund reduction of \$300,000 and a corresponding reduction of \$15,000 in cash fund exempt funds from the Home Care Allowance program. The appropriation reduces the monthly allowance for program recipients from \$227.33 to approximately \$221.85. The appropriation funds a caseload of 4,775 individuals.
- ✓ *Enhanced Prenatal Care Training and Technical Assistance:* The appropriation includes a General Fund reduction of \$22,800 and a corresponding reduction of \$22,800 in federal funds for the Enhanced Prenatal Care Training and Technical Assistance program.

Department of Human Services Medicaid-Funded Programs

This division contains funding for programs in the Department of Human Services that are funded with Medicaid dollars. General Fund is appropriated in this division, matched with anticipated federal funds, and is then transferred to the Department of Human Services as Medicaid cash funds exempt.

	GF	CF	CFE	FF	Total	FTE
FY 2002-03 Appropriation:						
HB 02-1155	\$0	\$0	\$26,163	\$48,587	\$74,750	0.0
HB 02-1420	280,290,469	0	48,467	282,353,334	562,692,270	0.0
HB 02-1457	(63,065)	0	0	(63,065)	(126,130)	0.0
HB 02-1473	2,183,746	0	0	2,183,745	4,367,491	0.0
SB 03-176	(95,757)	0	0	(95,757)	(191,514)	0.0
SB 03-196	(7,250,000)	0	0	(7,250,000)	(14,500,000)	0.0
SB 03-197	(1,845,779)	0	0	(1,844,266)	(3,690,045)	0.0
SB 03-203	(5,237,795)	0	(2,356)	(5,148,045)	(10,388,196)	0.0
SB 03-258	<u>(4,558,925)</u>	<u>0</u>	<u>(5,965)</u>	<u>(4,570,000)</u>	<u>(9,134,890)</u>	<u>0.0</u>
TOTAL	\$263,422,894	\$0	\$66,309	\$265,614,533	\$529,103,736	0.0
FY 2003-04 Appropriation:						
SB 03-258	\$264,015,699	\$0	\$52,317	\$266,122,127	\$530,190,143	0.0

	GF	CF	CFE	FF	Total	FTE
SB 03-259	(253,244)	253,244	0	0	0	0.0
SB 03-282	0	0	677,718	677,718	1,355,436	0.0
HB 03-1292	<u>(364,000)</u>	<u>728,000</u>	<u>0</u>	<u>364,000</u>	<u>728,000</u>	<u>0.0</u>
TOTAL	\$263,398,455	\$981,244	\$730,035	\$267,163,845	\$532,273,579	0.0
Increase/(Decrease)	(\$24,439)	\$981,244	\$663,726	\$1,549,312	\$3,169,843	0.0
Percentage Change	0.0%	n/a	1001.0%	0.6%	0.6%	n/a

Federal Medicaid dollars used by other departments statewide must originate in the Department of Health Care Policy and Financing, the single state agency for Medicaid, where they receive their General Fund match. These dollars are then transferred to the respective departments that utilize Medicaid funding. When these Medicaid funds are transferred, they are reflected in the recipient department as cash funds exempt. The Department of Human Services is the largest user of these transferred dollars. The General Fund appropriated in this division represents over 4.7 percent of the State's General Fund operating appropriation.

The appropriation reflects funding for Department of Human Services (DHS) programs funded with Medicaid dollars. Every division in the DHS receives some Medicaid funding from DHCPF except for the Division of Child Care. Significant changes in this funding are outlined below. *Additional detail on these items can be found in the Department of Human Services section of this report.*

Division of Child Welfare

The appropriation includes: (1) \$2.5 million General Fund associated with a shift to cash accounting for Medicaid-funded programs in FY 2002-03; (2) \$1.6 million General Fund to provide for projected caseload increases; and, (3) \$135,000 General Fund for additional costs associated with a leap year.

Mental Health and Alcohol and Drug Abuse Services

Medicaid mental health adjustments for FY 2003-04 reflect an increase of \$6.6 million, including \$2.6 million General Fund and \$0.7 million in Tobacco Litigation Cash Funds, that is transferred to the Department of Human Services. Adjustments include the following: (1) an increase of \$5.2 million for Medicaid anti-psychotic pharmaceuticals; (2) a net increase of \$796,000 for the Medicaid mental health capitation program including an increase of \$2.9 million for changes in Medicaid eligibility and case-mix offset by a decrease of \$3.1 million in capitated Medicaid rates associated with statewide revenue shortfalls; and, (3) an increase of \$540,000 for Medicaid mental health fee-for-service programs, resulting primarily from the shift from accrual to cash accounting for state Medicaid programs in FY 2002-03.

Services for People with Disabilities; Developmental Disability Services

The appropriation reflects a \$16.1 million increase based on the following significant changes: (1) a \$3.8 million General Fund increase associated with the switch to cash accounting for Medicaid-funded programs; (2) a \$2.6 million General Fund increase to annualize the costs of services approved in FY 2002-03; (3) \$1.5 million General Fund to account for one-time savings associated with the shift in pay date for FY 2002-03; (4) \$0.9 million General Fund provided for salary survey increases awarded in FY 2002-03; and, (5) a decrease of \$1.6 million General Fund associated with the elimination of a 2.0 percent "base rate" increase provided in FY 2002-03.

Division of Youth Corrections (DYC)

The appropriation reflects a decrease in Medicaid funds associated with using fewer Residential Treatment Center as contract providers.

Recent Legislation

2002 Session Bills

S.B. 02-27: Requires the Department of Health Care Policy and Financing to offer in-home support services as an option for eligible persons who receive home and community-based services. Reflects an increase of \$36,375 federal funds and appropriates 0.4 FTE to the Department for FY 2002-03.

S.B. 02-50: Reduces the Department of Health Care Policy and Financing's FY 2002-03 appropriation for Pay-for-Performance by \$4,909 General Fund. For an explanation of this bill, please see the Recent Legislation section in the Department of Corrections portion of this report.

H.B. 02-1003: Authorizes the Department of Health Care Policy and Financing to implement a Medicaid pharmaceutical disease management program using a contingency fee basis for reimbursement of any associated administrative expenses.

H.B. 02-1038: Reduces the Department of Health Care Policy and Financing's FY 2002-03 appropriation for Pay-for-Performance by \$4,895 General Fund. For an explanation of this bill, please see the Recent Legislation section in the Department of Corrections portion of this report.

H.B. 02-1039: Requires the Department of Health Care Policy and Financing to implement a Consumer-Directed Care Program for the Elderly, which will allow eligible persons to receive a direct payment through a voucher to purchase qualified services. Authorizes the Department to seek any necessary federal waivers/amendments to implement such program. Appropriates \$40,558 General Fund and reflects an increase of \$77,262 federal funds for the Department for FY 2002-03.

H.B. 02-1155: Adds prenatal and postpartum care to the Children's Basic Health Plan (CBHP) for pregnant women who are not Medicaid eligible. Covers pregnant women whose income is between

134-185 percent of the federal poverty level; covers postpartum care for 60 days after the birth of the child; automatically enrolls the child, upon birth, in the CBHP; exempts a pregnant woman from paying the CBHP annual enrollment fee; and makes coverage under the CBHP for pregnant women contingent upon a waiver from the federal Center for Medicare and Medicaid Services. Appropriates \$7,700,000 from the Tobacco Litigation Settlement Cash Fund to the Children's Basic Health Plan Trust, appropriates \$6,347,724 cash funds exempt from the Children's Basic Health Plan Trust, and reflects \$11,788,631 federal funds to the Department for FY 2002-03.

H.B. 02-1263: Requires any individual or group health benefit plan that provides coverage for substance abuse treatment to provide coverage for treatment regardless of whether it occurs as a result of contact with the criminal justice or legal system; and, specifies that the health benefit plan is only required to provide coverage for benefits that are medically necessary and otherwise covered by the plan. Requires the Department of Health Care Policy and Financing to amend the state plan to include any substance abuse treatment services for native Americans for which there is 100 percent federal financial participation, conditioned on the receipt of gifts, grants, or donations sufficient to provide for the state's administrative costs of preparing and submitting such amendment; authorizes the executive director to accept and expend moneys from gifts, grants, and donations for preparation of the amendment for substance abuse treatment services for native Americans; and establishes the Native American Substance Abuse Treatment Fund for the purposes of receiving such gifts, grants, and donations. Appropriates \$41,140 cash funds exempt to the Department for FY 2002-03.

H.B. 02-1276: Creates the Supplemental Old Age Pension (OAP) Health and Medical Care Program in the Department of Human Services for the purpose of providing health and medical care to OAP recipients whose needs are not being met under the current OAP Health and Medical Care Program. The bill creates the Supplemental OAP Health and Medical Care Fund, authorizes that \$1.0 million from sales and use tax revenue be credited to the fund beginning July 1, 2002, and authorizes the General Assembly to make appropriations from the fund. It authorizes the transfer of \$1.0 million cash funds exempt to the Department of Health Care Policy and Financing for FY 2002-03. For more information, please refer to the New Legislation section in the Department of Human Services.

H.B. 02-1292: Repeals the requirement that 75 percent of Colorado's Medicaid clients be served in managed care and instead requires the state managed care system be implemented to the extent possible. Repeals the requirement that the Department of Health Care Policy and Financing submit annual reports showing the savings resulting from enrolling Medicaid clients in managed care programs. Repeals the Essential Community Providers Grant Program which provides grants to providers serving indigent populations. For capitation payments effective July 1, 2003 and after, the bill requires a managed care organization, as a condition of contracting with the Department, to certify that its contract rates are sufficient to assure the managed care organization's financial stability for its Medicaid or PACE population. Makes changes on the client notice procedures. Deletes capitation payments based upon an upper and lower limit and provides that in no circumstance shall the Department pay a capitation payment to a managed care organization that exceeds 95 percent of the cost of providing the same services on an actuarially equivalent Medicaid population. Provides that certification by a qualified actuary shall be conclusive evidence that the Department has

calculated the capitation payment correctly. Reduces the FY 2002-03 appropriation to the Department by \$372,929 General Fund and \$258,877 federal funds.

H.B. 02-1293: Requires the Department of Health Care Policy and Financing, when redetermining eligibility of or terminating or disenrolling children from Medicaid, the Medically Indigent Program, or the Children's Basic Health Plan (CBHP), to determine and document the reasons why the child is no longer eligible or why the child is disenrolling from a program. Requires the Department to conduct a study of children's access to health care, which focuses on the movement of children between Medicaid, the Children's Basic Health Plan, and being insured or uninsured. Requires the Department to report on the study and any recommendations for legislation on July 1, 2003, and July 1, 2004; authorizes the Department to accept and expend grants or donations to fund the study; and stipulates that the study shall not be conducted until sufficient grants or donations are obtained to support the study's costs. Appropriates \$8,750 cash funds exempt to the Department for FY 2002-03 from gifts, grants, and donations and reflects an increase of \$8,750 federal funds.

H.B. 02-1295: Requires correctional facility staff and community corrections program agents to assist certain offenders in applying for Medicaid, or Supplemental Security Income (SSI) benefits at least 90 days prior to their release. Appropriates \$50,563 General Fund and reflects an increase of \$50,563 federal funds for the Department of Health Care Policy and Financing for FY 2002-03.

H.B. 02-1348: Transfers the Poison Control Program and the corresponding \$1,215,079 General Fund appropriation from the Department of Health Care Policy and Financing to the Department of Public Health and Environment for FY 2002-03.

H.B. 02-1370: Supplemental appropriation to the Department of Health Care Policy and Financing to modify the appropriation included in the FY 2001-02 Long Bill.

H.B. 02-1420: General appropriations act for FY 2002-03. Also contains a supplemental appropriation to the Department of Health Care Policy and Financing to modify the appropriation included in the FY 2001-02 Long Bill (Department of Human Services Medicaid-Funded Programs).

H.B. 02-1425: Supplemental appropriation to the Department of Health Care Policy and Financing to modify the appropriation included in the FY 2001-02 Long Bill.

H.B. 02-1457: Repeals the Quality of Care Incentive Payment Program (QCIP) and the Resident-Centered Quality Improvement Program (ResQUIP). Subject to available appropriations, the bill reenacts the ResQUIP program beginning July 1, 2003. In addition, the bill eliminates the implementation of the 8.0 percent limitation on the increase in health care services costs that applies to Class I and Class V nursing facility reimbursement rates beginning July 1, 2002. Reduces the FY 2002-03 appropriation to the Department of Health Care Policy and Financing by \$174,287 General Fund and reflects a reduction of \$219,040 federal funds.

H.B. 02-1468: Refinances the FY 2001-02 appropriation made pursuant to S.B. 01S2-22. Establishes the CY 2003 state contribution rate for health, life, and dental insurance to be the same as the state contribution rate for CY 2002. Authorizes the General Assembly to annually adjust the state contribution for health, life, and dental insurance effective CY 2004 through the Long Bill. Appropriates \$3,780 General Fund, \$31 cash funds exempt, and \$4,311 federal funds to the Department of Health Care Policy and Financing for FY 2002-03 health, life, dental costs. Also appropriates \$3,664 cash funds exempt and \$3,952 federal funds to the Department for FY 2001-02 health, life, dental costs and repeals the appropriation made in S.B. 01S2-22. For more information, please refer to the bill description in the Department of Personnel.

H.B. 02-1473: Supplemental appropriation to the Department of Health Care Policy and Financing to modify the appropriation included in the FY 2001-02 Long Bill.

2003 Session Bills

S.B. 03-11: Requires the generic drug equivalent of a brand-name drug to be prescribed in the Medicaid program if the generic drug is a therapeutic equivalent to the brand-name drug and authorizes the Department of Health Care Policy and Financing to adopt rules to allow for a mail order prescription drug program. The bill is estimated to save \$582,232 in General Fund and \$52,294 in federal funds in FY 2003-04.

S.B. 03-19: Provides the auditing of programs funded by the Tobacco Litigation Settlement Fund. The bill reduces funding from these programs in order to pay for the audit. In the Department of Health Care Policy and Financing, the Child's Basic Health Plan Trust fund is reduced in FY 2003-04 by \$39,343 in order to pay for the audit.

S.B. 03-22: Transfers administrative responsibilities for the Old Age Pension Health and Medical Program from the Department of Human Services to the Department of Health Care Policy and Financing.

S.B. 03-173: Repeals the nursing facility administrative incentive payments for FY 2002-03. The administrative incentive payments are reinstated in FY 2003-04. The bill created estimated savings of \$762,635 General Fund and \$762,636 federal funds in FY 2002-03.

S.B. 03-175: Allows the use of Nursing Home Penalty Cash Fund moneys for inspecting and investigating complaints of nursing facilities for FY 2002-03. Allows the Nursing Home Penalty Cash Fund to offset \$558,514 in General Fund expenditures in FY 2002-03 for the purpose of inspecting and investigating complaints at previously cited nursing home facilities.

S.B. 03-176: Eliminates the optional legal immigrant population from State Medicaid coverage. Medicaid eligibility for legal immigrants was impacted by the passage of the federal welfare reform act in 1996. Federal law makes a distinction between legal immigrants who were in the country

before August 22, 1996 and after August 22, 1996. As such, federal law classifies legal immigrants as either "qualified" or "not qualified" as a "mandatory" Medicaid population. However, under welfare reform, states were allowed to offer coverage to the "not qualified" population as an "optional" Medicaid population. S.B. 03-176 eliminates this group of legal immigrants from Medicaid coverage in Colorado. The estimated number of legal immigrants losing Medicaid coverage under this bill is estimated at 3,479. The bill's appropriation clause reflected savings in FY 2002-03 of \$1,368,632 in General Fund and \$1,246,163 in federal funds. However, these cost estimates were later reduced in S.B. 03-258 to \$451,649 General Fund and \$410,826 in federal funds to reflect a delayed implementation date due to court challenge.

S.B. 03-187: Eliminates the requirement for the enrollment broker for managed care services to consider a client's historic sources of care, linguistic needs, special medical needs, and transportation needs when providing information or counseling about managed care options. By eliminating this provision and because of the reduced enrollment in managed care organizations, the bill reduced the FY 2002-03 appropriation for the enrollment broker contract by a total of \$254,860. Of this amount, \$127,430 is General Fund and \$127,430 is federal funds.

S.B. 03-190: Augments the amount of state General Fund money for FY 2002-03 by transferring specified amounts from certain trust funds receiving Tobacco Litigation Settlement appropriations and by reducing the appropriations for certain state programs funded by the Tobacco Litigation Settlement Fund. In the Department of Health Care Policy and Financing, the bill reduced FY 2002-03 appropriations by \$1,358,260 cash fund exempt. For more detail, see the Department of Public Health and Environment bill description.

S.B. 03-196: Changes the method of accounting for certain Medicaid services from an accrual basis to a cash basis. This change results in a one-time cost savings in FY 2002-03 of \$154,000,000. Of this amount, \$77,000,000 is General Fund and \$77,000,000 is federal funds.

S.B. 03-197: Reduces FY 2002-03 personal services by \$4,936,686 total funds, which represents anticipated June payroll (FY 2002-03) to be delayed until July (FY 2003-04). For more information, refer to the bill description in the Department of Personnel and Administration.

S.B. 03-203: Supplemental appropriation to the Department of Health Care Policy and Financing to modify the appropriation included in the FY 2002-03 Long Bill.

S.B. 03-258: General appropriations act for FY 2003-04. Also adjusts FY 2002-03 appropriations to the Department.

S.B. 03-259: Allows the Department to charge a sliding scale premium fee to families with children enrolled in a home- and community-based Medicaid waiver program. The bill offsets \$970,963 in General Fund in FY 2003-04 by establishing the new fee.

S.B. 03-266: Allows the Department to establish a nursing home provider fee on a "selected class" of nursing facilities in order to save \$9,934,000 General Fund in FY 2003-04. The bill also finances two new nursing home programs from the fee: (1) a quality of care grant program for the purpose of improving the continuity and quality of care of nursing facility patients, and (2) a state-only program for specified legal immigrants that lose their Medicaid coverage under S.B. 03-176.

S.B. 03-273: Eliminates the salary survey appropriation for FY 2003-04. For more information, refer to the bill description in the Department of Personnel and Administration.

S.B. 03-282: Makes changes to the FY 2003-04 appropriations for programs supported by the Tobacco Litigation Settlement Fund. Increases the appropriation to the Children's Basic Health Plan Trust Fund by \$1,000,000 and makes corresponding appropriation into the program line items including matching federal fund appropriations. Reduces the Comprehensive Primary and Preventive Care Fund by \$508,494 and makes a corresponding appropriation to the Grant Program. Also, increases the appropriation for mental health community programs by \$500,000 cash fund exempt with a corresponding increase in federal funds. See the Department of Public Health and Environment for more detail.

S.B. 03-291: Makes the following changes to the Children's Basic Health Plan (CBHP): (1) requires the Department to suspend enrollment of adult pregnant women in the CBHP from the effective date of the act until June 30, 2004; (2) allows adult women enrolled before the effective date of the act to continue enrollment through their pregnancy in either the CBHP program or in a state-only prenatal program established for these women; and (3) allows the CBHP adult woman prenatal program to be capped in the future. By suspending enrollment in the adult prenatal program the State is allowed under federal rules to cap the children's program. Reduces the FY 2003-04 appropriation for CBHP by \$20.2 million. Of this amount, \$5.3 million is General Fund. The funding for the CBHP program contained in S.B. 03-258, S.B. 03-282, and S.B. 03-291 results in a total of 52,965 children being served, 2,417 member months for the prenatal care, and 342 births being covered.

S.B. 03-294: Requires the Department to implement drug utilization mechanisms, including but not limited to prior authorization, to control prescription drug costs in the Medicaid program. Reduces FY 2003-04 appropriations by \$506,900 in General Fund and \$447,787 federal funds.

H.B. 03-1292: Authorizes the Department of Human Services to charge a provider fee on Intermediate Care Facility Beds. Reduces FY 2003-04 General Fund appropriations to the Department of Health Care Policy and Financing by \$398,000. For more detail, see the bill description in the Department of Human Services.

H.B. 03-1316: Alters the manner in which group benefit plans coverage is calculated for Health, Life, and Dental appropriations. Reduces FY 2003-04 appropriations to the Department by \$1,369. For more information, refer to the bill description in the Department of Personnel and Administration.

DEPARTMENT OF HIGHER EDUCATION

This department is responsible for higher education and vocational training programs in the state. The Colorado Commission on Higher Education (CCHE) serves as the central policy and coordinating board for the Department. Financial aid programs also fall under the purview of CCHE. The executive director of CCHE is also the executive director of the Department and appoints the directors of the Colorado Student Loan Program and the Colorado Student Obligation Bond Authority, which are both statutorily authorized state enterprises within the Department.

Appropriations for state-run public higher education institutions and the two public local district junior colleges can be found in the Governing Boards and Local District Junior Colleges section of this report.

The Division of Occupational Education oversees Colorado Vocational Act programs, the Area Vocational Schools, federal Perkins technical training programs, and resources available for the promotion of job development, job training, and job retraining in the state.

The Department also includes: the Advisory Commission on Family Medicine, which funds and promotes family medicine residency programs; the Council on the Arts; the State Historical Society; and the Auraria Higher Education Center, which maintains the single shared campus of the Community College of Denver, Metropolitan State College of Denver, and the University of Colorado at Denver.

Department Budget: Recent Actual Expenditures and Appropriations

Funding Source	FY 2000-01 Actual	FY 2001-02 Actual	FY 2002-03 Approp.	FY 2003-04 Approp.
General Fund	\$746,513,508	\$770,615,074	\$685,529,236	\$591,428,310
Cash Funds	687,762,515	623,844,629	841,241,965	959,392,209
Cash Funds Exempt	50,849,113	81,722,042	84,659,603	78,080,875
Federal Funds	<u>17,270,933</u>	<u>18,110,208</u>	<u>19,473,708</u>	<u>19,402,298</u>
Total Funds	\$1,502,396,069	\$1,494,291,953	\$1,630,904,512	\$1,648,303,692
Full Time Equiv. Staff	17,508.4	17,981.0	18,489.7	18,501.9

FY 2003-04 Budget Changes

Significant changes in appropriations for FY 2003-04 compared to FY 2002-03 are highlighted below. Appropriations for FY 2003-04:

CCHE & Special Purpose

- Reduce funding for the Colorado Commission on Higher Education (CCHE) by 11.0 percent, or \$259,000 General Fund and 3.6 FTE;
- Eliminate funding for Programs of Excellence for a savings of \$3.1 million cash funds exempt;
- Eliminate funding for Rural Education Access Program for a savings of \$395,000 cash funds exempt;

Financial Aid

- Reduce General Need Based Grants by 12.7 percent, or \$5.6 million General Fund;
- Reduce merit-based aid by 53.0 percent, or \$8.0 million General Fund;
- Reduce work study aid by 9.5 percent, or \$1.6 million General Fund;
- Eliminate the \$300,000 General Fund appropriation for the Grant Program for Nurses Training;

Governing Boards & Local District Junior Colleges

- Provide a total of \$506.8 million General Fund for the Governing Boards and Local District Junior Colleges. This level of funding represents a \$100 million reduction from the FY 2002-03 base, not including the one-time reduction for the pay date shift.
- Allow a maximum 10 percent increase in resident tuition, which is expected to generate \$36.4 million additional revenue for higher education institutions;
- Eliminate specified limits on nonresident tuition rate increases;
- Provide \$7.6 million in additional tuition authority for the University of Colorado (CU) for selected programs at the CU Health Sciences Center, the CU-Boulder Business School, and for the CU-Boulder Quality for Colorado initiative;

Division of Occupational Education

- Increase Colorado Vocational Act Distributions by 1.9 percent, or \$764,000, with State Education Fund moneys transferred from the Department of Education;
- Decrease General Fund support for the Area Vocational Schools by \$1.8 million, or 18.1 percent;

- ❑ Eliminate a \$1.1 million transfer of General Fund from the Governor's Office for the Existing Industry Training program;

Council on the Arts & Historical Society

- ❑ Reduce General Fund support for the Council on the Arts by \$864,000 (89.6 percent); and
- ❑ Reflect an additional 21.0 FTE for the Historical Society in the Long Bill.

General Factors Driving the Budget

Financial Aid

Over the last several years the General Assembly has appropriated significant increases for financial aid. However, due to the revenue shortfall, appropriations were reduced for FY 2003-04.

General Fund Appropriations for Financial Aid						
	FY 98-99	FY 99-00	FY 00-01	FY 01-02	FY 02-03	FY 03-04
Need Based Aid*	\$34,109,277	\$38,423,152	\$42,199,077	\$47,598,002	\$51,550,101	\$46,002,682
Merit Based Aid	13,417,490	13,826,078	14,371,810	14,874,498	14,874,498	6,877,309
Work Study	13,702,484	14,248,944	14,811,367	15,359,754	16,612,357	15,030,062
Other	6,329,826	6,513,899	7,177,010	7,424,066	7,983,044	8,230,701
Total	\$67,559,077	\$73,012,073	\$78,559,264	\$85,256,320	\$91,020,000	\$76,140,754
Dollar Change	n/a	5,452,996	5,547,191	6,697,056	5,763,680	(14,879,246)
Percent Increase	n/a	8.1%	7.6%	8.5%	6.8%	-16.3%

* Including the Governor's Opportunity Scholarship and Grants for Part-time Students

Enrollment

Enrollment growth affects operating costs for higher education institutions and tuition revenue. This growth is a consideration in determining the overall level of funding and the distribution of funding.

Resident Student Full-time Equivalents (SFTE) in Colorado Public Higher Education Institutions Undergraduate and Graduate									
	94-95	95-96	96-97	97-98	98-99	99-00	00-01	01-02	02-03
Resident SFTE	117,143	116,980	117,890	118,964	120,976	122,708	123,257	128,218	135,392
SFTE Increase	n/a	(163)	910	1,074	2,012	1,732	549	4,961	7,174
Percent Increase	n/a	-0.1%	0.8%	0.9%	1.7%	1.4%	0.4%	4.0%	5.6%

Performance Funding

In addition to money for enrollment, the General Assembly considers increases in base funds to keep up with rising costs, such as faculty salaries. Prior to FY 2000-01, the Legislature appropriated an increase in base funds roughly equivalent to the inflation rate as measured by the Denver/Boulder Consumer Price Index (CPI). Beginning in FY 2000-01, the Legislature appropriated funds based on the performance of higher education institutions as measured by the quality indicator system developed by CCHE. Some funds continue to be appropriated based on inflation, primarily due to the unique characteristics of certain programs such as: CU Health Sciences Center, CSU Veterinary Medicine, CSU Cooperative Extension, CSU Forestry Service, and CSU Agriculture Experiment Station. Starting in FY 2002-03, the Colorado School of Mines switched from being part of the performance funding formula to receiving an inflation-based increase, provided the school meets or exceeds certain performance criteria, pursuant to S.B. 01-229. In FY 2001-02 and FY 2002-03 the increase was offset by base reductions shown in the next table. In FY 2003-04 no performance funds were provided due to the revenue shortfall.

General Fund Performance Funding and Inflationary Base Increases				
	FY 00-01	FY 01-02	FY 02-03	FY 03-04
Performance Funding	\$12,651,263	\$20,697,239	\$20,035,943	\$0
Inflationary Base Increases	<u>5,352,066</u>	<u>4,375,597</u>	<u>6,077,522</u>	<u>0</u>
Total	\$18,003,329	\$25,072,836	\$26,113,465	\$0

Statewide General Fund Revenues

Since FY 2001-02 the budget for higher education has been significantly restrained due to a decline in statewide General Fund revenues. Because there are multiple factors that influence higher education funding decisions, it is difficult to isolate and quantify the impact of the statewide revenue shortfall on appropriations. With that caveat, the table on the next page shows recent supplemental reductions in funding for the governing boards and local district junior colleges, and a base reduction in FY 2003-04.

Impact of the Decline in state General Fund Revenues on the Governing Boards and Local District Junior Colleges			
	FY 01-02	FY 02-03	FY 03-04
Supplemental Reductions and FY 03-04 Base Reduction	(\$13,217,730)	(\$83,437,057)	(\$99,763,267)
Percent	2.0%	12.6%	16.4%

Tuition

The total increase in tuition revenue is a result of increases in enrollment and the tuition rate. Pursuant to statute, the governing boards have flexibility to establish tuition policy, but through the appropriations process the Legislature caps the maximum revenue that schools may earn. For the last several years, a footnote in the Long Bill has expressed legislative intent with regard to tuition rates. In FY 2003-04 the General Assembly did not reference a limit on nonresident tuition in the footnote.

The footnote expresses legislative intent with regard to tuition, but it may not reflect actual tuition increases implemented by the governing boards. This is particularly true for FY 2002-03 and FY 2003-04, when the Governor vetoed the footnote.

Legislative Intent for Maximum Percentage Increases in Tuition Rates*						
	FY 98-99	FY 99-00	FY 00-01	FY 01-02	FY 02-03	FY 03-04
Resident Tuition	1.3%	2.4%	2.9%	4.0%	7.7%	10.0%
Nonresident Tuition	3.3%	2.4%	4.0%	5.0%	7.7%	n/a
Denver/Boulder Inflation Rate (for comparison)	3.3%	2.4%	2.9%	4.0%	4.7%	1.9%
General Fund Cost of Resident Tuition "Buy Down"	\$5,179,641	n/a	n/a	n/a	\$1,419,918	n/a

* The footnote limiting tuition increases allows exceptions for a few specified programs.

In some years, the legislature has attempted to "buy down" resident tuition by holding rate increases below the increase in the Denver/Boulder Inflation Rate and substituting General Fund for the difference in tuition revenue to the higher education institutions. In FY 2002-03 the General Assembly did this for just the community colleges, rather than the entire system, to reduce tuition increases by two percentage points.

Summary of FY 2002-03 and FY 2003-04 Appropriations

Total Department Appropriations

	GF	CF	CFE	FF	Total	FTE
FY 2002-03 Total Appropriation:	\$685,529,236	\$841,241,965	\$84,659,603	\$19,473,708	\$1,630,904,512	18,489.7
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Department Administrative Office	508,428	177,166	464,508	602	1,150,704	0.0
Colorado Commission on Higher Education	2,607,893	25,085,493	4,380,791	0	32,074,177	40.5
Colorado Commission on Higher Education Financial Aid	90,975,455	0	110,545	1,300,000	92,386,000	0.0
Governing Boards and Local District Junior Colleges	579,478,240	814,134,114	6,363,871	0	1,399,976,225	18,090.6
Advisory Commission on Family Medicine	227,042	0	1,905,782	0	2,132,824	0.0
Division of Occupational Education	10,758,315	0	23,168,710	16,952,156	50,879,181	34.2
Auraria Higher Education Center	0	50,000	17,744,802	0	17,794,802	211.0
Council on the Arts	963,863	0	6,132	270,950	1,240,945	7.0
State Historical Society	10,000	1,795,192	30,514,462	950,000	33,269,654	106.4
<u>Breakdown of Total Appropriation by Bill</u>						
SB 02-50	(7,878)	0	0	0	(7,878)	0.0
HB 02-1038	(7,855)	0	0	0	(7,855)	0.0
HB 02-1420	797,870,851	721,408,270	87,008,845	19,473,708	1,625,761,674	18,490.8
HB 02-1468	5,657	1,097	581	0	7,335	0.0
HB 02S1-1025	0	0	240,250	0	240,250	0.0
SB 03-189	0	102,559,064	0	0	102,559,064	0.0
SB 03-190	0	0	(4,918,729)	0	(4,918,729)	0.0
SB 03-193	(3,271,725)	0	3,271,725	0	0	0.0
SB 03-197	(23,139,192)	0	0	0	(23,139,192)	0.0

	GF	CF	CFE	FF	Total	FTE
SB 03-204	(81,620,622)	(4,549)	(943,069)	0	(82,568,240)	(1.1)
SB 03-258	(4,300,000)	17,278,083	0	0	12,978,083	0.0
FY 2003-04 Total Appropriation:	\$591,428,310	\$959,392,209	\$78,080,875	\$19,402,298	\$1,648,303,692	18,501.9
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Department						
Administrative Office	0	128,599	662,680	142	791,421	0.0
Colorado Commission on Higher Education	0	28,609,913	3,381,967	0	31,991,880	36.7
Colorado Commission on Higher Education Financial Aid	76,140,754	0	66,000	1,300,000	77,506,754	0.0
Governing Boards and Local District Junior Colleges	506,829,685	928,609,572	3,123,621	0	1,438,562,878	18,090.6
Advisory Commission on Family Medicine	0	0	1,751,668	0	1,751,668	0.0
Division of Occupational Education	8,347,871	0	23,582,868	16,952,156	48,882,895	34.2
Auraria Higher Education Center	0	50,000	17,553,070	0	17,603,070	211.0
Council on the Arts	100,000	0	100,000	200,000	400,000	2.0
State Historical Society	10,000	1,994,125	27,859,001	950,000	30,813,126	127.4
<u>Breakdown of Total Appropriation by Bill</u>						
SB 03-19 ¹	0	0	0	0	0	0.0
SB 03-258	591,513,165	959,429,852	86,029,229	19,302,298	1,656,274,544	18,500.9
SB 03-273	(84,855)	(37,458)	(148,799)	0	(271,112)	0.0

¹ Senate Bill 03-19 directs that cash funds exempt appropriations in the FY 2003-04 Long Bill for the Regents of the University of Colorado from the Tobacco Litigation Settlement Cash Fund be reduced by \$10,589. When combined with the impact of S.B. 03-282 (which transfers all of Higher Education's tobacco funds to the General Fund), this would result in a negative number, which means the appropriations clauses of both bills can not be fully implemented. Since the effective date of S.B. 03-19 is later than the effective date of S.B. 03-282, the cash funds exempt impact of S.B. 03-19 on the Department of Higher Education is shown in this report as \$0.

	GF	CF	CFE	FF	Total	FTE
SB 03-282	0	0	(7,799,440)	100,000	(7,699,440)	1.0
HB 03-1316 ²	0	(185)	(115)	0	(300)	0.0
Increase/(Decrease)	(\$94,100,926)	\$118,150,244	(\$6,578,728)	(\$71,410)	\$17,399,180	12.2
Percentage Change	-13.7%	14.0%	-7.8%	-0.4%	1.1%	0.1%

Detail of Appropriation by Administrative Section

Department Administrative Office

The Department Administrative Office receives appropriations for centrally appropriated items, such as salary survey and risk management, for the agencies in the Department that are not part of the governing boards. The source of cash funds for this division is a combination of money from the Private Occupational Schools Fund for the Division of Private Occupational Schools, and various sources related to the activities of the Historical Society. The source of cash funds exempt is Limited Gaming Funds received by the Historical Society. The federal funds are related to activities of the Historical Society.

	GF	CF	CFE	FF	Total	FTE
FY 2002-03 Appropriation:						
SB 02-50	(\$7,878)	\$0	\$0	\$0	(\$7,878)	0.0
HB 02-1038	(7,855)	0	0	0	(7,855)	0.0
HB 02-1420	949,912	180,618	71,056	602	1,202,188	0.0
HB 02-1468	5,657	1,097	581	0	7,335	0.0
SB 03-193	(392,808)	0	392,808	0	0	0.0
SB 03-197	(9,278)	0	0	0	(9,278)	0.0
SB 03-204	<u>(29,322)</u>	<u>(4,549)</u>	<u>63</u>	<u>0</u>	<u>(33,808)</u>	<u>0.0</u>
TOTAL	\$508,428	\$177,166	\$464,508	\$602	\$1,150,704	0.0

² House Bill 03-1316 stipulated that General Fund appropriations in the FY 2003-04 Long Bill for the Department of Higher Education for Health, Life, and Dental expenditures be reduced by \$1,012. However, there were no General Fund appropriations in the Long Bill for Health, Life, and Dental expenditures in the Department of Higher Education. Therefore, the General Fund impact of H.B. 03-1316 is shown as \$0 in this report.

	GF	CF	CFE	FF	Total	FTE
FY 2003-04 Appropriation:						
SB 03-258	\$84,855	\$166,242	\$811,594	\$142	\$1,062,833	0.0
SB 03-273	(84,855)	(37,458)	(148,799)	0	(271,112)	0.0
HB 03-1316 ³	<u>0</u>	<u>(185)</u>	<u>(115)</u>	<u>0</u>	<u>(300)</u>	<u>0.0</u>
TOTAL	\$0	\$128,599	\$662,680	\$142	791,421	0.0
<hr/>						
Increase/(Decrease)	(\$508,428)	(\$48,567)	\$198,172	(\$460)	(\$359,283)	0.0
Percentage Change	-100.0%	-27.4%	42.7%	-76.4%	-31.2%	n/a

General Fund Changes: The decrease in General Fund is primarily attributable to the use of indirect cost recoveries to offset the need for General Fund. Delaying the salary survey pursuant to S.B. 03-273, elimination of performance-based pay awards, and small miscellaneous changes in various centrally appropriated items also contribute to the dollar change.

Cash Funds Changes: Delaying the salary survey pursuant to S.B. 03-273, elimination of performance-based pay awards, and small miscellaneous changes in various centrally appropriated items contribute to the dollar change.

Cash Funds Exempt Changes: Delaying the salary survey pursuant to S.B. 03-273, using indirect cost recoveries to offset the need for General Fund, elimination of performance-based pay awards, and small miscellaneous changes in various centrally appropriated items contribute to the dollar change.

Colorado Commission on Higher Education (CCHE)

This section includes funding for the Commission's staff, the Division of Private Occupational Schools, and special purpose initiatives of the Department, such as the programs of excellence. Sources of cash funds include the Private Occupational Schools fund and indirect cost recoveries. The cash funds also reflect tuition spending authority provided in the Enrollment/Cash Fund Contingency. The sources of cash funds exempt include indirect cost recoveries, waste tire funds deposited in the Advanced Technology Fund, and reserves in the Private Occupational Schools Fund.

³ House Bill 03-1316 stipulated that General Fund appropriations in the FY 2003-04 Long Bill for the Department of Higher Education for Health, Life and Dental expenditures be reduced by \$1,012. However, there were no General Fund appropriations in the Long Bill for Health, Life and Dental expenditures in the Department of Higher Education. Therefore, the General Fund impact of H.B. 03-1316 is shown as \$0 in this report.

	GF	CF	CFE	FF	Total	FTE
FY 2002-03 Appropriation:						
HB 02-1420	\$3,400,392	\$7,807,410	\$4,425,336	\$0	\$15,633,138	40.6
SB 03-197	(155,761)	0	0	0	(155,761)	0.0
SB 03-204	(636,738)	0	(44,545)	0	(681,283)	(0.1)
SB 03-258	<u>0</u>	<u>17,278,083</u>	<u>0</u>	<u>0</u>	<u>17,278,083</u>	<u>0.0</u>
TOTAL	\$2,607,893	\$25,085,493	\$4,380,791	\$0	\$32,074,177	40.5
FY 2003-04 Appropriation:						
SB 03-258	<u>\$0</u>	<u>\$28,609,913</u>	<u>\$3,381,967</u>	<u>\$0</u>	<u>\$31,991,880</u>	<u>36.7</u>
TOTAL	\$0	\$28,609,913	\$3,381,967	\$0	\$31,991,880	36.7
Increase/(Decrease)	(\$2,607,893)	\$3,524,420	(\$998,824)	\$0	(\$82,297)	(3.8)
Percentage Change	-100.0%	14.1%	-22.8%	n/a	-0.3%	-9.4%

FTE Detail	FY 2002-03	FY 2003-04
CCHE Administration	32.7	28.9
Division of Private Occupational Schools	<u>7.8</u>	<u>7.8</u>
	40.5	36.7

FTE Changes: The decrease in FTE reflects a 0.2 FTE reduction to annualize a supplemental decision to eliminate staff associated with Programs of Excellence, and an additional 11 percent (3.6 FTE) reduction in CCHE staff as part of efforts to balance the budget.

General Fund Changes: The General Fund reduction reflects: (1) an 11.0 percent (\$259,000) reduction for CCHE administration; and (2) application of indirect cost recoveries to offset the need for General Fund in this division.

Cash Funds Changes: The increase in cash funds is primarily due to indexing the Enrollment/Cash Fund Contingency line item to three percent of the cash fund appropriation to the governing boards. Pursuant to statute, the cash funds appropriation in the Long Bill limits the revenue that higher education institutions may raise. The Enrollment/Cash Fund Contingency line item provides the Department with flexibility in the event that enrollments, and thus revenues, are higher than expected.

Cash Funds Exempt Changes: The cash funds exempt decrease is primarily attributable to elimination of funding for Programs of Excellence (\$3.0 million) and the Rural Education Access

Program (\$395,000). These changes save a total of \$3.4 million in indirect cost recoveries that can be used to offset General Fund elsewhere in the Department. A portion of the indirect savings is reapplied to offset General Fund in this Division and the remainder is applied in the Administrative Office, the Advisory Commission on Family Medicine, and the Division of Occupational Education. Also contributing to the cash funds exempt change is an \$87,000 decrease in indirect cost recoveries for the Advanced Technology Grants, and a \$25,000 decrease in estimated waste tire revenues.

Colorado Commission on Higher Education Financial Aid

This section includes the state funded financial aid programs administered by CCHE. The source of cash funds exempt is federal Child Care Development Fund moneys transferred from the Department of Human Services. The source of federal funds is Perkins Act and other programs requiring a state match.

	GF	CF	CFE	FF	Total	FTE
FY 2002-03 Appropriation:						
HB 02-1420	\$91,020,000	\$0	\$244,000	\$1,300,000	\$92,564,000	0.0
SB 03-204	<u>(44,545)</u>	<u>0</u>	<u>(133,455)</u>	<u>0</u>	<u>(178,000)</u>	<u>0.0</u>
TOTAL	\$90,975,455	\$0	\$110,545	\$1,300,000	\$92,386,000	0.0
FY 2003-04 Appropriation:						
SB 03-258	<u>\$76,140,754</u>	<u>\$0</u>	<u>\$66,000</u>	<u>\$1,300,000</u>	<u>\$77,506,754</u>	<u>0.0</u>
TOTAL	\$76,140,754	\$0	\$66,000	\$1,300,000	\$77,506,754	0.0
Increase/(Decrease)	(\$14,834,701)	\$0	(\$44,545)	\$0	(\$14,879,246)	0.0
Percentage Change	-16.3%	n/a	-40.3%	0.0%	-16.1%	n/a

General Fund Changes: The General Fund changes are detailed in the following table, by program area:

General Fund Changes by Financial Aid Program				
Program	FY 2002-03	FY 2003-04	\$ Change	Percent
General Need Based Grants	\$43,550,101	\$38,002,682	(\$5,547,419)	-12.7%
Governor's Opportunity Scholarships	8,000,000	8,000,000	0	0.0%
Merit Based Grants	14,829,953	6,877,309	(7,952,644)	-53.6%
Work Study	16,612,357	15,030,062	(1,582,295)	-9.5%
Required Federal Match	2,076,350	2,076,350	0	0.0%
Veterans'/Law Enforcement/POW Tuition Assistance	108,021	108,021	0	0.0%
Native American Students/Fort Lewis College	5,462,817	6,046,330	583,513	10.7%

General Fund Changes by Financial Aid Program				
Program	FY 2002-03	FY 2003-04	\$ Change	Percent
Grant Program for Nurses Training	335,856	0	(335,856)	-100.0%
TOTAL	\$90,975,455	\$76,140,754	(\$14,834,701)	-16.3%

Cash Funds Exempt Changes: The cash funds exempt decrease is attributable to a reduction in indirect cost recoveries applied to merit based grants.

Governing Boards and Local District Junior Colleges

This section includes funding for the higher education institutions. The source of cash funds is primarily tuition, fees, and non-exempt auxiliary revenues. The source of cash funds exempt includes several miscellaneous revenues, including money from the Tobacco Litigation Settlement Cash Fund.

	GF	CF	CFE	FF	Total	FTE
FY 2002-03 Appropriation:						
HB 02-1420	\$685,875,978	\$711,575,050	\$11,042,350	\$0	\$1,408,493,378	18,090.6
HB 02S-1025	0	0	240,250	0	240,250	0.0
SB 03-189	0	102,559,064	0	0	102,559,064	0.0
SB 03-190	0	0	(4,918,729)	0	(4,918,729)	0.0
SB 03-197	(22,960,681)	0	0	0	(22,960,681)	0.0
SB 03-204	(79,211,410)	0	0	0	(79,211,410)	0.0
SB 03-258	<u>(4,225,647)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(4,225,647)</u>	<u>0.0</u>
TOTAL	\$579,478,240	\$814,134,114	\$6,363,871	\$0	\$1,399,976,225	18,090.6
FY 2003-04 Appropriation:						
SB 03-19 ⁴	\$0	\$0	\$0	\$0	\$0	0.0
SB 03-258	506,829,685	928,609,572	11,023,061	0	1,446,462,318	18,090.6

⁴ Senate Bill 03-19 directs that cash funds exempt appropriations in the FY 2003-04 Long Bill for the Regents of the University of Colorado from the Tobacco Litigation Settlement Cash Fund be reduced by \$10,589. When combined with the impact of S.B. 03-282 (which transfers all of Higher Education's tobacco funds to the General Fund), this would result in a negative number, and so both bills can not be fully implemented. Since the effective date of S.B. 03-19 is after the effective date of S.B. 03-282, the cash funds exempt impact of S.B. 03-19 on the Department of Higher Education is shown in this report as \$0.

	GF	CF	CFE	FF	Total	FTE
SB 03-282	0	0	(7,899,440)	0	(7,899,440)	0.0
TOTAL	\$506,829,685	\$928,609,572	\$3,123,621	\$0	\$1,438,562,878	18,090.6
Increase/(Decrease)	(\$72,648,555)	\$114,475,458	(\$3,240,250)	\$0	\$38,586,653	0.0
Percentage Change	-12.5%	14.1%	-50.9%	n/a	2.8%	0.0%

FTE Detail	FY 2002-03	FY 2003-04
Trustees of the State Colleges	888.7	888.7
Metropolitan State College of Denver	986.0	986.0
Colorado State University System	3,630.4	3,630.4
Fort Lewis College	402.9	402.9
Regents of the University of Colorado	6,037.5	6,037.5
Colorado School of Mines	570.1	570.1
University of Northern Colorado	1,079.9	1,079.9
Community Colleges	<u>4,495.1</u>	<u>4,495.1</u>
	18,090.6	18,090.6

FTE Changes: The FTE for the higher education institutions are included for informational purposes. Each governing board retains control over the number of employees hired. It is not yet known how recent budget reductions will change staffing levels, and so no change was made in FTE estimates reflected in the FY 2003-04 Long Bill.

General Fund Changes: The net General Fund decrease includes increases to restore one-time savings in FY 2002-03: (1) \$22.9 million associated with the pay date shift; and (2) \$4.2 million in lieu of furloughs. It also includes an decrease of \$72,000 to correct a technical error in the application of CCHE's distribution formula in the FY 2002-03 supplemental (\$72,000 too much was taken from the Area Vocational Schools and not enough from the governing boards). These increases are offset by an overall reduction of \$99.8 million to address the revenue shortfall in FY 2003-04. The overall reduction is allocated by governing board consistent with the distribution formula developed by CCHE. The table on the following page summarizes the General Fund changes by governing board.

General Fund by Governing Board						
Governing Board	FY 02-03 Approp.	Pay-date Shift	In lieu of Furloughs	Correct Error	Base Reduction	FY 03-04 Approp.
State Colleges	\$31,596,122	\$2,261,320	\$38,247	(\$3,286)	(\$903,759)	\$32,988,644
Metropolitan State College	38,144,374	1,909,321	269,447	(4,372)	(6,366,925)	33,951,845
Colorado State University System	126,011,176	3,785,642	910,225	(14,770)	(21,508,281)	109,183,992
Fort Lewis College	8,967,628	266,046	79,419	(1,289)	(1,876,643)	7,435,161
University of Colorado Regents	190,400,613	4,825,806	1,768,702	(28,522)	(41,793,758)	155,172,841
Colorado School of Mines	16,952,620	923,599	30,298	(2,603)	(715,934)	17,187,980
University of Northern Colorado	36,974,939	2,573,849	263,089	(4,269)	(6,216,699)	33,590,909
Community Colleges	117,315,311	6,415,098	770,580	(12,504)	(18,208,506)	106,279,979
Local District Junior Colleges	13,115,457	n/a	95,640	(1)	(2,172,762)	11,038,334
TOTAL	\$579,478,240	\$22,960,681	\$4,225,647	(\$71,616)	(\$99,763,267)	\$506,829,685

Cash Funds Changes: The cash funds appropriation reflects projected revenues with a 10.0 percent cap on increases in resident tuition rates, and an assumed 10.0 percent increase in nonresident tuition rates. Also, it reflects additional spending authority for selected programs at the University of Colorado: \$0.4 million for the CU Health Sciences Center to raise nursing and physical therapy program tuition by an additional 4.0 percent and dental surgery tuition by 6.0 percent; \$1.1 million for the CU - Boulder Business School to raise resident tuition an additional \$300 and nonresident tuition an additional \$400 per year; and, \$6.1 million for the CU - Boulder campus to raise undergraduate resident tuition an additional 5.0 percent and nonresident tuition an additional \$300 per year through the Quality for Colorado Initiative.

In addition to tuition rate increases, the change in cash funds reflects an \$8.2 million increase in "Other than Tuition" revenues and a \$1.6 million increase in non-exempt auxiliary revenues compared to FY 2002-03 estimated revenues. "Other than tuition" revenue includes such items as student fees, gains and losses on investments, interest earnings, and non-enterprise rental revenues. Appropriations are based on the assumption that, on average, fees will increase at the rate of inflation, or 1.9 percent. Non-exempt auxiliary revenues come from business ventures by the schools that are not exempt from Article X, Section 20 of the Colorado Constitution (TABOR), often because the program receives too large of a General Fund subsidy to qualify as an enterprise.

Cash Funds Exempt Changes: The cash funds exempt reduction reflects a decrease in tobacco revenues for research grants administered by the University of Colorado Health Sciences Center, pursuant to S.B. 03-282.

Advisory Commission on Family Medicine

The Commission distributes funds for the support of family medicine residency programs at hospitals throughout the state and assists in the recruitment of family medicine residents. In FY 2002-03, the Commission is anticipated to support 205 family medicine residents, and to graduate 71 students in

its 11 residencies statewide. The state support per resident is estimated at \$11,095 for FY 2002-03, representing approximately 4.9 percent of the estimated total program cost. All but one of the family medicine residencies receives a cash funds exempt transfer of Medicaid funding to support the program. Federal Medicaid dollars used by other departments statewide originate in the Department of Health Care Policy and Financing, the single state agency for Medicaid, where they receive their General Fund match. These dollars are then transferred to the respective departments that utilize Medicaid funding. When these Medicaid funds are transferred, they are reflected in the recipient department as cash funds exempt. All of the cash funds exempt appropriated for this program are Medicaid dollars.

	GF	CF	CFE	FF	Total	FTE
FY 2002-03 Appropriation:						
HB 02-1420	\$252,268	\$0	\$2,117,539	\$0	\$2,369,807	0.0
SB 03-204	<u>(25,226)</u>	<u>0</u>	<u>(211,757)</u>	<u>0</u>	<u>(236,983)</u>	<u>0.0</u>
TOTAL	\$227,042	\$0	\$1,905,782	\$0	\$2,132,824	0.0
FY 2003-04 Appropriation:						
SB 03-258	<u>\$0</u>	<u>\$0</u>	<u>\$1,751,668</u>	<u>\$0</u>	<u>\$1,751,668</u>	<u>0.0</u>
TOTAL	\$0	\$0	\$1,751,668	\$0	\$1,751,668	0.0
Increase/(Decrease)	(\$227,042)	\$0	(\$154,114)	\$0	(\$381,156)	0.0
Percentage Change	-100.0%	n/a	-8.1%	n/a	-17.9%	n/a

General Fund Changes: The General Fund decrease is due to the application of indirect cost recoveries to offset the need for General Fund.

Cash Funds Exempt Changes: The cash funds exempt changes reflect an increase of \$227,000 as a result of applying indirect cost recoveries to offset General Fund, offset by a 20.0 percent, or \$381,000, reduction in Medicaid funds transferred from the Department of Health Care Policy and Financing.

Division of Occupational Education

The Division of Occupational Education supervises and administers the occupational education programs of the state and approves the allocation and distribution of state and federal vocational education funds to the community colleges, local district junior colleges, area vocational schools, secondary school districts, and any other appropriate state and local educational agencies or institutions. This division also coordinates resources available for the promotion of job development, job training, and job retraining in the state. Sources of cash funds exempt include General Fund and

State Education Fund moneys transferred from the Department of Education for Colorado Vocational Act programs and General Fund transferred from the Governor's Office of Economic Development for job training programs. The source of federal funds is primarily Perkins Act money for vocational training.

	GF	CF	CFE	FF	Total	FTE
FY 2002-03 Appropriation:						
HB 02-1420	\$12,293,856	\$0	\$23,590,313	\$16,952,156	\$52,836,325	34.2
SB 03-204	(1,461,188)	0	(421,603)	0	(1,882,791)	0.0
SB 03-258	<u>(74,353)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(74,353)</u>	<u>0.0</u>
TOTAL	\$10,758,315	\$0	\$23,168,710	\$16,952,156	\$50,879,181	34.2
FY 2003-04 Appropriation:						
SB 03-258	<u>\$8,347,871</u>	<u>\$0</u>	<u>\$23,582,868</u>	<u>\$16,952,156</u>	<u>\$48,882,895</u>	<u>34.2</u>
TOTAL	\$8,347,871	\$0	\$23,582,868	\$16,952,156	\$48,882,895	34.2
Increase/(Decrease)	(\$2,410,444)	\$0	\$414,158	\$0	(\$1,996,286)	0.0
Percentage Change	-22.4%	n/a	1.8%	0.0%	-3.9%	0.0%

FTE Detail	FY 2002-03	FY 2003-04
Division Administration	9.0	9.0
Sponsored Programs	<u>25.2</u>	<u>25.2</u>
	34.2	34.2

General Fund Changes: The General Fund decrease reflects a \$1,765,000 reduction for the Area Vocational Schools, and the application of \$720,000 in indirect cost recoveries to offset the need for General Fund.

Cash Funds Exempt Changes: The cash funds exempt increase reflects: (1) a 1.9 percent, or \$764,000, inflationary increase in the transfer from the Department of Education for Colorado Vocational Act distributions; (2) a \$720,000 increase in indirect cost recoveries applied in this division; and (3) elimination of the \$1,069,000 transfer of General Fund from the Governor's Office for the Existing Industry Training program.

Auraria Higher Education Center

Established by statute in 1974, the Auraria Higher Education Center is governed by a Board of Directors who oversee the centralized operations of the Auraria Higher Education Center complex located in Denver. The Center houses and provides common services to the Community College of Denver, Metropolitan State College of Denver, and the University of Colorado at Denver. The sources of cash funds and cash funds exempt are payments by the schools located on the Auraria campus.

	GF	CF	CFE	FF	Total	FTE
FY 2002-03 Appropriation:						
HB 02-1420	\$0	\$50,000	\$17,775,784	\$0	\$17,825,784	211.0
SB 03-204	0	0	(30,982)	0	(30,982)	0.0
TOTAL	\$0	\$50,000	\$17,744,802	\$0	\$17,794,802	211.0
FY 2003-04 Appropriation:						
SB 03-258	<u>\$0</u>	<u>\$50,000</u>	<u>\$17,553,070</u>	<u>\$0</u>	<u>\$17,603,070</u>	<u>211.0</u>
TOTAL	\$0	\$50,000	\$17,553,070	\$0	\$17,603,070	211.0
Increase/(Decrease)	\$0	\$0	(\$191,732)	\$0	(\$191,732)	0.0
Percentage Change	n/a	0.0%	-1.1%	n/a	-1.1%	0.0%

Cash Funds Exempt Changes: The cash funds exempt appropriation reflects the maximum estimated payments from the three institutions that share the campus.

Council on the Arts

The Council on the Arts provides grants to support and encourage development of the arts; offers technical assistance to artists and arts organizations; and administers the Art in Public Places Program, which uses a percentage of state capital construction dollars to beautify state buildings and grounds. Sources of cash funds exempt include the Art in Public Places Program and gifts. Federal funds are from the National Endowment for the Arts.

	GF	CF	CFE	FF	Total	FTE
FY 2002-03 Appropriation:						
HB 02-1420	\$1,189,528	\$0	\$106,922	\$270,950	\$1,567,400	8.0
SB 03-197	(13,472)	0	0	0	(13,472)	0.0
SB 03-204	<u>(212,193)</u>	<u>0</u>	<u>(100,790)</u>	<u>0</u>	<u>(312,983)</u>	<u>(1.0)</u>

	GF	CF	CFE	FF	Total	FTE
TOTAL	\$963,863	\$0	\$6,132	\$270,950	\$1,240,945	7.0
FY 2003-04 Appropriation:						
SB 03-258	\$100,000	\$0	\$0	\$100,000	\$200,000	1.0
SB 03-282	<u>0</u>	<u>0</u>	<u>100,000</u>	<u>100,000</u>	<u>200,000</u>	<u>1.0</u>
TOTAL	\$100,000	\$0	\$100,000	\$200,000	\$400,000	2.0
Increase/(Decrease)	(\$863,863)	\$0	\$93,868	(\$70,950)	(\$840,945)	(5.0)
Percentage Change	-89.6%	n/a	1530.8%	-26.2%	-67.8%	-71.4%

General Fund Changes: The General Fund decrease is due to budget reductions to address the revenue shortfall.

Cash Funds Exempt Changes: The net cash funds exempt increase includes: (1) a decrease of \$6,000 due to no longer reflecting administrative costs associated with the Art in Public Places Program in the Long Bill, since these funds are appropriated by statute; and (2) an increase of \$100,000 from Tobacco Settlement Cash Funds pursuant to S.B. 03-282.

Federal Fund Changes: The federal funds decrease reflects lower estimated revenues based on the level of matching state support provided.

State Historical Society

The State Historical Society, founded in 1879, is an educational institution of the State and acts as trustee for the State in collecting, preserving, exhibiting and interpreting collections and properties of state historical significance. The Society maintains museums and historical sites throughout Colorado and provides assistance to local and regional historical societies and museums. It also distributes gaming revenue to gaming cities and through a state-wide grant program for historic preservation. The primary source of cash funds is museum fees and gift shop revenues. The main source of cash funds exempt is gaming revenue.

	GF	CF	CFE	FF	Total	FTE
FY 2002-03 Appropriation:						
HB 02-1420	\$2,888,917	\$1,795,192	\$27,635,545	\$950,000	\$33,269,654	106.4
SB 03-193	<u>(2,878,917)</u>	<u>0</u>	<u>2,878,917</u>	<u>0</u>	<u>0</u>	<u>0.0</u>

	GF	CF	CFE	FF	Total	FTE
TOTAL	\$10,000	\$1,795,192	\$30,514,462	\$950,000	\$33,269,654	106.4
FY 2003-04 Appropriation:						
SB 03-258	<u>\$10,000</u>	<u>\$1,994,125</u>	<u>\$27,859,001</u>	<u>\$950,000</u>	<u>\$30,813,126</u>	<u>127.4</u>
TOTAL	\$10,000	\$1,994,125	\$27,859,001	\$950,000	\$30,813,126	127.4
Increase/(Decrease)	\$0	\$198,933	(\$2,655,461)	\$0	(\$2,456,528)	21.0
Percentage Change	0.0%	11.1%	-8.7%	0.0%	-7.4%	19.7%

FTE Detail	FY 2002-03	FY 2003-04
Administration	76.4	89.9
Sponsored and Auxiliary	17.0	19.5
Historic Preservation Grant Program	<u>13.0</u>	<u>18.0</u>
	106.4	127.4

FTE Changes: Of the increase in FTE, 17.0 FTE are intended to better reflect current practice, 2.5 FTE are based on estimated federal grants, and 1.5 FTE is to staff the expansion of the El Pueblo Museum.

12.0	Grants to the Historical Society from gaming revenues were previously not included in the Long Bill, but are now being shown as part of the operations of the Historical Society to give a better picture of total gaming revenue support for the Society, in light of the passage of S.B. 03-193. This change will not result in new hires, but rather a more accurate reflection of current practice.
5.0	Administration of Historic Preservation Grants - shown for informational purposes, since the Society has statutory authority to hire necessary FTE for this program. Over the course of several years the Society has increased staff commensurate with increases in gaming revenues, but the FTE in the Long Bill has not been adjusted accordingly until now. This change will not result in new hires, but rather a more accurate reflection of current practice.
2.5	Federally funded based on expected grants
1.5	Based on the expansion of the El Pueblo Museum, funded with a combination of museum admission fees and gaming revenues
21.0	TOTAL

Cash Funds Changes: The increase in cash funds is based on projected revenues from contracts, museum shop sales, and other miscellaneous sources.

Cash Funds Exempt Changes: The decrease in cash funds exempt is the result of eliminating a double-count of gaming revenues that occurred in FY 2002-03. Senate Bill 03-193, which refinanced the Historical Society's General Fund with gaming revenues, showed the support for the Society's Museum and Preservation activities as a cash funds exempt transfer.

Recent Legislation

2002 Session Bills

S.B. 02-50: For an explanation of this bill please see the Recent Legislation section in the Department of Corrections.

S.J.R. 02-24: Recognizes and approves the performance contract negotiated by the Colorado Commission on Higher Education and the Colorado School of Mines pursuant to S.B. 01-229.

H.B. 02-1010: Instructs the Colorado Commission on Higher Education to adopt policies aimed at expanding nurse training programs and creates the More Nurses for Colorado Fund to accept gifts, grants and donations for this purpose. Expresses the intent of the General Assembly that no General Fund be used to implement the act.

H.B. 02-1038: For an explanation of this bill please see the Recent Legislation section in the Department of Corrections.

H.B. 02-1165: Transfers governance for Metropolitan State College of Denver (Metro) from the Trustees of the State Colleges to a newly-created independent governing board. Provides a methodology for the Trustees for the State Colleges to transfer funds to Metro in FY 2002-03, and stipulates that beginning in FY 2003-04, the General Assembly shall appropriate funds directly to Metro. Requires the Colorado Commission on Higher Education (CCHE) and the Trustees of the State Colleges to prepare a study of the costs associated with operating the state colleges by July 1, 2002. Instructs CCHE and the State Colleges to use the cost study to establish a minimum level of funding for Adams State College, Mesa State College and Western State College. States that the General Assembly shall appropriate an amount from the General Fund that is adequate to support the minimum level of funding, except in fiscal years where there is an overall reduction in the level of General Fund appropriations for the state-supported institutions of higher education. Allows more than one third of the students admitted to the state colleges to be from out-of-state, if all qualified in-state applicants are accepted.

H.B. 02-1260: Changes the name of the "State Board of Agriculture" to the "Board of Governors of the Colorado State University System."

H.B. 02-1324: Changes the name of the "University of Southern Colorado" to "Colorado State University - Pueblo." Identifies the role and mission of the institution as a comprehensive university, with moderately selective admissions standards, offering a broad array of baccalaureate programs, with a strong professional focus, and offering limited masters-level graduate programs in collaboration with Colorado State University to meet regional needs. The change in name and role and mission is to be accomplished within existing resources.

H.B. 02-1371: Supplemental appropriation to the Department of Higher Education to modify the appropriation included in the FY 2001-02 Long Bill.

H.B. 02-1419: Transfers governance for Fort Lewis College from the State Board of Agriculture to a newly-created independent governing board. Provides a methodology for the State Board of Agriculture to transfer funds and obligations to Fort Lewis in FY 2002-03, and stipulates that beginning in FY 2003-04, the General Assembly shall appropriate funds directly to Fort Lewis. Provides Fort Lewis College with two-year authority in collaboration with any community college or area vocational school. Allows more than one third of the students admitted to Fort Lewis College and the state colleges to be from out-of-state, if all qualified in-state applicants are accepted. Extends the enterprise status of the Fort Lewis College student and facility operations through June 30, 2009.

H.B. 02-1420: General appropriations act for FY 2002-03.

H.B. 02-1426: Second supplemental appropriation to the Department of Higher Education to modify the appropriation included in the FY 2001-02 Long Bill.

H.B. 02-1452: Exempts from the state personnel system employees hired by the director of the Colorado Student Loan Division on or after July 1, 2002, and employees hired prior to July 1, 2002, who accept a promotion, voluntary demotion, or transfer. Also, exempts the Colorado Student Loan Division from all programs of the Division of Central Services. Expands the definition of "auxiliary facility" to include participation by a state institutions of higher education as an eligible lender in the Federal Family Education Loan Program.

H.B. 02-1468: Refinances the FY 2001-02 appropriation made pursuant to S.B. 01S2-22. Establishes the CY 2003 state contribution rate for health, life, and dental insurance to be the same as the state contribution rate for CY 2002. Authorizes the General Assembly to annually adjust the state contribution for health, life, and dental insurance, effective CY 2004, through the Long Bill. For more information, refer to the bill description in the Department of Personnel.

H.B. 02S1-1025: Creates the Wildfire Emergency Response Fund, which the State Forest Service may use for the first aerial tanker flight to a wildfire at the request of the county sheriff, municipal fire department, or fire protection district. The moneys in the Fund are continuously appropriated.

2003 Session Bills

S.B. 03-19: Amends how the State Auditor's Office will be paid for the review of tobacco settlement programs. The amount appropriated to the State Auditor's Office shall come from a proportionate reduction in the amounts annually appropriated to each tobacco settlement program that it reviews. The bill makes adjustments to the FY 2003-04 appropriation levels for several programs, including a reduction of \$10,589 from the Tobacco and Substance Abuse Related Research Grant Program administered by the Regents of the University of Colorado. When combined with the impact of S.B. 03-282 (which transfers all of Higher Education's tobacco funds to the General Fund), this would result in a negative appropriation from this source for the Department, and so the appropriations clauses of both bills can not be fully implemented. Since the effective date of S.B. 03-19 is later than the effective date of S.B. 03-282, the cash funds exempt impact of S.B. 03-19 on the Department of Higher Education is shown in this report as \$0. For more information, refer to the bill description in the Department of Public Health and Environment.

S.B. 03-170: Allows appropriations for Fort Lewis College and Metropolitan State College of Denver to be made directly to the institutions starting in FY 2002-03, one year earlier than originally called for by H.B. 02-1419 and H.B. 02-1165, in order to better reflect historic base funding.

S.B. 03-189: Clarifies that the cash funds appropriation for higher education acts as a cap on gross tuition revenue, including financial aid and scholarships used to pay tuition. Also, adjusts appropriations to reflect gross tuition. This returns the accounting for tuition in the Long Bill to the method used prior to FY 2002-03.

S.B. 03-190: Transfers a total of \$39.5 million of payments the State receives pursuant to the Tobacco Settlement Agreement into the General Fund for FY 2002-03. This amount is generated by the following transfers into the General Fund: (1) \$21.7 million from the Tobacco Litigation Settlement Cash Fund; (2) \$6.1 million from the Tobacco Litigation Trust Fund; (3) \$2.3 from the Colorado State Veterans Trust Fund; (4) \$2.0 million from the Children's Basic Health Plan Trust; (5) \$600,000 of additional tobacco settlement funds received by the State; and (6) \$6.8 million from reductions in various programs, including \$4,918,729 cash funds exempt from the Tobacco and Substance Abuse Related Research Grant Program administered by the Regents of the University of Colorado. For more information, refer to the bill description in the Department of Public Health and Environment.

S.B. 03-191: Augments General Fund revenues for FY 2002-03 with \$213.6 million in transfers from various cash funds, including \$886,189 from the Advanced Technology Fund. For more information, see the Department of Education.

S.B. 03-193: Refinances General Fund appropriations for the Historical Society with limited gaming funds deposited in the State Historical Fund.

S.B. 03-197: Reduces personal services by \$23,139,192 General Fund, which represents anticipated June payroll (FY 2002-03) to be delayed until July (FY 2003-04). For more information, refer to the bill description in the Department of Personnel and Administration.

S.B. 03-198: Transfers \$314,670 to the General Fund from funding earmarked for the Technology Learning Grant and Revolving Loan Program in the Department of Higher Education. The bill also repeals the program 30 days after the effective date of the bill.

S.B. 03-204: Supplemental appropriation to the Department of Higher Education to modify the appropriation included in the FY 2002-03 Long Bill.

S.B. 03-258: General appropriations act for FY 2003-04. Includes supplemental adjustments to the FY 2002-03 Long Bill.

S.B. 03-273: Eliminates the salary survey appropriation for FY 2003-04. For more information, refer to the bill description in the Department of Personnel and Administration.

S.B. 03-282: Transfers a total of \$27.3 million from the balance in the Tobacco Litigation Settlement Cash Fund into the General Fund for FY 2002-03. In order to transfer this amount into the General Fund, the appropriation levels for programs that receive tobacco settlement funds were reduced by \$5.6 million for FY 2002-03 and \$21.7 million for FY 2003-04. The bill makes additional adjustments to account for lower estimated tobacco payment revenues and provides funding for six additional programs. Specifically for the Department of Higher Education for FY 2003-04 the bill reduces the appropriation to the Regents of the University of Colorado for the Tobacco and Substance Abuse Related Research Grant Program by \$7,899,440 cash funds exempt, and appropriates \$100,000 of tobacco settlement payment funds for the Council on the Arts. The Department anticipates receiving \$100,000 in federal funds as a result of the appropriation for the Council on the Arts. For more information, refer to the bill description in the Department of Public Health and Environment.

S.B. 03-308: Changes the allowable uses of the Advanced Technology Fund to include biotechnology and other advanced technology projects or environmental research, research and development, and technology transfer. Specifies that no less than 20 percent of moneys in the Advanced Technology Fund must be used for the original purpose of waste diversion and recycling strategies, including projects involving waste tires.

H.B. 03-1093: Repeals the Board of Trustees of the State Colleges in Colorado and establishes separate governing boards for Adams State College, Mesa State College, and Western State College.

H.B. 03-1256: Authorizes the Board of Regents of the University of Colorado to enter lease-purchase agreements to finance the construction of academic buildings at the University of Colorado Health Sciences Center (UCHSC) Fitzsimons campus. The lease-purchase agreements may be for

terms of up to twenty-five years, and may not exceed a total value of \$202,876,109, plus reasonable administrative, monitoring, and closing costs and interest; annual aggregate rentals may not exceed \$15.1 million. Specifically, the bill authorizes lease-purchase agreements for: Education Facility IB; Education Facility II; Library at Fitzsimons; Academic Office Complex; Environmental Health and Safety II; Facility Support; and, Education Bridge.

Requires UCHSC to enter an agreement with a third-party master developer by June 30, 2006, to dispose of the real estate interests of the University at Ninth Avenue and Colorado Boulevard. The first \$15 million of net proceeds from the property shall be deposited in the General Fund, and thereafter 50 percent is to be deposited in the General Fund and 50 percent retained by the University of Colorado for development of the Fitzsimons campus.

Requires that eight percent of moneys received from the Tobacco Master Settlement Agreement, up to \$8.0 million, be appropriated annually to the Fitzsimons Trust Fund. Expands the allowable uses of the Fitzsimons Trust Fund to include making payments on any lease-purchase agreement.

Authorizes the Department of Corrections to enter into a lease-purchase agreement for a high-custody correctional facility. The lease-purchase agreement may be for a term of up to fifteen years, and may not exceed a total value of \$102.8 million, plus necessary administrative, monitoring, interest, and closing costs.

H.B. 03-1316: Alters the manner in which group benefit plans coverage is calculated for Health, Life, and Dental appropriations. For more information, refer to the bill description in the Department of Personnel and Administration.

DEPARTMENT OF HUMAN SERVICES

The Department of Human Services (DHS) is charged with the administration and supervision of all non-medical public assistance and welfare activities of the State, including assistance payments, food stamps, child welfare services, rehabilitation programs, alcohol and drug treatment programs, and programs for the aging. The Department is also responsible for inspecting and licensing child care facilities and for the care and treatment of the state's dependent citizens who are mentally ill, developmentally disabled, or who are juvenile offenders. The Department operates two Mental Health Institutes, three Regional Centers for the developmentally disabled, and ten institutions for juvenile delinquents. The Department also provides funding for nonprofit Community Mental Health Centers and Community Centered Boards for the Developmentally Disabled, supervises managed care contracts for Medicaid mental health services, and contracts for the supervision and treatment of delinquent juveniles.

Department Budget: Recent Actual Expenditures and Appropriations

Funding Source	FY 2000-01 Actual	FY 2001-02 Actual	FY 2002-03 Approp.	FY 2003-04 Approp.
General Fund	\$448,332,101	\$487,866,997	\$467,878,732	\$460,282,338
Cash Funds	64,481,040	74,140,042	88,702,239	82,478,941
Cash Funds Exempt	648,557,588	698,616,008	751,727,575	772,353,196
Federal Funds	<u>355,216,514</u>	<u>398,340,336</u>	<u>518,265,013</u>	<u>490,885,080</u>
Total Funds	\$1,516,587,243	\$1,658,963,383	\$1,826,573,559	\$1,805,999,555
Full Time Equiv. Staff	4,438.1	4,339.0	4,622.4	4,513.1

FY 2003-04 Budget Changes

The FY 2003-04 Long Bill was restructured to reflect the consolidation of funding for like programs and populations. For this appropriations report, FY 2002-03 appropriations are presented according to the department's new structure to show comparable figures for both years.

Note: The Department of Human Services administers a number of programs that receive funding from Medicaid dollars. For most programs, the state must contribute a designated amount of General Fund (a "match") in order to receive Medicaid dollars. The Department of Health Care Policy and Financing (HCPF) is the single state agency to receive Medicaid from the federal government. Therefore, the General Assembly appropriates the necessary amount of General Fund to HCPF for DHS Medicaid-funded programs. The HCPF uses that General Fund to collect Medicaid federal funds, and then transfers the combined General Fund and corresponding federal funds to DHS to pay

for its programs. Funds appropriated in one department and transferred to another are shown in the receiving department as cash funds exempt. Periodically, throughout the human services section of this report, the term "net General Fund" is used to convey the total amount of General Fund change to a specific area. "Net General Fund" is the sum of the General Fund appropriated directly to the Department of Human Services and the General Fund that has been appropriated to HCPF to fund DHS Medicaid-funded programs.

Significant changes in appropriations for FY 2003-04 compared to FY 2002-03 include the following:

Executive Director's Office

- An increase of \$1.2 million, including \$752,000 General Fund, for payment to risk management and property costs;
- An increase of \$585,000 associated with the shift in the pay date in FY 2002-03;
- A reduction in funding for health, life and dental insurance costs by \$1.1 million, including \$974,000 General Fund;
- A reduction in funding associated with workers' compensation costs by \$711,000, including \$469,000 General Fund;
- The elimination of 9.0 FTE and a \$418,000 reduction in funding for the administrative review unit (including a reduction of \$667,000 General Fund, offset by an increase of \$249,000 federal funds) in response to the revenue shortfall;
- A reduction in funding for personal services by \$235,500, including \$125,000 General Fund and 3.0 FTE, associated with a 3.0 percent reduction;

Office of Information Technology Services

- An increase of \$15.3 million, including \$5.2 million net General Fund, for the fourth and final year of development of the Colorado Benefits Management System. This funding replaces the FY 2002-03 appropriation of \$11.8 million (\$4.1 million General Fund) for system development;
- A reduction of 8.5 FTE associated with statewide revenue shortfalls and the anticipated roll-out of the Colorado Benefits Management System in April 2004;

Office of Operations

- An increase of \$1.3 million, including \$1.1 million General Fund, associated with the shift in the pay date in FY 2002-03;
- A reduction of \$1.7 million, including \$873,000 net General Fund, associated with budget balancing reductions;
- A reduction of \$389,000, including \$152,000 General Fund, associated with termination of two commercial leases;

County Administration

- A reduction of \$776,000 General Fund (5.0 percent reduction) for county contingency funding;

Division of Child Welfare

- An increase of \$9.3 million for the provision of child welfare services, including \$4.8 million General Fund, for anticipated caseload increases;
- An increase of \$5.1 million cash funds exempt to reverse the Medicaid pay delay pursuant to S.B. 03-196;
- An increase of \$1.4 million General Fund and an equal decrease in federal funds to reverse a one-time refinancing;
- A reduction of \$285,000 General Fund support for the Central Registry of Child Protection, offset by an increase in cash fee revenues;
- A reduction of \$155,000 General Fund and 3.0 FTE in response to the revenue shortfall;

Division of Child Care

- An increase of \$122,000 cash funds due to a 36 percent increase in child care facility licensing fees, effective May 1, 2003;

Office of Self Sufficiency

- A \$3.0 million increase, primarily from federal Temporary Assistance for Needy Families (TANF) funds, in the amount appropriated for Works Program county block grants;

- ❑ An increase of \$1.9 million federal funds anticipated to be received by the Low Income Energy Assistance Program (LIEAP);
- ❑ An increase of \$593,000 cash funds associated with a new contract for the electronic benefits transfer service (EBTS);
- ❑ The elimination of a \$12.8 million one-time appropriation from the federal TANF bonus related to a reduction in Colorado's out-of-wedlock birth rate;
- ❑ A reduction of \$589,000 General Fund and offsetting increase of cash funds to reflect a \$1.00 administrative charge to cash assistance recipients;
- ❑ A reduction of \$200,000, including \$90,000 General Fund, to reflect the elimination of one-time funding for transition costs associated with selecting a vendor for the electronic benefits transfer service (EBTS);

Mental Health and Alcohol and Drug Abuse Services

- ❑ An increase of \$5.2 million General Fund, and an associated decrease in cash exempt revenue, for the mental health institutes associated with the elimination of Medicare and Medicaid revenue available on a one-time basis in FY 2002-03;
- ❑ An increase of \$4.7 million Medicaid cash funds exempt for Medicaid anti-psychotic pharmaceuticals, associated with projected increases in drug costs and utilization;
- ❑ An increase of \$3.0 million Medicaid cash funds exempt to the Medicaid mental health capitation and Medicaid fee-for-service programs for changes in Medicaid eligibility and case mix;
- ❑ An increase of \$2.0 million, including \$1.4 million net General Fund, to annualize FY 2002-03 funding for community-based alternatives to treatment at the state mental health institutes;
- ❑ An increase of 20.7 FTE and \$0.9 million General Fund for increased staff at the Institute for Forensic Psychiatry at the Mental Health Institute at Pueblo. This includes 17.0 FTE to annualize an FY 2002-03 staffing initiative and 3.7 FTE to further increase staffing as of April 1, 2004, associated with a lawsuit settlement. This 3.7 FTE will annualize to 14.6 FTE in FY 2004-05;
- ❑ A reduction of 63.0 FTE and \$4.2 million (including \$3.5 million General Fund) to annualize FY 2002-03 supplemental reductions to the mental health institutes, including: reductions for administrative efficiencies; closure of a 16-bed residential unit and a community aftercare program at the mental health institute at Fort Logan; closure of a 32-bed adult unit and an

eight-bed adolescent unit at the mental health institute at Pueblo; and downsizing of the CIRCLE program at Pueblo from 30 beds to 20 beds;

- A reduction of \$3.0 million Medicaid cash funds exempt due to a 2.1 percent reduction to Medicaid mental health capitation rates;
- A reduction of 31.1 FTE and \$2.0 million (including \$1.8 million General Fund) associated with closure of a 27-bed adult unit at the mental health institute at Fort Logan;
- A reduction of \$1.9 million General Fund for community services for mentally ill indigent clients ("target" and "non-target" clients) who are not eligible for Medicaid;
- A reduction of \$800,000 General Fund for required additional administrative efficiencies at the mental health institutes;
- A reduction of \$800,000, including \$570,000 net General Fund, to annualize FY 2002-03 reductions to staffing levels in housing provided for members of the Goebel plaintiff class;
- A reduction of \$400,000 General Fund for elimination of a mental health pilot project for detained youths.

Services for People with Disabilities

- An increase of \$5.6 million Medicaid cash funds exempt to annualize the costs of developmental disability services approved in FY 2002-03;
- An increase of \$3.6 million to reflect additional cash funds and federal funds for vocational rehabilitation programs;
- An increase of \$536,000 Medicaid cash funds exempt to provide an extra day of service to developmental disability clients associated with the leap year in 2004;
- An increase of \$489,000 cash funds associated with funding provided by H.B. 02-1180 in FY 2003-04 for the Commission for the Deaf and Hard of Hearing;
- An increase of \$378,000 Medicaid cash funds exempt to provide funding for 10 emergency placements in developmental disability services;
- A reduction of \$5.0 million, including \$1.0 million General Fund, to reflect a 25.0 percent reduction in vocational rehabilitation programs;

- A reduction of \$3.5 million Medicaid cash funds exempt associated with the elimination of a 2.0 percent "base rate" increase provided in FY 2002-03 for all components of comprehensive services and the case management component of all other services for people with developmental disabilities;
- A reduction of \$3.1 million General Fund to reflect a 50.0 percent reduction to the Family Support Program for families with children with developmental disabilities;
- A reduction of \$1.0 million General Fund for supported living services for people with developmental disabilities funded exclusively with General Fund;
- A reduction of \$600,000, including \$299,000 net General Fund, associated with uncommitted funding for developmental disability services;
- A reduction of \$328,000, including \$223,000 net General Fund, associated with funding provided in FY 2002-03 for services for children with developmental disabilities;

Adult Assistance Programs

- An increase of \$4.3 million cash funds for caseload growth and inflationary increases in the Old Age Pension (OAP) program;
- An increase of \$2.0 million General Fund for the Older Coloradans Program;
- A reduction of \$9.6 million, including \$5.6 million General Fund, from the Aid to the Needy Disabled State Only program (grant capped at \$100 per month per person);
- A reduction of \$2.1 million, including \$1.6 million General Fund, from the Aid to the Needy Disabled State Supplement program (50 percent reduction);

Division of Youth Corrections (DYC)

- A reduction of \$2.4 million General Fund associated with a 26.8 percent reduction in the S.B. 91-94 program;
- A \$1.7 million General Fund reduction associated with legislation which capped the number of juvenile detention beds;
- A \$1.3 million General Fund reduction related to a 54 percent base reduction in parole program services per average daily population;
- A base reduction of \$668,000 General Fund for the purchase of contract placements;

- ❑ A reduction of \$391,000 General Fund and 3.8 FTE to annualize the elimination of the Community Accountability Program which was initially approved in FY 2002-03;
- ❑ A reduction of \$384,574 General Fund and 3.2 FTE associated with legislation that reduced the period of mandatory juvenile parole from 9 months to 6 months;
- ❑ A reduction of \$241,000 General Fund for elimination of a mental health pilot project for detained youths;

Department-wide Impacts of Common Policies

- ❑ An increase of \$16.0 million, including \$14.1 million net General Fund, associated with a shift in the pay date in FY 2002-03;
- ❑ An increase of \$15.0 million, including \$7.5 million net General Fund, associated with a shift to cash accounting for Medicaid-funded programs in FY 2002-03;
- ❑ An increase of \$9.2 million, including \$5.8 million net General Fund, associated with the continuation of personal services increases awarded in FY 2002-03; and
- ❑ A decrease of \$9.5 million, including \$5.8 million General Fund, in salary survey to be awarded in FY 2003-04 pursuant to S.B. 03-273.

General Factors Driving the Budget

Funding for this department consists of approximately 25 percent General Fund, five percent cash funds, 43 percent cash funds exempt, and 27 percent federal funds. Some of the most important factors driving the budget are reviewed below.

Salary Survey Awards

Each year the Executive Director's Office requests salary increases for its employees based on a salary survey of comparable positions in the private sector. In FY 2003-04, the Department salary survey awards were delayed pursuant to S.B. 03-273.

Community Provider Rate Increases

Some departments of state government contract with community providers to provide services of the State to eligible clients. To ensure that community provider arrangements are viable over the long term, the General Assembly has generally awarded annual inflationary increases, also known as cost of living adjustments (COLAs) for community provider programs. The rate increases awarded to providers each year are determined by the Joint Budget Committee in a "common policy" decision. The provider rate increase policy is then applied to each program operated by community providers.

In the Department of Human Services, the following programs would receive community provider rate increases in a normal year: county administration, child welfare, mental health community programs, developmental disability services, vocational rehabilitation and community programs in youth corrections. Due to the revenue shortfall, no COLAs were provided to community providers for FY 2003-04.

Major Information System Projects

For the past several years, the General Assembly has provided significant funding to the Department of Human Services for three major information system projects that are used by staff at the Department and at county departments of social services to administer various social service programs. The budgets for the County Financial Management System, which tracks county expenditures for various social service programs, and for the Colorado Trails System, which provides case management and tracking for county child welfare staff and the Division of Youth Corrections, now require only ongoing maintenance funding. The Colorado Benefits Management System (CBMS) is expected to be rolled out during FY 2003-04. This system will replace multiple systems used by county staff to determine eligibility for financial, medical, and food stamp benefits. The table below reflects the appropriations to date for the planning and development of the system, including capital construction appropriations.

Colorado Benefits Management System Appropriations			
	FY 96-97 through FY 02-03	FY 03-04	TOTAL
Capital*	\$59,710,502	\$9,737,282	\$69,447,784
Operating*	<u>45,996,857</u>	<u>15,632,167</u>	<u>61,629,024</u>
Total	105,707,359	25,369,449	131,076,808
<i>General Fund Share</i>	<i>33,987,460</i>	<i>8,424,984</i>	<i>42,412,444</i>

*Includes appropriations to the Department of Health Care Policy and Financing; does not include double-counting associated with funds transfers between departments.

Child Welfare Services

County departments of human services are required to investigate reports of intra-familial abuse or neglect of a child, third-party abuse or neglect by persons under age ten, and institutional abuse of a child. Following an investigation, a county is required to provide necessary and appropriate child welfare services to the child and the family. If the court determines that a child's removal from the home is necessary and in the best interests of the child and the community, the court may place the child in the legal custody of the county department for placement in a foster care home or other child care facility. The appropriation for child welfare programs (\$354.8 million for FY 2003-04) consists of 49 percent state funds, 36 percent federal funds, and 15 percent county funds and other cash fund sources. Of this total amount appropriated, over 98 percent is allocated to county departments of human services for the provision of child welfare services.

In response to a 1992 lawsuit, the Governor and the Department of Human Services signed the Child Welfare Settlement Agreement, which resulted in significant increases in funding and staff for child welfare programs. While about one-third of child welfare funding is expended for county staff and administrative costs, about 60 percent is paid directly to families and providers who care for children who have been removed from their homes. The costs of out-of-home care increased significantly -- more than doubling -- from FY 1993-94 to FY 1996-97. These cost increases were driven by growth in both the average number of children receiving care and the average monthly payment for such care. Largely in response to these cost increases, the General Assembly adopted legislation in 1997 to cap the State's reimbursement to counties for the cost of providing child welfare services. This bill also authorized counties to use capped allocation moneys without category restriction and to negotiate rates, services, and outcomes with providers. Thus, counties now receive a "block grant" to cover the costs of out-of-home care, subsidized adoptions, and related administrative functions.

From FY 1997-98 through FY 2003-04, the total amount appropriated for counties to provide child welfare services (including out-of-home care) has increased an average of 5.4 percent per year. Despite these increases, county child welfare expenditures have exceeded the annual appropriation for the last three fiscal years.

	FY 97-98	FY 98-99	FY 99-00	FY 00-01	FY 01-02	FY 02-03	FY 03-04
Appropriation for Child Welfare Services line item (\$ millions)	\$217.2	\$232.8	\$241.2	\$263.1	\$280.9	\$289.9	\$297.1
<i>Percent Change</i>		7.2%	3.6%	9.1%	6.8%	3.2%	2.5%
Shortfall: County Expenditures In Excess of Appropriation (\$ millions)	none	none	\$20.6	\$21.4	\$33.4	n/a	n/a
<i>Shortfall as Percent of Total Expenditures</i>			7.9%	7.6%	11.0%	n/a	n/a

Note: For purposes of providing comparable information, the FY 2002-03 appropriation excludes adjustments associated with the change in Medicaid accruals.

Medicaid Mental Health Services

Medicaid mental health services throughout Colorado are delivered through a managed care, "capitated" program. The program began in FY 1995-96 and was extended to the entire state by the end of FY 1997-98. Under the capitation program, the State pays a regional entity—a Mental Health Assessment and Service Agency (MHASA)—a contracted amount for each Medicaid eligible person in the entity's geographic area; the MHASA is then required to provide appropriate mental health services to all Medicaid-eligible persons needing such services. There are eight MHASAs, each with responsibility for a different geographic region of the State. The rate paid to each MHASA for each class of Medicaid eligible person (*e.g.*, foster care, elderly, disabled) in each geographic region is established through a competitive bid process. All MHASA contracts were rebid during FY 2000-01, with implementation effective April 1, 2001 for most areas. Under the capitated system, changes in

per-eligible rates and changes in overall Medicaid eligibility and case mix in the state are important drivers in overall State appropriations for mental health services.

As a result of statewide revenue shortfalls, Medicaid capitation rates have been reduced by 5.8 percent from the FY 2001-02 levels, leading to associated program reductions. These reductions have been offset by increases in the Medicaid caseload and funding for alternatives to inpatient hospitalization at the state mental health institutes. An estimated 47,589 Medicaid-eligible clients will receive Medicaid mental health services in FY 2003-04.

	FY 98-99 Estimate	FY 99-00 Actual	FY 00-01 Actual	FY 01-02 Actual	FY 02-03 Approp.	FY 03-04 Approp.
Medicaid Mental Health Services*	\$121,236,414	\$131,428,234	\$142,393,225	\$147,872,165	\$146,944,003	\$147,296,850

*Costs for FY 1998-99 include estimates of mental health fee-for-service expenditures funded in the Department of Health Care Policy and Financing. Costs for FY 2002-03 and FY 2003-04 are subject to adjustment based on actual numbers of Medicaid eligibles and fee-for-service amounts charged to this budget. Amounts shown do not include the Medicaid Child Placement Agency program, Medicaid Anti-psychotic Pharmaceuticals, or the Mental Health Services for Breast and Cervical Cancer Patients programs.

Demand for Services and Staffing at the Mental Health Institutes

Costs at the state's two Mental Health Institutes (Fort Logan and Pueblo) have been driven in recent years by two opposing trends: (1) reductions in beds; and (2) demands for increased staffing intensity for remaining beds.

Beginning in the mid-90s, as MHASAs took control of Medicaid funding, demand for bed space at the state's two mental health institutes began to decline. The impact has been greatest on child and adolescent beds, since most of these beds are funded by Medicaid. Between FY 1994-95 and FY 2002-03, 144 child and adolescent acute treatment beds were eliminated due to insufficient demand, including 18 eliminated in FY 2002-03. Although most adult beds are excluded under Medicaid and are therefore directly supported by General Fund, changes in services patterns and decline in demand also led to elimination of 40 adult beds in FY 1995-96.

More recent reductions in adult beds have been driven by budget constraints and studies indicating that a significant portion of persons served in the institutes could be effectively served in community placements. During FY 2002-03, 59 adult acute treatment beds were closed, with funding provided for community alternatives. In addition, ten treatment beds for persons dually diagnosed with mental illness and substance abuse were closed due to budget constraints. As of July 1, 2003, the institutes have 631 beds, including 278 forensics beds; 178 adult, 85 geriatric and 50 youth civil commitment beds; a 20-bed youth residential treatment center; and a 20-bed general hospital.

While the overall number of beds at the institutes has shrunk, there has been an increase in staffing needs associated with patient severity and patient management techniques (reduced use of seclusion

and restraint). Staffing was increased by 58.2 FTE in FY 2001-02, 53.2 FTE in FY 2002-03, and 20.7 FTE in FY 2003-04, with the latter increases associated with settlement of a lawsuit on the forensics units. Such increases have been offset by staffing reductions associated with bed closures. The average cost per bed per year at the mental health institutes, taking into consideration amounts associated with physical plant operations and central administration in addition to direct services, is \$152,197.

	FY 98-99 Actual	FY 99-00 Actual	FY 00-01 Actual	FY 01-02 Actual	FY 02-03 Approp.*	FY 03-04 Approp.*
Institute Budget	\$73,993,134	\$74,647,222	\$76,076,161	\$80,538,488	\$77,657,724	\$80,364,881
FTE	1,320.0	1,273.5	1,268.0	1,316.6	1,308.7	1,235.3
Avg. Daily Census*	722	703	697	682	613	570

*Census based on data through April 2003; projections adjusted for bed closures.

Developmental Disability Services

Annualization of Decision Items from the Previous Year

New program resources (dollars) for developmental disability services are frequently requested for a partial-year (e.g., nine months). Each appropriated "partial-year" resource will require additional dollars in the following year to ensure that the appropriation is sufficient to provide services for a full year. "Annualization" or the "annualization cost" refers to the difference between new program resources that were appropriated on a partial-year basis in the previous year and the amount required to fund a full year of services. The increase due to annualization becomes part of the base budget.

Community Programs:	FY 99-00	FY 00-01	FY 01-02	FY 02-03	FY 03-04 **
Total Increase in Funding (\$ millions)	\$16.8	\$14.9	\$20.6	\$17.5	\$8.45
Annualization of Prior Year's Increases* (\$ millions)	\$10.2	\$2.5	\$4.0	\$6.5	\$6.4

*Includes increase for both adult and family and children's programs.

**Only increases are shown here. These increases are offset by a reduction \$2.4 million associated with the reduction of all COLA increases provided in FY 2002-03; therefore the request in FY 2003-04 is actually a net \$6.0 million increase.

Waiting Lists for Community-based Services

Each Community Centered Board maintains a waiting list when the number of persons or families requesting services exceeds the resources available. Currently, there are waiting lists for all developmental disability services. In each of the last several years, the General Assembly has appropriated additional resources to reduce the number of persons and families on waiting lists.

	FY 99-00*	FY 00-01	FY 01-02	FY 02-03 **	FY 03-04***
Increased funding to provide services to adults on waiting lists	\$0	\$4.3 million	\$3.7 million	\$1.1 million	\$0

*Comprehensive services were appropriated for persons transitioning out of foster care and for persons moving from Regional Centers into community placements.

** Shows direct waiting list portion only; additional \$3.9 million provided for emergencies and individuals transitioning from the foster care system.

***Shows direct waiting list portion only; an additional \$377,000 was provided to accommodate 10 emergency placements in FY 2003-04.

The following table shows the current waiting lists for developmental disability services.

Type of Service	Waiting List as of March 2003*
Comprehensive Services	667
Supportive Living Services	1,310
Children's Extensive Support	96
Early Intervention	218
Family Support Services	2,383

*Needed by the end of FY 2003-04.

Adult Assistance Programs

Old Age Pension Program

The Old Age Pension (OAP) Program, authorized by the State Constitution, provides cash assistance to low-income individuals over the age of 59. The OAP Program is primarily funded through excise taxes; revenues which are not utilized for the OAP Program "spill over" into the General Fund. As the earmarked revenues are "continuously appropriated" by the State Constitution, the General Assembly does not directly control program expenditures; the Long Bill simply reflects anticipated program expenditures for informational purposes.

Old Age Pension Program	FY 99-00 Actual	FY 00-01 Actual	FY 01-02 Actual	FY 02-03 Appropriation	FY 03-04 Appropriation
Total Non-Medical Costs*	\$49,469,277	\$53,547,783	\$59,465,177	\$59,515,177	\$63,125,454
<i>Ages 60-64:</i>					
Avg. Number of Persons	7,069	6,886	6,223	6,880	5,159
Avg. Mo. Payment/Person	\$244.37	\$251.81	\$280.11	\$259.32	\$278.79

Old Age Pension Program	FY 99-00 Actual	FY 00-01 Actual	FY 01-02 Actual	FY 02-03 Appropriation	FY 03-04 Appropriation
<u>Age 65 and over:</u>					
Avg. Number of Persons	17,447	17,410	18,478	17,837	20,815
Avg. Mo. Payment/Person	\$114.71	\$132.50	\$152.76	\$138.72	\$158.54

*Total costs also do not include expenditures for the Colorado Benefits Management System.

Aid to the Needy Disabled -State Only (AND-SO)

AND-SO is the only state assistance program that provides basic financial assistance to low-income persons aged 18 to 60. To receive assistance, individuals must have a disability that is expected to last six months or more. In FY 2002-03, the maximum grant payment was increased to \$279 per month, effective January 1, 2003. However, through the budget setting process grant payments for this program were capped at \$100 per month in order to reduce state expenditures for this program in FY 2003-04.

Community Services for the Elderly

This division administers federal Older American's Act programs, which are generally available to individuals who are age 60 or over and are homebound, frail or isolated, and have difficulty with some aspects of daily living. In order to receive these federal funds, the state must provide a minimum five percent match from the General Fund. Historically, the General Assembly has appropriated the minimum match amount; however, in FY 1999-00, the General Fund match was increased to 8.75 percent. This increase was part of a plan submitted by the Department to increase the General Fund match from five percent to 20 percent over four years. In FY 2000-01, the General Assembly increased the state's contribution to senior programs by \$536,000 or 64 percent. In addition, the General Assembly passed H.B. 00-1072 and H.B. 01-1079, which each provided a one-time diversion of \$3.0 million in sales and use tax revenue to the Older Coloradan's Cash Fund to be used for one-time purposes for senior services (Older Coloradans Programs). During the 2002 legislative session, H.B. 02-1209 modified funding for Older Coloradans Programs and made the diversion of sales and use tax revenue to the Older Coloradans Cash Fund an annual transfer in the amount of \$2.0 million per year. In FY 2003-04, the General Assembly provided an additional \$2.5 million General Fund for Older Coloradans Programs and passed S.B. 03-295 which reduced the amount of the diversion of sales and use tax to the Older Coloradans Fund by \$500,000 to \$1.5 million.

Increasing Youth Corrections Populations

The Division of Youth Corrections provides for the housing, treatment and education of juveniles who are detained while awaiting adjudication (similar to adult jail), or committed for a period of time as a result of a criminal conviction (similar to adult prison). Also, the Division supervises juveniles during a mandatory parole following all commitment sentences. Increases in the number of detained, committed and paroled juveniles significantly impact funding requirements. Measurements in the table below are based on the average daily population (ADP) and the Legislative Council Staff population projections.

	FY 99-00 Actual	FY 00-01 Actual	FY 01-02 Actual	FY 02-03 Projection	FY 03-04 Projection*
Detention	512.0	529.1	538.6	540.0	479.0
<i>Percent Difference</i>	<i>N/A</i>	<i>3.3%</i>	<i>1.8%</i>	<i>0.3%</i>	<i>-11.3%</i>
Commitment	1,198.3	1,252.9	1,266.8	1,332.2	1,373.6
<i>Percent Difference</i>	<i>N/A</i>	<i>4.6%</i>	<i>1.1%</i>	<i>5.2%</i>	<i>3.1%</i>
Parole	601.7	720.7	692.9	563.5	512.7
<i>Percent Difference</i>	<i>N/A</i>	<i>19.8%</i>	<i>-3.9%</i>	<i>-18.7%</i>	<i>-9.0%</i>

* The December 2002 Legislative Council Population Projections estimated that the detention ADP would be 551.2 in FY 2003-04. However, S.B. 03-286 capped the population at 479.0. In December 2003, the parole ADP was projected to be 579.1. However, S.B. 03-284 reduced the period of mandatory parole from 9 months to 6 months. This bill is estimated to reduce the ADP by 66.4.

Summary of FY 2002-03 and FY 2003-04 Appropriations

Total Department Appropriations

	GF	CF	CFE	FF	Total	FTE
FY 2002-03 Total Appropriation:	\$467,878,732	\$88,702,239	\$751,727,575	\$518,265,013	\$1,826,573,559	4,622.4
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Executive Director's Office	24,350,556	447,932	10,494,248	7,558,713	42,851,449	148.2
Office of Information Technology Services	17,933,278	1,009,917	5,120,956	16,268,772	40,332,923	159.6
Office of Operations	16,387,671	693,642	12,617,601	3,629,975	33,328,889	482.7
County Administration	28,441,075	0	26,289,128	12,679,368	67,409,571	0.0
Division of Child Welfare	127,743,976	371,515	121,219,796	88,793,376	338,128,663	42.0
Division of Child Care	17,399,588	398,494	8,142,488	57,633,976	83,574,546	62.5
Office of Self Sufficiency	5,806,478	648,193	34,128,633	251,938,260	292,521,564	278.2
Mental Health and Alcohol and Drug Abuse Services	88,060,602	3,727,604	217,392,742	36,431,253	345,612,201	1,377.8

	GF	CF	CFE	FF	Total	FTE
Services for People with Disabilities	29,682,657	4,898,854	279,414,428	29,647,848	343,643,787	1,179.9
Adult Assistance Programs	15,358,662	76,409,912	24,967,543	12,209,908	128,946,025	13.1
Division of Youth Corrections	96,714,189	96,176	11,940,012	1,473,564	110,223,941	878.4
<u>Breakdown of Total Appropriation by Bill</u>						
SB 02-50	(113,154)	0	0	0	(113,154)	0.0
HB 02-1038	(112,832)	0	0	0	(112,832)	0.0
HB 02-1155	0	0	74,750	0	74,750	0.0
HB 02-1180	0	0	244,417	0	244,417	0.0
HB 02-1209	0	2,000,000	0	0	2,000,000	0.0
HB 02-1229	0	500	0	0	500	0.0
HB 02-1276	0	1,000,000	0	0	1,000,000	0.0
HB 02-1297	0	0	0	440,493	440,493	0.5
HB 02-1413	(677,986)	0	(1,317,301)	(138,736)	(2,134,023)	(12.0)
HB 02-1420	551,358,333	85,414,768	776,015,115	482,199,220	1,894,987,436	4,797.9
HB 02-1457	50,231	0	(126,130)	0	(75,899)	0.0
HB 02-1468	147,168	829	56,258	26,451	230,706	0.0
HB 02-1474	(2,531,463)	0	8,321,029	0	5,789,566	0.0
SB 03-176	0	0	(191,514)	0	(191,514)	0.0
SB 03-196	0	0	(14,500,000)	0	(14,500,000)	0.0
SB 03-197	(12,276,217)	0	(3,690,045)	0	(15,966,262)	0.0
SB 03-205	(70,298,950)	1,237,181	(4,710,314)	35,607,836	(38,164,247)	(164.0)
SB 03-211	75,519	0	(234,826)	134,892	(24,415)	0.0
SB 03-258	2,258,083	(951,039)	(8,213,864)	(5,143)	(6,911,963)	0.0
FY 2003-04 Total Appropriation:	\$460,282,338	\$82,478,941	\$772,353,196	\$490,885,080	\$1,805,999,555	4,513.1
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Executive Director's Office	15,945,584	524,184	7,272,860	6,392,300	30,134,928	134.6

	GF	CF	CFE	FF	Total	FTE
Office of Information Technology Services	17,950,806	1,287,473	6,322,241	16,849,381	42,409,901	151.1
Office of Operations	17,497,944	716,561	13,368,636	3,569,546	35,152,687	481.0
County Administration	27,664,281	0	26,642,920	12,679,368	66,986,569	0.0
Division of Child Welfare	134,583,184	650,219	128,546,778	89,356,291	353,136,472	37.0
Division of Child Care	17,817,841	520,880	8,042,488	57,741,769	84,122,978	62.5
Office of Self Sufficiency	5,233,234	1,533,307	32,044,166	218,733,077	257,543,784	278.1
Mental Health and Alcohol and Drug Abuse Services	93,398,447	3,710,513	221,014,902	45,898,838	364,022,700	1,305.4
Services for People with Disabilities	24,785,761	4,916,461	296,224,653	26,164,042	352,090,917	1,179.9
Adult Assistance Programs	11,149,919	68,529,917	21,394,351	12,221,904	113,296,091	13.1
Division of Youth Corrections	94,255,337	89,426	11,479,201	1,278,564	107,102,528	870.4
<u>Breakdown of Total Appropriation by Bill</u>						
SB 03-22	0	(10,750,000)	0	0	(10,750,000)	0.0
SB 03-258	468,194,510	94,029,359	772,712,598	492,021,562	1,826,958,029	4,516.3
SB 03-273	(5,835,897)	(50,301)	(2,530,585)	(1,132,432)	(9,549,215)	0.0
SB 03-282	0	0	1,451,354	0	1,451,354	0.0
SB 03-284	(384,574)	0	0	0	(384,574)	(3.2)
SB 03-286	(1,670,343)	0	0	0	(1,670,343)	0.0
SB 03-295	0	(500,000)	0	0	(500,000)	0.0
SB 03-299	0	(250,000)	0	0	(250,000)	0.0
HB 03-1292	0	0	728,000	0	728,000	0.0
HB 03-1316	(21,358)	(117)	(8,171)	(4,050)	(33,696)	0.0
Increase/(Decrease)	(\$7,596,394)	(\$6,223,298)	\$20,625,621	(\$27,379,933)	(\$20,574,004)	(109.3)
Percentage Change	-1.6%	-7.0%	2.7%	-5.3%	-1.1%	-2.4%

Detail of Appropriation by Administrative Section

Executive Director's Office

This office is responsible for the management and administration of the Department, performing such functions as budgeting, human resources, quality control, as well as some program supervision, coordination, and evaluation. This section includes centrally appropriated line items, such as workers' compensation, legal services, administrative law judge services, and payments related to risk management. In addition, this office includes funding for specific functions including: (1) the Juvenile Parole Board; (2) the Developmental Disabilities Council; (3) child welfare-related training; (4) funding for the state to comply with the federal Health Insurance Portability and Accountability Act (HIPPA); and (5) the child welfare administrative review unit, which performs case reviews of children and youth who are placed in out-of-home residential care.

Cash fund sources are primarily patient payments collected by the Mental Health Institutes, in addition to other various sources. Cash funds exempt sources include Medicaid cash funds transferred from the Department of Health Care Policy and Financing, patient payments collected by the Mental Health Institutes, and other various sources. Federal fund sources include indirect cost recoveries, the Temporary Assistance for Needy Families Block Grant, Section 110 vocational rehabilitation funds, the Substance Abuse Prevention and Treatment Block Grant, and other various sources.

	GF	CF	CFE	FF	Total	FTE
FY 2002-03 Appropriation:						
SB 02-50	(\$113,154)	\$0	\$0	\$0	(\$113,154)	0.0
HB 02-1038	(112,832)	0	0	0	(112,832)	0.0
HB 02-1413	(65,624)	0	0	0	(65,624)	0.0
HB 02-1420	28,837,635	471,217	11,457,289	7,935,472	48,701,613	173.3
HB 02-1468	147,168	829	56,258	26,451	230,706	0.0
SB 03-196	0	0	500,000	0	500,000	0.0
SB 03-197	(465,174)	0	(119,432)	0	(584,606)	0.0
SB 03-205	(3,877,463)	(24,114)	(899,867)	(403,210)	(5,204,654)	(25.1)
SB 03-258	<u>0</u>	<u>0</u>	<u>(500,000)</u>	<u>0</u>	<u>(500,000)</u>	<u>0.0</u>
TOTAL	\$24,350,556	\$447,932	\$10,494,248	\$7,558,713	\$42,851,449	148.2
FY 2003-04 Appropriation:						
SB 03-258	\$21,802,839	\$574,602	\$9,811,616	\$7,528,782	\$39,717,839	134.6
SB 03-273	(5,835,897)	(50,301)	(2,530,585)	(1,132,432)	(9,549,215)	0.0

	GF	CF	CFE	FF	Total	FTE
HB 03-1316	(21,358)	(117)	(8,171)	(4,050)	(33,696)	0.0
TOTAL	\$15,945,584	\$524,184	\$7,272,860	\$6,392,300	\$30,134,928	134.6
Increase/(Decrease)	(\$8,404,972)	\$76,252	(\$3,221,388)	(\$1,166,413)	(\$12,716,521)	(13.6)
Percentage Change	-34.5%	17.0%	-30.7%	-15.4%	-29.7%	-9.2%

FTE Detail	FY 2002-03	FY 2003-04
Executive Director's Office	4.4	4.4
Budget	11.0	11.0
Office of Performance Improvement	94.0	90.0
Child Welfare Administrative Review Unit	29.0	20.0
Developmental Disability Council	6.0	6.0
Juvenile Parole Board	2.8	2.2
Health Insurance Portability and Accountability Act (HIPPA)	<u>1.0</u>	<u>1.0</u>
	148.2	134.6

FTE Changes: The appropriation reflects reductions of 3.0 FTE associated with a 3.0 percent personal services reduction, 9.0 FTE in the child welfare administrative review unit, 1.0 FTE associated with capacity reductions in the Mental Health Institutes, and 0.6 FTE from the Juvenile Parole Board.

General Fund Changes: The appropriation reflects reductions of: (1) \$5.8 million associated with the elimination of salary survey awards in FY 2003-04 as authorized by S.B.03-273; (2) \$1.2 million associated with the elimination of funding for performance-based pay; (3) \$790,000 in health, life and dental insurance costs associated with vacant positions department-wide; (4) \$680,000 associated with child welfare-related training, including the transfer of \$612,000 to the Division of Child Welfare; (5) \$667,000 for the child welfare administrative review unit (including \$418,000 associated with the elimination of 9.0 FTE and \$249,000 that was refinanced with federal funds); (6) \$492,000 in personal services costs; (7) \$306,000 for workers' compensation costs; (8) \$156,000 associated with the transfer of workers' compensation self-insurance functions to the Department of Personnel and Administration; (9) \$120,000 for legal services offset by cash funds from the Central Registry Fund; and (10) \$112,000 to fund suicide prevention activities.

These reductions are offset by General Fund increases of: (1) \$752,000 for increased payments to risk management and property funds; (2) \$601,000 to account for one-time savings associated with the

shift in pay date for FY 2002-03; (3) \$380,000 for salary survey and anniversary increases awarded in FY 2002-03; and (4) \$153,000 for short-term disability costs.

Cash Funds Changes: The increase in the cash funds appropriation primarily reflects increases in the share of legal service and administrative law judge costs that are funded by the Central Registry Fund.

Cash Funds Exempt Changes: The cash funds exempt appropriation includes decreases of: (1) \$2.5 million net adjustment associated with the elimination of salary survey awards in FY 2003-04 as authorized by S.B.03-273; (2) \$370,000 for workers' compensation costs; (3) \$327,500 for adjustments associated with the Health Insurance Portability and Accountability Act (HIPAA); (4) \$295,000 in costs for shift pay; (5) \$241,700 associated with the elimination of funding for performance-based pay; (6) \$200,000 associated with personal services reductions; (7) \$94,000 for reductions in funding for training; (8) \$64,000 for staffing reductions; and (9) \$40,000 for injury prevention programs. These decreases are offset by cash funds exempt increases, including: (1) \$300,000 for salary survey increases awarded in FY 2002-03; (2) \$278,000 for payments for risk management and property costs; (3) \$197,000 for adjustments in health, life and dental costs; (4) \$119,000 to account for the shift in the pay date in FY 2002-03; and (5) \$48,000 for short-term disability costs.

Federal Fund Changes: The net decrease in the federal funds appropriation includes reductions of: (1) \$1.2 million associated with the elimination of salary survey awards in FY 2003-04 as authorized by S.B.03-273; (2) \$373,000 associated with child welfare-related training, including the transfer of \$336,000 to the Division of Child Welfare; (3) \$331,000 associated with the elimination of funding for performance-based pay; (4) \$169,000 associated with personal services reductions; (5) \$58,000 reflected for the federal funds share of costs associated with salary survey awarded in FY 2002-03; and (6) \$35,500 associated with workers' compensation cost adjustments. These decreases are offset by increases of: (1) \$477,000 for health, life and dental insurance costs; (2) \$249,000 to partially offset General Fund costs associated with the child welfare administrative review unit; (3) \$127,000 associated with increased payments to risk management and property funds; (4) \$67,000 for short-term disability costs; and (5) \$28,000 for administrative law judge expenditures.

Office of Information Technology Services

This section includes funding for expenses associated with departmental information systems, including systems that support public benefits programs administered through the state's 64 counties and other local entities. Appropriations in this section include personnel and operating funds that support information systems used by over 8,800 Department and county staff; development and maintenance costs (software and hardware) for the Department's numerous information technology systems, and purchase of services from the general government computer center. Collectively, the data systems managed by this section process case management files for approximately 634,103 Colorado citizens. Major systems funded through this section of the budget include the Colorado Benefits Management System, the Colorado Financial Management System, and the Colorado Trails information system, among others. Because this section includes information systems that support

multiple program areas, there are multiple sources of cash, cash exempt, and federal funds. The most important source of cash exempt funds is Medicaid transferred from the Department of Health Care Policy and Financing. Important sources of federal funds include Title IV-E of the Social Security Act and Temporary Assistance for Needy Families.

	GF	CF	CFE	FF	Total	FTE
FY 2002-03 Appropriation:						
HB 02-1155	\$0	\$0	\$74,750	\$0	\$74,750	0.0
HB 02-1413	(19,769)	0	0	0	(19,769)	0.0
HB 02-1420	19,814,115	1,118,794	5,387,153	17,533,923	43,853,985	165.7
SB 03-197	(496,368)	0	(74,300)	0	(570,668)	0.0
SB 03-205	(1,254,152)	(80,403)	(410,812)	(1,260,008)	(3,005,375)	(6.1)
SB 03-258	<u>(110,548)</u>	<u>(28,474)</u>	<u>144,165</u>	<u>(5,143)</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$17,933,278	\$1,009,917	\$5,120,956	\$16,268,772	\$40,332,923	159.6
FY 2003-04 Appropriation:						
SB 03-258	<u>\$17,950,806</u>	<u>\$1,287,473</u>	<u>\$6,322,241</u>	<u>\$16,849,381</u>	<u>\$42,409,901</u>	<u>151.1</u>
TOTAL	\$17,950,806	\$1,287,473	\$6,322,241	\$16,849,381	\$42,409,901	151.1
Increase/(Decrease)	\$17,528	\$277,556	\$1,201,285	\$580,609	\$2,076,978	(8.5)
Percentage Change	0.1%	27.5%	23.5%	3.6%	5.2%	-5.3%

FTE Detail	FY 2002-03	FY 2003-04
Management/General Support	87.1	82.2
Colorado Benefits Management System	21.5	21.5
Colorado Trails	23.0	23.0
Client-Oriented Information System	16.0	14.0
Food Stamp Information System	<u>12.0</u>	<u>10.4</u>
	159.6	151.1

FTE Changes: The reduction of 8.5 FTE includes a reduction of 4.9 FTE in the division's main personal services line item, a reduction of 2.0 FTE for the Client Oriented Information (COIN) System, and a reduction of 1.6 FTE for the Food Stamp Information System. The reduction in the

personal services line item includes reductions associated with statewide revenue shortfalls; reductions to the COIN and food stamp systems are associated with the anticipated roll-out of the Colorado Benefits Management System in April 2004.

General Fund Changes: The increase in General Fund is attributable to the following: (1) an increase of \$560,000 for the Colorado Benefits Management System, reflecting costs associated with final roll-out and implementation; (2) an increase of \$496,000 to account for one-time savings associated with the shift in pay date for FY 2002-03; (3) an increase of \$215,000 for FY 2002-03 salary survey and FY 2003-04 PERA adjustments; and (4) increases of \$36,000 for the Pueblo Data Entry Center and \$25,000 for communications services, pursuant to statewide common policy. These increases are substantially offset by the following reductions: (1) a reduction of \$375,000 associated with reductions in payments to the General Government Computing Center, consistent with statewide policy; (2) reductions of \$174,000 for the personal services line item, \$80,000 for the Colorado Trails system, and \$20,000 for operating expenses associated with statewide revenue shortfalls; (3) a reduction of \$168,000 for the Colorado Financial Management System, associated with the elimination of one-time FY 2002-03 funding for an upgrade study; (4) a reduction of \$163,000 associated with lower interest rates for microcomputer leases; (5) a reduction of \$160,000 associated with reductions in payments for the state multi-use network, consistent with statewide policy; (6) reductions of \$88,000 for the COIN system and \$66,000 for the Food Stamp system associated with the anticipated roll-out of the Colorado Benefits Management System in April 2004; and (7) a reduction of \$20,000 associated with closure of a unit at the mental health institute at Fort Logan.

Cash Funds Changes: The increase in cash funds primarily reflects a \$277,000 increase in expenditures from the Old Age Pension Cash Fund for the Colorado Benefits Management System, associated with final system development and implementation costs.

Cash Funds Exempt Changes: The net increase in cash funds exempt includes: (1) an increase for the Colorado Benefits Management system of \$1,125,000 associated with final development and implementation costs (including funds transferred from the Department of Health Care Policy and Financing, including Medicaid, Children's Basic Health Plan and state medical program funds); (2) an increase of \$74,000 Medicaid cash funds to account for one-time savings associated with the shift in pay date for FY 2002-03; (3) a \$20,000 increase from various sources associated with common policy funding for communications services; and (4) a \$16,000 increase from various cash fund sources for FY 2002-03 salary survey adjustments. These increases are partially offset by a \$34,000 reduction from various cash fund sources associated with statewide multi-use network payments, consistent with statewide policy.

Federal Funds Changes: The net federal funds increase includes: (1) a \$1,437,000 increase for the Colorado Benefits Management System associated with final development and implementation costs; and (2) a \$38,000 increase associated with FY 2002-03 salary survey adjustments. These increases are partially offset by the following reductions: (1) a \$482,000 reduction for purchase of services from the General Government Computer Center, consistent with statewide policy; (2) reductions of

\$131,000 for the Colorado Financial Management System, \$102,000 for the Colorado Trails system, \$61,000 for the COIN system, and \$51,000 for the Food Stamp Information System associated with the federal matches for General Fund reductions outlined above; and (3) a reduction of \$71,000 for multi-use network payments, consistent with statewide policy.

Office of Operations

This section contains appropriations for central departmental functions such as accounting, auditing, contracting, purchasing, vehicle leases, and facility management.

	GF	CF	CFE	FF	Total	FTE
FY 2002-03 Appropriation:						
HB 02-1413	(\$92,364)	\$0	\$0	\$0	(\$92,364)	(1.5)
HB 02-1420	19,585,031	696,274	12,933,907	3,136,427	36,351,639	515.7
SB 03-197	(1,103,361)	0	(223,145)	0	(1,326,506)	0.0
SB 03-205	<u>(2,001,635)</u>	<u>(2,632)</u>	<u>(93,161)</u>	<u>493,548</u>	<u>(1,603,880)</u>	<u>(31.5)</u>
TOTAL	\$16,387,671	\$693,642	\$12,617,601	\$3,629,975	\$33,328,889	482.7
FY 2003-04 Appropriation:						
SB 03-258	\$17,516,912	\$716,561	\$13,368,636	\$3,569,546	\$35,171,655	481.0
SB 03-284	<u>(18,968)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(18,968)</u>	<u>0.0</u>
TOTAL	\$17,497,944	\$716,561	\$13,368,636	\$3,569,546	\$35,152,687	481.0
Increase/(Decrease)	\$1,110,273	\$22,919	\$751,035	(\$60,429)	\$1,823,798	(1.7)
Percentage Change	6.8%	3.3%	6.0%	-1.7%	5.5%	-0.4%

FTE Detail	FY 2002-03	FY 2003-04
Management	2.0	2.0
Professional Engineer	1.0	1.0
Accounting/Auditing	111.6	111.6
Architect	3.0	3.0
Program Assistant	10.0	10.0
Planner/ Estimator	4.0	4.0
Electronics Specialist	3.0	3.0

FTE Detail	FY 2002-03	FY 2003-04
Electrician	11.0	11.0
Social Work Associate	1.0	1.0
Pipefitter Mechanical Trades	27.0	27.0
Groundskeeper	12.0	12.0
Structural Trades	47.0	47.0
Administrative Assistant/ Data Specialist	14.8	14.8
Materials Handler	17.0	17.0
Equipment Operator	9.0	9.0
Custodian	136.7	135.0
Utility Worker	25.0	25.0
General Professional	30.0	30.0
LTC Operations	9.0	9.0
State Garage	2.1	2.1
Buildings and Grounds	<u>6.5</u>	<u>6.5</u>
	482.7	481.0

FTE Changes: The reduction in appropriated FTE results from staffing reductions associated with unit closures in the Mental Health Institutes.

General Fund Changes: The net increase in the General Fund appropriation results from increases of: (1) \$1.1 million to account for one-time savings associated with the shift in pay date for FY 2002-03; (2) \$608,000 to reflect in salary survey increases awarded in FY 2002-03; and (3) \$150,000 associated with increases in capitol complex leased space costs. These increases are offset by decreases of: (1) \$292,000 associated with refinancing of maintenance contracts with the Department of Corrections; (2) \$196,000 associated with reductions in the Mental Health Institutes; (3) \$152,000 associated with the termination of two commercial lease contracts; and (4) \$79,000 associated with general operating expense reductions.

Cash Funds Changes: The net increase in cash funds is due to salary survey increases provided in FY 2002-03.

Cash Funds Exempt Changes: The net \$751,000 increase in the cash funds exempt appropriation results from increases of: (1) \$292,000 associated with refinancing of maintenance contracts with the Department of Corrections; (2) \$277,000 for salary survey increases provided in FY 2002-03; and

(3) \$223,000 to account for one-time savings associated with the shift in pay date for FY 2002-03. These increases are offset by a general operating expense reduction of \$22,000.

Federal Funds Changes: The net decrease in the federal funds appropriation reflects a decrease of \$237,000 associated with the termination of two commercial lease contracts. This is offset by an additional \$148,000 provided for capitol complex leased space and \$20,000 for salary survey increases provided in FY 2002-03.

County Administration

This section contains appropriations for 64 county departments of social services to administer several programs including: Food Stamps, Adult Cash Assistance Programs (except Old Age Pension), Adult Protection, Low Income Energy Assistance, Child Support Enforcement, and Medicaid eligibility determination. Counties administer the Colorado "Works" Program; however, administrative funding is reflected with general Works program funding because counties have the authority to use Works Program block grant funds for either administrative or program purposes. Counties also administer the state's child welfare and child care programs; like the Works program, administrative funding and program funding are reflected in the same section.

Cash fund exempt sources include the county share of administrative costs, Medicaid funds transferred from the Department of Health Care Policy and Financing, retained child support collections and other fraud refunds. Federal fund sources include the Title XX Social Services Block Grant and other various sources.

	GF	CF	CFE	FF	Total	FTE
FY 2002-03 Appropriation:						
HB 02-1420	\$32,986,317	\$0	\$26,835,781	\$12,806,162	\$72,628,260	0.0
SB 03-205	<u>(4,545,242)</u>	<u>0</u>	<u>(546,653)</u>	<u>(126,794)</u>	<u>(5,218,689)</u>	<u>0.0</u>
TOTAL	\$28,441,075	\$0	\$26,289,128	\$12,679,368	\$67,409,571	0.0
FY 2003-04 Appropriation:						
SB 03-258	<u>\$27,664,281</u>	<u>\$0</u>	<u>\$26,642,920</u>	<u>\$12,679,368</u>	<u>\$66,986,569</u>	<u>0.0</u>
TOTAL	\$27,664,281	\$0	\$26,642,920	\$12,679,368	\$66,986,569	0.0
Increase/(Decrease)	(\$776,794)	\$0	\$353,792	\$0	(\$423,002)	0.0
Percentage Change	-2.7%	n/a	1.3%	0.0%	-0.6%	n/a

General Fund Changes: The General Fund appropriation reflects a 5.0 percent reduction in county contingency funding.

Cash Funds Exempt Changes: The net increase in the cash funds exempt appropriation reflects a \$421,000 increase associated with an increase in county incentive payments for child support collection efforts, offset by a \$67,000 decrease in the anticipated share of county offsetting revenues.

Division of Child Welfare

This section provides funding and state staff associated with the state supervision and county administration of programs which protect children from harm and assist families in caring for and protecting their children. Historically, this section has also included funding for domestic abuse programs. However, funding for this purpose has been transferred to the Office of Self Sufficiency, beginning in FY 2003-04. Cash funds sources reflect fees paid by individuals and agencies requesting information from the Child Abuse Registry. Cash funds exempt sources include Medicaid funds transferred from the Department of Health Care Policy and Financing, county tax revenues, reserves in the Child Abuse Registry Cash Fund, and grants and donations. Federal fund sources include Titles IV-B, IV-E, and XX of the Social Security Act, and the National Center for Child Abuse.

	GF	CF	CFE	FF	Total	FTE
FY 2002-03 Appropriation:						
HB 02-1420	\$147,989,369	\$285,997	\$127,155,900	\$73,819,428	\$349,250,694	42.0
SB 03-196	0	0	(2,178,007)	0	(2,178,007)	0.0
SB 03-197	(125,005)	0	(3,941)	0	(128,946)	0.0
SB 03-205	(18,280,364)	85,518	(871,509)	14,973,948	(4,092,407)	0.0
SB 03-258	<u>(1,840,024)</u>	<u>0</u>	<u>(2,882,647)</u>	<u>0</u>	<u>(4,722,671)</u>	<u>0.0</u>
TOTAL	\$127,743,976	\$371,515	\$121,219,796	\$88,793,376	\$338,128,663	42.0
FY 2003-04 Appropriation:						
SB 03-258	<u>\$134,583,184</u>	<u>\$650,219</u>	<u>\$128,546,778</u>	<u>\$89,356,291</u>	<u>\$353,136,472</u>	<u>37.0</u>
TOTAL	\$134,583,184	\$650,219	\$128,546,778	\$89,356,291	\$353,136,472	37.0
Increase/(Decrease)	\$6,839,208	\$278,704	\$7,326,982	\$562,915	\$15,007,809	(5.0)
Percentage Change	5.4%	75.0%	6.0%	0.6%	4.4%	-11.9%

FTE Detail	FY 2002-03	FY 2003-04
State Administration	23.0	19.0
Child Abuse Registry	9.0	9.0
Family and Children's Programs	3.0	3.0

FTE Detail	FY 2002-03	FY 2003-04
Child Abuse Grants	3.0	3.0
Family Preservation/ Family Support Program	2.0	2.0
Foster and Adoptive Parent Recruitment, Training, and Support	0.0	1.0
Domestic Abuse Program	<u>2.0</u>	<u>0.0</u>
	42.0	37.0

FTE Changes: The reduction in appropriated FTE reflects the elimination of 3.0 FTE vacant positions in response to the revenue shortfall, and the transfer of 2.0 FTE associated with the Domestic Abuse Program to the Office of Self Sufficiency, Colorado Works Program.

General Fund Changes: The increase in General Fund includes the following significant increases: (1) \$4,777,000 to provide for projected caseload increases; (2) \$1,399,000 for the elimination of a one-time appropriation of federal Title XX funds; (3) \$622,000 for the Expedited Permanency Planning Project, in order to provide funding for all 29 counties scheduled to complete implementation in FY 2005-06; (4) the transfer of \$612,000 from the Executive Director's Office for child welfare-related training; (5) \$313,000 for additional costs associated with a leap year; (6) \$101,000 to account for the shift in the pay date in FY 2002-03; and (7) \$59,000 for salary survey increases awarded in FY 2002-03. Such increases are partially offset by the following reductions that were taken in response to the revenue shortfall: (1) the elimination of a \$498,000 General Fund appropriation for the Domestic Abuse Program; (2) the elimination of \$285,000 General Fund support for the Central Registry of Child Protection; (3) a reduction of \$155,000 associated with 3.0 FTE positions that were eliminated; and (4) the elimination of \$100,000 for an evaluation of performance pilot projects.

Cash Funds Changes: The increase in cash funds reflects an increase in the fee revenue required to support the costs of operating the Central Registry of Child Protection and to offset the elimination of General Fund support for such purpose.

Cash Funds Exempt Changes: The increase in cash funds exempt appropriation reflects the following increases: (1) \$5,061,000 associated with a shift to cash accounting for Medicaid-funded programs in FY 2002-03; (2) \$3,174,000 to provide for projected caseload increases; and (3) \$271,000 for additional costs associated with a leap year. Such increases are partially offset by the elimination of a \$1,156,000 appropriation for the Domestic Abuse Program, which was transferred to the Office of Self Sufficiency, Colorado Works Program.

Federal Funds Changes: The change in federal funds reflects the following increases: (1) \$1,338,000 to provide for projected caseload increases; (2) \$366,000 to reflect additional funds anticipated to be available for independent living services; (3) the transfer of \$336,000 from the Executive Director's Office for child welfare-related training; and (4) \$22,000 in Title IV-E funds anticipated to be

available for administrative expenses. These increases are offset by a reduction of \$1,399,000 due to the elimination of a one-time appropriation of Title XX funds, and the elimination of \$100,000 for an evaluation of performance pilot projects.

Division of Child Care

This section provides funding and state staff associated with the state supervision and the county administration of the Colorado Child Care Assistance Program, through which counties provide child care subsidies to low income families and families transitioning from the Colorado Works Program. In addition, this section provides funding and state staff for the administration of various child care grant programs, and for licensing and monitoring child care facilities. Cash funds sources reflect fees and fines paid by child care facilities. Cash funds exempt sources reflect county tax revenues. Federal fund sources include Child Care Development Funds, and Title IV-E and Title XX of the Social Security Act.

	GF	CF	CFE	FF	Total	FTE
FY 2002-03 Appropriation:						
HB 02-1297	\$0	\$0	\$0	\$440,493	\$440,493	0.5
HB 02-1420	20,045,448	349,880	8,042,488	56,389,832	84,827,648	63.0
SB 03-197	(288,221)	0	0	0	(288,221)	0.0
SB 03-205	<u>(2,357,639)</u>	<u>48,614</u>	<u>100,000</u>	<u>803,651</u>	<u>(1,405,374)</u>	<u>(1.0)</u>
TOTAL	\$17,399,588	\$398,494	\$8,142,488	\$57,633,976	\$83,574,546	62.5
FY 2003-04 Appropriation:						
SB 03-258	<u>\$17,817,841</u>	<u>\$520,880</u>	<u>\$8,042,488</u>	<u>\$57,741,769</u>	<u>\$84,122,978</u>	<u>62.5</u>
TOTAL	\$17,817,841	\$520,880	\$8,042,488	\$57,741,769	\$84,122,978	62.5
Increase/(Decrease)	\$418,253	\$122,386	(\$100,000)	\$107,793	\$548,432	0.0
Percentage Change	2.4%	30.7%	-1.2%	0.2%	0.7%	0.0%

FTE Detail	FY 2002-03	FY 2003-04
Licensing Professionals	51.5	52.5
Administrative Support	<u>11.0</u>	<u>10.0</u>
	62.5	62.5

General Fund Changes: The General Fund appropriation reflects the following increases: (1) \$288,000 to account for the shift in the pay date in FY 2002-03; (2) \$105,000 for salary survey increases awarded in FY 2002-03; and (3) the restoration of a one-time \$49,000 reduction taken in FY 2002-03. Such increases are partially offset by the elimination of a \$25,000 one-time appropriation in FY 2002-03 for a study related to potential upgrades to the child care licensing system.

Cash Funds Changes: The cash funds appropriation reflects the annualization of a 36 percent licensing fee increase, effective May 1, 2003.

Cash Funds Exempt Changes: The cash funds exempt appropriation reflects the elimination of \$100,000 provided as a one-time appropriation from reserves in FY 2002-03.

Federal Funds Changes: The appropriation reflects the following increases in federal fund sources: (1) \$1,784,000 for continued implementation of the School-readiness Child Care Subsidization Program; (2) the restoration of a one-time \$86,000 reduction; and (3) \$14,000 for salary survey increases awarded in FY 2002-03. These increases are offset by reductions of \$1,753,000 for child care grants and the elimination of a \$25,000 one-time appropriation in FY 2002-03 for a study related to potential upgrades to the child care licensing system.

Office of Self Sufficiency

This section contains appropriations for cash assistance programs for specific populations, including the Colorado Works, child support enforcement, and disability determination programs.

	GF	CF	CFE	FF	Total	FTE
FY 2002-03 Appropriation:						
HB 02-1420	\$7,068,781	\$407,464	\$31,110,239	\$233,584,159	\$272,170,643	278.2
SB 03-197	(200,467)	0	(57,211)	0	(257,678)	0.0
SB 03-205	<u>(1,061,836)</u>	<u>240,729</u>	<u>3,075,605</u>	<u>18,354,101</u>	<u>20,608,599</u>	<u>0.0</u>
TOTAL	\$5,806,478	\$648,193	\$34,128,633	\$251,938,260	\$292,521,564	278.2
FY 2003-04 Appropriation:						
SB 03-258	<u>\$5,233,234</u>	<u>\$1,533,307</u>	<u>\$32,044,166</u>	<u>\$218,733,077</u>	<u>\$257,543,784</u>	<u>278.1</u>
TOTAL	\$5,233,234	\$1,533,307	\$32,044,166	\$218,733,077	\$257,543,784	278.1
Increase/(Decrease)	(\$573,244)	\$885,114	(\$2,084,467)	(\$33,205,183)	(\$34,977,780)	(0.1)
Percentage Change	-9.9%	136.6%	-6.1%	-13.2%	-12.0%	0.0%

FTE Detail	FY 2002-03	FY 2003-04
Administration	30.8	30.8
Colorado Works Program	2.0	4.0
Special Purpose	36.2	34.2
Child Support Enforcement	62.4	62.4
Disability Determination	<u>146.8</u>	<u>146.7</u>
	278.2	278.1

Administration

This section includes the State's share of administrative funding for self sufficiency programs. Cash funds exempt funding is from various sources and the federal fund source is exclusively Temporary Assistance for Needy Families (TANF) funds.

	GF	CF	CFE	FF	Total	FTE
FY 2002-03 Appropriation:						
TOTAL	\$218,233	\$0	\$0	\$2,011,480	\$2,229,713	30.8
FY 2003-04 Appropriation:						
TOTAL	\$300,758	\$0	\$0	\$2,062,930	\$2,363,688	30.8
Increase/(Decrease)	\$82,525	\$0	\$0	\$51,450	\$133,975	0.0
Percentage Change	37.8%	n/a	n/a	2.6%	6.0%	0.0%

General Fund Changes: The increase in the General Fund appropriation results from \$55,400 provided to account for a shift in the pay date in FY 2002-03 and \$28,500 in salary survey increases awarded in FY 2002-03.

Federal Funds Changes: The increase in federal funds results from \$51,000 in salary survey increases awarded in FY 2002-03.

Colorado Works Program

This section provides funding and spending authority associated with the Colorado Works Program, through which counties provide cash and other benefits and services intended to promote sustainable employment for low income families with children. The primary source of funding for the Works Program is federal Temporary Assistance for Needy Families (TANF) funds. Cash funds exempt

sources include county tax revenues as well as the state and county shares of retained child support collections and refunds.

	GF	CF	CFE	FF	Total	FTE
FY 2002-03 Appropriation:						
TOTAL	\$0	\$0	\$29,300,967	\$191,131,172	\$220,432,139	2.0
FY 2003-04 Appropriation:						
TOTAL	\$97,871	\$0	\$26,989,804	\$155,324,806	\$182,412,481	4.0
Increase/(Decrease)	\$97,871	\$0	(\$2,311,163)	(\$35,806,366)	(\$38,019,658)	2.0
Percentage Change	100.0%	n/a	-7.9%	-18.7%	-17.2%	100.0%

FTE Changes: The appropriation reflects an increase of 2.0 FTE due to the transfer of funding and staff for the Domestic Abuse Program from the Division of Child Welfare.

General Fund Changes: The appropriations to the Department for FY 2003-04, including the increase in General Fund for this section, are estimated to be sufficient to ensure that state and local expenditures meet (but do not exceed) the \$88.4 million minimum federally- required maintenance of effort (MOE) for federal Temporary Assistance for Needy Families (TANF). In contrast, appropriations for prior fiscal years were estimated to *exceed* the minimum TANF MOE by at least \$2.5 million.

Cash Funds Exempt Changes: The reduction in the appropriation of cash funds exempt primarily reflects the elimination of a one-time \$3.3 million appropriation of the federal share of offsetting revenues. This reduction is offset by the transfer of \$515,000 for the Domestic Abuse Program from the Division of Child Welfare and a \$421,000 increase in the state's share of offsetting revenues.

Federal Funds Changes: The appropriation of federal TANF funds reflects the following reductions: (1) a decrease of \$28.9 million to reflect more recent estimates of the amount available in County Reserve Accounts; (2) the elimination of a one-time \$12.7 million appropriation from the federal bonus related to a reduction in Colorado's out-of-wedlock birth rate; (3) a decrease of \$500,000 for the statutorily-required evaluation of the Works Program; and (4) the elimination of a one-time \$158,000 appropriation provided in FY 2002-03. These reductions are offset by an increase of \$5.8 million for county block grants and an appropriation of \$650,000 for the Domestic Abuse Program (to mitigate the elimination of General Fund support for the program).

Special Purpose Welfare Programs

This section contains appropriations for cash assistance programs for specific purposes, such as energy assistance, food stamp job search, food distribution, telephone assistance, emergency assistance for legal immigrants, income tax offset, and refugee assistance. This section also contains funding for the Denver Indian Center and the electronic benefits transfer service.

Cash fund sources are from counties and revenue from agencies participating in the food distribution program. Cash fund exempt sources include: the Colorado Energy Assistance Foundation; county matching and other local funds; in-kind donations; and other departments. Federal fund sources include: the Office of Energy Assistance; the U.S. Department of Agriculture; Temporary Assistance to Needy Families; and various other sources.

	GF	CF	CFE	FF	Total	FTE
FY 2002-03 Appropriation:						
TOTAL	\$1,330,864	\$503,215	\$3,478,602	\$34,979,483	\$40,292,164	36.2
FY 2003-04 Appropriation:						
TOTAL	\$471,392	\$1,388,297	\$3,606,906	\$37,131,689	\$42,598,284	34.2
Increase/(Decrease)	(\$859,472)	\$885,082	\$128,304	\$2,152,206	\$2,306,120	(2.0)
Percentage Change	-64.6%	175.9%	3.7%	6.2%	5.7%	-5.5%

FTE Changes: The FTE reduction results from the elimination of 2.0 FTE from the Food Distribution program.

General Fund Changes: The net decrease in the General Fund appropriation includes: (1) a \$784,000 reduction in the state share of funding for the Electronic Benefits Transfer Service (EBTS) system (offset by cash funds from the Old Age Pension program and funds from cash assistance clients pursuant to S.B. 03-246); (2) a \$150,000 reduction in the state share of funding for the food distribution program; (3) the removal of \$90,000 in one-time funding associated with transition costs for the new contract for the EBTS; (4) the removal of \$75,000 in one-time funding provided to implement a \$1.00 administrative fee for cash assistance clients; and (5) a \$72,000 reduction to the food stamp job search program. These decreases are offset by increases of: (1) \$238,000 provided for costs associated with the new contract for the EBTS; (2) \$36,000 to account for the shift in the pay date in FY 2002-03; (3) \$23,000 provided to offset reductions taken in FY 2002-03; and (4) \$21,000 in salary survey increases awarded in FY 2002-03.

Cash Funds Changes: The change in the cash funds appropriation results from the following increases: (1) \$443,000 associated with the implementation of a \$1.00 administrative fee for cash

assistance clients; (2) \$341,000 provided by the Old Age Pension program for the EBTS system; and (3) \$89,700 associated with increased fees charged to recipient agencies in the Food Distribution program.

Cash Funds Exempt Changes: The increase in the cash funds exempt appropriation primarily includes \$109,000 provided for costs associated with the new contract for the EBTS, and \$6,800 provided to offset reductions in the Food Stamp Job Search program.

Federal Funds Changes: The \$2.1 million increase in the federal funds appropriation is due to: (1) an expected \$1.9 million increase in federal funds for the Low-Income Energy Assistance Program for FY 2003-04; (2) \$245,500 provided for costs associated with the new contract for the EBTS; and (3) \$65,000 provided to offset reductions in the Food Stamp Job Search Program. These increases are offset by a reduction of \$52,600 in one-time funding provided in FY 2002-03 for transition costs associated with the securing the new contract for the EBTS system.

Child Support Enforcement

This section contains appropriations for the computer system used by county staff to establish paternity, locate absent parents, manage child support enforcement caseloads, track collection efforts, and several administrative line items that were consolidated, including: Interstate Processing, Child Support Enforcement pursuant to S.B. 94-141, Child Support Enforcement Commission, the Paternity Establishment Program, and the Evaluation Unit. This consolidated line item provides funds for staff and operating expenses associated with the following: performance evaluation program; provision of technical assistance to county departments of social services; operation of the "In-Hospital Paternity Establishment Program"; efforts for those cases in which either the child or the absent parent lives outside of Colorado; and operating and travel expenses associated with the Child Support Enforcement Commission.

	GF	CF	CFE	FF	Total	FTE
FY 2002-03 Appropriation:						
TOTAL	\$4,257,381	\$144,978	\$281,427	\$8,474,767	\$13,158,553	62.4
FY 2003-04 Appropriation:						
TOTAL	\$4,363,213	\$145,010	\$281,489	\$8,571,119	\$13,360,831	62.4
Increase/(Decrease)	\$105,832	\$32	\$62	\$96,352	\$202,278	0.0
Percentage Change	2.5%	0.0%	0.0%	1.1%	1.5%	0.0%

General Fund Changes: The increase in General Fund includes increases of \$108,000 to account for the shift in the pay date in FY 2002-03 and \$40,300 for salary survey increases awarded in FY 2002-03. These increases are offset by a decreases of \$44,600 associated with general operating reductions.

Federal Fund Changes: The federal funds increase includes \$93,800 provided for salary survey increases awarded in FY 2002-03.

Disability Determination Services

Disability Determination Services provides the federal Social Security Administration with medical disability decisions for Colorado residents applying for Social Security Disability Insurance and Supplemental Security Income Programs. Disability Determination Services also makes medical disability determinations for the Colorado Medicaid program. Cash funds exempt funding consists of Medicaid moneys from the Department of Health Care Policy and Financing. Federal funding for this program is from the Social Security Administration.

	GF	CF	CFE	FF	Total	FTE
FY 2002-03 Appropriation:						
TOTAL	\$0	\$0	\$1,067,637	\$15,341,358	\$16,408,995	146.8
FY 2003-04 Appropriation:						
TOTAL	\$0	\$0	\$1,165,967	\$15,642,533	\$16,808,500	146.7
Increase/(Decrease)	\$0	\$0	\$98,330	\$301,175	\$399,505	(0.1)
Percentage Change	n/a	n/a	9.2%	2.0%	2.4%	-0.1%

FTE Changes: The appropriation reflects a decrease of 0.6 FTE associated with decreased caseload, offset by the provision of 0.5 FTE to allow department staff to attend Medicaid eligibility appeal hearings.

Cash Funds Exempt Changes: The increase in the cash funds exempt appropriation includes \$57,200 to account for the shift in the pay date in FY 2002-03 and the provision of \$41,000 to allow department staff to attend Medicaid eligibility appeal hearings.

Federal Funds Changes: The increase in federal funds includes \$293,800 for salary survey increases awarded in FY 2002-03.

Mental Health and Alcohol and Drug Abuse Services

This section includes Mental Health Community Programs, the Mental Health Institutes, the Alcohol and Drug Abuse Division, Supportive Housing and Homelessness programs, and funds for central administration of these programs. The appropriation incorporates the previous Office of Behavioral Health and Housing and those portions of the former Division of Children's Health and Rehabilitation related to mental health and alcohol and drug abuse programs.

	GF	CF	CFE	FF	Total	FTE
FY 2002-03 Appropriation:*						
HB 02-1229	\$0	\$500	\$0	\$0	\$500	0.0
HB 02-1420	112,777,223	4,734,441	216,236,804	36,437,679	370,186,147	1,444.6
HB 02-1474	(2,531,463)	0	8,321,029	0	5,789,566	0.0
SB 03-176	0	0	(191,514)	0	(191,514)	0.0
SB 03-196	0	0	(5,163,074)	0	(5,163,074)	0.0
SB 03-197	(5,547,603)	0	(38,918)	0	(5,586,521)	0.0
SB 03-205	(21,337,843)	(84,772)	2,022,073	(6,426)	(19,406,968)	(66.8)
SB 03-258	<u>4,700,288</u>	<u>(922,565)</u>	<u>(3,793,658)</u>	<u>0</u>	<u>(15,935)</u>	<u>0.0</u>
TOTAL	\$88,060,602	\$3,727,604	\$217,392,742	\$36,431,253	\$345,612,201	1,377.8
FY 2003-04 Appropriation:						
SB 03-258	\$93,398,447	\$3,710,513	\$219,563,548	\$45,898,838	\$362,571,346	1,305.4
SB 03-282	<u>0</u>	<u>0</u>	<u>1,451,354</u>	<u>0</u>	<u>1,451,354</u>	<u>0.0</u>
TOTAL	\$93,398,447	\$3,710,513	\$221,014,902	\$45,898,838	\$364,022,700	1,305.4
Increase/(Decrease)	\$5,337,845	(\$17,091)	\$3,622,160	\$9,467,585	\$18,410,499	(72.4)
Percentage Change	6.1%	-0.5%	1.7%	26.0%	5.3%	-5.3%

*Note: Fiscal year 2002-03 appropriations have been adjusted to reflect a Department reorganization. As a result, FY 2002-03 appropriations originally made to the Division of Children's Health and Rehabilitation for mental health and alcohol and drug abuse services have been combined with the FY 2002-03 appropriation for the Office of Behavioral Health and Housing to provide comparable figures for this division.

FTE Detail	FY 2002-03	FY 2003-04
Administration	40.1	41.1
Mental Health Community Programs	2.0	2.0

FTE Detail	FY 2002-03	FY 2003-04
Mental Health Institutes	1,308.7	1,235.3
Alcohol and Drug Abuse Division	<u>27.0</u>	<u>27.0</u>
	1,377.8	1,305.4

Administration

This section contains appropriations for the central administration of mental health and alcohol and drug abuse services for adults and children. It also includes funding for federal housing programs for low income and indigent persons who require specialized care. In FY 2003-04, an estimated 3,054 federally-supported housing vouchers will be managed by the Department. The primary source of the cash funds exempt in this section is Medicaid cash funds transferred from the Department of Health Care Policy and Financing. The primary source of federal funds is the U.S. Department of Housing and Urban Development.

	GF	CF	CFE	FF	Total	FTE
FY 2002-03 Appropriation:*						
TOTAL	\$520,083	\$0	\$953,600	\$5,497,223	\$6,970,906	40.1
FY 2003-04 Appropriation:						
TOTAL	\$422,445	\$0	\$1,404,992	\$17,668,185	\$19,495,622	41.1
Increase/(Decrease)	(\$97,638)	\$0	\$451,392	\$12,170,962	\$12,524,716	1.0
Percentage Change	-18.8%	n/a	47.3%	221.4%	179.7%	2.5%

*Note: Fiscal year 2002-03 appropriations have been adjusted to reflect the Department's reorganization. As a result, the amount shown for FY 2002-03 combines a portion of appropriations originally made to the Division of Children's Health and Rehabilitation with the appropriation for administration of the former Office of Behavioral Health and Housing.

FTE Changes: The appropriation reflects additional federally-funded staff for supportive housing programs.

General Fund Changes: The General Fund appropriation includes a decrease of \$143,000 for personal services and operating expenses associated with statewide revenue shortfalls. This reduction is partially offset by an increase of \$32,000 associated the shift in pay date in FY 2002-03 and a \$13,000 increase for salary survey awarded in FY 2002-03.

Cash Funds Exempt Changes: The cash funds exempt appropriation includes an increase of \$353,000 for external quality review of the mental health capitation program, pursuant to a new federal

mandate. The balance of the cash funds exempt increase includes \$59,000 for salary survey increases awarded in FY 2002-03 and PERA adjustments, and \$39,000 associated the shift in pay date in FY 2002-03.

Federal Funds Changes: The federal funds increase is based on a more accurate estimate of anticipated federal funding for mental health and housing services. This adjustment includes an additional \$10.9 million for supportive housing and homelessness programs (consistent with actual receipts in recent years) and a \$1.3 million increase for special-purpose federal grants.

Mental Health Community Programs

This section provides mental health services through the purchase of services from three specialty clinics, 17 private non-profit community mental health centers, and eight mental health assessment and service agencies (MHASAs), which coordinate mental health services for Medicaid recipients. In FY 2003-04, this section is expected to fund mental health services for 47,589 Medicaid-eligible children and adults, and for 34,530 children and adults who are not Medicaid-eligible. Most of the cash funds exempt in this section of the budget are Medicaid funds transferred from the Department of Health Care Policy and Financing. The federal funds are primarily from the Mental Health Services Block Grant.

	GF	CF	CFE	FF	Total	FTE
FY 2002-03 Appropriation:*						
TOTAL	\$25,431,715	\$0	\$193,250,250	\$4,999,118	\$223,681,083	2.0
FY 2003-04 Appropriation:						
TOTAL	\$23,330,893	\$0	\$200,828,580	\$5,424,187	\$229,583,660	2.0
Increase/(Decrease)	(\$2,100,822)	\$0	\$7,578,330	\$425,069	\$5,902,577	0.0
Percentage Change	-8.3%	n/a	3.9%	8.5%	2.6%	0.0%

*Note: Fiscal year 2002-03 appropriations have been adjusted to reflect the Department's reorganization. As a result, the amount shown for FY 2002-03 combines the appropriations originally made to the Division of Children's Health and Rehabilitation for children's mental health services with the appropriation for community mental health services in Office of Behavioral Health and Housing.

General Fund Changes: The General Fund reduction includes: (1) a decrease of \$1,947,000 for community mental health services for mentally ill persons who are not eligible for Medicaid, associated with the statewide revenue shortfall; (2) a reduction of \$420,000 associated with the elimination of a pilot program that provided mental health services in the community for youth who were identified through the youth corrections detention system; (3) a reduction of \$334,000 associated with annualizing the impact of FY 2002-03 reductions in housing staffing for the Goebel

program; (4) a reduction of \$176,000 to annualize reductions and fully eliminate funding for mental health early intervention pilot programs; and (5) elimination of \$96,000 associated with a program to assist families in obtaining out of home placement for their children without turning custody over to county authorities; for FY 2003-04 this program will be funded with Tobacco Litigation Settlement Cash Fund moneys.

These General Fund decreases are partially offset by an increase of \$854,000 to annualize FY 2002-03 action that provides for alternatives to treatment at the state mental health institutes. This funding is associated with the closure of a 27-bed unit at the mental health institute at Fort Logan, a 32-bed unit at the mental health institute at Pueblo and a hospitalization aftercare program formerly administered by CMHI Fort Logan and now administered by community providers. Additional increases include \$12,000 associated with the shift in pay date for FY 2002-03 and \$5,000 for FY 2002-03 salary survey adjustments.

Cash Funds Exempt Changes: The various components of the \$7.6 million cash funds exempt increase are discussed separately below.

Medicaid Program Increases. Most of these amounts originate in the Department of Health Care Policy and Financing (HCPF) and are appropriated as 50 percent General Fund and 50 percent federal funds. However, in FY 2003-04, S.B. 03-282 substitutes Tobacco Litigation Settlement Cash Fund moneys for some of this General Fund.

Medicaid mental health adjustments for FY 2003-04 reflect an increase of \$6.6 million, including \$2.6 million that originates as General Fund and \$0.7 million that originates as Tobacco Litigation Cash Funds in the HCPF. Adjustments include the following:

- ❑ An increase of \$5.2 million for Medicaid anti-psychotic pharmaceuticals. This increase includes \$4.6 million associated with projected increases in drug costs and utilization and \$543,000 associated with one-time FY 2002-03 savings for the shift from accrual to cash accounting for state Medicaid programs. Note that beginning in FY 2003-04, this line item is shown in the Department of Human Services for information only and will be budgeted as part of the Medical Services Premiums line item in HCPF.

- ❑ A net increase of \$796,000 for the Medicaid mental health capitation program that includes the following increases: (1) \$2,901,000 for changes in Medicaid eligibility and case-mix; (2) \$1,151,000 to annualize FY 2002-03 funding for programs that provide for community alternatives to placement in the state mental health institutes; and (3) \$343,000 associated with the refinance of services in the mental health institutes to increase the use of Medicaid in lieu of General Fund. These increases are offset by decreases of \$3,098,000 in capitated Medicaid rates associated with statewide revenue shortfalls and \$502,000 associated with annualizing the impact of FY 2002-03 reductions in housing staffing for the Goebel program. Of the total appropriation for mental health capitation in FY 2003-04, \$500,000 originates

as Tobacco Litigation Cash Funds (rather than General Fund) in HCPF, pursuant to S.B. 03-282.

- ❑ An increase of \$540,000 for Medicaid mental health fee-for-service programs. This includes an increase of \$400,000 to account for one-time FY 2002-03 savings associated with the shift from accrual to cash accounting for state Medicaid programs and \$140,000 for estimated caseload increases.
- ❑ Substitution of \$178,000 in Tobacco Litigation Settlement cash funds for General Fund in HCPF to maintain the Residential Treatment for Youth (H.B. 99-1116) program, pursuant to S.B. 03-83 and S.B. 03-282.
- ❑ An increase of \$17,000 for the Medicaid Breast and Cervical Cancer program (federal funds matched with Tobacco Litigation Settlement cash funds in HCPF).

The table below provides additional detail on the components of selected Medicaid mental health program appropriations for FY 2002-03 and FY 2003-04.

Medicaid Mental Health Program – Selected Line Item Detail		
	FY 2002-03	FY 2003-04
<u>Mental Health Capitation</u>		
Base FY 2002-03 Appropriation (except Goebel carve-out)*	\$135,345,137	\$135,345,137
FY 2003-04 Caseload Adjustment*	n/a	2,900,767
Capitation base cuts (statewide revenue shortfall)	(5,702,880)	(8,800,580)
Goebel lawsuit settlement base carve-out	12,082,398	12,082,398
Goebel housing staff reduction	(334,288)	(835,890)
Address revenue shortfall of Goebel contractor	409,076	409,078
Capitation portion of alternatives to hospitalization	421,039	1,572,462
Capitation portion of mental health institute refinance	<u>2,484,545</u>	<u>2,827,880</u>
Total	144,705,027	145,501,252
<u>Mental Health Fee for Service Payments</u>		
Fee for Service Payments	663,454	699,281
Payments to Mental Health Centers	139,390	146,917
Case Management for Frail Elderly (HCBS-MI)	1,781,998	1,878,225

Medicaid Mental Health Program – Selected Line Item Detail		
	FY 2002-03	FY 2003-04
Medicaid cash accounting (S.B. 03-196)	<u>(400,000)</u>	<u>0</u>
Total	2,184,842	2,724,423
<u>Medicaid Anti-psychotic Pharmaceuticals</u>		
Base FY 2002-03 Appropriation	23,641,643	23,641,643
FY 2003-04 caseload, cost and utilization adjustment	n/a	4,854,442
Pharmacy reimbursement rate reduction	(439,862)	(408,943)
Remove legal immigrants from Medicaid	(87,905)	(319,018)
Medicaid cash accounting (S.B. 03-196)	<u>(542,922)</u>	<u>0</u>
Total	22,570,954	27,768,124

*Includes adjustments for removal of legal immigrants from the Medicaid program.

Other Cash Funds Exempt Increases. The cash funds exempt increase also includes:

- An increase of \$954,000 in amounts shown for informational purposes only, including an increase of \$288,000 for anticipated increases in expenditures for the Medicaid mental health child placement agency program and net increases of \$666,000 that show, by line item, the anticipated portion of the mental health capitation line item used for various special programs.;
- An increase of \$96,000 in Tobacco Litigation Settlement Cash Funds that substitutes for General Fund appropriated in FY 2002-03 and enables a continuation level of funding for the Residential Treatment for Youth (H.B. 99-11 16) program, pursuant to S.B. 03-83 and S.B. 03-282; and
- A reduction of \$26,000 to anticipated local matching funds associated with General Fund cuts.

Federal Funds Changes: The reflected federal funds increases are based on federal FY 2002-03 mental health and homelessness block grant funding levels that are anticipated to continue in FY 2003-04.

Mental Health Institutes

This section contains appropriations for inpatient mental health services provided at the state mental health institute in Pueblo and the state mental health institute at Fort Logan in Denver. The mental health institute at Pueblo is expected to have an average daily census of 415 in FY 2003-04 and the

mental health institute at Fort Logan is expected to have an average daily census of 155 in FY 2003-04. The FY 2003-04 average cost per bed for the institutes is \$152,197. Cash fund revenue sources include patient fees and payments from school districts for residential treatment center services for adolescents. Cash funds exempt amounts consist primarily of exempt patient revenues, such as federal Medicare payments, and other payments received from other state agencies including the Department of Health Care Policy and Financing for Medicaid-eligible patients and payments from the Department of Corrections.

	GF	CF	CFE	FF	Total	FTE
FY 2002-03 Appropriation:						
TOTAL	\$53,331,220	\$2,247,664	\$22,078,840	\$0	\$77,657,724	1,308.7
FY 2003-04 Appropriation:						
TOTAL	\$60,862,274	\$2,181,358	\$17,321,249	\$0	\$80,364,881	1,235.3
Increase/(Decrease)	\$7,531,054	(\$66,306)	(\$4,757,591)	\$0	\$2,707,157	(73.4)
Percentage Change	14.1%	-3.0%	-21.5%	n/a	3.5%	-5.6%

Overall Funding Changes: The overall funding increase of \$2.7 million includes: (1) an increase of \$5.5 million to account for one-time savings associated with the shift in pay date for FY 2002-03; (2) an increase of \$2.8 million for salary survey and PERA adjustments; (3) an increase of \$700,000 to annualize a FY 2002-03 initiative that increased staffing on the forensics unit; (4) an increase of \$200,000 for an initiative to further increase staffing on the forensics unit as of April 1, 2004, associated with a lawsuit settlement; and (5) an increase of \$500,000 to account for one-time savings associated with the shift from accrual accounting to cash accounting for state Medicaid programs.

These increases are partially offset by the following reductions: (1) \$4.2 million to annualize the impact of FY 2002-03 supplemental reductions, including administrative efficiencies, the closure of an 8-bed adolescent unit at the mental health institute at Pueblo, the closure of a 16-bed residential unit at the mental health institute at Fort Logan, the closure (and transfer to community control) of a hospital aftercare program at the mental health institute at Fort Logan, and the reduction of the CIRCLE program at the mental health institute at Pueblo from 30 beds to 20 beds; (2) \$2.0 million for the closure of a 27-bed unit at the mental health institute at Fort Logan effective July 1, 2003 (associated funding for community alternatives is included in the mental health community programs section); and (3) \$800,000 for additional required administrative efficiencies associated with statewide revenue shortfalls.

The table below shows the impact on the mental health institutes, by FTE and fund source, of the various actions taken to balance the budget in FY 2002-03 and FY 2003-04. Offsetting increases are also reflected, so that the totals reflect the annual institute appropriation.

	FY 2002-03			FY 2003-04		
	General Fund	Other Funds	FTE	General Fund	Other Funds	FTE
<u>Mental Health Institutes</u>						
FY 2002-03 Long Bill	68,179,647	20,289,396	1,374.5	68,179,647	20,289,396	1,374.5
Increase forensics unit staffing	Included in FY 2002-03 Long Bill			858,052	0	20.7
Personal services increases	Included in FY 2002-03 Long Bill			2,843,387	0	0.0
Close 8-bed Pueblo adolescent unit	(557,991)	(730,620)	(22.8)	(598,767)	(797,040)	(24.9)
Close 16-bed Ft. Logan residential unit	(708,249)	(51,727)	(10.6)	(842,035)	(62,073)	(12.7)
Close Ft. Logan aftercare	(250,384)	0	(2.7)	(989,396)	0	(10.8)
Close Pueblo 32-bed adult unit	(570,818)	(173,555)	(11.9)	(2,231,892)	(640,820)	(45.6)
Close 10 Pueblo CIRCLE beds	(183,750)	(62,043)	(3.0)	(633,954)	(185,943)	(11.9)
Close Ft. Logan 27-bed adult unit	0	0	0.0	(1,818,268)	(177,303)	(31.1)
Required administrative efficiencies	(787,656)	0	(14.8)	(2,066,699)	0	(22.9)
Eliminate FY 02-03 medical inflation	(632,687)	0	0.0	(632,687)	0	0.0
Eliminate Governor's holiday	(128,724)	0	0.0	(128,724)	0	0.0
One-time Medicare, Medicaid revenue	(5,241,277)	5,241,277	0.0	0	0	0.0
Paydate shift (SB 03-197)	(5,503,115)	0	0.0	0	0	0.0
Medicaid cash accounting (SB 03-196)	0	(470,000)	0.0	0	0	0.0
Other revenue adjustments	<u>(283,776)</u>	<u>283,776</u>	<u>0.0</u>	<u>(1,076,390)</u>	<u>1,076,390</u>	<u>0.0</u>
TOTAL Institute Appropriation	53,331,220	24,326,504	1,308.7	60,862,274	19,502,607	1,235.3

Notes: (1) "Other Funds" includes cash and cash funds exempt revenue sources. (2) Savings associated with unit closures reflect only the savings appropriated to the mental health institutes; additional savings were realized in the Executive Director's Office, Office of Operations, and Information Technology Services sections. (3) All savings associated with the eight-bed adolescent unit closure were originally anticipated to be General Fund. The amounts shown reflect a more recent analysis of the impact of the closure by fund source.

FTE Changes: The decrease of 73.4 FTE includes: (1) a decrease of 63.0 FTE associated with annualizing FY 2002-03 supplemental reductions, including reductions for administrative efficiencies, closure of a 16-bed residential unit and a community aftercare program at the mental health institute at Fort Logan, closure of a 32-bed adult unit and an eight-bed adolescent unit at the mental health institute at Pueblo, and downsizing of the CIRCLE program at Pueblo from 30 beds to 20 beds; and (2) a decrease of 31.1 FTE associated with closure of a 27-bed adult unit at the mental health institute at Fort Logan effective July 1, 2003. These reductions are partially offset by: (1) an increase of 17.0 FTE to annualize an FY 2002-03 decision item to increase staffing for the forensics unit at the mental health institute at Pueblo; and (2) an increase of 3.7 FTE associated with an FY 2003-04 decision item to further increase staffing for the forensics unit, associated with a lawsuit settlement. The latter increase becomes effective during the last quarter of FY 2003-04 and therefore annualizes to an increase of 14.6 FTE in FY 2004-05.

General Fund Changes: The General Fund increase of \$7.5 million reflects a combination of the overall cost increase of \$2.7 million outlined above combined with an anticipated \$4.8 million *decrease* in anticipated cash and cash exempt revenues, because General Fund pays the balance of institute costs not reimbursed by other revenue sources. As reviewed above, the overall cost increase includes \$5.5 million associated with the shift in pay date for FY 2002-03, among other factors. The revenue decline includes the elimination of \$5.2 million of one-time funding available in FY 2002-03, among other factors that are reviewed below.

Cash Funds and Cash Funds Exempt Changes: Cash funds and cash funds exempt decreases are based on FY 2003-04 revenue projections, which are based on FY 2002-03 revenue, adjusted as appropriate. The overall \$4.8 million reduction is primarily accounted for by \$5.2 million in cash funds exempt Medicare cost reimbursements and Medicaid funds available on a one-time basis in FY 2002-03. In addition, \$845,000 is associated with lost revenue tied to new and annualized unit closures, and \$419,000 is associated with lower revenue trends that are substantially related to lower occupancy figures. These reductions are partially offset by: (1) a \$1.0 million increase in anticipated receipts from the Department of Corrections based on accounting changes that are primarily designed to increase DOC utilization of the general hospital on the Pueblo campus (\$0 statewide General Fund impact); (2) an increase of \$470,000 cash funds exempt to reflect one-time FY 2002-03 savings associated with the statewide Medicaid programs shift from accrual to cash accounting; and (3) an increase of \$200,000 to reflect anticipated gifts, grants, and donations for the CIRCLE program.

Alcohol and Drug Abuse Division

This section contains appropriations for alcohol and drug abuse prevention, intervention, and treatment services. Treatment, prevention, and detoxification services are provided primarily through six managed service organizations, each of which is responsible for managing the provision of services to residents of a specified geographic area of the state. The division also funds and oversees involuntary commitments into detoxification facilities and substance abuse treatment programs. Sixty-five percent of total division funding is federal funds, with the substance abuse prevention and treatment block grant being the primary source. Cash funds sources include the Drug Offender Surcharge Fund, the Law Enforcement Assistance Fund, and the Persistent Drunk Driver Cash Fund, among others. Cash funds exempt sources include the Judicial Department's Alcohol and Drug Driving Safety program and the Department of Public Safety. In FY 2003-04, the Alcohol and Drug Abuse Division is expected to provide funding for 25,554 shelter/detoxification admissions and 16,846 substance abuse treatment admissions.

	GF	CF	CFE	FF	Total	FTE
FY 2002-03 Appropriation:						
TOTAL	\$8,777,584	\$1,479,940	\$1,110,052	\$25,934,912	\$37,302,488	27.0

	GF	CF	CFE	FF	Total	FTE
FY 2003-04 Appropriation:						
TOTAL	\$8,782,835	\$1,529,155	\$1,460,081	\$22,806,466	\$34,578,537	27.0
Increase/(Decrease)	\$5,251	\$49,215	\$350,029	(\$3,128,446)	(\$2,723,951)	0.0
Percentage Change	0.1%	3.3%	31.5%	-12.1%	-7.3%	0.0%

General Fund Changes: The net General Fund increase includes: (1) an increase of \$100,000 to backfill Persistent Drunk Driver Cash Fund reserve funding available on a one-time basis in FY 2002-03; and (2) an increase of \$47,000 associated with salary survey increases awarded in FY 2002-03. These increases are almost entirely offset by the elimination of \$141,000 of funding provided in FY 2002-03 to update the Division's information technology system. As all General Fund has now been eliminated from the Division's administration section, General Fund personal services increases are shifted to treatment programs.

Cash Funds Changes: The cash funds increase includes an increase \$250,000 from the Persistent Drunk Driver Cash Fund for detoxification services. This increase is partially offset by the following decreases: (1) a decrease of \$123,000 from the Persistent Drunk Driver Cash Fund to annualize one-time funding provided in FY 2002-03 for educational programs; (2) a decrease of \$65,000 from the Law Enforcement Assistance Fund to reflect a projected decline in revenue from this source; and (3) a decrease of \$17,000 from the Tobacco Use Prevention Fund, as revenue to support the appropriation at the previous level of \$22,000 has never been received.

Cash Funds Exempt Changes: The cash funds exempt increase includes: (1) an increase of \$700,000 due to a one-time shift of cash funds exempt spending authority from FY 2002-03 to FY 2003-04 (associated with maintaining the required federal maintenance of effort for the substance abuse block grant); and (2) an increase of \$58,000 to reflect one-time FY 2002-03 savings associated with the switch from accrual to cash accounting for state Medicaid programs. These increases are partially offset by: (1) a decrease of \$350,000 in Persistent Drunk Driver cash funds due to the elimination of \$100,000 in one-time funding from reserves available in FY 2002-03 and the reclassification of \$250,000 in Persistent Drunk Driver cash funds from cash exempt to cash; (2) elimination of \$35,000 in federal funds transferred from the Department of Public Safety that is no longer received; and (3) a decrease of \$21,000 for spending from reserves in the Law Enforcement Assistance Fund that are not expected to be available.

Federal Funds Changes: The \$3.1 million decrease in federal funds includes a reduction of \$2.5 million due to the completion of various special-purpose federal grants and a decrease of \$600,000 associated with more accurately reflecting the amount of the federal Substance Abuse Prevention and Treatment block grant, based on the final federal FY 2001-02 allotment (the latest figure available at the time figures were set for the FY 2003-04 Long Bill).

Services for People with Disabilities

This new section includes all funding for Developmental Disability Services, the Division of Vocational Rehabilitation, and the Homelake Domiciliary. Funding changes to these areas are described in the relevant sections below.

	GF	CF	CFE	FF	Total	FTE
FY 2002-03 Appropriation:						
HB 02-1180	\$0	\$0	\$244,417	\$0	\$244,417	0.0
HB 02-1420	31,734,842	4,036,480	295,404,294	27,223,930	358,399,546	1,196.1
SB 03-196	0	0	(7,363,985)	0	(7,363,985)	0.0
SB 03-197	(287,897)	0	(3,173,098)	0	(3,460,995)	0.0
SB 03-205	(1,644,068)	862,374	(4,372,363)	2,423,918	(2,730,139)	(16.2)
SB 03-258	<u>(120,220)</u>	<u>0</u>	<u>(1,324,837)</u>	<u>0</u>	<u>(1,445,057)</u>	<u>0.0</u>
TOTAL	\$29,682,657	\$4,898,854	\$279,414,428	\$29,647,848	\$343,643,787	1,179.9
FY 2003-04 Appropriation:						
SB 03-258	\$24,785,761	\$4,916,461	\$295,496,653	\$26,164,042	\$351,362,917	1,179.9
HB 03-1292	<u>0</u>	<u>0</u>	<u>728,000</u>	<u>0</u>	<u>728,000</u>	<u>0.0</u>
TOTAL	\$24,785,761	\$4,916,461	\$296,224,653	\$26,164,042	\$352,090,917	1,179.9
Increase/(Decrease)	(\$4,896,896)	\$17,607	\$16,810,225	(\$3,483,806)	\$8,447,130	0.0
Percentage Change	-16.5%	0.4%	6.0%	-11.8%	2.5%	0.0%

FTE Detail	FY 2002-03	FY 2003-04
Developmental Disability Services	923.8	923.8
Division of Vocational Rehabilitation	239.7	239.7
Homelake Domiciliary for Veterans	<u>16.4</u>	<u>16.4</u>
	1,179.9	1,179.9

Developmental Disability Services (New section)

This section includes funding for community and institutional services for adults with developmental disabilities, services for children with developmental disabilities, and the work therapy program, which provides supportive employment for people with developmental disabilities. Overall funding changes

are reflected in the table immediately below. The details of these changes are discussed in the relevant subsections that follow.

	GF	CF	CFE	FF	Total	FTE
FY 2002-03 Appropriation:						
TOTAL	\$25,227,340	\$2,992,351	\$276,389,205	\$0	\$304,608,896	923.8
FY 2003-04 Appropriation:						
TOTAL	\$21,121,915	\$3,003,881	\$292,953,103	\$0	\$317,078,899	923.8
Increase/(Decrease)	(\$4,105,425)	\$11,530	\$16,563,898	\$0	\$12,470,003	0.0
Percentage Change	-16.3%	0.4%	6.0%	n/a	4.1%	0.0%

Community Services (Subsection of Developmental Disabilities Services)

This section includes all funding associated with community-based services available to adults with developmental disabilities. Most of this funding is distributed to 20 Community Centered Boards (CCBs) located throughout the state to provide case management, "comprehensive" (24-hour residential care), and supported living services (day-time care and employment support) to adults with developmental disabilities. The state's three Regional Centers also provide comprehensive services in community-based settings (i.e., group homes) and therefore receive some funding from this section as well.

	GF	CF	CFE	FF	Total	FTE
FY 2002-03 Appropriation:						
TOTAL	\$12,235,368	\$0	\$239,445,833	\$0	\$251,681,201	30.0
FY 2003-04 Appropriation:						
TOTAL	\$11,153,151	\$0	\$248,771,425	\$0	\$259,924,576	30.0
Increase/(Decrease)	(\$1,082,217)	\$0	\$9,325,592	\$0	\$8,243,375	0.0
Percentage Change	-8.8%	n/a	3.9%	n/a	3.3%	0.0%

General Fund Changes: The General Fund decrease includes: (1) a \$1.0 million reduction to supported living services for people with developmental disabilities that are funded exclusively with General Fund; (2) a \$109,000 reduction associated with the elimination of a 2.0 percent "base rate"

increase provided in FY 2002-03; and (3) a \$50,000 reduction associated with uncommitted funding for services in FY 2003-04. These decreases are offset by increases of \$27,000 to account for the shift in the pay date in FY 2002-03 and \$12,000 to compensate for providing services for one extra day due to the leap year.

Cash Funds Exempt Changes: The appropriation for a net increase of \$9.3 million cash funds exempt includes increases of: (1) \$6.0 million associated with the switch to cash accounting for Medicaid-funded programs; (2) \$5.6 million to annualize the costs of services approved in FY 2002-03; (3) \$532,000 to compensate for providing services for one extra day due to the leap year; (4) \$378,000 for emergency services for persons with developmental disabilities; (5) \$142,500 to account for the shift in the pay date in FY 2002-03; (6) \$138,000 associated with a refinancing of General Fund with Medicaid funds; and (7) \$96,000 in salary survey increases awarded in FY 2002-03. These increases are offset by decreases of \$3.4 million associated with the elimination of a 2.0 percent "base rate" increase provided in FY 2002-03 and \$550,000 associated with uncommitted funding for services in FY 2003-04.

This funding increase is primarily Medicaid cash funds exempt transferred from the Department of Health Care Policy and Financing. Of this amount, about half is derived from a General Fund appropriation made to that department.

Regional Centers (Subsection of Developmental Disabilities Services)

This section contains appropriations for three regional centers operated by the department for persons with developmental disabilities. Persons served by regional centers usually have multiple disabling conditions, that may include maladaptive behaviors or severe, chronic medical conditions that require specialized and intensive levels of services. The regional centers work closely with the Office of Adult Health and Rehabilitation, which supervises community placements for persons with developmental disabilities. Traditionally, the regional centers have served persons with developmental disabilities where appropriate community programs are not available. The regional centers provide residential services, medical care, and active treatment programs based on individual assessments and habilitation plans.

Cash fund sources are exclusively client cash revenue. Cash fund exempt sources are exclusively Medicaid funds transferred from the Department of Health Care Policy and Financing.

	GF	CF	CFE	FF	Total	FTE
FY 2002-03 Appropriation:						
TOTAL	\$0	\$2,368,844	\$32,810,813	\$0	\$35,179,657	891.3
FY 2003-04 Appropriation:						
TOTAL	\$0	\$2,376,142	\$39,614,488	\$0	\$41,990,630	891.3

	GF	CF	CFE	FF	Total	FTE
Increase/(Decrease)	\$0	\$7,298	\$6,803,675	\$0	\$6,810,973	0.0
Percentage Change	n/a	0.3%	20.7%	n/a	19.4%	n/a

Cash Funds Changes: The increase in the cash funds appropriation is the result of an increase in the room and board rate collected from people in institutions.

Cash Funds Exempt Changes: The net increase in cash funds exempt is the result of: (1) an additional \$3.0 million to account for one-time savings associated with the shift in pay date for FY 2002-03; (2) \$1.8 million provided for salary survey increases awarded in FY 2002-03; (3) \$1.6 million to account for the shift to cash accounting for Medicaid-funded programs; and (4) \$728,000 pursuant to H.B. 03-1292. These increases are offset by decreases of \$394,000 associated with the removal of one-time funding provided in FY 2002-03 to account for an over-expenditure and \$43,000 in general operating reductions.

Services for Children and Families (Subsection of Developmental Disabilities Services)

This section contains appropriations for the Early Intervention, Family Support Services and Children's Extensive Support programs for children with developmental disabilities. Cash fund exempt sources include Medicaid funds transferred from the Department of Health Care Policy and Financing and local sources.

	GF	CF	CFE	FF	Total	FTE
FY 2002-03 Appropriation:						
TOTAL	\$12,991,972	\$0	\$3,992,416	\$0	\$16,984,388	1.0
FY 2003-04 Appropriation:						
TOTAL	\$9,968,764	\$0	\$4,427,034	\$0	\$14,395,798	1.0
Increase/(Decrease)	(\$3,023,208)	\$0	\$434,618	\$0	(\$2,588,590)	0.0
Percentage Change	-23.3%	n/a	10.9%	n/a	-15.2%	0.0%

General Fund Changes: The decrease in General Fund includes reductions of: (1) \$2.8 million associated with a 50 percent reduction in the Family Support Services Program (FSSP); (2) \$117,500 to account for the FY 2003-04 impact of the reduction of FY 2002-03 funding for early intervention

and children's extensive support services; and (3) \$94,000 associated with the end of the Family Support Services pilot program.

Cash Funds Exempt Changes: The increase in cash funds exempt includes \$639,000 to account for the shift to cash accounting for Medicaid-funded programs. This increase is offset by a decrease of \$211,000 to account for the FY 2003-04 impact of the reduction of new funding for early intervention and children's extensive support services in FY 2002-03.

Work Therapy Program (Subsection of Developmental Disabilities Services)

This section contains appropriations for the Work Therapy Enterprise Funds for the Colorado Mental Health Institute at Fort Logan and the Regional Centers for persons with Developmental Disabilities at Grand Junction, Pueblo, and Wheat Ridge. These funds support sheltered workshop programs for training and employment of clients. Revenue is derived from contracts with area businesses and organizations for custodial services, printing, packaging, mailing, and other types of manual processing that can be performed by program clients. Enrolled clients are paid from funds received in proportion to the work performed. Approximately 500 clients from the Regional Centers and Mental Health Institutes participate in this program.

	GF	CF	CFE	FF	Total	FTE
FY 2002-03 Appropriation:						
TOTAL	\$0	\$623,507	\$140,143	\$0	\$763,650	1.5
FY 2003-04 Appropriation:						
TOTAL	\$0	\$627,739	\$140,156	\$0	\$767,895	1.5
Increase/(Decrease)	\$0	\$4,232	\$13	\$0	\$4,245	0.0
Percentage Change	n/a	0.7%	0.0%	n/a	0.6%	0.0%

Overall Funding Changes: Changes to this appropriation reflect salary survey increases awarded in FY 2002-03.

Division of Vocational Rehabilitation

This section contains appropriations to assist persons with physical and/or mental disabilities in overcoming barriers to employment. Vocational counseling services are provided statewide through 29 satellite offices, and associated educational and medical services are purchased for program participants. In addition to providing vocational services, the Division assists persons with disabilities in achieving independent living and integrating successfully in their communities. Most funding for the division is based on a match of 78.7 percent federal vocational rehabilitation funds to 21.3 percent

non-federal funds. Matching non-federal funds are provided through General Fund appropriations and cash and cash exempt funds received from a wide variety of sources, including school districts and other local entities. In FY 2001-02, 2,541 clients were rehabilitated as a result of Division programs.

	GF	CF	CFE	FF	Total	FTE
FY 2002-03 Appropriation:						
TOTAL	\$4,335,642	\$1,906,503	\$2,557,579	\$29,400,044	\$38,199,768	239.7
FY 2003-04 Appropriation:						
TOTAL	\$3,469,627	\$1,912,580	\$2,803,596	\$25,916,079	\$34,101,882	239.7
Increase/(Decrease)	(\$866,015)	\$6,077	\$246,017	(\$3,483,965)	(\$4,097,886)	0.0
Percentage Change	-20.0%	0.3%	9.6%	-11.9%	-10.7%	0.0%

General Fund Changes: The General Fund appropriation includes decreases of: (1) \$1.1 million associated with a 25 percent reduction in program funding; (2) \$87,000 associated with a general operating reduction; and (3) \$20,000 associated with the elimination of funding for the Rehabilitation Teaching program. These decreases are offset by increases of \$207,000 to account for the shift in the pay date in FY 2002-03 and \$86,000 provided for salary survey awards in FY 2002-03.

Cash Funds Changes: The cash funds appropriation reflects salary survey increases awarded in FY 2002-03.

Cash Funds Exempt Changes: The cash funds exempt increase includes \$489,000 provided to the Commission for the Deaf and Hard of Hearing pursuant to H.B. 02-1180, offset by the reduction of \$245,000 provided in FY 2002-03 by H.B. 02-1180.

Federal Funds Changes: The federal funds decrease includes \$3.9 million associated with a 25.0 percent reduction in program funding. This decrease is offset by \$403,000 provided for salary survey increases provided in FY 2002-03.

Homelake Domiciliary for Veterans

The Homelake Domiciliary is a 46-bed group living facility which serves residents who do not require continuous nursing or medical care, but may need assistance with meals, housekeeping, personal care, laundry, and access to a physician. Residents pay rental fees which provide the source of cash funds exempt to the program. The U.S. Veteran's Administration accounts for the source of federal funds. Most residents are veterans or their relations.

	GF	CF	CFE	FF	Total	FTE
FY 2002-03 Appropriation:						
TOTAL	\$119,675	\$0	\$467,644	\$247,804	\$835,123	16.4
FY 2003-04 Appropriation:						
TOTAL	\$194,219	\$0	\$467,954	\$247,963	\$910,136	16.4
Increase/(Decrease)	\$74,544	\$0	\$310	\$159	\$75,013	0.0
Percentage Change	62.3%	n/a	0.1%	0.1%	9.0%	0.0%

Overall Funding Changes: The increase in the appropriation results from increases of \$52,600 to account for the shift in the pay date in FY 2002-03 and \$23,000 for salary survey increases awarded in FY 2002-03.

Adult Assistance Programs

This section includes funding for the Old Age Pension Program, for various adult cash assistance programs and for community services for the elderly, including Older Americans Act programs. Last year, H.B. 02-1413 transferred funds associated with veterans services and the Colorado State Veterans Trust Fund to the Department of Military Affairs.

	GF	CF	CFE	FF	Total	FTE
FY 2002-03 Appropriation:						
HB 02-1209	\$0	\$2,000,000	\$0	\$0	\$2,000,000	0.0
HB 02-1276	0	1,000,000	0	0	1,000,000	0.0
HB 02-1413	(500,229)	0	(1,317,301)	(138,736)	(1,956,266)	(10.5)
HB 02-1420	17,609,276	73,263,045	29,258,446	12,348,644	132,479,411	23.6
HB 02-1457	50,231	0	(126,130)	0	(75,899)	0.0
SB 03-197	(82,002)	0	0	0	(82,002)	0.0
SB 03-205	(1,794,133)	146,867	(2,612,646)	(134,892)	(4,394,804)	0.0
SB 03-211	<u>75,519</u>	<u>0</u>	<u>(234,826)</u>	<u>134,892</u>	<u>(24,415)</u>	<u>0.0</u>
TOTAL	\$15,358,662	\$76,409,912	\$24,967,543	\$12,209,908	\$128,946,025	13.1

	GF	CF	CFE	FF	Total	FTE
FY 2003-04 Appropriation:						
SB 03-22	\$0	(\$10,750,000)	\$0	\$0	(\$10,750,000)	0.0
SB 03-258	11,149,919	80,029,917	21,394,351	12,221,904	124,796,091	13.1
SB 03-295	0	(500,000)	0	0	(500,000)	0.0
SB 03-299	<u>0</u>	<u>(250,000)</u>	<u>0</u>	<u>0</u>	<u>(250,000)</u>	<u>0.0</u>
TOTAL	\$11,149,919	\$68,529,917	\$21,394,351	\$12,221,904	\$113,296,091	13.1
Increase/(Decrease)	(\$4,208,743)	(\$7,879,995)	(\$3,573,192)	\$11,996	(\$15,649,934)	0.0
Percentage Change	-27.4%	-10.3%	-14.3%	0.1%	-12.1%	0.0%

FTE Detail	FY 2002-03	FY 2003-04
Administration	5.1	5.1
Community Services for the Elderly	<u>8.0</u>	<u>8.0</u>
	13.1	13.1

Administration

This section includes administrative funding for the programs contained in this section.

	GF	CF	CFE	FF	Total	FTE
FY 2002-03 Appropriation:						
TOTAL	(\$14,510)	\$0	\$84,276	\$319,203	\$388,969	5.1
FY 2003-04 Appropriation:						
TOTAL	\$35,742	\$0	\$90,231	\$330,782	\$456,755	5.1
Increase/(Decrease)	\$50,252	\$0	\$5,955	\$11,579	\$67,786	0.0
Percentage Change	-346.3%	n/a	7.1%	3.6%	17.4%	0.0%

General Fund Changes: The net increase in General Fund results from an increase of \$37,200 to account for the shift in the pay date in FY 2002-03 and \$13,000 for the General Fund share of salary survey and increases awarded in FY 2002-03.

Cash Funds Exempt and Federal Funds Changes: The increases in cash funds exempt and federal funds reflect salary survey increases awarded in FY 2002-03.

Old Age Pension Program

This program, authorized by the State Constitution, provides cash assistance, up to a maximum of \$590 per person, per month (as of January 2003) to eligible individuals age 59 and older. This line item includes grant payments, state and county program administration costs, reimbursements for burial expenses, estimated OAP Health and Medical Care Fund expenditures, and expenditures related to the Colorado Benefits Management System (CBMS). Revenue for the Fund is generated through 85 percent of license fees, liquor and excise taxes, and 100 percent of inheritance and incorporation taxes; revenues that are not utilized for the OAP Program "spill over" into the General Fund. As a result, greater expenditures in the OAP Program mean less revenue in the General Fund to be used for other purposes. As the earmarked revenues are "continuously appropriated" by the State Constitution, the General Assembly does not directly control program expenditures; the Long Bill simply reflects anticipated program expenditures for informational purposes, because the level of these expenditures can have an impact on the revenue available to the General Fund.

Each year the federal Social Security Administration (SSA) issues an inflationary increase for the Supplemental Security Income (SSI) maximum grant standard. These inflationary increases are effective January 1st. Old Age Pension recipients receive a cash payment each month that reflects the maximum grant available less any earned income. In general, COLAs have been provided in order to maintain this population at 78 percent of the poverty level.

	GF	CF	CFE	FF	Total	FTE
FY 2002-03 Appropriation:						
TOTAL	\$0	\$74,409,912	\$570,846	\$0	\$74,980,758	0.0
FY 2003-04 Appropriation:						
TOTAL	\$0	\$67,029,917	\$583,553	\$0	\$67,613,470	0.0
Increase/(Decrease)	\$0	(\$7,379,995)	\$12,707	\$0	(\$7,367,288)	0.0
Percentage Change	n/a	-9.9%	2.2%	n/a	-9.8%	n/a

Overall Funding Changes: The net decrease in cash funds is associated with the transfer of \$10,750,000 to the Department of Health Care Policy and Financing pursuant to S.B. 03-22 and the reduction of \$250,000 from the Supplemental Old Age Pension Health and Medical Care Program pursuant to S.B. 03-299. These decreases are offset by an increase of \$3.6 million provided to accommodate caseload increases in the Old Age Pension program. The change in cash funds exempt reflects an adjustment in anticipated refunds associated with this program.

Other Grant Programs

This section contains appropriations for programs providing cash assistance to disabled individuals. Cash fund exempt sources include county matching funds and interim assistance reimbursements from the federal government for individuals who become eligible for Supplemental Security Income (SSI).

	GF	CF	CFE	FF	Total	FTE
FY 2002-03 Appropriation:						
TOTAL	\$14,064,348	\$0	\$21,057,849	\$0	\$35,122,197	0.0
FY 2003-04 Appropriation:						
TOTAL	\$7,246,163	\$0	\$17,465,995	\$0	\$24,712,158	0.0
Increase/(Decrease)	(\$6,818,185)	\$0	(\$3,591,854)	\$0	(\$10,410,039)	0.0
Percentage Change	-48.5%	n/a	-17.1%	n/a	-29.6%	n/a

General Fund Changes: The decrease in the General Fund appropriation includes reductions of: (1) \$5.5 million associated with capping the grant payment for the Aid to the Needy Disabled *State-only* Grant Program at \$100 per month per client; (2) \$1.2 million (50 percent) for the Aid to the Needy Disabled *State Supplemental* Grant Program; and (3) \$78,500 due to the elimination of the Medically Correctable program.

Cash Funds Exempt Changes: The decrease in cash funds exempt includes reductions of \$3.1 million associated with capping the grant payment for the Aid to the Needy Disabled *State-only* Grant Program at \$100 per month per client and \$425,000 (50 percent) reduced from the Aid to the Needy Disabled *State Supplemental* Grant Program.

Community Services for the Elderly

This section includes appropriations for programs associated with the Older Americans Act, including the Older Coloradans Program established by H.B. 00-1072. These programs are administered by 16 Area Agencies on Aging (AAA) located throughout the state. The state's responsibilities include developing a state plan on aging, overseeing federal grants, and providing assistance to the AAAs and other local service providers. Services include: supportive services, senior centers, nutrition services, in-home services for persons above the eligibility thresholds for Medicaid, and disease prevention and health promotion services. The cash fund exempt sources are local funds and the Older Coloradans Cash Fund created by H.B. 00-1072. The federal funds source is the Older Americans Act.

	GF	CF	CFE	FF	Total	FTE
FY 2002-03 Appropriation:						
TOTAL	\$1,308,824	\$2,000,000	\$3,254,572	\$11,890,705	\$18,454,101	8.0
FY 2003-04 Appropriation:						
TOTAL	\$3,868,014	\$1,500,000	\$3,254,572	\$11,891,122	\$20,513,708	8.0
Increase/(Decrease)	\$2,559,190	(\$500,000)	\$0	\$417	\$2,059,607	0.0
Percentage Change	195.5%	0.0%	0.0%	0.0%	11.2%	0.0%

Overall Funding Changes: The changes to the appropriation include a \$2.5 million *General Fund* increase provided to the Older Coloradans Program, offset by a reduction of \$500,000 *cash funds* from the Older Coloradans Cash Fund pursuant to S.B. 03-295. Other minor changes include \$37,200 to account for the shift in the pay date in FY 2002-03 and \$16,000 for salary survey increases awarded in FY 2002-03.

Division of Youth Corrections

The Division of Youth Corrections (DYC) is responsible for the supervision, care, and treatment of: (1) detained juveniles awaiting adjudication; (2) juveniles committed or sentenced to the Department of Human Services by courts; and (3) juveniles on parole from a facility operated or contracted for by the Division. The Division is not responsible for juveniles sentenced as adults to the Department of Corrections' Youthful Offender System. In addition to treating incarcerated and paroled juveniles, DYC administers the S.B. 91-94 grant program intended to divert juveniles from detention and commitment, or to reduce their length of stay. DYC maintains institutional centers and augments this capacity with contracts for community placements, secure placements, and detention placements.

	GF	CF	CFE	FF	Total	FTE
FY 2002-03 Appropriation:						
HB 02-1420	\$112,910,296	\$51,176	\$12,192,814	\$983,564	\$126,137,850	895.7
SB 03-196	0	0	(294,934)	0	(294,934)	0.0
SB 03-197	(3,680,119)	0	0	0	(3,680,119)	0.0
SB 03-205	(12,144,575)	45,000	(100,981)	490,000	(11,710,556)	(17.3)
SB 03-258	<u>(371,413)</u>	<u>0</u>	<u>143,113</u>	<u>0</u>	<u>(228,300)</u>	<u>0.0</u>
TOTAL	\$96,714,189	\$96,176	\$11,940,012	\$1,473,564	\$110,223,941	878.4

	GF	CF	CFE	FF	Total	FTE
FY 2003-04 Appropriation:						
SB 03-258	\$96,291,286	\$89,426	\$11,479,201	\$1,278,564	\$109,138,477	873.6
SB 03-284	(365,606)	0	0	0	(365,606)	(3.2)
SB 03-286	<u>(1,670,343)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(1,670,343)</u>	<u>0.0</u>
TOTAL	\$94,255,337	\$89,426	\$11,479,201	\$1,278,564	\$107,102,528	870.4
Increase/(Decrease)	(\$2,458,852)	(\$6,750)	(\$460,811)	(\$195,000)	(\$3,121,413)	(8.0)
Percentage Change	-2.5%	-7.0%	-3.9%	-13.2%	-2.8%	-0.9%

FTE Detail	FY 2002-03	FY 2003-04
Administration	15.9	15.9
Institutional Programs	744.6	743.6
Community Programs	<u>117.9</u>	<u>110.9</u>
	878.4	870.4

General Fund Changes: The reduction in General Fund includes the following reductions: (1) \$2.4 million associated with a 26.8 percent reduction in the S.B. 91-94 program; (2) \$1.7 million associated with S.B. 03-286, which capped the number of detention beds in the state; (3) \$1.3 million related to a 54 percent base reduction in parole program services per average daily population; (4) \$668,000 for a base reduction in the purchase of contract placement line item, which is used to place committed and detained youth in residential programs operated by private contractors; (5) \$391,000 to annualize the elimination of the Community Accountability Program which was initially approved in FY 2002-03; (6) \$316,000 associated with S.B. 03-284, which reduced the period of mandatory juvenile parole from 9 months to 6 months; (7) \$241,000 for elimination of a mental health pilot project for detained youths; (8) \$227,000 to annualize reductions in caseworkers approved in FY 2002-03 based on a lower than anticipated parole population; (9) \$124,000 for elimination of medical inflationary increases that had been approved in the FY 2002-03 Long Bill appropriations; (10) \$87,000 for a managed care pilot project; and (11) \$76,000 for contract services that had been designed to expedite investigations of child abuse allegations – full responsibility for these investigations will return to the counties.

These General Fund reductions are partially offset by the following increases: (1) \$3.7 million to account for one-time savings associated with the shift in pay date for FY 2002-03; (2) \$1.4 million to annualize salary survey awarded in FY 2002-03; and (3) \$46,000 for a change in the PERA contribution rate.

Cash Fund Changes: The reduction in cash funds is attributable to one-time expenses in FY 2002-03 related to staff training related to juvenile sex offenders.

Cash Funds Exempt Changes: The decrease in cash funds exempt is due to the decrease in Medicaid cash funds associated with using fewer residential treatment centers as contract providers.

Federal Funds Changes: The reduction in federal funds is due to lower than anticipated federal revenues for vocational rehabilitation services for paroled youths.

Recent Legislation

2002 Session Bills

S.B. 02-50: For an explanation of this bill please see the Recent Legislation section in the Department of Corrections.

H.B. 02-1026: Authorizes the Department to segregate Works Program county block grant funds.

H.B. 02-1038: For an explanation of this bill please see the Recent Legislation section in the Department of Corrections.

H.B. 02-1138: Creates the Integrated Care Management Program for the delivery of child welfare services. Specifies that those counties serving at least 80 percent of the total child welfare population (i.e., the largest ten counties) are eligible to participate in the Program. Continues the Department's authority to enter into performance agreements with individual counties or groups of counties, but limits participation to those counties serving at least 80 percent of the total child welfare population. Increases docket fees for dissolution of marriage from \$90 to \$130 (effective July 1, 2003), thus increasing revenues to the Family Stabilization Fund (created through S.B. 01-12). Creates the Performance Incentive Cash Fund to provide incentives to counties participating in the Integrated Care Management Program. Such fund will consist of 75 percent of dissolution of marriage docket fees credited to the Family Stabilization Fund, as well as any appropriations by the General Assembly, and gifts, grants, or donations received for such purpose.

H.B. 02-1155: Adds prenatal and postpartum care to the Children's Basic Health Plan (CBHP) for pregnant women who are not Medicaid eligible. Associated adjustments include an appropriation of \$74,750 cash funds exempt to the Department of Human Services, Office of Information Technology Services, derived from funds transferred from the Department of Health Care Policy and Financing. The appropriation to the Department of Human Services is for modifications to the Colorado Benefits Management System, a computer system that will be used to determine eligibility for the CBHP. For additional information on this bill, please see the Recent Legislation section in the Department of Health Care Policy and Financing.

H.B. 02-1180: Transfers \$650,000 from the Disabled Telephone User's Fund to the Colorado Commission for the Deaf and Hard of Hearing Fund. Provides an appropriation of \$244,000 cash funds to the Colorado Commission for the Deaf and Hard of Hearing in the Office of Rehabilitation and Disability Services for FY 2002-03.

H.B. 02-1209: Transfers \$2.0 million from sales and use tax revenue to the Older Coloradans Fund for FY 2002-03 and subsequent years, and appropriates this funding to the Department of Human Services to provide grants for community-based services to persons 60 and older.

H.B. 02-1214: Modifies the method of calculating Works Program County Reserve Account balances, effective July 1, 2002. Specifies that moneys in the Long-term Works Reserve Fund that have been transferred from County Reserve Accounts shall be used only for the purpose of implementing the Works Program at the county level.

H.B. 02-1229: Reauthorizes legislation concerning the regulation of controlled substances. Transfers the licensing and record-keeping functions relating to the use of controlled substances by researchers, analytical laboratories, and addictions programs from the Department of Public Health and Environment to the Department of Human Services. Requires license fee revenue and other moneys received by the Department of Human Services to be deposited in the Controlled Substances Program Fund, rather than into the General Fund, and appropriates \$500 cash funds from this fund to the Alcohol and Drug Abuse Division in the Department of Human Services in FY 2002-03.

H.B. 02-1276: Creates the Supplemental Old Age Pension Health and Medical Fund and transfers \$1.0 million from sales and use tax revenue into the Fund in FY 2002-03 and subsequent years. Appropriates \$1.0 million to the Department of Human Services to provide medical care for the Old Age Pension population in FY 2002-03.

H.B. 02-1297: Creates the School-readiness Child Care Subsidization Program to provide three-year subsidies to certain licensed child care facilities whose enrolled children ultimately attend low-performing neighborhood elementary schools for the purpose of enhancing school-readiness. Directs the Child Care Commission to adopt a voluntary school-readiness rating system to measure the quality of services provided by a child care provider to prepare children to enter elementary school. Requires the General Assembly to review the appropriateness of continuing school-readiness subsidies during the 2006 Session. Appropriates \$440,493 from federal Child Care Development Funds and 0.5 FTE to the Division of Child Care for FY 2002-03.

H.B. 02-1413: Creates the Division of Veterans Affairs in the Department of Military Affairs and renames the department, the Department of Military and Veterans Affairs. Transfers appropriations made in H.B. 02-1420 for veterans services, including the Colorado State Veterans Trust Fund (funded by the Tobacco Litigation Settlement), from the Division of Adult and Veterans Services in the Department of Human Services to the newly named Department of Military and Veterans Affairs.

H.B. 02-1420: General appropriations act for FY 2002-03. Includes supplemental adjustments to the FY 2001-02 Long Bill appropriation as amended by H.B. 02-1372 and H.B. 02-1427.

H.B. 02-1457: Reduces scope of S.B. 01-78, thereby reducing \$126,130 in funding for the anticipated need for state ombudsman services. See the Recent Legislation section in the Department of Health Care Policy and Financing section of this report for more detail on this bill.

H.B. 02-1468: Authorizes the General Assembly to annually adjust the state contribution for health, life, and dental insurance effective CY 2004 through the Long Bill. For more information, refer to the bill description in the Department of Personnel and Administration.

H.B. 02-1474: Third supplemental appropriation to the Department of Human Services to modify the appropriation for community mental health services included in the FY 2001-02 Long Bill and to modify the FY 2002-03 appropriation for community mental health services included the FY 2002-03 Long Bill. Specifically addresses appropriations associated with the Goebel Lawsuit Settlement.

2003 Session Bills

S.B. 03-22: Transfers the administration and associated funding (\$10,750,000 cash funds) for the Old Age Pension Health and Medical Care Fund and the Supplemental Old Age Pension Health and Medical Care Fund from the Department of Human Services to the Department of Health Care Policy and Financing.

S.B. 03-37: Changes a county's required maintenance of effort for the Child Care Assistance Program so that by FY 2005-06, the ratio of required county spending to total state and federal funds received for the Program will be the same for all counties. Specifies that the statewide county maintenance of effort required for each fiscal year shall be set in the annual Long Bill.

S.B. 03-172: Delays the transfer of docket fees to the Family Stabilization Services Fund (which was created through S.B. 01-12 and modified through H.B. 02-1138) for two years, from July 1, 2002, to July 1, 2004. As a result, this bill is estimated to increase General Fund revenues by \$1,382,900 in FY 2002-03 and \$2,120,500 FY 2003-04.

S.B. 03-176: Disqualifies legal immigrants from eligibility for the state's Medicaid program. Includes a reduction of \$191,514 Medicaid cash funds exempt in the appropriation to the Department of Human Services for the Mental Health Capitation program, associated with the elimination of the legal immigrant caseload for part of the year. For additional information, refer to the bill description in the Department of Health Care Policy and Financing.

S.B. 03-191: For purposes of augmenting General Fund revenues for FY 2002-03, requires the State Treasurer to transfer funds from various cash funds to the General Fund. With regard to the Department of Human Services, transfers \$357,000 from the Law Enforcement Assistance Fund Cash

Fund to the General Fund. For more information, refer to the bill description in the Department of Education.

S.B. 03-196: Requires the use of the cash system (rather than accrual system) of accounting for most components of the state's Medicaid program. This change results in one-time savings in FY 2002-03, as payments for services rendered during FY 2002-03 but not paid until FY 2003-04 are eliminated from the FY 2002-03 budget. Includes a reduction to the appropriation to the Department of Human Services of \$14,500,000 Medicaid cash funds exempt, consisting of a reduction of \$15.0 million in various programs offset by an appropriation of \$500,000 to the Executive Director's Office associated with implementation costs. For additional information, refer to the bill description in the Department of Health Care Policy and Financing.

S.B. 03-197: Reduces personal services by \$14.2 million net General Fund, which represents anticipated June payroll (FY 2002-03) to be delayed until July (FY 2003-04). For more information, refer to the bill description in the Department of Personnel and Administration.

S.B. 03-205: Supplemental appropriation to the Department of Human Services to modify the appropriation included in the FY 2002-03 Long Bill.

S.B. 03-211: Supplemental appropriation to the Department of Military Affairs to modify the appropriation included in the FY 2002-03 Long Bill. This bill included technical adjustments to the Department of Human Services budget associated with the transfer of veterans programs to the Department of Military Affairs (H.B. 02-1413).

S.B. 03-246: Authorizes the Department of Human Services to charge a \$1.00 monthly administrative fee to all clients receiving cash assistance payments from the state. This bill results in General Fund savings of \$589,000 in FY 2003-04, which were accounted for in the General Appropriations Act for FY 2003-04.

S.B. 03-258: General appropriations act for FY 2003-04. Includes supplemental adjustments to the FY 2002-03 Long Bill appropriation to the Department of Human Services as amended by S.B. 02-1474, S.B. 03-176, S.B. 03-196, S.B. 03-197, and S.B. 03-205.

S.B. 03-273: Eliminates the salary survey appropriation for FY 2003-04. For more information, refer to the bill description in the Department of Personnel and Administration.

S.B. 03-282: Transfers funds from the Tobacco Litigation Settlement Cash Fund into the General Fund for FY 2002-03; reduces funding for programs that receive tobacco settlement funds for FY 2002-03 and FY 2003-04; makes adjustments to account for lower estimated tobacco payment revenue; and provides additional funding for six programs, including two programs in the Department of Human Services described below. *Child Mental Health Treatment Act:* Appropriates \$451,358 cash funds exempt funding to the Department of Human Services for the "Child Mental Health

Treatment Act". This funding includes \$95,918 in tobacco settlement funds that are appropriated directly to the Department of Human Services and an additional \$355,436 in Medicaid funds transferred from the Department of Health Care Policy Financing that originate as \$177,718 tobacco settlement funds and \$177,718 matching federal funds. *Mental Health Capitation*. Appropriates \$1.0 million to the Department of Human Services, transferred from the Department of Health Care Policy and Financing, for the mental health capitation program. This amount originates in the Department of Health Care Policy and Financing as \$500,000 cash funds exempt out of tobacco settlement funding and \$500,000 in matching federal funds. For additional information on this bill, see the bill description in the Department of Public Health and Environment.

SB. 03-284: Reduces the length of mandatory parole for juveniles from 9 months to 6 months. It is anticipated that the average daily population (ADP) will decline by 66.4 ADP in FY 2003-04 and by 108.8 ADP in FY 2004-05. The bill is estimated to save \$315,545 General Fund and 2.7 FTE in FY 2003-04. In FY 2004-05, savings are estimated to be \$517,036 General Fund and 4.4 FTE.

S.B. 03-286: Caps the number of detention beds in the state at 479, a reduction of 39 beds (7.5 percent) relative to the number of detention beds anticipated for FY 2002-03. Creates a working group to do the following: (a) allocate detention beds among the statutorily created catchment areas and the judicial districts within those catchment areas; (b) develop a mechanism for judicial districts within each catchment area to loan beds to one another for purposes of managing caseload; (c) develop emergency release guidelines for purposes of managing caseload; and (d) develop juvenile detention placement guidelines for each judicial district to use for purposes of managing caseload. Requires each judicial district to develop a plan annually for managing to its allocation of detention beds using the guidelines established by the working group. Reduces the appropriation to the "Purchase of Contract Placements" line item by \$1,670,343 General Fund in FY 2003-04.

S.B. 03-295: Reduces the transfer of sales and use tax revenue to the Older Coloradans Fund by 25 percent (\$500,000 cash funds) for FY 2003-04 and FY 2004-05 only.

S.B. 03-299: Reduces the transfer of sales and use tax revenue to the Supplemental Old Age Pension Health and Medical Care Fund by 25 percent (\$250,000 cash funds) for FY 2003-04 and subsequent years.

H.B. 03-1024: Requires the State Board of Human Services to promulgate rules that apply to foster care generally, regardless of whether such care is provided by a foster home that is certified by a county department of social services or by a child placement agency. Requires the Department of Human Services, within available appropriations, to monitor county department of social services' certification of foster homes on at least a quarterly basis. Requires all current and prospective employees of county departments of social services who in their position have direct contact with any child in the process of being placed in foster care to submit a set of fingerprints and pay for the costs of conducting a criminal history record check. Appropriates \$24,300 (including \$21,000 cash funds and \$3,300 cash funds exempt) to the Department of Public Safety, Colorado Bureau of

Investigation, for FY 2003-04, for the purpose of providing fingerprint processing services required by this act.

H.B. 03-1211: Repeals the Central Registry of Child Protection, effective January 1, 2004, and substitutes the use of records and reports of child abuse or neglect maintained by the Department for use in providing information to certain individuals and agencies. Requires the Department to modify training provided to county departments of social services related to records and reports of child abuse and neglect, to achieve consistency and standardization and to maintain confidentiality, as appropriate. Requires the State Board of Human Services to promulgate rules concerning records and reports of child abuse or neglect, including the establishment of an appeals process for persons who are found to be responsible in a confirmed report of child abuse or neglect. Creates the Records and Reports Fund, which shall consist of moneys transferred from the Central Registry Fund and fees assessed for providing information to certain persons and agencies using records and reports of child abuse or neglect (e.g., for screening prospective employees or volunteers). The act does not include an appropriation clause; the fiscal note assumed that FY 2003-04 Long Bill appropriations associated with the Central Registry of Child Protection would be adjusted through the supplemental process.

H.B. 03-1292: Authorizes the Department of Human Services to charge a "provider fee" to public and private Intermediate Care Facilities for the Mentally Retarded. The fee can be no more than five percent of the current costs of the facility. Appropriates \$728,000 cash funds exempt in FY 2003-04 to reflect the collection of the fee, additional federal Medicaid dollars collected as a result of increased costs associated with paying the fee, and the reduction of General Fund in an amount equal to the additional federal dollars collected.

H.B. 03-1316: Alters the manner in which group benefit plans coverage is calculated for Health, Life, and Dental appropriations. For more information, refer to the bill description in the Department of Personnel and Administration.

JUDICIAL BRANCH

The Colorado Judicial Department is a constitutionally separate branch of state government. The state court system includes the Supreme Court, the Court of Appeals, district courts in 22 judicial districts, and 64 county courts (Denver County Court is not part of the state court system). The Judicial Department is also responsible for the operation of the State's probation system and monitoring and regulating the practice of law within the State. The Judicial Branch currently includes three independent agencies, the Colorado State Public Defender, the Office of Alternate Defense Counsel, and the Office of the Child's Representative. The Chief Justice of the Supreme Court is the head of the state judicial system. The Office of the State Court Administrator provides management supervision and support for the court system and the probation department, pursuant to the policies, guidelines, and directives promulgated by the Chief Justice.

Department Budget: Recent Actual Expenditures and Appropriations

Funding Source	FY 2000-01 Actual	FY 2001-02 Actual	FY 2002-03 Approp.	FY 2003-04 Approp.
General Fund	\$194,268,468	\$206,485,128	\$200,628,757	\$207,297,484
Cash Funds	35,694,125	40,543,942	54,185,280	57,176,423
Cash Funds Exempt	5,384,519	7,468,675	6,804,189	6,895,403
Federal Funds	<u>1,555,451</u>	<u>2,189,120</u>	<u>1,934,546</u>	<u>1,838,654</u>
Total Funds	\$236,902,563	\$256,686,865	\$263,552,772	\$273,207,964
Full Time Equiv. Staff	2,999.3	3,038.0	3,228.3	3,222.1

FY 2003-04 Budget Changes

Significant changes in appropriations for FY 2003-04 compared to FY 2002-03 include the following:

- The addition of \$13.4 million General Fund to account for one time savings associated with the shift in pay date for FY 2002-03;
- The addition of \$1.4 million to account for one-time personal services savings generated in FY 2002-03 to help balance the budget;
- An increase of \$6.1 million General Fund in salary survey awards for FY 2002-03;

- ❑ Refinancing \$5.7 million in Trial Courts operating General Fund dollars with cash funds generated by the docket fee increase in S.B. 03-186, above the 3.4 million refinanced in FY 2002-03;
- ❑ The addition of \$538,000 cash funds for judicial performance evaluations pursuant to H.B. 03-1378;
- ❑ The elimination of salary survey awards for FY 2003-04 pursuant to S.B. 03-273, saving \$6.2 million General Fund and \$517,000 cash funds;
- ❑ The elimination of funding for anniversary increases, which generates a \$2.3 million General Fund savings;
- ❑ A \$2.1 million base reduction in Trial Courts and Probation personal services;
- ❑ No funding for new district court judges which leads to a reduction in one-time capital outlay expenditures of \$600,000 General Fund;
- ❑ No funding for county courthouse furnishings, which leads to a reduction of \$317,000;
- ❑ No funding for training, or the annual judicial conference saving (these line items were not funded in FY 2002-03 either); and
- ❑ A level of resources that will require the elimination of fifty to one-hundred positions currently filled.

General Factors Driving the Budget

Funding for this department consists of 75.9 percent General Fund, 20.9 percent cash funds, 2.5 percent cash funds exempt, and 0.7 percent federal funds. Some of the most important factors driving the budget are reviewed below.

The main factor driving the budget of the Judicial Branch is caseload. Judges, magistrates, probation officers, public defenders and their staffs can only handle so many cases per year before increases in FTE are necessary. Caseload in turn is related to increases in the overall population in Colorado. The number of each type of case also impacts the Judicial Branch budget, particularly in the trial courts. A misdemeanor costs less than a civil case, which costs less than a homicide.

The Judicial Branch receives cash funds from a few main sources. The courts receive a large amount of cash funds from fees charged to use the court system. These moneys are used to fund operating expenses of the courts. Probation receives its cash funds from individuals sentenced to probation who

pay fees that are put towards their supervision and treatment. A large amount of cash funds are also received from attorney licensing fees. These dollars are used by the Supreme Court to regulate the practice of law in Colorado. The *Annual Statistical Report of the Colorado Judicial Branch* for FY 2001-02, provides a detailed history of caseloads for that fiscal year, and can be obtained from the State Court Administrator's Office.

Supreme Court Caseload

The Supreme Court is comprised of seven justices. The majority of its cases are from requests to review decisions of the Court of Appeals. It has direct appellate jurisdiction over: cases in which a statute has been held to be unconstitutional; cases involving decisions of the Public Utilities Commission; writs of habeas corpus; cases involving adjudication of water rights; summary proceedings initiated under the election code; and prosecutorial appeals concerning search and seizure questions in pending criminal proceedings. In addition to deciding various appellate matters, the Supreme Court regulates the practice of law in Colorado by investigating grievances filed against attorneys, regulating attorney conduct, and monitoring and upgrading the rules of court procedure. Recent caseloads have been as follows:

	FY 99-00 Actual	FY 00-01 Actual	FY 01-02 Actual	FY 02-03 Est.	FY 03-04 Est.
New filings	1,617	1,367	1,368	1,358	1,370
Pending July 1	476	530	472	425	403
Total Caseload	2,093	1,897	1,840	1,783	1,773

Court of Appeals Caseload

The Court of Appeals is composed of 16 judges. The Court of Appeals receives cases from several different venues: District Courts, Denver probate and juvenile courts, state agencies, and the Industrial Appeal Claims Office. Recent caseloads have been as follows:

	FY 99-00 Actual	FY 00-01 Actual	FY 01-02 Actual	FY 02-03 Est.	FY 03-04 Est.
New filings	2,502	2,335	2,673	2,751	2,830
Pending July 1	2,440	2,343	2,264	2,474	2,611
Total	4,942	4,678	4,937	5,225	5,441

Trial Courts Caseload

No new judges will be added in FY 2003-04, pursuant to H.B. 01-1075 (which would have added 24 new district court judges over 4 years) because adequate funding was not available. District Courts preside over felony criminal matters, civil claims, all juvenile matters, probate, mental health, divorce proceedings, and water cases. They also preside over jury trials, handle appeals from Colorado's

municipal and county courts, and review decisions of administrative boards and agencies. Recent caseloads have been as follows:

New Cases Filed In District Court						
	FY 98-99 Actual	FY 99-00 Actual	FY 00-01 Actual	FY 01-02 Actual	FY 02-03 Est.	FY 03-04 Est.
Total	161,341	159,596	155,220	164,237	165,255	168,560

New Cases Filed In County Court						
	FY 98-99 Actual	FY 99-00 Actual	FY 00-01 Actual	FY 01-02 Actual	FY 02-03 Est.	FY 03-04 Est.
Total	451,897	446,725	444,629	469,993	478,271	487,836

Probation and Related Services Caseload

Probation is a sentencing alternative to the Department of Corrections or the Division of Youth Corrections. Individuals sentenced to probation remain under the supervision of the court which sentenced them. Failure to meet the terms of probation set forth in the court's sentencing order may result in incarceration. There are different types of probation which cater to defendants' assessed risk levels. Recent caseloads have been as follows:

Regular Probation Caseloads as of July 1						
	FY 98-99 Actual	FY 99-00 Actual	FY 00-01 Actual	FY 01-02 Actual	FY 02-03 Est.	FY 03-04 Est.
Adult	36,529	35,513	36,635	37,259	39,751	41,306
Juvenile	9,490	8,722	9,041	8,524	8,558	8,313
Total	46,019	44,235	45,676	45,783	48,309	49,619

Public Defender Caseload

The Public Defender represents criminal defendants who have inadequate resources to pay for their own defense. As in the court system, more complicated felony cases consume more resources than simpler cases; felonies cost more than misdemeanors, and homicides more than assaults or robbery cases. Recent caseloads have been as follows:

Public Defender Closed Cases					
	FY 99-00 Actual	FY 00-01 Actual	FY 01-02 Actual	FY 02-03 Est.	FY 03-04 Est.
Felony	35,959	38,173	40,789	41,365	41,949

Public Defender Closed Cases					
	FY 99-00 Actual	FY 00-01 Actual	FY 01-02 Actual	FY 02-03 Est.	FY 03-04 Est.
Misdemeanor/Traffic	18,535	19,698	20,607	20,898	21,193
Juvenile (All)	10,244	9,701	9,524	9,658	9,795
Total	64,738	67,572	70,920	71,921	72,937

Alternate Defense Counsel Caseload

The Alternate Defense Counsel contracts with private attorneys to represent indigent defendants in cases where the Public Defender has a conflict of interest and may not ethically represent a defendant. Representation in this situation is more expensive because private attorneys represent the defendants. Here too, complexity of case as well as overall caseload determines the amount of resources required. Representation in a death penalty case costs far more than an assault or burglary case. Recent caseloads have been as follows:

ADC Caseload					
	FY 99-00 Actual	FY 00-01 Actual	FY 01-02 Actual	FY 02-03 Est.	FY 03-04 Est.
Felony	4,907	4,750	5,296	5,640	5,500
Appeals	609	498	548	510	580
Rule 35(c) motions	692	688	436	390	450
Total	6,208	5,936	6,280	6,540	6,530

Office of the Child's Representative Caseload

The Office of the Child's Representative is an agency within the Judicial Branch, and is responsible for representing the best interests of children who are participants before courts, but who do not have counsel. Appointments of guardians ad-litem, the attorneys who represent the best interest of the child, drive the budget of this agency. The OCR began full operations in FY 2001-02.

OCR Caseload			
	FY 01-02 Actual	FY 02-03 Est.	FY 03-04 Est.
Dependency and Neglect	5,773	6,078	6,078
Juvenile Delinquency	3,185	3,075	3,075
Truancy/Domestic Relations	1,184	1,283	1,283

OCR Caseload			
	FY 01-02 Actual	FY 02-03 Est.	FY 03-04 Est.
Other	609	328	328
Total	10,142	10,436	10,436

Summary of FY 2002-03 and FY 2003-04 Appropriations

Total Department Appropriations

	GF	CF	CFE	FF	Total	FTE
FY 2002-03 Total Appropriation:	\$200,628,757	\$54,185,280	\$6,804,189	\$1,934,546	\$263,552,772	3,228.3
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Supreme Court/Court of Appeals	7,036,879	4,698,000	355,000	0	12,089,879	168.7
Administration	4,308,245	179,410	74,475	2,967	4,565,097	51.5
Administrative Special Purpose	15,419,456	4,550,855	928,806	100,000	20,999,117	76.2
Judicial/Heritage Complex	551,706	1,700	0	0	553,406	4.0
IIS (Computer Dept)	3,861,244	378,000	0	133,510	4,372,754	42.8
Trial Courts	85,623,295	30,484,572	74,380	772,315	116,954,562	1,562.9
Probation and Related Services	36,246,300	13,783,603	5,306,632	925,754	56,262,289	972.3
Public Defender	28,123,589	76,140	64,896	0	28,264,625	342.9
Alternate Defense Counsel	11,693,692	3,000	0	0	11,696,692	3.0
Office of the Child's Representative	7,764,351	30,000	0	0	7,794,351	4.0
<u>Breakdown of Total Appropriation by Bill</u>						
SB 02-018	0	729,399	0	0	729,399	5.8
SB 02-050	14,373	0	0	0	14,373	0.3
HB 02-1038	12,947	0	0	0	12,947	0.3

	GF	CF	CFE	FF	Total	FTE
HB 02-1101	0	122,200	0	0	122,200	0.5
HB 02-1420	227,978,775	45,958,287	7,267,723	1,934,546	283,139,331	3,221.4
HB 02-1468	138,131	3,656	3,722	0	145,509	0.0
SB 03-186	(3,421,416)	3,421,416	0	0	0	0.0
SB 03-197	(13,331,261)	0	0	0	(13,331,261)	0.0
SB 03-206	(10,762,792)	3,950,322	(467,256)	0	(7,279,726)	0.0
FY 2003-04 Total Appropriation:	\$207,297,484	\$57,176,423	\$6,895,403	\$1,838,654	\$273,207,964	3,222.1
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Supreme Court/Court of Appeals	7,962,897	4,698,000	355,000	0	13,015,897	168.7
Administration	3,961,804	704,415	584,450	143	5,250,812	48.5
Administrative Special Purpose	9,017,206	4,351,717	619,351	100,000	14,088,274	74.7
Judicial/Heritage Complex	575,372	1,700	0	0	577,072	4.0
IIS (Computer Dept)	4,352,379	1,010,000	0	133,510	5,495,889	42.8
Trial Courts	89,646,860	32,693,238	74,380	679,247	123,093,725	1,561.9
Probation	41,058,290	13,638,213	5,197,326	925,754	60,819,583	971.6
Public Defender	30,935,690	76,140	64,896	0	31,076,726	342.9
Alternate Defense Counsel	11,931,602	3,000	0	0	11,934,602	3.0
Office of the Child's Representative	7,855,384	0	0	0	7,855,384	4.0
<u>Breakdown of Total Appropriation by Bill</u>						
SB 03-76	0	239,753	0	0	239,753	5.5
SB 03-258	213,487,078	56,918,305	6,372,361	1,838,654	278,616,398	3,216.6
SB 03-273	(6,164,153)	(517,306)	0	0	(6,681,459)	0.0
SB 03-282	0	0	500,000	0	500,000	0.0
HB 03-1316	(25,441)	(2,329)	0	0	(27,770)	0.0
HB 03-1378	0	538,000	23,042	0	561,042	0.0

	GF	CF	CFE	FF	Total	FTE
Increase/(Decrease)	\$6,668,727	\$2,991,143	\$91,214	(\$95,892)	\$9,655,192	(6.2)
Percentage Change	3.3%	5.5%	1.3%	-5.0%	3.7%	-0.2%

It should be noted that the FY 2003-04 appropriations detailed above do not include all of the reductions in FTE that will be required, because it is not clear what layoffs will occur, and which positions will be vacant. Given appropriated resources it appears that about fifty to one hundred currently filled positions will be eliminated.

Detail of Appropriation by Administrative Section

Supreme Court/Court of Appeals

This division is comprised of the Supreme Court and the Court of Appeals. The Supreme Court is the highest court in the State and has general supervisory control over the lower courts. The Supreme Court provides appellate review of final judgements of lower courts and has original jurisdiction over cases relating to the constitutionality of a statute, ordinance, or charter; decisions of the state Public Utilities Commission; writs of habeas corpus; certain water cases; certain proceedings arising from the state election code; and some prosecutorial appeals.

The Supreme Court has rule-making authority over the state court system, both procedural and administrative, and it is responsible for promulgating civil and criminal rules of procedure. There are seven justices appointed to the Supreme Court. The Chief Justice is elected by the members of the Supreme Court. The Supreme Court is also responsible for overseeing the state law library, the law examiner board, the attorney regulation committees, and the continuing legal education program.

The Supreme Court receives nearly all of its cash funds from fees charged to attorneys for the Colorado Bar Examination, and for licenses to practice law. These cash funds are used to monitor the legal profession to ensure that attorneys practicing in Colorado are competent and ethical. Cash funds exempt are from reserves in those funds.

The Court of Appeals has initial appellate jurisdiction over appeals from district courts and Denver's probate and juvenile courts. In addition, the Court of Appeals has initial statutory jurisdiction over appeals of certain final orders from various state agencies. The Court of Appeals is comprised of 16 judges who serve eight-year terms. The Court sits in panels of three judges and the Chief Judge of the Court of Appeals is appointed by the Chief Justice of the Supreme Court.

	GF	CF	CFE	FF	Total	FTE
FY 2002-03 Appropriation:						
HB 02-1420	\$8,020,814	\$4,698,000	\$355,000	\$0	\$13,073,814	168.7

	GF	CF	CFE	FF	Total	FTE
SB 03-197	(628,087)	0	0	0	(628,087)	0.0
SB 03-206	<u>(355,848)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(355,848)</u>	<u>0.0</u>
TOTAL	\$7,036,879	\$4,698,000	\$355,000	\$0	\$12,089,879	168.7
FY 2003-04 Appropriation:						
SB 03-258	<u>\$7,962,897</u>	<u>\$4,698,000</u>	<u>\$355,000</u>	<u>\$0</u>	<u>\$13,015,897</u>	<u>168.7</u>
TOTAL	\$7,962,897	\$4,698,000	\$355,000	\$0	\$13,015,897	168.7
Increase/(Decrease)	\$926,018	\$0	\$0	\$0	\$926,018	0.0
Percentage Change	13.2%	0.0%	0.0%	0.0%	7.7%	0.0%

FTE Detail	FY 2002-03	FY 2003-04
Judges and Staff	119.0	119.0
Attorney Regulation Committees	35.5	35.5
Continuing Legal Education	4.0	4.0
Law Examiner Board	8.2	8.2
Law Library	<u>2.0</u>	<u>2.0</u>
	168.7	168.7

General Fund Changes: The General Fund appropriation includes an increase of \$630,000 to account for the shift in pay date to July 1, 2003, and an increase of \$270,000 for salary survey and anniversary increases awarded for FY 2002-03.

Courts Administration

This division contains appropriations for the administration of Colorado's courts and probation department. It also includes several specialized programs. The main division includes four subdivisions: Administration (State Court Administrator's Office), Administrative Special Purpose (Centralized appropriations and assorted administrative programs), Judicial/Heritage Complex (Buildings housing the Supreme Court and Court of Appeals) and Integrated Information Services (The Judicial Branch's Computer Department).

Administration (State Court Administrator's Office)

Responsibilities of the State Court Administrator's Office include coordination and control of budgeting, human resources, data processing, and management services for the entire Judicial Department; internal audits of court programs, judicial districts, and probation offices; training and

technical assistance; and support for the probation offices. Cash funds are from the Family Friendly Court Program Cash Fund, as appropriated in H.B. 01-1101, and the collection of statewide indirect cost recoveries. Cash funds exempt and federal funds are from the collection of statewide indirect cost recoveries.

	GF	CF	CFE	FF	Total	FTE
FY 2002-03 Appropriation:						
HB 02-1101	\$0	\$122,200	\$0	\$0	\$122,200	0.5
HB 02-1420	5,448,882	56,210	74,475	2,967	5,582,534	51.0
SB 03-197	(308,894)	0	0	0	(308,894)	0.0
SB 03-206	<u>(831,743)</u>	<u>1,000</u>	<u>0</u>	<u>0</u>	<u>(830,743)</u>	<u>0.0</u>
TOTAL	\$4,308,245	\$179,410	\$74,475	\$2,967	\$4,565,097	51.5
FY 2003-04 Appropriation:						
SB 03-258	\$3,961,804	\$166,415	\$61,408	\$143	\$4,189,770	48.5
SB 03-282	0	0	500,000	0	500,000	0.0
HB 03-1378	<u>0</u>	<u>538,000</u>	<u>23,042</u>	<u>0</u>	<u>561,042</u>	<u>0.0</u>
TOTAL	\$3,961,804	\$704,415	\$584,450	\$143	\$5,250,812	48.5
Increase/(Decrease)	(\$346,441)	\$525,005	\$509,975	(\$2,824)	\$685,715	(3.0)
Percentage Change	-8.0%	292.6%	684.8%	-95.2%	15.0%	-5.8%

FTE Detail	FY 2002-03	FY 2003-04
Administration	11.0	10.0
Court Services	9.0	8.0
Financial Services	14.5	14.5
Planning	8.0	7.0
Human Resources	<u>9.0</u>	<u>9.0</u>
	51.5	48.5

FTE Changes: The decrease of 3.0 FTE is due to the reduction of training resources in the Department.

General Fund Changes: The General Fund decrease is attributable to: (1) the elimination of \$500,000 for family violence legal services grants; (2) the elimination of \$317,000 for courthouse furnishings; and, (3) a reduction of \$160,000 associated with the FTE reduction. These decreases are partially offset by: (1) an increase of \$310,000 in salary survey and anniversary awards in FY 2002-03; (2) an increase of \$310,000 to account for the shift in pay date to July 1, 2003; and (3) an increase of \$6,000 for PERA contributions.

Cash Funds Changes: The increase in cash funds is due to the addition of \$538,000 for judicial performance evaluations. This increase is partially offset by a decrease in the collection of statewide indirect cost recoveries.

Cash Funds Exempt Changes: The increase in cash funds exempt is due to the addition of \$500,000 for the provision of family violence legal services grants, and \$23,000 for judicial performance evaluations. These increases are partially offset by a decrease in the collection of statewide indirect cost recoveries.

Federal Funds Changes: The decrease is due to a reduction in the collection of statewide indirect cost recoveries.

Administrative Special Purpose

This section includes several programs within the Judicial Department, such as the Office of Dispute Resolution, the child support enforcement program, the retired judge program, and the Commission on Judicial Performance. This section also includes centrally appropriated line items, such as salary survey, workers' compensation, legal services, and payments related to risk management. Cash funds are from the Offender Services Fund, and the Fines Collection Fund, the Drug Offender Surcharge Fund and the Alcohol and Drug Driving Safety Program Fund. Exempt cash funds are from reserves in the Dispute Resolution Fund.

	GF	CF	CFE	FF	Total	FTE
FY 2002-03 Appropriation:						
HB 02-1420	\$17,453,834	\$4,551,039	\$925,815	\$100,000	\$23,030,688	76.2
HB 02-1468	117,822	3,656	3,722	0	125,200	0.0
SB 03-197	(7,912)	0	0	0	(7,912)	0.0
SB 03-206	<u>(2,144,288)</u>	<u>(3,840)</u>	<u>(731)</u>	<u>0</u>	<u>(2,148,859)</u>	<u>0.0</u>
TOTAL	\$15,419,456	\$4,550,855	\$928,806	\$100,000	\$20,999,117	76.2
FY 2003-04 Appropriation:						
SB 03-258	\$14,259,956	\$4,871,352	\$619,351	\$100,000	\$19,850,659	74.7

	GF	CF	CFE	FF	Total	FTE
SB 03-273	(5,220,582)	(517,306)	0	0	(5,737,888)	0.0
HB 03-1316	<u>(22,168)</u>	<u>(2,329)</u>	<u>0</u>	<u>0</u>	<u>(24,497)</u>	<u>0.0</u>
TOTAL	\$9,017,206	\$4,351,717	\$619,351	\$100,000	\$14,088,274	74.7
Increase/(Decrease)	(\$6,402,250)	(\$199,138)	(\$309,455)	\$0	(\$6,910,843)	(1.5)
Percentage Change	-41.5%	-4.4%	-33.3%	0.0%	-32.9%	-2.0%

FTE Detail	FY 2002-03	FY 2003-04
Collections Investigators	69.2	69.2
Office of Dispute Resolution	4.5	4.5
Child Support Enforcement	1.0	1.0
CICJIS Data Scrubber	<u>1.5</u>	<u>0.0</u>
	76.2	74.7

FTE Changes: The decrease of 1.5 FTE is due to the elimination of a federal grant that supported the CICJIS data scrubber position.

General Fund Changes: The net decrease in the General Fund appropriation is attributable to: (1) the elimination of salary survey appropriations for FY 2003-04, which saves \$5.2 million; (2) the elimination of centralized anniversary appropriations for FY 2003-04, which saves \$1.7 million; (3) a \$130,000 decrease in amounts paid for workers compensation insurance; (4) the elimination of funding for judicial performance evaluations, which saves \$95,000; and (5) the elimination of funding for membership in the National Center for State Courts, which saves \$81,000. These decreases are partially offset by: (1) an \$645,000 increase in the cost of health, life and dental insurance; (2) a \$172,000 increase in the cost of liability insurance; and (3) a \$30,000 increase in the cost of short-term disability insurance.

Cash Funds Changes: The net decrease in cash fund spending authority is due to: (1) the elimination of salary survey appropriations for FY 2003-04, which saves \$315,000; (2) a \$136,000 base reduction for the collection investigator program; (3) the elimination of anniversary appropriations for FY 2003-04, which saves \$134,000; and (4) a \$72,000 base reduction for the Office of Dispute Resolution. The decreases are partially offset by a \$461,000 increase in the cost of health, life, and dental insurance.

Cash Funds Exempt Changes: The decrease in the cash fund exempt spending authority is due to a \$168,000 reduction in exempt spending for health insurance and the elimination of \$142,000 in grant support for 1.5 FTE.

Judicial/Heritage Complex

The Judicial/Heritage Complex consists of two buildings and a parking lot. The Judicial Building houses the Supreme Court, the Court of Appeals, and the state law library. The second building houses the State Historical Society and Museum. The appropriation for the complex provides for maintenance and security services. Cash funds are from parking lot revenues.

	GF	CF	CFE	FF	Total	FTE
FY 2002-03 Appropriation:						
HB 02-1420	\$562,799	\$1,700	\$0	\$0	\$564,499	4.0
SB 03-197	(15,224)	0	0	0	(15,224)	0.0
SB 03-206	<u>4,131</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>4,131</u>	<u>0.0</u>
TOTAL	\$551,706	\$1,700	\$0	\$0	\$553,406	4.0
FY 2003-04 Appropriation:						
SB 03-258	<u>\$575,372</u>	<u>\$1,700</u>	<u>\$0</u>	<u>\$0</u>	<u>\$577,072</u>	<u>4.0</u>
TOTAL	\$575,372	\$1,700	\$0	\$0	\$577,072	4.0
Increase/(Decrease)	\$23,666	\$0	\$0	\$0	\$23,666	0.0
Percentage Change	4.3%	0.0%	n/a	n/a	4.3%	0.0%

FTE Detail	FY 2002-03	FY 2003-04
Facilities Planning Manager	1.0	1.0
Building Mechanics	2.0	2.0
Security Guard	<u>1.0</u>	<u>1.0</u>
	4.0	4.0

General Fund Change: The General Fund appropriation reflects an increase of \$15,000 to account for the shift in pay date to July 1, 2003 and \$8,000 in salary survey awards for FY 2002-03.

Integrated Information Services (IIS)

This section provides automated data processing services to the state courts and probation offices. Major systems supported by IIS include the Integrated Colorado On-line Network (ICON), which handles case tracking and financial functions for the trial courts and probation departments; the Colorado Integrated Criminal Justice Information System (CICJIS), which shares and tracks data concerning offenders among the various criminal justice agencies, including law enforcement, district attorneys, courts, and adult and youth corrections; the appellate case tracking system; the

court-appointed counsel system; and the state court administrator's local-area network. Cash funds are from revenues from label production.

	GF	CF	CFE	FF	Total	FTE
FY 2002-03 Appropriation:						
HB 02-1420	\$4,562,476	\$85,000	\$0	\$133,510	\$4,780,986	42.8
SB 03-197	(208,736)	0	0	0	(208,736)	0.0
SB 03-206	<u>(492,496)</u>	<u>293,000</u>	<u>0</u>	<u>0</u>	<u>(199,496)</u>	<u>0.0</u>
TOTAL	\$3,861,244	\$378,000	\$0	\$133,510	\$4,372,754	42.8
FY 2003-04 Appropriation:						
SB 03-258	<u>\$4,352,379</u>	<u>\$1,010,000</u>	<u>\$0</u>	<u>\$133,510</u>	<u>\$5,495,889</u>	<u>42.8</u>
TOTAL	\$4,352,379	\$1,010,000	\$0	\$133,510	\$5,495,889	42.8
Increase/(Decrease)	\$491,135	\$632,000	\$0	\$0	\$1,123,135	0.0
Percentage Change	12.7%	167.2%	n/a	n/a	25.7%	0.0%

FTE Detail	FY 2002-03	FY 2003-04
Admin./Support	3.0	3.0
Programmers/Technical	27.8	27.8
Programming/Tech Supervisors	4.0	4.0
Customer Support	<u>8.0</u>	<u>8.0</u>
	42.8	42.8

General Fund Changes: The net increase in the General Fund appropriation is attributable to: (1) an increase of \$293,000 due to one-time refinancing of telecommunications expenditures in FY 2002-03 to help balance the budget; (2) an increase of \$208,000 to account for the shift in pay date to July 1, 2003; and, (3) an increase of \$8,000 for new line items for the Pueblo Data Entry Center and for Communications Services. These increases were partially offset by a \$23,000 decrease in amounts appropriated for the purchase of services from the state computer center.

Cash Funds Changes: The increase in the cash funds appropriation is due to a \$950,000 increase in cash funding for hardware replacement, which is partially offset by a \$293,000 decrease in cash fund support for telecommunications due to one-time refinancing in FY 2002-03 to help balance the budget.

Trial Courts

The trial courts represent the largest portion of the Judicial Department's budget. The trial courts include district courts in 22 judicial districts, 64 county courts, and 7 water courts. Each judicial district includes one district court and a county court in each county served by the district. The Second Judicial District (Denver) also includes a probate court and a juvenile court. However, the Denver County Court is not part of the state court system. Cash funds are generated through operating charges to those who use the court system, and include filing fees and copying fees. Cash funds exempt and federal funds are from grants from other departments and the federal government.

The district courts are trial courts of general jurisdiction and have appellate jurisdiction over final judgements of county courts and municipal courts. The county courts have limited jurisdiction, as set by statute. County courts have appellate jurisdiction over municipal courts. Water courts are separately created by the Water Right Determination and Administration Act of 1969 and have general jurisdiction over water use, water rights, and water administration.

	GF	CF	CFE	FF	Total	FTE
FY 2002-03 Appropriation:						
HB 02-1420	\$98,646,215	\$26,019,838	\$74,380	\$772,315	125,512,748	1,562.9
SB 03-186	(3,179,572)	3,179,572	0	0	0	0.0
SB 03-197	(6,713,389)	0	0	0	(6,713,389)	0.0
SB 03-206	<u>(3,129,959)</u>	<u>1,285,162</u>	<u>0</u>	<u>0</u>	<u>(1,844,797)</u>	<u>0.0</u>
TOTAL	\$85,623,295	\$30,484,572	\$74,380	\$772,315	\$116,954,562	1,562.9
FY 2003-04 Appropriation:						
SB 03-258	<u>\$89,646,860</u>	<u>\$32,693,238</u>	<u>\$74,380</u>	<u>\$679,247</u>	<u>\$123,093,725</u>	<u>1,561.9</u>
TOTAL	\$89,646,860	\$32,693,238	\$74,380	\$679,247	\$123,093,725	1,561.9
Increase/(Decrease)	\$4,023,565	\$2,208,666	\$0	(\$93,068)	\$6,139,163	(1.0)
Percentage Change	4.7%	7.2%	0.0%	-12.1%	5.2%	-0.1%

FTE Detail	FY 2002-03	FY 2003-04
District Court Judges	132.0	132.0
County Court Judges	83.0	83.0
Magistrates & Water Referee	63.0	63.0
Division Staff	403.9	402.9

FTE Detail	FY 2002-03	FY 2003-04
Court Reporters	135.8	135.8
Clerks' Offices	609.6	609.6
Administrative/Office Support	127.1	127.1
Grants and Federal Funds	<u>8.5</u>	<u>8.5</u>
	1,562.9	1,561.9

FTE Changes: The appropriation reflects an decrease of 1.0 FTE due to the elimination of one administrative position.

General Fund Changes: The net General Fund appropriation includes the following increases: (1) \$6.6 million to account for the shift in pay date to July 1, 2003; (2) \$4.7 million for salary survey and anniversary awards for FY 2002-03; (3) a \$330,000 increase in mandated costs due to a one-time reduction in attorney rates paid in FY 2002-03, to help balance the budget, and to account for one-time savings associated with the shift in pay date for FY 2002-03; and, (4) an increase of \$276,000 for PERA contributions. These increases are partially offset by: (1) a \$5.1 million refinance of General Fund supported personal services with cash funds generated by an increase in docket fees; (2) a \$1.3 million base reduction in personal services appropriations; (3) a \$611,000 reduction in General Fund expenditures for operating expenses due to refinancing with cash funds; (4) a \$589,000 reduction in expenditures for capital outlay because no new judges are funded for FY 2003-04; (5) a reduction of \$190,000 for contract services; (6) a reduction of \$98,000 due to the elimination of the 1.0 FTE; and (7) a reduction of \$23,000 for family preservation program matching funds.

Cash Funds Changes: The net cash funds increase is due to: (1) an increase of \$5.1 million due to refinancing of General Fund for personal services with increased docket fee revenues; (2) a \$611,000 refinance of General Fund operating expenses with cash funds generated by an increase in docket fee revenues; and (3) an increase of \$163,000 in cash funded grant programs. These increases are partially offset by a \$3.7 million reduction in amounts reflected for spending from the Victims Compensation and Victims Assistance funds.

Federal Funds Changes: The reduction in the federal funds is due to a reduction in funds for family preservation program funds because the General Fund match was reduced.

Probation and Related Services

Probation is a sentencing alternative available to the courts. The offender serves a sentence in the community under the supervision of a probation officer, subject to the conditions imposed by the court. There are varying levels of supervision that may be required under a probation sentence, and there are numerous services, ranging from drug counseling to child care, that may be provided to offenders sentenced to probation. The amount of supervision and the types of services vary depending on the profile and history of each offender. In addition, probation officers are responsible

for investigating the background of persons brought before the court for sentencing. Cash funds are generated by supervision and testing fees charged to offenders.

Cash funds are from the Offender Services Fund, the Drug Offender Surcharge Fund, the Alcohol and Drug Driving Safety Fund, the Sex Offender Surcharge Fund. Revenues are generated by fees paid by probationers. Cash funds exempt are from grants from other departments, and federal funds are from grants from the federal government.

	GF	CF	CFE	FF	Total	FTE
FY 2002-03 Appropriation:						
SB 02-18	\$0	\$666,009	\$0	\$0	666,009	4.2
HB 02-1420	42,679,252	10,500,750	5,773,157	925,754	59,878,913	968.1
SB 03-186	(241,844)	241,844	0	0	0	0.0
SB 03-197	(3,297,616)	0	0	0	(3,297,616)	0.0
SB 03-206	<u>(2,893,492)</u>	<u>2,375,000</u>	<u>(466,525)</u>	<u>0</u>	<u>(985,017)</u>	<u>0.0</u>
TOTAL	\$36,246,300	\$13,783,603	\$5,306,632	\$925,754	\$56,262,289	972.3
FY 2003-04 Appropriation:						
SB 03-76	\$0	\$239,753	\$0	\$0	\$239,753	5.5
SB 03-258	<u>41,058,290</u>	<u>13,398,460</u>	<u>5,197,326</u>	<u>925,754</u>	<u>60,579,830</u>	<u>966.1</u>
TOTAL	\$41,058,290	\$13,638,213	\$5,197,326	\$925,754	\$60,819,583	971.6
Increase/(Decrease)	\$4,811,990	(\$145,390)	(\$109,306)	\$0	\$4,557,294	(0.7)
Percentage Change	13.3%	-1.1%	-2.1%	0.0%	8.1%	-0.1%

FTE Detail	FY 2002-03	FY 2003-04
Chief Officers	21.0	21.0
Probation Supervisors	62.5	63.0
Probation Officers	535.0	537.0
Admin. / Support	145.9	146.9
Offender Services	11.7	7.5
Alcohol/Drug Driving Safety	75.8	75.8
Drug Offender Assessment	11.5	11.5

FTE Detail	FY 2002-03	FY 2003-04
Victims Grants	17.3	17.3
S.B. 91-94	59.3	59.3
Grants and Federal Funds	<u>32.3</u>	<u>32.3</u>
Total	972.3	971.6

FTE Changes: The net reduction of 0.7 FTE is due to the elimination of 4.2 FTE associated with the SB 91-94 contract with the Department of Human Services, the elimination of 1.0 probation officer training FTE, and the elimination of 1.0 probation officer administrative FTE. These decreases were partially offset by the increase of 5.5 FTE added by S.B. 03-76.

General Fund Changes: The net increase in the General Fund appropriation includes: (1) a \$3.3 million increase to account for one-time savings associated with the shift in pay date for FY 2002-03; (2) a \$1.9 million increase due to salary survey awards in FY 2002-03; (3) a \$1.0 million increase due to one-time refinancing of personal services General Fund appropriations with cash funds in FY 2002-03 to help balance the budget; (4) an increase of \$242,000 due to one-time cash fund refinancing of operating expenses in FY 2002-03 to help balance the budget; and (5) an increase of \$55,000 for PERA contributions. These increases are partially offset by (1) a \$840,000 base reduction in personal services appropriations; (2) a \$700,000 decrease in General Fund due to refinancing with cash funds from increased supervision fee revenue and; (3) a \$182,000 reduction in resources that supported eliminated FTE.

Cash Funds Changes: The decrease in the cash funds appropriation is due to the elimination of \$480,000 in one-time cash fund spending authority used to refinance General Fund dollars in FY 2002-03 and \$186,000 in base reductions in cash funded programs. This is partially offset by an increase of \$281,000 for salary survey awards in FY 2002-03, and the addition of \$239,000 for new probation officers as set forth in S.B. 03-76.

Cash Funds Exempt Changes: The decrease in the cash funds exempt appropriation is due to a decrease in reliance on reserves in the Alcohol and Drug Driving Safety Fund to fund that program.

Public Defender

The Public Defender is responsible for providing legal counsel for criminal defendants whom the courts have found to be indigent and who are facing the possibility of incarceration. The Public Defender maintains 21 regional offices and an appellate division. The Public Defender is appointed by an independent Public Defender Commission.

	GF	CF	CFE	FF	Total	FTE
FY 2002-03 Appropriation:						
SB 02-18	\$0	\$63,390	\$0	\$0	\$63,390	1.6
SB 02-50	14,373	0	0	0	14,373	0.3
HB 02-1038	12,947	0	0	0	12,947	0.3
HB 02-1420	31,235,601	12,750	64,896	0	31,313,247	340.7
HB 02-1468	18,898	0	0	0	18,898	0.0
SB 03-197	(2,013,578)	0	0	0	(2,013,578)	0.0
SB 03-206	<u>(1,144,652)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(1,144,652)</u>	<u>0.0</u>
TOTAL	\$28,123,589	\$76,140	\$64,896	\$0	\$28,264,625	342.9
FY 2003-04 Appropriation:						
SB 03-258	\$31,815,422	\$76,140	\$64,896	\$0	\$31,956,458	342.9
SB 03-273	(876,676)	0	0	0	(876,676)	0.0
HB 03-1316	<u>(3,056)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(3,056)</u>	<u>0.0</u>
TOTAL	\$30,935,690	\$76,140	\$64,896	\$0	\$31,076,726	342.9
Increase/(Decrease)	\$2,812,101	\$0	\$0	\$0	\$2,812,101	0.0
Percentage Change	10.0%	0.0%	0.0%	n/a	9.9%	0.0%

FTE Detail	FY 2002-03	FY 2003-04
State Public Defender and Deputies	3.0	3.0
Public Defenders	205.1	205.1
Investigators	62.6	62.6
Paralegals	7.0	7.0
Admin./Support	<u>65.2</u>	<u>65.2</u>
	342.9	342.9

General Fund Changes: The General Fund increase is comprised of: (1) an increase of \$2.0 million to account for one-time savings associated with the shift in pay date for FY 2002-03; (2) an increase of \$1.2 million to account for one-time savings in FY 2002-03 to help balance the budget; (3) an increase of \$912,000 to account for salary survey awards in FY 2002-03; (4) a \$64,000 increase in leased space costs; (5) an increase of \$31,000 for PERA contributions in FY 2003-04; and, (6) an

increase of \$28,000 for health, life and dental insurance costs in FY 2003-04. These increases are partially offset by the of salary survey awards for FY 2003-04 due to S.B. 03-273, saving \$912,000, and the elimination of anniversary awards for FY 2003-04, saving \$522,000.

Alternate Defense Counsel

The Office of Alternate Defense Counsel (ADC) is an independent agency that was established by S.B. 96-205. The ADC provides representation for indigent defendants when the Public Defender is precluded from doing so because of a conflict of interest. Private attorneys are appointed by the courts and are hired on a per hour contract basis by the ADC. The Office also contracts with private investigators to assist in the defense of the appointed cases, and the Office is responsible for the payment of expenses for discovery and interpreters in the appointed cases. The Office is governed by a nine-member advisory commission appointed by the Supreme Court. Cash funds are from fees for training provided by the ADC.

	GF	CF	CFE	FF	Total	FTE
FY 2002-03 Appropriation:						
HB 02-1420	\$11,970,335	\$3,000	\$0	\$0	\$11,973,335	3.0
HB 02-1468	177	0	0	0	177	0.0
SB 03-197	(32,185)	0	0	0	(32,185)	0.0
SB 03-206	<u>(244,635)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(244,635)</u>	<u>0.0</u>
TOTAL	\$11,693,692	\$3,000	\$0	\$0	\$11,696,692	3.0
FY 2003-04 Appropriation:						
SB 03-258	\$11,938,766	\$3,000	\$0	\$0	\$11,941,766	3.0
SB 03-273	(7,130)	0	0	0	(7,130)	0.0
HB 03-1316	<u>(34)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(34)</u>	<u>0.0</u>
TOTAL	\$11,931,602	\$3,000	\$0	\$0	\$11,934,602	3.0
Increase/(Decrease)	\$237,910	\$0	\$0	\$0	\$237,910	0.0
Percentage Change	2.0%	0.0%	n/a	n/a	2.0%	0.0%

General Fund Changes: The General Fund increase is due to a \$200,000 increase due to one-time savings generated in FY 2002-03 by reducing fees paid to court appointed counsel to help balance the budget, and \$32,000 to account for one time savings associated with the shift in pay date for FY 2002-03.

Office of the Child's Representative

The Office of the Child's Representative was created by H.B. 00-1371 and is an independent agency within the Judicial Department. The structure and organization of the Office was established during FY 2000-01, and became fully operational in FY 2001-02, pursuant to the bill. The Office is responsible for overseeing the representation of the best interests of children by attorneys, guardians ad-litem, and other representatives within the judicial system.

	GF	CF	CFE	FF	Total	FTE
FY 2002-03 Appropriation:						
HB 02-1420	\$7,398,567	\$30,000	\$0	\$0	\$7,428,567	4.0
HB 02-1468	1,234	0	0	0	1,234	0.0
SB 03-197	(105,640)	0	0	0	(105,640)	0.0
SB 03-206	<u>470,190</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>470,190</u>	<u>0.0</u>
TOTAL	\$7,764,351	\$30,000	\$0	\$0	\$7,794,351	4.0
FY 2003-04 Appropriation:						
SB 03-258	\$7,915,332	\$0	\$0	\$0	\$7,915,332	4.0
SB 03-273	(59,765)	0	0	0	(59,765)	0.0
HB 03-1316	<u>(183)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(183)</u>	<u>0.0</u>
TOTAL	\$7,855,384	\$0	\$0	\$0	\$7,855,384	4.0
Increase/(Decrease)	\$91,033	(\$30,000)	\$0	\$0	\$61,033	0.0
Percentage Change	1.2%	-100.0%	n/a	n/a	0.8%	0.0%

General Fund Changes: The General Fund increase is due to a \$106,000 increase to account for one time savings associated with the shift in pay date for FY 2002-03, and \$50,000 due to salary survey awards in FY 2002-03. These increases support contract FTE in El Paso County as well as the Department's FTE. The increases are partially offset by the elimination of salary survey awards due pursuant to S.B. 03-273, which saves \$60,000.

Cash Fund Changes: The decrease in cash fund spending authority is due to elimination of cash spending authority for donations for the court appointed special advocate program.

Recent Legislation

2002 Session Bills

S.B. 02-18: Allows demonstration drug courts created by S.B. 00-163 to be funded from the Offender Services Fund rather than the Drug Offender Surcharge Fund, and appropriates \$729,399 cash funds and 5.8 FTE to provide continuing funding for those courts.

S.B. 02-50: Makes possession of certain substances used to manufacture methamphetamine illegal. Includes a five-year statutory appropriation pursuant to Section 2-2-703, C.R.S. Additionally, the act includes an appropriation of \$14,373 General Fund and 0.3 FTE for the Public Defenders Office for FY 2002-03. The act also reduces General Fund appropriations in the Long Bill for performance-based pay, for all state agencies, to offset the costs of the bill in FY 2002-03. For a complete description of this bill, please see the Recent Legislation section in the Department of Corrections.

H.B. 02-1038: Makes possession of certain items with the intent to manufacture methamphetamine illegal. Includes a five year statutory appropriation pursuant to Section 2-2-703, C.R.S. for the next five fiscal years. Additionally, the act appropriates \$12,947 General Fund and 0.3 FTE to the Public Defender's Office in FY 2002-03. The act also reduces the General Fund appropriations in the Long Bill for performance-based pay, for all state agencies, to cover the FY 2002-03 costs of the bill. For a complete description of this bill, please see the Recent Legislation section in the Department of Corrections.

H.B. 02-1101: Establishes the Family Friendly Court Program, which will provide child care services and information centers for other family oriented state services such as the provision of health care. Raises the county court docket fee by one dollar and directs those funds to the newly created Family Friendly Court Program Cash Fund. Appropriates \$122,200 and 0.5 FTE, from the newly created cash fund, to the Judicial Department for implementation of the act.

H.B. 02-1420: General appropriations act for FY 2002-03.

H.B. 02-1468: Refinances the FY 2001-02 appropriation made pursuant to S.B. 01S2-22. Establishes the CY 2003 state contribution rate for health, life, and dental insurance to be the same as the state contribution rate for CY 2002. Authorizes the General Assembly to annually adjust the state contribution for health, life, and dental insurance effective CY 2004 through the Long Bill. For more information, refer to the Recent Legislation section in the Department of Personnel.

2003 Session Bills

S.B. 03-76: This bill amends Section 42-2-126, C.R.S., to allow an alternative penalty of a one-month license revocation followed by a five-month license suspension (rather than the current penalty of three-month revocation) for a first adult DUI offense. It also amends Section 42-4-1301, C.R.S.,

to limit subsequent offenses for alcohol-related traffic offenses to those that occur within ten years after the first offense. Finally, this bill amends Section 18-18-104, C.R.S. to authorize the court to defer sentencing and order participation in a treatment program from a maximum of one year to a maximum of four years for a drug use conviction. Makes an appropriation of \$239,753 cash funds and 5.5 FTE to the Judicial Department. Cash funds will come from the Offender Services Fund.

S.B. 03-186: Raised civil docket fees by 50 percent. Refinanced \$3.4 million in FY 2002-03 General Fund expenditures with cash funds generated by the increased fees. Creates the Judicial Stabilization Cash Fund to receive the increased revenues.

S.B. 03-197: Reduces personal services by \$13.3 million General Fund, which represents anticipated June payroll (FY 2002-03) to be delayed until July (FY 2003-04). For more information, refer to the bill description in the Department of Personnel and Administration.

S.B. 03-206: Supplemental appropriation to the Judicial Department to modify the appropriation included in the FY 2002-03 Long Bill.

S.B. 03-258: General appropriations act for FY 2003-04.

S.B. 03-271: Transfers the following amounts to the General Fund: \$240,000 from the Infant Immunization Fund on July 1, 2003; the balance of moneys in the Advanced Technology Fund on June 1, 2003, and at the end of each quarter for FY 2003-04; \$486,613 from the Emergency Response Cash Fund on July 1, 2003; \$700,000 from the Off-Highway Vehicle Recreation Fund on January 1, 2004; and \$4.6 million from the operational account of the Severance Tax Trust Fund on June 30, 2004. This bill also transfers the balance of the Victims and Witness Assistance and Law Enforcement Fund to the General Fund on June 30, 2004, but not more than \$1.0 million of unencumbered funds. Also, the bill increases surcharges levied on criminal and traffic offenses by 30 percent, which should generate about \$4.5 million for the General Fund.

S.B. 03-273: Eliminates the salary survey appropriation for FY 2003-04. For more information, refer to the bill description in the Department of Personnel and Administration.

S.B. 03-282: Provides \$500,000 of tobacco moneys to the Judicial Department to provide grants for programs that provide legal services to victims of family violence. For a complete description of this bill, please see the description for SB 03-282 in the Department of Health and Environment.

H.B. 03-1316: Alters the manner in which group benefit plans coverage is calculated for Health, Life, and Dental appropriations. For more information, refer to the bill description in the Department of Personnel and Administration.

H.B. 03-1378: Increases the docket fee in criminal actions in all courts of record except for the Court of Appeals, and the Supreme Court. The docket fee is increased by five dollars in district court. The docket fee in county court criminal actions and traffic court is increased by three dollars.

The bill specifies that the additional revenue shall be deposited into the State Commission on Judicial Performance Cash Fund created in the bill. Appropriates \$538,000 cash funds and \$23,042 cash funds exempt to the Judicial Department for judicial performance evaluations.

DEPARTMENT OF LABOR AND EMPLOYMENT

The Department is responsible for: administering state and federal employment and training programs; enforcing state and federal labor laws; operating state regulatory programs for the petroleum industry, school construction and boilers; and administering the workers' compensation program. The Department is comprised of the following divisions: the Executive Director's Office, the Division of Employment and Training, the Division of Labor, the Division of Oil and Public Safety, and the Division of Workers' Compensation. The Division of Oil and Public Safety was originally part of the Division of Labor, but pursuant to H.B. 01-1373, it was split from the Division of Labor and made into a separate division. The Department maintains a comprehensive economic database which can be reached at www.state.co.us.

Department Budget: Recent Actual Expenditures and Appropriations

Funding Source	FY 2000-01 Actual	FY 2001-02 Actual	FY 2002-03 Approp.	FY 2003-04 Approp.
General Fund	\$0	\$0	\$0	\$0
Cash Funds	26,202,729	26,504,410	20,500,058	26,118,351
Cash Funds Exempt	15,500,554	16,153,931	15,707,223	15,218,857
Federal Funds	<u>66,310,986</u>	<u>8,431,692</u>	<u>101,765,032</u>	<u>74,494,470</u>
Total Funds	\$108,014,269	\$51,090,033	\$137,972,313	\$115,831,678
Full Time Equiv. Staff	1,007.1	1,027.1	1,072.0	1,076.4

FY 2003-04 Budget Changes

Significant changes in appropriations for FY 2003-04 compared to FY 2002-03 include the following:

- A \$755,000 increase in reflected federal funds for Labor Market Information programs;
- A \$325,000 increase in reflected federal funds for county run one-stop job centers;
- A \$179,000 increase in reflected federal funds for unemployment insurance programs.
- A \$10.9 million reduction in reflected federal funds for welfare-to-work block grants;
- A \$7.0 million reduction in reflected federal funds due to a one-time distribution of Reed Act funds in FY 2002-03;

- ❑ A \$5.3 million reduction in reflected federal funds due to a one-time use of Reed Act funds to help balance the budget for FY 2002-03;
- ❑ A \$2.1 million reduction in reflected Workforce Investment Act federal funds available for FY 2003-04; and
- ❑ An \$800,000 reduction for Trade Adjustment Act assistance federal funds.

General Factors Driving the Budget

Funding for this department consists of 22.6 percent cash funds, 13.1 percent cash funds exempt, and 64.3 percent federal funds. There is no General Fund appropriation for the Department of Labor. Some of the most important factors driving the budget are reviewed below.

Unemployment Insurance

The provision of unemployment insurance services is a major component of the Department's budget. The State collects unemployment taxes and then deposits them into Colorado's federal trust fund which is maintained by the U.S. government for Colorado. Naturally, the state of the economy locally and nationally affects the degree to which unemployment insurance services are needed and how high these taxes need to be. There is a fraud investigation unit that is also sensitive to the state of the Colorado economy.

	FY 1999-00 Actual	FY 2000-01 Actual	FY 2001-02 Actual	FY 2002-03 Estimate	FY 2003-04 Projected
Number of Initial Claims Established	103,693	121,397	215,776	186,540	156,594
Number of New Employer Accounts	22,288	25,722	25,737	23,832	24,501
Number of Appeals Decisions Rendered	15,000	15,050	22,940	19,548	16,410
Percentage of Cases Involving Fraud	1.1%	1.1%	1.0%	1.0%	1.0%

Employment and Training

The Department provides employment and training services including welfare-to-work programs at "one-stop" centers run by either the state or the counties. Under the federal Workforce Investment Act of 1998, there is a much greater emphasis on working to match employers with employees. This reflects the notion that, while a poor economy increases the number of workers seeking assistance, a strong economy increases the number of employers seeking qualified employees.

Fiscal Year	96-97	97-98	98-99	99-00	00-01	01-02	02-03 est	03-04 est
Individuals Served	196,938	227,948	209,267	194,905	201,323	210,567	194,000	200,000
Number Entering Employment	49,403	47,304	42,941	42,467	37,404	39,415	42,000	42,000

Workers' Compensation/Major Medical and Subsequent Injury

This program's budget is driven by the number of workers injured in a given year, and the number of hearings requested by an employer/insurance company or an injured employee to determine the benefits provided. The Workers' Compensation program offers claims intervention, mediation, pre-hearing conferences, settlement conferences, and arbitration to assist with claims dispute resolution. Colorado employers are mandated to have workers' compensation insurance. This insurance pays medical expenses for work-related injuries as well as partial wage replacement while the worker recovers. The Division of Workers' Compensation provides various services to support this mandate including customer service, oversight, claims resolution, employer and employee education, and assistance to employers to reduce accident frequency and thus contain costs.

Fiscal Year	99-00	00-01	01-02	02-03 est	03-04 est
Applications for Workers' Compensation Hearings	13,213	14,011	12,828	10,500	10,500
Hearings Held	1,449	1,287	1,422	1,125	1,035
Customer Contacts	82,771	78,546	75,196	76,000	76,000
Work Related Accident Cost Reduction (savings)	\$11,744,116	\$9,612,606	\$12,989,877	\$10,000,000	\$10,000,000

The Major Medical Insurance Fund program provides benefits to workers who sustained catastrophic injuries between July 1, 1971 and June 30, 1981. There are expected to be 1,404 of these cases still open as of July 1, 2003. The Subsequent Injury Fund program provides compensation to injured workers who have become permanently, totally disabled by more than one work-related injury. There are expected to be 477 open cases as of July 1, 2003. The Major Medical and Subsequent Injury programs are continuously appropriated.

Summary of FY 2002-03 and FY 2003-04 Appropriations

Total Department Appropriations

	GF	CF	CFE	FF	Total	FTE
FY 2002-03 Total Appropriation:	\$0	\$20,500,058	\$15,707,223	\$101,765,032	\$137,972,313	1,072.0
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Executive Director's Office	0	7,771,236	1,154,604	14,507,689	23,433,529	165.4
Division of Employment and Training	0	851,043	686,379	86,716,835	88,254,257	707.4
Division of Labor	0	571,759	312,052	0	883,811	13.5
Division of Oil and Public Safety	0	3,038,164	241,135	540,508	3,819,807	57.3
Division of Workers' Compensation	0	8,267,856	13,313,053	0	21,580,909	128.4
<u>Breakdown of Total Appropriation by Bill</u>						
HB 02-1420	0	27,149,369	16,098,888	88,511,791	131,760,048	1,072.0
HB 02-1468	0	13,689	2,260	29,930	45,879	0.0
SB 03-207	0	(6,663,000)	(393,925)	13,223,311	6,166,386	0.0
FY 2003-04 Total Appropriation:	\$0	\$26,118,351	\$15,218,857	\$74,494,470	\$115,831,678	1,076.4
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Executive Director's Office	0	7,018,119	833,294	12,167,367	20,018,780	161.4
Division of Employment and Training	0	6,844,583	653,555	61,773,445	69,271,583	719.9
Division of Labor	0	815,233	0	0	815,233	13.5
Division of Oil and Public Safety	0	2,980,480	306,117	553,658	3,840,255	53.3
Division of Workers' Compensation	0	8,459,936	13,425,891	0	21,885,827	128.3

	GF	CF	CFE	FF	Total	FTE
<u>Breakdown of Total Appropriation by Bill</u>						
SB 03-258	0	25,561,464	15,448,665	75,814,714	116,824,843	1,062.9
SB 03-273	0	(400,553)	(228,860)	(1,315,019)	(1,944,432)	0.0
HB 03-1099	0	143,823	0	0	143,823	0.0
HB 03-1316	0	(1,616)	(948)	(5,225)	(7,789)	0.0
HB 03-1347	0	815,233	0	0	815,233	13.5
Increase/(Decrease)	\$0	\$5,618,293	(\$488,366)	(\$27,270,562)	(\$22,140,635)	4.4
Percentage Change	n/a	27.4%	-3.1%	-26.8%	-16.0%	0.4%

Detail of Appropriation by Administrative Section

Executive Director's Office

The Executive Director's Office performs departmental administrative functions including public relations, information management, accounting, budgeting, data processing, and personnel management. The Office also administers three programs: (1) the Industrial Claims Appeal Panel, which adjudicates appeals relating to unemployment insurance and workers' compensation issues; (2) the Public Employees' Social Security Program, which administers the federal-state agreement with the U.S. Social Security Administration; and (3) Investigations and Criminal Enforcement, which investigates potential fraud in the Unemployment Insurance and the Workers' Compensation programs.

Cash funds used for administration of the Department's programs are primarily from the Workers' Compensation Cash Fund, the Employment Support Fund, and the Petroleum Storage Tank Fund. Cash funds exempt used for administration are from reserves in the Major Medical Insurance Fund, the Subsequent Injury Fund and reserves in the Petroleum Storage Tank and Unemployment Revenue Funds. Federal funds are used to administer unemployment programs. As the Executive Director's Office administers programs throughout the Department, its funding sources reflect the funding sources for programs in other divisions. For example, an increase in federally funded activity in other divisions will be reflected by an increase in federal funding for the Executive Director's Office.

	GF	CF	CFE	FF	Total	FTE
FY 2002-03 Appropriation:						
HB 02-1420	\$0	\$8,049,637	\$1,168,243	\$14,678,790	\$23,896,670	165.4
HB 02-1468	0	13,689	2,260	29,930	45,879	0.0
SB 03-207	<u>0</u>	<u>(292,090)</u>	<u>(15,899)</u>	<u>(201,031)</u>	<u>(509,020)</u>	<u>0.0</u>
TOTAL	\$0	\$7,771,236	\$1,154,604	\$14,507,689	\$23,433,529	165.4
FY 2003-04 Appropriation:						
SB 03-258	\$0	\$7,420,288	\$1,063,102	\$13,487,611	\$21,971,001	161.4
SB 03-273	0	(400,553)	(228,860)	(1,315,019)	(1,944,432)	0.0
HB 03-1316	<u>0</u>	<u>(1,616)</u>	<u>(948)</u>	<u>(5,225)</u>	<u>(7,789)</u>	<u>0.0</u>
TOTAL	\$0	\$7,018,119	\$833,294	\$12,167,367	\$20,018,780	161.4
Increase/(Decrease)	\$0	(\$753,117)	(\$321,310)	(\$2,340,322)	(\$3,414,749)	(4.0)
Percentage Change	n/a	-9.7%	-27.8%	-16.1%	-14.6%	-2.4%

FTE Detail	FY 2002-03	FY 2003-04
Director's Office	28.4	27.4
Industrial Claims Appeals	9.5	9.5
Information Services	66.5	65.5
Finance	19.0	18.0
Human Resources	11.0	11.0
Investigations/ Criminal Enforcement	7.0	7.0
Budget	6.0	6.0
Facilities	<u>18.0</u>	<u>17.0</u>
	165.4	161.4

FTE Changes: The decrease in FTE accounts for department need and historical use of FTE authority.

The net decrease in the bottom line appropriation is due to: (1) a \$2.7 million savings due to the elimination of centrally appropriated amounts for salary survey awards for FY 2003-04 pursuant to S.B. 03-273; (2) the elimination of performance-based pay appropriations for FY 2003-04 saving

\$566,000; (3) a reduction of \$427,000 for information technology asset maintenance; (4) a reduction of \$300,000 due to the reduction in FTE; (5) a reduction of \$198,000 in amounts appropriated for computer center services; and (6) a reduction of \$141,000 for amounts spent on workers' compensation insurance. These decreases are partially offset by the following increases: (1) \$362,000 in salary survey awards granted in FY 2002-03; (2) \$263,000 for leased space and leased space operating expenses; (3) \$175,000 for health, life and dental insurance; and (4) \$77,000 for liability insurance.

The decrease in cash funds, cash funds exempt, and federal funds support for the Executive Director's Office is due to an overall reduction in need for administration.

Division of Employment and Training

The Division administers three major program areas: (1) the unemployment insurance program, which is responsible for administering all aspects of unemployment insurance, including benefits, taxes, appeals, and fraud; (2) employment and training programs, which provide job placement and related services to job-seeking applicants and employers; and (3) the labor market information section, which tracks and disseminates labor market and economic trend information and statistics.

Cash funds are from the Employment Support Fund, and the Unemployment Revenue Fund, cash funds exempt are from reserves in the Employment Revenue Fund, and federal funds are from welfare-to-work block grants, Workforce Investment Act grants, and other federal grants designated for unemployment programs.

	GF	CF	CFE	FF	Total	FTE
FY 2002-03 Appropriation:						
HB 02-1420	\$0	\$7,275,385	\$686,379	\$73,292,493	\$81,254,257	707.4
SB 03-207	<u>0</u>	<u>(6,424,342)</u>	<u>0</u>	<u>13,424,342</u>	<u>7,000,000</u>	<u>0.0</u>
TOTAL	\$0	\$851,043	\$686,379	\$86,716,835	\$88,254,257	707.4
FY 2003-04 Appropriation:						
SB 03-258	<u>\$0</u>	<u>\$6,844,583</u>	<u>\$653,555</u>	<u>\$61,773,445</u>	<u>\$69,271,583</u>	<u>719.9</u>
TOTAL	\$0	\$6,844,583	\$653,555	\$61,773,445	\$69,271,583	719.9
Increase/(Decrease)	\$0	\$5,993,540	(\$32,824)	(\$24,943,390)	(\$18,982,674)	12.5
Percentage Change	n/a	704.3%	-4.8%	-28.8%	-21.5%	1.8%

FTE Detail	FY 2002-03	FY 2003-04
<u>Unemployment Insurance</u>		
Administration	4.0	4.0
Tax Collection	133.0	138.0
Benefits	221.0	227.0
Appeals	44.0	45.0
Quality Control	14.0	14.0
<u>Unemployment Insurance Fraud</u>		
Criminal Investigators	4.0	4.0
Labor & Employment Specialists	16.0	16.0
<u>Employment and Training</u>		
Management	1.5	1.5
Labor and Employment Specialists	132.3	132.3
General Professionals	5.1	5.1
Support Staff/ Administrators	4.5	4.5
One Stop County Contracts	40.5	36.0
Workforce Investment Act	40.0	40.0
Welfare to Work Block Grant	0.0	5.0
<u>Labor Market Information</u>		
Total Staff	<u>47.5</u>	<u>47.5</u>
	707.4	719.9

FTE Changes: The appropriation provides for a net increase of 12.5 FTE. Of this amount, 12.0 FTE are attributable to an increase in federally funded FTE for unemployment insurance programs, and 5.0 FTE are due to an increase in federally funded FTE for the welfare-to-work programs. These increases are partially offset by a 4.5 FTE decrease in federally funded FTE for county one-stop employment centers.

Cash Funds Changes: The increase in cash funds is primarily due to one-time refinancing of training and unemployment programs with federal funds in FY 2002-03 to allow a transfer of cash funds to the General Fund in order to help balance the budget.

Cash Funds Exempt Changes: The decrease in cash funds exempt is the result of a base reduction to unemployment insurance fraud programs.

Federal Funds Changes: The decrease in anticipated federal funds is the result of: (1) a \$10.9 million reduction in available federal funds for welfare-to-work block grants; (2) a \$7.0 million reduction due to a one-time distribution of Reed Act funds in FY 2002-03; (3) a \$5.3 million reduction due to a one-time use of Reed Act funds to help balance the budget for FY 2002-03; (4) a \$2.1 million reduction in Workforce Investment Act funds available for FY 2003-04; (5) an \$800,000 reduction for Trade Adjustment Act assistance; and (6) a \$91,000 reduction in amounts allocated for statewide indirect cost recoveries. These decreases are partially offset by: (1) an anticipated increase of \$755,000 for Labor Market Information programs; (2) a \$325,000 increase for county run one-stop job centers; and (3) a \$179,000 increase in federal funds for unemployment insurance programs.

Division of Labor

Pursuant to H.B. 01-1373, this division now consists of a single unit responsible for labor administration and standards. Public safety functions and the responsibilities of the Office of State Inspector of Oils were moved into a new division pursuant to the legislation. The labor administration and standards program ensures compliance with wage, youth employment, and labor practice laws. This division also administers labor relations programs in the public and private sectors.

Cash funds are from the Employment Support Fund. Cash funds exempt are from statewide indirect cost recoveries.

	GF	CF	CFE	FF	Total	FTE
FY 2002-03 Appropriation:						
HB 02-1420	\$0	\$471,759	\$412,052	\$0	\$883,811	13.5
SB 03-207	<u>0</u>	<u>100,000</u>	<u>(100,000)</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$0	\$571,759	\$312,052	\$0	\$883,811	13.5
FY 2003-04 Appropriation:						
HB 03-1347	<u>\$0</u>	<u>\$815,233</u>	<u>\$0</u>	<u>\$0</u>	<u>\$815,233</u>	<u>13.5</u>
TOTAL	\$0	\$815,233	\$0	\$0	\$815,233	13.5
Increase/(Decrease)	\$0	\$243,474	(\$312,052)	\$0	(\$68,578)	0.0
Percentage Change	n/a	42.6%	-100.0%	n/a	-7.8%	0.0%

FTE Detail	FY 2002-03	FY 2003-04
Director	0.5	0.5
Labor Relations	11.0	11.0
Investigations	<u>2.0</u>	<u>2.0</u>
	13.5	13.5

Cash Funds Changes: The increase in cash funds pursuant to H.B. 03-1347 is designed to replace cash funds exempt.

Cash Funds Exempt Changes: The decrease in cash funds exempt is due to the elimination of funding from statewide indirect cost recoveries.

Division of Oil and Public Safety

The Division of Oil and Public Safety was created pursuant to H.B. 01-1373. This legislation combined the duties of the Office of State Inspector of Oils with the public safety functions of the Division of Labor, and moved those functions from the Division of Labor into a new division.

The public safety unit conducts annual inspections of all boilers and pressure vessels in commercial and multi-unit residential buildings, regulates the distribution and storage of petroleum products, regulates the remediation of contamination caused by leaking underground storage tanks, and enforces statutory requirements pertaining to safety in public schools, carnivals, explosives, and bungee jumping. The Office of the State Oil Inspector is responsible for monitoring and expediting the clean-up of leaking petroleum storage tanks and monitoring the sale and distribution of petroleum products.

	GF	CF	CFE	FF	Total	FTE
FY 2002-03 Appropriation:						
HB 02-1420	\$0	\$2,760,138	\$519,161	\$540,508	\$3,819,807	57.3
SB 03-207	<u>0</u>	<u>278,026</u>	<u>(278,026)</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$0	\$3,038,164	\$241,135	\$540,508	\$3,819,807	57.3
FY 2003-04 Appropriation:						
SB 03-258	\$0	\$2,836,657	\$306,117	\$553,658	\$3,696,432	53.3
HB 03-1099	<u>0</u>	<u>143,823</u>	<u>0</u>	<u>0</u>	<u>143,823</u>	<u>0.0</u>
TOTAL	\$0	\$2,980,480	\$306,117	\$553,658	\$3,840,255	53.3

	GF	CF	CFE	FF	Total	FTE
Increase/(Decrease)	\$0	(\$57,684)	\$64,982	\$13,150	\$20,448	(4.0)
Percentage Change	n/a	-1.9%	26.9%	2.4%	0.5%	-7.0%

FTE Detail	FY 2002-03	FY 2003-04
Boiler Inspection	13.0	13.0
Public Safety Inspection	2.0	2.0
Oil Inspection	<u>42.3</u>	<u>38.3</u>
	57.3	53.3

FTE Changes: The decrease in FTE is due to the elimination of statewide indirect cost recovery funding for this division.

Cash Funds Changes: The decrease in cash funds is due to the elimination of \$278,000 in one-time cash spending authority to replace statewide indirect cost recoveries in FY 2002-03. This is partially offset by salary survey awards granted in FY 2002-03.

Cash Funds Exempt Changes: The increase in cash funds exempt spending authority is due to salary survey awards granted in FY 2002-03.

Federal Funds Changes: The increase in reflected federal funds is due to salary survey awards granted in FY 2002-03.

Division of Workers' Compensation

The Division of Workers' Compensation is responsible for assuring the quick and efficient delivery of disability and medical benefits to injured workers at a reasonable cost to employers. The Division is comprised of five major sections: customer service, dispute resolution, medical cost containment, employer services, and special funds.

The customer service unit provides administrative oversight of injury claims to assure compliance with all benefit and reporting requirements. This unit provides information and technical assistance, and audits insurers' claims handling practices.

The dispute resolution unit provides mediation, arbitration, pre-hearing, and settlement services. These services are designed to resolve frequently contested issues, thus reducing the need for administrative hearings and/or litigation. This unit also coordinates with the Division of Administrative Hearings in the Department of Personnel for those cases requiring an administrative hearing.

The medical cost containment unit oversees several programs including physician accreditation, medical utilization review, medical treatment guidelines, medical fee schedule, and independent medical examinations. These programs are intended to ensure that medical services are provided in a cost-effective manner.

The employer services section administers the self-insurance and premium cost-containment programs, and ensures employer compliance with workers' compensation coverage requirements.

The special funds section administers two large insurance programs. The Major Medical Insurance Fund, which covers workers who sustained catastrophic injuries between July 1971 and June 1981, has approximately 1,404 open cases. The Subsequent Injury Fund provides compensation to injured workers who have become permanently and completely disabled from more than one industrial injury as well as those workers who are disabled from certain occupational diseases. This fund, which was closed to new incidents in April 1994, has approximately 477 open cases.

The primary sources of cash funds are the Workers' Compensation Cash Fund and the Subsequent Injury and Major Medical Insurance Cash Funds. Cash funds exempt are from reserves in the same funds.

	GF	CF	CFE	FF	Total	FTE
FY 2002-03 Appropriation:						
HB 02-1420	\$0	\$8,592,450	\$13,313,053	\$0	\$21,905,503	128.4
SB 03-207	<u>0</u>	<u>(324,594)</u>	<u>0</u>	<u>0</u>	<u>(324,594)</u>	<u>0.0</u>
TOTAL	\$0	\$8,267,856	\$13,313,053	\$0	\$21,580,909	128.4
FY 2003-04 Appropriation:						
SB 03-258	<u>\$0</u>	<u>\$8,459,936</u>	<u>\$13,425,891</u>	<u>\$0</u>	<u>\$21,885,827</u>	<u>128.3</u>
TOTAL	\$0	\$8,459,936	\$13,425,891	\$0	\$21,885,827	128.3
Increase/(Decrease)	\$0	\$192,080	\$112,838	\$0	\$304,918	(0.1)
Percentage Change	n/a	2.3%	0.8%	n/a	1.4%	-0.1%

FTE Detail	FY 2002-03	FY 2003-04
Customer Service	27.0	27.0
Dispute Resolution	13.0	13.0
Medical Cost Containment	5.0	5.0

FTE Detail	FY 2002-03	FY 2003-04
Employer Services	15.0	15.0
Administration / Technical Operations	46.4	46.3
Accounting	5.0	5.0
Program Administration	1.0	1.0
Compensation Insurance Specialists	12.0	12.0
Support Staff	<u>4.0</u>	<u>4.0</u>
	128.4	128.3

FTE Changes: The reduction of 0.1 FTE is to reflect department FTE use.

Cash Funds and Cash Funds Exempt Changes: The increase in these appropriations is primarily due to salary survey awards granted in FY 2002-03.

Recent Legislation

2002 Session Bills

H.B. 02-1401: Under current law, an employer is eligible for a credit of 20 percent of the unemployment insurance taxes otherwise due if the following conditions are met:

- as of the most recent computation date, the employer has filed all required reports and paid all taxes due under Articles 70 to 82 of Title 8, C.R.S.;
- the employer is not a negative excess employer assigned the maximum tax rate;
- the employer has not elected to make reimbursement payments in lieu of taxes; and
- as of the computation date immediately preceding the calendar year for which the credit is to be taken, the unexpended and unencumbered balance in the Unemployment Compensation Fund equaled or exceeded 1.1 percent of the total amount of insured wages paid in Colorado during the calendar year immediately preceding the computation date.

The bill continues the 20 percent credit against unemployment insurance indefinitely.

H.B. 02-1420: General appropriations act for FY 2002-03.

H.B. 02-1468: Authorizes the General Assembly to annually adjust the state contribution for health, life, and dental insurance effective CY 2004 through the Long Bill. For more information, refer to the bill description in the Department of Personnel and Administration.

2003 Session Bills

S.B. 03-191: For purposes of augmenting General Fund revenues for FY 2002-03, requires the State Treasurer to transfer funds from various cash funds to the General Fund. With regard to the Department of Labor and Employment, transfers: \$6.0 million from the Workers Compensation Cash Fund to the General Fund; \$5.4 million from the Employment Support Fund to the General Fund; \$20 million from the Subsequent Injury Fund to the General Fund; \$150 million from the Major Medical Fund to the General Fund. For more information, refer to the bill description in the Department of Education.

S.B. 03-207: Supplemental appropriations act for FY 2002-03 to modify appropriations included for the Department of Labor in the FY 2002-03 Long Bill.

S.B. 03-258: General appropriations act for FY 2003-04.

S.B. 03-273: Eliminates the salary survey appropriation for FY 2003-04. For more information, refer to the bill description in the Department of Personnel and Administration.

S.B. 03-324: Conforms statutory language concerning the procedure by which the Division of Oil and Public Safety sets the fee that generates revenue to the Petroleum Storage Tank Fund, to current Division practice, by basing the fee on the "available fund balance" rather than "revenues." Also allows moneys in the Fund to be used in place of statewide indirect cost recoveries.

H.B. 03-1099: Sets forth the authority of the Director of the Division of Oil and Public Safety to enforce regulations pertaining to the sale, distribution, and storage of liquified petroleum gas. Creates the liquified petroleum gas inspection fund, and appropriates \$143,823 from that fund to the Department of Labor to implement the program.

H.B. 03-1316: Alters the manner in which group benefit plans coverage is calculated for Health, Life, and Dental appropriations. For more information, refer to the bill description in the Department of Personnel and Administration.

H.B. 03-1347: Eliminates a sunset provision for Section 8-77-109, C.R.S., which would have prevented the Employment Support Fund from being used to fund the Division of Labor. Makes an appropriation of \$815,233 and 13.5 FTE for the Department of Labor so that the Division of Labor has funding for FY 2003-04.

DEPARTMENT OF LAW

The Attorney General's Office is the chief legal counsel for all agencies of state government. The Department represents the State in criminal appeals; in legal actions before the Colorado Supreme Court, the State Court of Appeals, and federal courts; and in other circumstances as required by law. The Department is comprised of the following divisions: Administration, Legal Services to State Agencies, Criminal Justice and Appellate, Water and Natural Resources, Consumer Protection, and Special Purpose.

Department Budget: Recent Actual Expenditures and Appropriations

Funding Source	FY 2000-01 Actual	FY 2001-02 Actual	FY 2002-03 Approp.	FY 2003-04 Approp.
General Fund	\$8,925,302	\$9,489,623	\$7,983,548	\$6,521,408
Cash Funds	1,279,493	1,115,355	1,059,195	2,412,964
Cash Funds Exempt	19,494,419	21,287,083	24,036,952	23,676,752
Federal Funds	<u>682,735</u>	<u>743,649</u>	<u>824,296</u>	<u>799,274</u>
Total Funds	\$30,381,949	\$32,635,710	\$33,903,991	\$33,410,398
Full Time Equiv. Staff	323.9	324.2	341.2	335.7

FY 2003-04 Budget Changes

Significant changes in appropriations for FY 2003-04 as compared to FY 2002-03 include:

- An increase of \$233,000 cash funds exempt for IT asset maintenance to complete the Department's operating system upgrade and the replacement of non-functional computers;
- An increase of \$200,000 cash funds exempt to re-institute the Litigation Management Fund, which allows the Department to address unanticipated legal issues;
- The elimination of performance-based pay for both classified and exempt employees in the amount of \$551,000 across all funding sources;
- A decrease of \$362,000 cash funds exempt and 1.8 FTE to reflect a net reduction of 3,478 hours for legal services to state agencies in FY 2003-04;
- The elimination of \$235,000 General Fund and 3.0 FTE, which was partially refinanced with \$192,000 cash funds exempt to retain 2.0 FTE in the Consumer Protection division;

- ❑ A reduction of \$210,000 General Fund for water rights litigation and refinancing \$115,000 of this amount with cash funds exempt; and
- ❑ The elimination of \$150,000 General Fund and 2.0 FTE from the Federal and Interstate Water Unit to balance the budget in FY 2003-04.

General Factors Driving the Budget

Funding for this department in FY 2003-04 consists of 19.5 percent General Fund, 7.2 percent cash funds, 70.9 percent cash funds exempt, and 2.4 percent federal funds.

Legal Services to State Agencies

In FY 2003-04, the provision of legal services to state agencies will cost roughly \$18.3 million (including centrally appropriated line items) and represents 54.7 percent of the Department of Law's budget. As shown below, seven departments account for over 78 percent of the total legal services used by state agencies in FY 2003-04. These amounts include centrally appropriated line items that are not reflected in the Legal Services to State Agencies section.

Legal Services by State Agency

	FY 99-00 Actual	FY 00-01 Actual	FY 01-02 Actual	FY 02-03 Approp	FY 03-04 Approp
Regulatory Agencies	\$4,230,414	\$4,452,017	\$4,867,117	\$4,968,961	\$5,031,406
Natural Resources	1,913,089	2,072,094	2,134,532	2,335,788	2,281,510
Personnel	164,492	226,649	2,142,488	2,110,462	2,145,402
Public Health & Env.	1,470,798	1,503,409	1,541,077	1,500,262	1,686,193
Corrections	799,952	987,124	1,086,653	1,074,785	1,083,703
Human Services	1,001,351	1,041,762	1,183,866	1,172,977	1,085,215
Transportation	869,012	915,668	916,724	994,594	998,902
Other	<u>3,322,445</u>	<u>3,130,867</u>	<u>3,817,360</u>	<u>4,091,756</u>	<u>3,972,111</u>
Total	\$13,771,553	\$14,329,590	\$17,689,817	\$18,249,585	\$18,284,442

Criminal Justice and Appellate

The bulk of this division's FTE and funding are comprised of the Special Prosecutions Unit, which primarily handles cases related to insurance, securities and workers compensation fraud, and the Appellate Unit, which represents the State in the civil and criminal appeals process. This unit represents nearly 49 percent of the Department's total General Fund appropriation for FY 2003-04.

The State's current budgetary environment made it necessary to reduce the Appellate Unit staff in FY 2003-04. This is discussed in more detail in the narrative section for the division.

Water and Natural Resources

This division is comprised of the Federal and Interstate Water Unit and moneys appropriated to represent the State in specific water rights litigation such as the Arkansas and Republican Rivers compacts. Lawsuits and remediation contracts related to the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA) also represent a significant portion of the Long Bill appropriation made to this division. Decreased workload enabled the Department to reduce the proportion of General Fund moneys in the Water and Natural Resources division from 25 percent in FY 2002-03 to 8 percent in FY 2003-04 - a decrease of more than \$1.0 million.

Summary of FY 2002-03 and FY 2003-04 Appropriations

Total Department Appropriations

	GF	CF	CFE	FF	Total	FTE
FY 2002-03 Total Appropriation:	\$7,983,548	\$1,059,195	\$24,036,952	\$824,296	\$33,903,991	341.2
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Administration	1,365,328	18,568	4,089,568	76,595	5,550,059	38.4
Legal Services to State Agencies	0	450,000	15,922,904	0	16,372,904	194.9
Criminal Justice and Appellate	2,962,289	331,495	641,404	747,701	4,682,889	66.6
Water and Natural Resources	1,568,087	0	567,893	0	2,135,980	14.0
Consumer Protection	798,277	259,132	1,040,113	0	2,097,522	27.3
Special Purpose	1,289,567	0	1,775,070	0	3,064,637	0.0
<u>Breakdown of Total Appropriation by Bill</u>						
SB 02-50	(7,775)	0	0	0	(7,775)	0.0
SB 02-179	0	0	5,843	0	5,843	0.0
SB 02-182	0	0	1,125	0	1,125	0.0
HB 02-1038	(7,752)	0	0	0	(7,752)	0.0
HB 02-1186	0	0	10,517	0	10,517	0.0
HB 02-1310	0	0	5,843	0	5,843	0.0
HB 02-1321	0	0	584	0	584	0.0
HB 02-1323	0	0	9,349	0	9,349	0.0
HB 02-1420	9,599,013	1,060,362	22,152,551	825,685	33,637,611	345.7

	GF	CF	CFE	FF	Total	FTE
HB 02-1468	6,053	127	10,172	335	16,687	0.0
SB 03-197	(448,012)	0	0	0	(448,012)	0.0
SB 03-208	(1,157,979)	(1,294)	1,840,968	(1,724)	679,971	(4.5)
FY 2003-04 Total Appropriation:	\$6,521,408	\$2,412,964	\$23,676,752	\$799,274	\$33,410,398	335.7
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Administration	841,450	24,224	3,599,512	35,672	4,500,858	37.7
Legal Services to State Agencies	0	520,000	16,458,314	0	16,978,314	194.2
Criminal Justice and Appellate	3,175,818	1,284,998	731,472	763,602	5,955,890	65.0
Water and Natural Resources	525,019	0	1,154,294	0	1,679,313	9.8
Consumer Protection	680,232	583,742	1,066,960	0	2,330,934	29.0
Special Purpose	1,298,889	0	666,200	0	1,965,089	0.0
<u>Breakdown of Total Appropriation by Bill</u>						
SB 03-45	0	0	10,000	0	10,000	0.0
SB 03-50	0	0	119,600	0	119,600	0.0
SB 03-103	0	937,592	0	0	937,592	2.0
SB 03-258	7,251,317	1,480,187	23,424,375	821,516	32,977,395	332.6
SB 03-273	(225,788)	(4,799)	(503,715)	(22,191)	(756,493)	0.0
SB 03-278	0	0	12,158	0	12,158	0.1
SB 03-280	(503,258)	0	503,258	0	0	0.0
SB 03-297	0	0	10,945	0	10,945	0.0
HB 03-1316	(863)	(16)	(1,779)	(51)	(2,709)	0.0
HB 03-1318	0	0	75,000	0	75,000	0.7
HB 03-1356	0	0	26,910	0	26,910	0.3
Increase/(Decrease)	(\$1,462,140)	\$1,353,769	(\$360,200)	(\$25,022)	(\$493,593)	(5.5)
Percentage Change	-18.3%	127.8%	-1.5%	-3.0%	-1.5%	-1.6%

Detail of Appropriation by Division

Administration

This division covers overhead costs for the entire department as well as personal services and operating costs for the following centralized functions: the Attorney General's staff, human resources, accounting/budgeting, information technology services, text management, and administrative services. Cash funds and cash funds exempt sources consist of indirect cost recoveries used to offset general administrative expenses associated with various programs within the Department. Federal fund dollars represent centralized appropriations for the Medicaid Fraud Control Unit.

	GF	CF	CFE	FF	Total	FTE
FY 2002-03 Appropriation:						
SB 02-50	(\$7,775)	\$0	\$0	\$0	(\$7,775)	0.0
HB 02-1038	(7,752)	0	0	0	(7,752)	0.0
HB 02-1420	1,520,936	19,735	4,118,292	77,984	5,736,947	38.7
HB 02-1468	6,053	127	10,172	335	16,687	0.0
SB 03-197	(29,940)	0	0	0	(29,940)	0.0
SB 03-208	<u>(116,194)</u>	<u>(1,294)</u>	<u>(38,896)</u>	<u>(1,724)</u>	<u>(158,108)</u>	<u>(0.3)</u>
TOTAL	\$1,365,328	\$18,568	\$4,089,568	\$76,595	\$5,550,059	38.4
FY 2003-04 Appropriation:						
SB 03-258	\$1,094,003	\$29,039	\$4,079,104	\$57,914	\$5,260,060	37.7
SB 03-273	(225,788)	(4,799)	(503,715)	(22,191)	(756,493)	0.0
SB 03-280	(25,902)	0	25,902	0	0	0.0
HB 03-1316	<u>(863)</u>	<u>(16)</u>	<u>(1,779)</u>	<u>(51)</u>	<u>(2,709)</u>	<u>0.0</u>
TOTAL	\$841,450	24,224	3,599,512	35,672	4,500,858	37.7
Increase/(Decrease)	(\$523,878)	\$5,656	(\$490,056)	(\$40,923)	(\$1,049,201)	(0.7)
Percentage Change	-38.4%	30.5%	-12.0%	-53.4%	-18.9%	-1.8%

FTE Detail	FY 2002-03	FY 2003-04
Office of the Attorney General	7.7	8.0
Human Resources	2.5	2.5
Fiscal and Accounting	5.5	5.5

FTE Detail	FY 2002-03	FY 2003-04
Information Services Unit	11.7	11.7
Text Management	7.0	7.0
Administrative	<u>4.0</u>	<u>3.0</u>
	38.4	37.7

FTE Changes: The net decrease of 0.7 FTE reflects an increase of 0.3 FTE for a Deputy Attorney General who took unpaid leave in FY 2002-03 and the elimination of a vacant FTE position on the administrative staff.

General Fund Changes: The decrease to the General Fund appropriation includes: (1) a reduction of \$361,000 for salary survey, which includes \$226,000 pursuant to S.B. 03-273; (2) the elimination of \$90,000 for performance-based pay; (3) the elimination of \$38,000 for information technology asset maintenance; (4) a reduction of \$32,000 to operating expenses; (5) a refinancing of \$26,000 for centrally appropriated line items per S.B. 03-280; and (6) a decrease of \$18,000 related to capitol complex leased space costs. These reductions are partially offset by an increase of \$40,000 for payments to the State's risk management and property fund.

Cash Funds Changes: The increase to the cash funds appropriation includes \$5,000 for contract programming related to the 'No Call' FTE discussed in the Consumer Protection and Antitrust division and \$6,000 for ADP Capital Outlay. These reductions are partially offset by a reduction of \$5,000 for salary survey pursuant to S.B. 03-273.

Cash Funds Exempt Changes: The cash funds exempt appropriation includes the elimination of \$684,000 for salary survey, which includes \$504,000 pursuant to S.B. 03-273, and the elimination of \$220,000 for performance-based pay. These reductions are offset by a \$175,000 increase for personal services, a \$162,000 increase for information technology asset maintenance, a \$45,000 increase for health, life, and dental, and a \$26,000 increase to refinance centrally appropriated line items per the provisions of S.B. 03-280.

Federal Funds Changes: The decrease to the federal funds appropriation includes the elimination of \$22,000 for salary survey pursuant to S.B. 03-273, and an \$18,000 reduction to centrally appropriated line items such as information technology asset maintenance, performance-based pay, and vehicle lease payments.

Legal Services to State Agencies

This division receives appropriations for attorneys, paralegals, and support personnel who provide legal services to state agencies as well as to other state enterprises such as the Public Employees Retirement Association, the Correctional Industries Subprogram, the State Lottery Division, the Colorado Student Loan Program, the Colorado Student Obligation Bonding Authority, and the Auraria Higher Education Center. Under the framework of the Oregon Plan, legal services are

provided on a fee-for-service basis. In FY 2003-04, the Department anticipates providing 300,780 hours of legal services to state agencies and enterprises through the Legal Services to State Agencies program at a blended legal rate of \$60.79 per hour. This is a 1.7 percent increase over the blended legal rate of \$59.80 per hour in FY 2002-03. The division's cash funds appropriation represents moneys earned by the Department for the provision of legal services to state enterprises, while the cash funds exempt appropriation reflects revenue earned from various state agencies.

	GF	CF	CFE	FF	Total	FTE
FY 2002-03 Appropriation:						
SB 02-179	\$0	\$0	\$5,843	\$0	\$5,843	0.0
SB 02-182	0	0	1,125	0	1,125	0.0
HB 02-1186	0	0	10,517	0	10,517	0.0
HB 02-1310	0	0	5,843	0	5,843	0.0
HB 02-1321	0	0	584	0	584	0.0
HB 02-1323	0	0	9,349	0	9,349	0.0
HB 02-1420	0	450,000	15,743,149	0	16,193,149	194.9
SB 03-208	<u>0</u>	<u>0</u>	<u>146,494</u>	<u>0</u>	<u>146,494</u>	<u>0.0</u>
TOTAL	\$0	\$450,000	\$15,922,904	\$0	\$16,372,904	194.9
FY 2003-04 Appropriation:						
SB 03-45	\$0	\$0	\$10,000	\$0	\$10,000	0.0
SB 03-50	0	0	119,600	0	119,600	0.0
SB 03-258	0	520,000	16,203,701	0	16,723,701	193.1
SB 03-278	0	0	12,158	0	12,158	0.1
SB 03-297	0	0	10,945	0	10,945	0.0
HB 03-1318	0	0	75,000	0	75,000	0.7
HB 03-1356	<u>0</u>	<u>0</u>	<u>26,910</u>	<u>0</u>	<u>26,910</u>	<u>0.3</u>
TOTAL	\$0	\$520,000	\$16,458,314	\$0	\$16,978,314	194.2
Increase/(Decrease)	\$0	\$70,000	\$535,410	\$0	\$605,410	(0.7)
Percentage Change	n/a	15.6%	3.4%	n/a	3.7%	-0.4%

FTE Detail	FY 2002-03	FY 2003-04
Attorneys	142.2	141.5
Paralegals	30.7	30.7
Support Staff	<u>22.0</u>	<u>22.0</u>
	194.9	194.2

FTE Changes: The net decrease of 0.7 FTE includes a reduction of 1.8 FTE resulting from a reduction of 3,478 legal services hours provided to state agencies in FY 2003-04, and is offset by an increase of 1.1 FTE related to S.B. 03-278, H.B. 03-1318, and H.B. 03-1356.

Cash Funds Changes: The \$70,000 increase to the cash funds appropriation reflects an increase in the purchase of legal services by state enterprises such as the Division of Wildlife, the Public Employees Retirement Association (PERA), the Colorado Student Obligation Bonding Authority, the Limited Gaming Division, and State Veterans Nursing Homes.

Cash Funds Exempt Changes: The increase to the cash funds exempt appropriation includes: (1) \$486,000 for annualization of salary survey awarded in FY 2002-03; (2) \$255,000 related to passage of S.B. 03-278, H.B. 03-1318, and H.B. 03-1356; (3) \$138,000 for indirect cost recoveries; and (4) \$132,000 for IT asset maintenance. These amounts are partially offset by a \$375,000 decrease to salary survey for FY 2003-04 as well as a reduction of \$92,000 to the operating and litigation expenses line item.

Criminal Justice and Appellate

The Criminal Justice and Appellate Section consists of the following programs:

- **Special Prosecution Unit** - Investigates and prosecutes an array of legal issues including securities, insurance, and workers' compensation fraud; gang-related criminal activity; election fraud; misappropriation of state funds; and environmental crimes. This unit also coordinates the activities of the state's grand jury system and works with the Mexican government to prosecute fugitives under Article IV of the Mexican penal code.
- **Appellate Unit** - Defends Colorado in state and federal appellate courts related to prosecution and defense of convictions for homicide, assault, sexual assault, kidnaping, drug-related crimes, crimes against children, and other felonies.
- **Medicaid Fraud Control Unit** - Investigates and prosecutes criminal fraud against the Medicaid program as well as patient abuse at Medicaid-funded facilities throughout Colorado.
- **Capital Crimes Unit** - Provides assistance to local district attorneys in reviewing, investigating, and prosecuting death penalty cases. In addition, this unit participates in defending death penalty cases on appeal in both state and federal courts.

- **Peace Officers Standards and Training (P.O.S.T.) Board** - Fulfills a number of functions related to the training and certification of peace officers appointed by state and local law enforcement agencies.
- **Victims' Assistance** - Provides case status and trial schedules as well as explanations, court accompaniment, and liaison services to applicable victims of crime.

Cash funds in this section are primarily generated from training fees paid by peace officers as well as the 25 cent vehicle registration fee authorized by S.B. 03-103. Cash funds exempt are from the Department of Regulatory Agencies for the prosecution of securities and insurance fraud. The section also receives federal Medicaid moneys for operation of the Medicaid Fraud Control Unit.

	GF	CF	CFE	FF	Total	FTE
FY 2002-03 Appropriation:						
HB 02-1420	\$3,450,931	\$331,495	\$626,404	\$747,701	\$5,156,531	68.8
SB 03-197	(263,642)	0	0	0	(263,642)	0.0
SB 03-208	<u>(225,000)</u>	<u>0</u>	<u>15,000</u>	<u>0</u>	<u>(210,000)</u>	<u>(2.2)</u>
TOTAL	\$2,962,289	\$331,495	\$641,404	\$747,701	\$4,682,889	66.6
FY 2003-04 Appropriation:						
SB 03-103	\$0	\$937,592	\$0	\$0	\$937,592	2.0
SB 03-258	<u>3,175,818</u>	<u>347,406</u>	<u>731,472</u>	<u>763,602</u>	<u>5,018,298</u>	<u>63.0</u>
TOTAL	\$3,175,818	\$1,284,998	\$731,472	\$763,602	\$5,955,890	65.0
Increase/(Decrease)	\$213,529	\$953,503	\$90,068	\$15,901	\$1,273,001	(1.6)
Percentage Change	7.2%	287.6%	14.0%	2.1%	27.2%	-2.4%

FTE Detail	FY 2002-03	FY 2003-04
Special Prosecutions Unit	16.8	17.0
Appellate Unit	29.8	26.0
Medicaid Fraud Control Unit	11.0	11.0
Capital Crimes Prosecution Unit	4.0	4.0
POST Board	4.0	6.0

FTE Detail	FY 2002-03	FY 2003-04
Victims' Assistance	<u>1.0</u>	<u>1.0</u>
	66.6	65.0

FTE Changes: The net decrease of 1.6 FTE reflects the following increases: (1) annualization of 0.2 FTE for a gang prosecution investigator approved in FY 2002-03; (2) an additional 0.7 FTE for vacancy savings that could not be carried forward into FY 2003-04; and (3) 2.0 FTE related to the passage of S.B. 03-103. These increases were offset by the elimination of 1.0 FTE from the Special Prosecutions Unit and 3.5 FTE from the Appellate Unit.

General Fund Changes: The General Fund appropriation includes an increase of \$264,000 to reflect one-time savings associated with the pay date shift in FY 2002-03, and an increase of \$204,000 for the annualization of salary survey awards in FY 2002-03. These increases are partially offset by a decrease of \$213,000 for personal services related to the elimination of FTE, and refinancing \$45,000 of the appropriation for the P.O.S.T. Board with fund reserves.

Cash Fund Changes: The increase to the cash funds appropriation includes \$937,592 pursuant to S.B. 03-103, and \$20,000 related to personal services for both the Special Prosecution Unit and the P.O.S.T. Board.

Cash Funds Exempt Changes: The cash funds exempt appropriation includes the increased personal services costs of the Special Prosecution Unit and the refinancing of the Victims Assistance FTE from federal grants provided to the Victims Assistance and Law Enforcement Fund.

Federal Funds Changes: The anticipated increase in federal funds reflects the higher personal services costs of the Medicaid Fraud Control Unit.

Water and Natural Resources

The Water and Natural Resources Division includes the following two programs:

- **Federal and Interstate Water Unit** - Provides legal counsel and representation for cases related to: federal water rights, compliance with federal regulatory programs, and interstate water allocation agreements such as the Arkansas River compact. Appropriations for this division include payments to private attorneys and consultants assisting the State in water rights litigation cases.
- **CERCLA Litigation Unit** - Leads enforcement actions at sites contaminated with hazardous substances under the federal Comprehensive Environmental Response, Compensation, and Liability Act.

Cash funds exempt in this section are from site-specific subaccounts in the Hazardous Substance Response Fund as well as the transfer of revenue earned under the provisions of S.B. 03-280, which is scheduled to sunset at the end of FY 2005-06.

	GF	CF	CFE	FF	Total	FTE
FY 2002-03 Appropriation:						
HB 02-1420	\$2,403,771	\$0	\$172,893	\$0	\$2,576,664	16.3
SB 03-197	(76,399)	0	0	0	(76,399)	0.0
SB 03-208	<u>(759,285)</u>	<u>0</u>	<u>395,000</u>	<u>0</u>	<u>(364,285)</u>	<u>(2.3)</u>
TOTAL	\$1,568,087	\$0	\$567,893	\$0	\$2,135,980	14.0
FY 2003-04 Appropriation:						
SB 03-258	\$1,002,375	\$0	\$676,938	\$0	\$1,679,313	9.8
SB 03-280	<u>(477,356)</u>	<u>0</u>	<u>477,356</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$525,019	\$0	\$1,154,294	\$0	\$1,679,313	9.8
Increase/(Decrease)	(\$1,043,068)	\$0	\$586,401	\$0	(\$456,667)	(4.2)
Percentage Change	-66.5%	n/a	103.3%	n/a	-21.4%	-30.0%

FTE Detail	FY 2002-03	FY 2003-04
Federal and Interstate Water Unit	7.0	5.0
Comprehensive Environmental Response, Compensation and Liability Act (CERCLA) Litigation Unit	<u>7.0</u>	<u>4.8</u>
	14.0	9.8

FTE Changes: The decrease of 4.2 FTE includes the elimination of 2.0 FTE from the Federal and Interstate Water Unit and 2.2 FTE from the Comprehensive Environmental Response Compensation and Liability Act (CERCLA) program. The latter reduction is due to a declining workload as sites move from the litigation phase of the clean-up cycle into remediation.

General Fund Changes: The decrease to the General Fund appropriation includes: (1) refinancing \$477,000 of CERCLA-related expenses with moneys from the Hazardous Substance Response Fund per the provisions of S.B. 03-280; (2) a \$340,000 reduction to funding for the Arkansas and Republican water rights cases; (3) a reduction of \$146,000 to the CERCLA program; and (4) a \$90,000 reduction to the Federal and Interstate Water Unit related to the elimination of 2.0 FTE. These amounts are minimally offset by a \$10,000 increase for the consultant expenses line item, which funds expert witness testimony for water rights litigation.

Cash Funds Exempt Changes: The increase to the cash funds exempt appropriation includes \$477,000 related to S.B. 03-280, and \$115,000 to refinance General Fund expenses related to the final phases of the Arkansas and Republican River lawsuits with moneys from the Attorney Fees and Costs Fund. This amount is partially offset by lower personal services costs of \$4,000 for the CERCLA program, and a reduction of \$2,000 to the Division's indirect cost recoveries.

Consumer Protection

The Consumer Protection Section includes the following programs:

- **Antitrust Program** - Investigates and prosecutes antitrust violations including price fixing, bid rigging, and companies attempting to monopolize the market.
- **Consumer Protection Program** - Investigates and prosecutes deceptive or fraudulent trade and advertising practices. This staff also administers bonding programs involving telephone solicitors, health clubs, automobile repossession, and manufactured home sales as well as related consumer complaints.
- **Collection Agency Board** - Enforces Colorado's Fair Debt Collection Practices Act, which regulates collection agencies. This board also seeks to protect the rights of lending businesses and the consumers who owe them money.
- **Uniform Consumer Credit Code** - Protects the rights of consumers who borrow money, which includes setting fair limits on interest rates, ensuring creditors are adequately disclosing all costs associated with credit, and protecting consumers from deceptive and fraudulent 'credit repair' businesses and 'rent-to-own' practices.

Cash funds in this division include fees paid by non-depository lenders, collection agencies, and debt collectors. Additional cash funds are from the Manufactured Home Cash Fund to enforce the registration and bonding of persons selling manufactured homes. Cash funds exempt are from: (1) reserves in the Collection Agency Board Cash Fund; (2) reserves in the Uniform Consumer Credit Code Cash Fund; (3) moneys from the Defense Account of the Tobacco Litigation Settlement Cash Fund; and (4) custodial funds awarded to the Department for consumer protection purposes.

	GF	CF	CFE	FF	Total	FTE
FY 2002-03 Appropriation:						
HB 02-1420	\$925,808	\$259,132	\$1,025,613	\$0	\$2,210,553	27.0
SB 03-197	(78,031)	0	0	0	(78,031)	0.0
SB 03-208	<u>(49,500)</u>	<u>0</u>	<u>14,500</u>	<u>0</u>	<u>(35,000)</u>	<u>0.3</u>
TOTAL	\$798,277	\$259,132	\$1,040,113	\$0	\$2,097,522	27.3

	GF	CF	CFE	FF	Total	FTE
FY 2003-04 Appropriation:						
HB 03-258	\$680,232	\$583,742	\$1,066,960	\$0	\$2,330,934	29.0
TOTAL	\$680,232	\$583,742	\$1,066,960	\$0	\$2,330,934	29.0
Increase/(Decrease)	(\$118,045)	\$324,610	\$26,847	\$0	\$233,412	1.7
Percentage Change	-14.8%	125.3%	2.6%	n/a	11.1%	6.2%

FTE Detail	FY 2002-03	FY 2003-04
Consumer Protection and Anti-Trust	16.0	16.0
Collection Agency Board	2.5	3.5
Uniform Consumer Credit Code	<u>8.8</u>	<u>9.5</u>
	27.3	29.0

FTE Changes: The increase of 1.7 FTE reflects annualization of 0.7 FTE related to a FY 2002-03 supplemental and the addition of an FTE to the Collection Agency Board. A position was also added to enforce the Colorado 'No Call' List, but was offset by the elimination of a legal assistant.

General Fund Changes: The decrease to the General Fund appropriation is comprised of refinancing \$80,000 and 1.0 FTE from custodial funds and the aforementioned elimination of a legal assistant in the amount of \$43,000.

Cash Funds Changes: The increase to the cash funds appropriation is wholly comprised of a higher percentage of personal services in the Consumer Protection Division being paid from revenue earned in FY 2003-04 rather than being paid from fund reserves. This funding adjustment includes \$188,000 for the Uniform Consumer Credit Code program, \$95,000 for the Collection Agency Board, and \$42,000 for Consumer Protection and Anti-Trust.

Cash Funds Exempt Changes: The increase to the cash funds exempt appropriation includes \$203,000 to reflect a funding adjustment for 2.0 FTE in Consumer Protection and Anti-Trust from General Fund to custodial fund reserves as well as an additional \$30,000 for the division's indirect cost recoveries. This amount is offset by a decrease of \$207,000 related to the Uniform Consumer Credit Code program and the Collection Agency Board to implement the cash funds refinancing mentioned previously.

Special Purpose

This section contains the 'pass-through' appropriation for the twenty-two District Attorneys' salaries across Colorado. This section also includes separate line item funding for large lawsuits. The FY

2003-04 appropriation includes the Trinidad Correctional Facility Construction Litigation and three HMO lawsuits to which the State has been named defendant. The Litigation Management Fund, which the Department of Law uses to address unanticipated legal issues on behalf of the State, was reinstated for FY 2003-04 in the amount of \$200,000 cash funds exempt. Cash funds exempt are General Fund dollars transferred from the Department of Corrections for the Trinidad Correctional Facility Construction Litigation as well as surplus revenue earned in the Legal Services to State Agencies program for supporting the Litigation Management Fund.

	GF	CF	CFE	FF	Total	FTE
FY 2002-03 Appropriation:						
HB 02-1420	\$1,297,567	\$0	\$466,200	\$0	\$1,763,767	0.0
SB 03-208	<u>(8,000)</u>	<u>0</u>	<u>1,308,870</u>	<u>0</u>	<u>1,300,870</u>	<u>0.0</u>
TOTAL	\$1,289,567	\$0	\$1,775,070	\$0	\$3,064,637	0.0
FY 2003-04 Appropriation:						
SB 03-258	<u>\$1,298,889</u>	<u>\$0</u>	<u>\$666,200</u>	<u>\$0</u>	<u>\$1,965,089</u>	<u>0.0</u>
TOTAL	\$1,298,889	\$0	\$666,200	\$0	\$1,965,089	0.0
Increase/(Decrease)	\$9,322	\$0	(\$1,108,870)	\$0	(\$1,099,548)	0.0
Percentage Change	0.7%	n/a	-62.5%	n/a	-35.9%	n/a

General Fund Changes: The slight increase to the General Fund appropriation is wholly related to the State's subsidy of district attorney salaries.

Cash Funds Exempt Changes: The decrease to the cash funds exempt appropriation reflects the elimination of a \$1.2 million FY 2002-03 supplemental related to expenses for the HMO lawsuits and a reduction of \$110,00 for the Trinidad Correctional Facility litigation. These amounts are partially offset by an increase of \$200,000 to re-institute the Litigation Management Fund, which enables the Department to address minor and unanticipated legal issues.

Recent Legislation

2002 Session Bills

S.B. 02-50: Makes possession of certain substances used to manufacture methamphetamine illegal. For additional information, refer to the bill description in the Department of Corrections.

S.B. 02-179: Contains a number of provisions concerning transportation funding, including: (1) allocating certain General Fund surplus revenues to the Highway Users Tax Fund; (2) allowing the Regional Transportation District to submit a ballot question to registered voters increasing the sales and use tax devoted for transit purposes by four-tenths of one percent; and (3) authorizing the Transportation Commission to create and supervise a statewide tolling enterprise. Appropriates the Department of Law \$5,843 cash funds exempt to provide legal support to the tolling enterprise.

S.B. 02-182: Requires the Secretary of State to accept certain suggestions for moving state legislative district boundaries from counties and proposing changes to the Colorado Supreme Court. Appropriates \$2,450 cash funds for FY 2001-02 and \$1,225 cash funds for FY 2002-03 to the Department of State from the Department of State Cash Fund. These amounts are further appropriated to the Department of Law for legal assistance in presenting proposed boundary changes for legislative districts to the Colorado Supreme Court.

H.B. 02-1038: Makes possession of certain items with the intent to manufacture methamphetamine illegal. For more information, refer to the bill description in the Department of Corrections.

H.B. 02-1186: Abolishes the current state organic certification program and establishes a program that is consistent with federal law and regulations as they relate to organic produce. Appropriates \$10,517 to the Department of Law for legal support of accreditation and enforcement activities.

H.B. 02-1259: Adds a new article to the Uniform Consumer Credit Code increasing consumer protections for loans covered by the federal Home Ownership and Equity Protection Act of 1994. Prohibits certain deceptive, fraudulent, and unconscionable practices by mortgage brokers and mortgage originators. Provides that the Attorney General or a district attorney may, in certain cases, seek an injunction against a mortgage broker or mortgage originator continuing to participate in the mortgage business for up to two years for certain continued violations.

H.B. 02-1310: Contains a number of provisions concerning transportation funding including: (1) allocating certain General Fund surplus revenues to the Highway Users Tax Fund; (2) allowing the Regional Transportation District to submit a ballot question to registered voters increasing the sales and use tax devoted for transit purposes by four-tenths of one percent; and (3) authorizing the Transportation Commission to create and supervise a statewide tolling enterprise. Appropriates the Department of Law \$5,843 cash funds exempt to provide legal support to the tolling enterprise.

H.B. 02-1321: Modifies the regulation of bingo and raffle games by the Secretary of State and allows the Department to impose a fee for certifying bingo games managers. Eliminates the Bingo-Raffle Cash Fund and consolidates revenues into the Department of State Cash Fund. Appropriates \$8,731 and 0.1 FTE to the Department of State for FY 2002-03. Further appropriates \$534 cash funds exempt to the Department of Law to assist the Department of State in handling cases revoking the certifications of bingo managers who violate bingo and raffle laws.

H.B. 02-1323: Increases fees in order to fund existing regulatory functions related to the inspection and monitoring of assisted living facilities. Increases three licensing fees and creates four new licensee fees. Fee revenue is credited to the Assisted Living Residence Cash Fund. Appropriates \$291,482 cash funds and 3.3 FTE to the Health Facilities Division in the Department of Public Health and Environment for FY 2002-03. Further appropriates \$9,349 cash funds exempt to the Department of Law to assist the Department of Public Health and Environment in legal appeals of remedies sought as a result of enforcement actions.

H.B. 02-1420: General appropriations act for FY 2002-03.

H.B. 02-1468: Authorizes the General Assembly to annually adjust the state contribution for health, life, and dental insurance effective CY 2004 through the Long Bill. For more information, refer to the bill description in the Department of Personnel and Administration.

2003 Session Bills

S.B. 03-45: Appropriates \$10,000 cash funds exempt to the Department of Law for the provision of legal services. For more information, refer to the bill description in the Department of Natural Resources.

S.B. 03-50: Appropriates \$119,600 cash funds exempt to the Department of Law for the provision of legal services. For more information, refer to the bill description in the Department of Regulatory Agencies.

S.B. 03-103: Institutes a 25 cent fee related to the registration of certain classes of vehicles to provide additional funding for the purposes of the Peace Officers Standards and Training (P.O.S.T.) Board. Appropriates \$937,592 cash funds and 2.0 FTE to the P.O.S.T. Board in the Criminal Justice and Appellate division.

S.B. 03-197: Reduces personal services by \$448,012 General Fund in the Department of Law, which represents anticipated June payroll (FY 2002-03) to be delayed until July (FY 2003-04). For more information, refer to the bill description in the Department of Personnel and Administration.

S.B. 03-208: Supplemental appropriation to the FY 2002-03 Long Bill for the Department of Law.

S.B. 03-258: General appropriations act for FY 2003-04.

S.B. 03-273: Eliminates the salary survey appropriation for FY 2003-04. For more information, refer to the bill description in the Department of Personnel and Administration.

S.B. 03-278: Appropriates \$12,158 cash funds exempt to the Department of Law for the provision of legal services. For more information, refer to the bill description in the Department of Natural Resources.

S.B. 03-280: Authorizes a two-cent fee increase per cubic yard for commercial vehicles utilizing solid waste disposal facilities through July 1, 2006, to offset the General Fund moneys related to litigation expenses in the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA). Decreases the total General Fund appropriation to the Department of Law in the FY 2003-04 Long Bill by \$503,258 and increases the total cash funds exempt appropriation by the same amount.

S.B. 03-297: Appropriates \$10,945 cash funds exempt to the Department of Law for the provision of legal services. For more information, refer to the bill description in the Department of Agriculture.

H.B. 03-1316: Alters the manner in which group benefit plans coverage is calculated for Health, Life, and Dental appropriations. For more information, refer to the bill description in the Department of Personnel and Administration.

H.B. 03-1318: Appropriates \$75,000 cash funds exempt to the Department of Law for the provision of legal services. For more information, refer to the bill description in the Department of Natural Resources.

H.B. 03-1356: Appropriates \$26,910 cash funds exempt to the Department of Law for the provision of legal services. For more information, refer to the bill description in the Department of State.

LEGISLATIVE BRANCH

The Legislative Branch includes the elected officials of the House of Representatives and the Senate and the necessary staff to support them in their duties and responsibilities. The staff includes those assigned to both the House and the Senate; the State Auditor's Office; the Joint Budget Committee; the Legislative Council; the Office of Legislative Legal Services; and the Colorado Reapportionment Commission. The service agency staffs are full-time nonpartisan professionals, while a majority of the House and Senate staff serve only when the General Assembly is in session.

Department Budget: Recent Actual Expenditures and Appropriations

Funding Source	FY 2000-01 Actual	FY 2001-02 Actual	FY 2002-03 Approp.	FY 2003-04 Approp.
General Fund	\$24,116,364	\$27,317,023	\$28,601,460	\$26,970,435
Cash Funds	92,345	132,516	90,000	188,743
Cash Funds Exempt	1,147,270	2,058,691	1,598,984	1,335,757
Federal Funds	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Funds	\$25,355,979	\$29,508,230	\$30,290,444	\$28,494,935
Full Time Equiv. Staff	263.3	257.0	272.8	272.8

FY 2003-04 Budget Changes

Significant changes in appropriations for FY 2003-04 compared to FY 2002-03 include the following:

- A decrease of \$1,460,000 General Fund for the ballot analysis; and
- A decrease of \$47,000 General Fund for the property tax study.

General Factors Driving the Budget

Funding for this department consists of 94.6 percent General Fund, 0.7 percent cash funds, and 4.7 percent cash funds exempt. Some of the most important factors driving the budget are reviewed below.

Special Studies or Functions

The appropriation for the majority of the functions and activities for the Legislature are contained in a separate legislative appropriation bill. This separate appropriation funds the staff and operating expenses for: (1) the House of Representatives and the Senate; (2) the Legislative Council; (3) the State Auditor's Office; (4) the Joint Budget Committee; and (5) the Office of Legislative Legal Services. Typically, the legislative appropriation bill provides funding for the 120-day regular session, staffing of four interim committees, and up to 20 days of a special session. Outside of staff or salary increases, funding for special studies or functions account for the factors driving the budget.

	FY 99-00 Actual	FY 00-01 Actual	FY 01-02 Actual	FY 02-03 Approp.	FY 03-04 Approp.
Property Tax Study	\$794,000	\$804,350	\$792,000	\$697,453	\$650,000
Ballot Analysis	\$1,706,126	\$399,121	\$1,501,333	\$1,953,000	\$492,322
Reapportionment Commission	\$0	\$334,547	\$602,792	\$0	\$0

Summary of FY 2002-03 and FY 2003-04 Appropriations

Total Department Appropriations

	GF	CF	CFE	FF	Total	FTE
FY 2002-03 Total Appropriation:	\$28,601,460	\$90,000	\$1,598,984	\$0	\$30,290,444	272.8
<u>Breakdown of Total Appropriation by Administrative Section</u>						
General Assembly	11,745,511	90,000	0	0	11,835,511	73.2
State Auditor	5,158,189	0	1,598,984	0	6,757,173	73.0
Joint Budget Committee	1,108,818	0	0	0	1,108,818	16.0
Legislative Council	6,608,418	0	0	0	6,608,418	54.6
Committee on Legal Services	3,980,524	0	0	0	3,980,524	56.0
<u>Breakdown of Total Appropriation by Bill</u>						
HB 02-1322	28,402,896	90,000	1,598,984	0	30,091,880	272.8
HB 02-1420	4,775,558	0	0	0	4,775,558	0.0
HB 02-1468	15,248	0	0	0	15,248	0.0
SB 03-197	(1,522,871)	0	0	0	(1,522,871)	0.0
SB 03-209	(3,069,371)	0	0	0	(3,069,371)	0.0

	GF	CF	CFE	FF	Total	FTE
FY 2003-04 Total Appropriation:	\$26,970,435	\$188,743	\$1,335,757	\$0	\$28,494,935	272.8
<u>Breakdown of Total Appropriation by Administrative Section</u>						
General Assembly	10,936,234	90,000	0	0	11,026,234	73.2
State Auditor	5,459,219	98,743	1,153,757	0	6,711,719	73.0
Joint Budget Committee	1,190,793	0	0	0	1,190,793	16.0
Legislative Council	5,263,354	0	182,000	0	5,445,354	54.6
Committee on Legal Services	4,120,835	0	0	0	4,120,835	56.0
<u>Breakdown of Total Appropriation by Bill</u>						
SB 03-19	0	98,743	0	0	98,743	0.0
SB 03-248	0	0	182,000	0	182,000	0.0
SB 03-258	2,132,486	0	0	0	2,132,486	0.0
SB 03-305	24,837,949	90,000	1,153,757	0	26,081,706	272.8
Increase/(Decrease)	(\$1,631,025)	\$98,743	(\$263,227)	\$0	(\$1,795,509)	0.0
Percentage Change	-5.7%	109.7%	-16.5%	n/a	-5.9%	0.0%

Detail of Appropriation by Administrative Section

General Assembly

Comprised of 35 members in the Senate and 65 members in the House of Representatives, the General Assembly meets annually beginning in early January and, per the Colorado Constitution, must adjourn within 120 days. The Colorado Constitution vests all legislative power in the General Assembly, except those powers specifically reserved by the people.

	GF	CF	CFE	FF	Total	FTE
FY 2002-03 Appropriation:						
HB 02-1322	\$11,644,183	\$90,000	\$0	\$0	\$11,734,183	73.2
HB 02-1420	1,765,558	0	0	0	1,765,558	0.0
SB 03-197	(485,826)	0	0	0	(485,826)	0.0
SB 03-209	<u>(1,178,404)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(1,178,404)</u>	<u>0.0</u>
TOTAL	\$11,745,511	\$90,000	\$0	\$0	\$11,835,511	73.2

	GF	CF	CFE	FF	Total	FTE
FY 2003-04 Appropriation:						
SB 03-258	\$990,164	\$0	\$0	\$0	\$990,164	0.0
SB 03-305	<u>9,946,070</u>	<u>90,000</u>	<u>0</u>	<u>0</u>	<u>10,036,070</u>	<u>73.2</u>
TOTAL	\$10,936,234	\$90,000	\$0	\$0	\$11,026,234	73.2
Increase/(Decrease)	(\$809,277)	\$0	\$0	\$0	(\$809,277)	0.0
Percentage Change	-6.9%	0.0%	n/a	n/a	-6.8%	0.0%

FTE Detail	FY 2002-03	FY 2003-04
House Staff	35.0	35.0
Senate Staff	31.2	31.2
Legislative Information Services	<u>7.0</u>	<u>7.0</u>
	73.2	73.2

General Fund Changes: The General Fund appropriation includes decreases due to the elimination of the legislative aid program for one year, a reduction in the amount paid for Capitol security, a reduction in the amount paid for dues and memberships, and a reduction in operating expenses (especially for travel and information technology).

State Auditor

The duties of the State Auditor are to conduct post-audits of all financial transactions and accounts of all state departments, institutions, and agencies of the executive, legislative, and judicial branches; conduct performance post-audits; and prepare summary audit reports and recommendations concerning each agency. Legislative oversight is provided by the Legislative Audit Committee, which is comprised of four Senators, two from each major political party, and four Representatives, two from each major political party.

	GF	CF	CFE	FF	Total	FTE
FY 2002-03 Appropriation:						
HB 02-1322	\$6,469,262	\$0	\$1,598,984	\$0	\$8,068,246	73.0
SB 03-197	(338,555)	0	0	0	(338,555)	0.0
SB 03-209	<u>(972,518)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(972,518)</u>	<u>0.0</u>
TOTAL	\$5,158,189	\$0	\$1,598,984	\$0	\$6,757,173	73.0

	GF	CF	CFE	FF	Total	FTE
FY 2003-04 Appropriation:						
SB 03-19	\$0	\$98,743	\$0	\$0	\$98,743	0.0
SB 03-305	<u>5,459,219</u>	<u>0</u>	<u>1,153,757</u>	<u>0</u>	<u>6,612,976</u>	<u>73.0</u>
TOTAL	\$5,459,219	\$98,743	\$1,153,757	\$0	\$6,711,719	73.0
Increase/(Decrease)	\$301,030	\$98,743	(\$445,227)	\$0	(\$45,454)	0.0
Percentage Change	5.8%	n/a	-27.8%	n/a	-0.7%	0.0%

FTE Detail	FY 2002-03	FY 2003-04
Audit Staff	66.0	66.0
Support Staff	<u>7.0</u>	<u>7.0</u>
	73.0	73.0

General Fund Changes: The overall General Fund increase is primarily due to restoration of a one-time General Fund reduction associated with the shift in pay date that was taken in FY 2002-03.

Cash Funds Changes: The cash fund appropriation is the result of S.B. 03-19. This bill provided funding to audit the programs supported with tobacco moneys.

Cash Funds Exempt Changes: The overall cash funds exempt decrease is due to lower funds received for an evaluation of the Works Program in the Department of Human Services.

Joint Budget Committee

The Joint Budget Committee is the permanent fiscal and budget review agency of the General Assembly. The six-member Committee is comprised of three members from the House and three members from the Senate. The Committee, through its staff, is responsible for analyzing the programs, management, operations, and fiscal needs of state agencies. After holding budget hearings with all state departments and agencies, the Committee and its staff prepare the annual appropriations bill. The staff is also responsible for providing support for both the House and Senate Appropriations Committees.

	GF	CF	CFE	FF	Total	FTE
FY 2002-03 Appropriation:						
HB 02-1322	\$1,293,896	\$0	\$0	\$0	\$1,293,896	16.0

	GF	CF	CFE	FF	Total	FTE
SB 03-197	(97,353)	0	0	0	(97,353)	0.0
SB 03-209	<u>(87,725)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(87,725)</u>	<u>0.0</u>
TOTAL	\$1,108,818	\$0	\$0	\$0	\$1,108,818	16.0
FY 2003-04 Appropriation:						
SB 03-305	<u>\$1,190,793</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$1,190,793</u>	<u>16.0</u>
TOTAL	\$1,190,793	\$0	\$0	\$0	\$1,190,793	16.0
Increase/(Decrease)	\$81,975	\$0	\$0	\$0	\$81,975	0.0
Percentage Change	7.4%	n/a	n/a	n/a	7.4%	0.0%

FTE Detail	FY 2002-03	FY 2003-04
Analysts	14.0	14.0
Support Staff	<u>2.0</u>	<u>2.0</u>
	16.0	16.0

General Fund Changes: The General Fund appropriation increase is primarily due to restoration of a one-time General Fund reduction associated with the shift in pay date that was taken in FY 2002-03.

Legislative Council

The Legislative Council is comprised of 18 legislators, nine from the House and nine from the Senate. The staff of the Council provides fact-finding and information-collecting services for all members of the General Assembly. In addition, the staff provides support for all standing committees except Appropriations, and for most interim committees. The staff maintains a reference library for all legislators and staff, and the Council contracts for special studies as needed. The State Capitol building tour guide coordinator is an employee of the Council. The Council staff is also responsible for preparing fiscal notes on new legislation and for providing revenue estimates.

	GF	CF	CFE	FF	Total	FTE
FY 2002-03 Appropriation:						
HB 02-1322	\$4,466,694	\$0	\$0	\$0	\$4,466,694	54.6
HB 02-1420	3,010,000	0	0	0	3,010,000	0.0
HB 02-1468	15,248	0	0	0	15,248	0.0

	GF	CF	CFE	FF	Total	FTE
SB 03-197	(319,650)	0	0	0	(319,650)	0.0
SB 03-209	<u>(563,874)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(563,874)</u>	<u>0.0</u>
TOTAL	\$6,608,418	\$0	\$0	\$0	\$6,608,418	54.6
FY 2003-04 Appropriation:						
SB 03-248	\$0	\$0	\$182,000	\$0	\$182,000	0.0
SB 03-258	1,142,322	0	0	0	1,142,322	0.0
SB 03-305	<u>4,121,032</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>4,121,032</u>	<u>54.6</u>
TOTAL	\$5,263,354	\$0	\$182,000	\$0	\$5,445,354	54.6
Increase/(Decrease)	(\$1,345,064)	\$0	\$182,000	\$0	(\$1,163,064)	0.0
Percentage Change	-20.4%	n/a	n/a	n/a	-17.6%	0.0%

FTE Detail	FY 2002-03	FY 2003-04
Administration	4.0	4.0
Economics and Forecasting	5.5	5.5
Fiscal Notes	9.0	9.0
Policy Research and Committee Staff	24.5	24.5
Support Staff	<u>11.6</u>	<u>11.6</u>
	54.6	54.6

General Fund Changes: The decrease in General Fund is primarily due to decreases associated with the property tax study and ballot analyses.

Cash Funds Exempt Changes: The increase in cash funds exempt is the result of using moneys transferred from the Department of Education to fund the school cost-of-living-study that the Legislative Council is required to perform every two years.

Committee on Legal Services

The Committee on Legal Services consists of ten members, five from the House of Representatives and five from the Senate. It provides legislative oversight to the Office of Legislative Legal Services and coordinates litigation involving the General Assembly.

The Office of Legislative Legal Services drafts and prepares bills, resolutions, amendments, conference committee reports, and digests of enacted bills. The Office also reviews rules promulgated by executive agencies to determine whether they are within the powers delegated to the agency; performs legal research; aids in legal representation of the General Assembly; participates in the review of and comments on the titles given to initiated measures; and assists in staffing interim committees.

The Office is also responsible for compiling, editing, arranging and preparing for publication all of the laws of the State of Colorado, and for assisting in publication and distribution of portions of the statutes in accordance with Section 2-5-118, C.R.S. Annually, the Office prepares the session laws and supplements to the statutes as necessary. The staff of the Committee on Legal Services also prepares the index and case law annotations for the Colorado Revised Statutes.

The Colorado Commission of Uniform State Laws, comprised of seven members who are attorneys-at-law in Colorado (three of whom are state legislators) represent Colorado at the National Conference of Commissioners on Uniform State Laws. The purpose of the conference is to promote uniformity of state laws on all subjects where uniformity is deemed desirable and practical.

	GF	CF	CFE	FF	Total	FTE
FY 2002-03 Appropriation:						
HB 02-1322	\$4,528,861	\$0	\$0	\$0	\$4,528,861	56.0
SB 03-197	(281,487)	0	0	0	(281,487)	0.0
SB 03-209	<u>(266,850)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(266,850)</u>	<u>0.0</u>
TOTAL	\$3,980,524	\$0	\$0	\$0	\$3,980,524	56.0
FY 2003-04 Appropriation:						
SB 03-305	<u>\$4,120,835</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$4,120,835</u>	<u>56.0</u>
TOTAL	\$4,120,835	\$0	\$0	\$0	\$4,120,835	56.0
Increase/(Decrease)	\$140,311	\$0	\$0	\$0	\$140,311	0.0
Percentage Change	3.5%	n/a	n/a	n/a	3.5%	0.0%

FTE Detail	FY 2002-03	FY 2003-04
Administration	4.8	4.8
Attorneys	26.0	26.0

FTE Detail	FY 2002-03	FY 2003-04
Legislative Assistants	<u>25.2</u>	<u>25.2</u>
	56.0	56.0

General Fund Changes: The General Fund appropriation increase is primarily due to restoration of a one-time General Fund reduction associated with the shift in pay date that was taken in FY 2002-03.

Recent Legislation

2002 Session Bills

H.B. 02-1003: Authorizes the Department of Health Care Policy and Financing to implement a Medicaid pharmaceutical disease management program using a contingency fee basis for reimbursement of any associated administrative expenses. Creates a Health Care Systems Interim Committee to study various health care issues during the 2002 interim. No additional funding is provided for this interim committee since funding for interim studies is provided in the separate legislative appropriation.

H.B. 02-1322: Separate legislative appropriation bill for FY 2002-03.

H.B. 02-1420: General appropriations act for FY 2002-03.

H.B. 02-1468: Establishes the CY 2003 state contribution rate for health, life, and dental insurance to be the same as the state contribution rate for CY 2002. Authorizes the General Assembly to annually adjust the state contribution for health, life, and dental insurance effective CY 2004 through the Long Bill. For more information, refer to the bill description in the Department of Personnel and Administration.

2003 Session Bills

S.B. 03-19: Authorizes the State Auditor's Office to conduct a performance audit of the programs funded with tobacco moneys. For a full explanation fo the bill refer to the bill description in the Department of Public Health and Environment.

S.B. 03-197: Reduces personal services by \$1,522,871 General Fund, which represents anticipated June payroll (FY 2002-03) to be delayed until July (FY 2003-04). For more information, refer to the bill description in the Department of Personnel and Administration.

S.B. 03-209: Supplemental legislative appropriation bill for FY 2002-03.

S.B. 03-222: Requires that for state fiscal years commencing on or after July 1, 2003, the state General Fund surplus must be determined based upon the accrual system of accounting and repeals a statutory provision that required the state to reserve the lessor of the total amount of General Fund revenues in excess of the amount needed to fund General Fund obligations for the current fiscal year, or \$25.0 million, in order to collect enough funds to eventually resume the use of accrual accounting. This bill is similar in nature to H.B. 03-1238.

S.B. 03-248: 2003 School Finance Act. Provides \$182,000 cash funds exempt spending authority to the Legislative Council to complete a school cost-of-living study. For a full explanation of the bill refer to the bill description in the Department of Education.

S.B. 03-258: General appropriations act for FY 2003-04.

S.B. 03-305: Separate legislative appropriation bill for FY 2003-04.

H.B. 03-1328: Requires that for state fiscal years commencing on or after July 1, 2003, the state General Fund surplus must be determined based upon the accrual system of accounting and repeals a statutory provision that required the state to reserve the lessor of the total amount of General Fund revenues in excess of the amount needed to fund General Fund obligations for the current fiscal year, or \$25.0 million, in order to collect enough funds to eventually resume the use of accrual accounting. This bill is similar in nature to S.B. 03-222.

DEPARTMENT OF LOCAL AFFAIRS

The Department is responsible for building community and local government capacity by providing training, technical, and financial assistance to localities. Major divisions include the Executive Director's Office, Property Taxation, the Division of Housing, and the Division of Local Government.

Department Budget: Recent Actual Expenditures and Appropriations

Funding Source	FY 2000-01 Actual	FY 2001-02 Actual	FY 2002-03 Approp.	FY 2003-04 Approp.
General Fund	\$12,887,192	\$10,508,992	\$7,224,184	\$4,779,954
Cash Funds	12,700,986	23,187,519	23,770,882	25,100,630
Cash Funds Exempt	64,927,323	62,886,230	100,910,750	95,329,545
Federal Funds	<u>51,243,560</u>	<u>47,919,607</u>	<u>47,516,589</u>	<u>48,750,957</u>
Total Funds	\$141,759,061	\$144,502,348	\$179,422,405	\$173,961,086
Full Time Equiv. Staff	167.4	166.9	174.9	172.1

FY 2003-04 Budget Changes

Significant changes in appropriations for FY 2003-04 compared to FY 2002-03 are highlighted below. Appropriations for FY 2003-04:

- Eliminate 1.9 FTE Denver-based technical assistance staff to save \$101,000 General Fund and \$59,000 Mineral and Energy Impact funds;
- Eliminate 1.0 FTE section head to save \$48,000 General Fund and \$62,000 Mineral and Energy Impact funds;
- Eliminate 0.7 FTE from the Division of Housing and 0.7 FTE from the Office of Smart Growth to annualize supplemental decisions and save \$63,000 General Fund;
- Reflect an anticipated increase of 1.5 federally funded FTE to administer housing programs and the Community Services Block Grant;
- Refinance \$712,000 of the Division of Property Taxation General Fund with Mineral and Energy Impact Funds based on how much of the Division's work is related to communities affected by mineral and energy extraction;

- Refinance \$460,000 General Fund with manufactured building fees pursuant to S.B. 03-182;
- Refinance \$233,000 General Fund for field services staff with Mineral and Energy Impact funds;
- Refinance 1.0 FTE in the Division of Housing working on revolving loan programs with federal funds to save \$41,000 General Fund and \$11,000 Mineral and Energy Impact funds; and,
- Reflect projected changes in statutorily dedicated cash revenues and federal funds, including: a \$2.0 million increase in Conservation Trust Fund Disbursements; a \$1.2 million increase in federal Section 8 rental assistance vouchers; an \$800,000 increase in expenditures from the Disaster Emergency Response Fund for the fires in FY 202-03; and a \$3.5 million decrease in Local Government and Mineral Energy Impact Grants and Disbursements.

General Factors Driving the Budget

Dedicated Funding Sources

The Department of Local Affairs is responsible for a number of programs with dedicated cash and cash exempt revenue sources. The largest of these include: the Conservation Trust Fund (a portion of state lottery proceeds distributed to local entities on a formula basis for parks and open space purposes); Local Government Mineral and Energy Impact grants (a portion of the state severance tax as well as federal mineral royalties distributed to local governments affected by mineral extraction activities); Limited Gaming grants (a portion of limited gaming tax revenues distributed on a competitive basis to communities impacted by gaming activities); and Waste Tire Recycling, Reuse and Removal grants (a portion of waste tire fees distributed on a competitive basis to assist with conservation efforts). Program expenditures fluctuate with changes in the revenue earned from these various dedicated funding sources. The table below summarizes recent actual revenues and estimates supplied by the Department. In FY 2002-03 a portion of waste tire funds were diverted to the General Fund, and in FY 2003-04 all of the Department's share of limited gaming funds will be diverted to the General Fund.

	FY 99-00 Actual	FY 00-01 Actual	FY 01-02 Actual	FY 02-03 Estimate	FY 03-04 Estimate
Conservation Trust Fund	\$35,790,712	\$31,716,837	\$44,016,237	\$48,000,000	\$50,000,000
Severance Tax & Mineral Impact Receipts	33,816,047	46,267,614	46,008,775	36,452,000	31,177,000
Limited Gaming	4,126,019	4,630,112	4,933,292	5,695,000	0
Waste Tire Fund	2,450,018	2,159,288	2,075,496	332,000	1,886,000

Federal Funds

Federally-funded programs make up 26 percent of the Department of Local Affairs' FY 2002-03 appropriation. These programs generally have no state match, and funding is provided at the discretion of federal authorities. Major on-going federal grants are summarized in the table below.

	FY 99-00 Actual	FY 00-01 Actual	FY 01-02 Actual	FY 02-03 Estimate	FY 03-04 Estimate
Housing and Urban Development (HUD) affordable housing development	\$5,611,973	\$11,094,020	\$10,844,528	\$11,465,533	\$11,077,531
HUD Section 8 rental assistance	7,120,727	8,631,081	13,306,317	14,637,800	14,216,760
HUD Emergency Shelter Program	947,342	942,345	929,042	960,000	920,000
HUD Community Development Block Grants (CDBG) economic development and infrastructure	13,130,835	8,038,116	8,980,140	7,831,772	7,500,061
Health and Human Services (HHS) Community Services Block Grants	4,642,607	4,509,297	5,007,390	5,540,080	5,498,343
Federal Emergency Management Agency	11,351,620	16,919,159	8,368,967	25,667,244	6,523,743

Summary of FY 2002-03 and FY 2003-04 Appropriations

Total Department Appropriations

	GF	CF	CFE	FF	Total	FTE
FY 2002-03 Total Appropriation:	\$7,224,184	\$23,770,882	\$100,910,750	\$47,516,589	\$179,422,405	174.9
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Executive Director's Office	2,168,340	78,902	746,014	261,411	3,254,667	18.0
Property Taxation	2,814,768	0	0	0	2,814,768	53.5
Division of Housing	737,630	243,510	238,730	26,214,006	27,433,876	27.6
Division of Local Government	1,503,446	23,448,470	99,926,006	21,041,172	145,919,094	75.8

	GF	CF	CFE	FF	Total	FTE
<u>Breakdown of Total Appropriation by Bill</u>						
SB 02-50	(5,756)	0	0	0	(5,756)	0.0
HB 02-1038	(5,740)	0	0	0	(5,740)	0.0
HB 02-1315	0	0	0	(329,604)	(329,604)	(2.0)
HB 02-1420	9,739,828	23,770,068	100,045,730	47,837,289	181,392,915	181.5
HB 02-1468	7,038	352	459	1,744	9,593	0.0
SB 03-197	(504,840)	0	0	0	(504,840)	0.0
SB 03-210	(2,006,346)	462	864,561	7,160	(1,134,163)	(4.6)
FY 2003-04 Total Appropriation:	\$4,779,954	\$25,100,630	\$95,329,545	\$48,750,957	\$173,961,086	172.1
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Executive Director's Office	1,568,202	71,429	1,063,238	961,821	3,664,690	18.0
Property Taxation	1,714,542	635,300	902,263	0	3,252,105	53.5
Division of Housing	184,504	957,753	329,889	27,161,565	28,633,711	27.9
Division of Local Government	1,312,706	23,436,148	93,034,155	20,627,571	138,410,580	72.7
<u>Breakdown of Total Appropriation by Bill</u>						
SB 03-258	5,713,935	24,050,340	101,136,707	48,806,705	179,707,687	172.1
SB 03-261	(706,300)	706,300	0	0	0	0.0
SB 03-273	(226,460)	(11,919)	(17,079)	(55,465)	(310,923)	0.0
SB 03-274	0	0	(5,790,000)	0	(5,790,000)	0.0
HB 03-1316	(1,221)	(69)	(83)	(283)	(1,656)	0.0
HB 03-1329	0	355,978	0	0	355,978	0.0
Increase/(Decrease)	(\$2,444,230)	\$1,329,748	(\$5,581,205)	\$1,234,368	(\$5,461,319)	(2.8)
Percentage Change	-33.8%	5.6%	-5.5%	2.6%	-3.0%	-1.6%

Detail of Appropriation by Administrative Section

Executive Director's Office

This office is responsible for the management and administration of the Department, including accounting, budgeting, and human resources. The appropriation to this office includes centrally-appropriated funds which are further distributed to the various divisions. The division also conducts several miscellaneous functions statutorily assigned to the Department, including administration of the Moffat Tunnel Improvement District and support of the federal Workforce Development Council. Cash funds, cash funds exempt, and federal funds appropriations consist of direct and indirect cost recoveries used to cover the general administrative costs associated with cash, cash exempt, and federal programs within the Department. Funding in this division also consists of cash funds and cash funds exempt spending from lease revenues generated from the operation of the Moffat Tunnel, as well as from the cash funds exempt transfer of federal funds from other agencies to support the Workforce Development Council.

	GF	CF	CFE	FF	Total	FTE
FY 2002-03 Appropriation:						
SB 02-050	(\$5,756)	\$0	\$0	\$0	(\$5,756)	0.0
HB 02-1038	(5,740)	0	0	0	(5,740)	0.0
HB 02-1420	2,354,331	78,088	743,791	242,386	3,418,596	18.0
HB 02-1468	7,038	352	459	1,744	9,593	0.0
SB 03-197	(70,878)	0	0	0	(70,878)	0.0
SB 03-210	<u>(110,655)</u>	<u>462</u>	<u>1,764</u>	<u>17,281</u>	<u>(91,148)</u>	<u>0.0</u>
TOTAL	\$2,168,340	\$78,902	\$746,014	\$261,411	\$3,254,667	18.0
FY 2003-04 Appropriation:						
SB 03-258	\$1,795,883	\$83,417	\$1,080,400	\$1,017,569	\$3,977,269	18.0
SB 03-273	(226,460)	(11,919)	(17,079)	(55,465)	(310,923)	0.0
HB 03-1316	<u>(1,221)</u>	<u>(69)</u>	<u>(83)</u>	<u>(283)</u>	<u>(1,656)</u>	<u>0.0</u>
TOTAL	\$1,568,202	\$71,429	\$1,063,238	\$961,821	\$3,664,690	18.0
Increase/(Decrease)	(\$600,138)	(\$7,473)	\$317,224	\$700,410	\$410,023	0.0
Percentage Change	-27.7%	-9.5%	42.5%	267.9%	12.6%	0.0%

FTE Detail	FY 2002-03	FY 2003-04
Executive Director's Staff and Help Desk Staff	4.0	4.0
Accounting / Budgeting	8.0	8.0
Human Resources	2.0	2.0
Workforce Development Council	<u>4.0</u>	<u>4.0</u>
	18.0	18.0

General Fund Changes: The decrease in General Fund is primarily attributable to increased indirect cost recoveries offsetting the need for General Fund, decreased expenditures for salary survey, and elimination of performance-based pay. Small miscellaneous changes in centrally appropriated items also contribute to the dollar change.

Cash Funds Changes: The decrease in cash funds is attributable to small miscellaneous changes in centrally appropriated items.

Cash Funds Exempt Changes: The increase in cash funds exempt is primarily due to increased indirect cost recoveries. Small miscellaneous changes in centrally appropriated items also contribute to the dollar change.

Federal Fund Changes: The increase in federal funds is primarily attributable to an anticipated \$750,000 for Workforce Improvement Grants. Small miscellaneous changes in centrally appropriated items somewhat offset this increase.

Property Taxation

This division supervises property tax collection by local governments to ensure property tax laws are administered consistently and fairly throughout the State. This includes training county assessors, calculating property tax for certain multi-county companies such as utilities, pipelines, and railroads, as well as determining eligibility for property tax exemptions. The Division includes the Board of Assessment Appeals, which is responsible for hearing appeals of decisions by county boards of equalization, county boards of commissioners, and the State Property Tax Administrator on the valuation of real and personal property, property tax abatements, and property tax exemptions. The Board hears roughly 1,400 - 1,500 appeals annually.

	GF	CF	CFE	FF	Total	FTE
FY 2002-03 Appropriation:						
HB 02-1420	\$3,304,799	\$0	\$0	\$0	\$3,304,799	56.0
SB 03-197	(240,198)	0	0	0	(240,198)	0.0
SB 03-210	<u>(249,833)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(249,833)</u>	<u>(2.5)</u>

	GF	CF	CFE	FF	Total	FTE
TOTAL	\$2,814,768	\$0	\$0	\$0	\$2,814,768	53.5
FY 2003-04 Appropriation:						
SB 03-258	\$2,349,842	\$0	\$902,263	\$0	\$3,252,105	53.5
SB 03-261	<u>(635,300)</u>	<u>635,300</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$1,714,542	\$635,300	\$902,263	\$0	\$3,252,105	53.5
Increase/(Decrease)	(\$1,100,226)	\$635,300	\$902,263	\$0	\$437,337	0.0
Percentage Change	-39.1%	n/a	n/a	n/a	15.5%	0.0%

FTE Detail	FY 2002-03	FY 2003-04
Board of Assessment Appeals	15.0	15.0
Property Taxation	<u>38.5</u>	<u>38.5</u>
	53.5	53.5

General Fund Changes: The decrease in General Fund includes: (1) refinancing \$712,000 of the Division of Property Taxation General Fund with Mineral and Energy Impact Funds; (2) a \$107,000 decrease to annualize supplemental decisions to downgrade positions; (3) refinancing \$48,000 General Fund with indirect cost recoveries; and (4) refinancing \$635,300 of the division of property taxation with cash fees pursuant to S.B. 03-261. These decreases are partially offset by the \$240,000 cost of replacing the one-time savings achieved in FY 2002-03 through the pay date shift, and by incorporating into the base \$161,000 in salary increases awarded in FY 2002-03.

Cash Funds Changes: The increase in cash funds is due to refinancing \$635,300 of the division of property taxation with cash fees pursuant to S.B. 03-261.

Cash Funds Exempt Changes: The increase in cash funds exempt is attributable to refinancing General Fund with Mineral and Energy Impact funds and with indirect cost recoveries as described above, plus a new indirect cost assessment of \$142,000.

Division of Housing

The mission of the Division of Housing (DOH) is to ensure that Coloradans live in safe, decent, and affordable housing. The Division provides financial and technical assistance to help communities meet their goal of providing affordable housing to low-income, elderly, and disabled people. Financial assistance programs include state and federal grants, loans, loan guarantees, and other means to provide incentives for the construction, acquisition, and rehabilitation of affordable housing.

The Division also develops and updates various studies on the availability and affordability of housing in Colorado. Finally, DOH regulates the manufacture of factory-built residential and commercial buildings.

	GF	CF	CFE	FF	Total	FTE
FY 2002-03 Appropriation:						
HB 02-1420	\$1,037,578	\$243,510	\$108,788	\$26,214,006	\$27,603,882	28.9
SB 03-197	(71,437)	0	0	0	(71,437)	0.0
SB 03-210	<u>(228,511)</u>	<u>0</u>	<u>129,942</u>	<u>0</u>	<u>(98,569)</u>	<u>(1.3)</u>
TOTAL	\$737,630	\$243,510	\$238,730	\$26,214,006	\$27,433,876	27.6
FY 2003-04 Appropriation:						
SB 03-258	\$255,504	\$886,753	\$329,889	\$27,161,565	\$28,633,711	27.9
SB 03-261	<u>(71,000)</u>	<u>71,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$184,504	\$957,753	\$329,889	\$27,161,565	\$28,633,711	27.9
Increase/(Decrease)	(\$553,126)	\$714,243	\$91,159	\$947,559	\$1,199,835	0.3
Percentage Change	-75.0%	293.3%	38.2%	3.6%	4.4%	1.1%

FTE Detail	FY 2002-03	FY 2003-04
Director	1.0	1.0
Housing Programs	17.7	18.0
Manufactured Building Regulation	<u>8.9</u>	<u>8.9</u>
	27.6	27.9

FTE Changes: The change in FTE is attributable to a decrease of 0.7 General Fund FTE to annualize a supplemental decision to reduce program staff, offset by an increase of 1.0 federally funded FTE based on anticipated funding.

General Fund Changes: The General Fund appropriation includes the following reductions: (1) refinancing \$460,000 General Fund with manufactured building fees pursuant to S.B. 03-182; (2) a decrease of \$62,000 attributable to more indirect cost recoveries available to offset the need for General Fund; (3) a decrease of \$41,000 to annualize a supplemental decision to reduce program staff; (4) refinancing \$41,000 General Fund (and \$11,000 Mineral and Energy Impact Funds) with federal funds for 1.0 FTE associated with state and federal revolving loan programs; and (5)

refinancing \$71,000 General Fund related to the Private Activity Bond Allocation Committee with cash fees pursuant to SB 03-261. These decreases are partially offset by the following increases: (1) \$71,000 to restore the one-time savings achieved in FY 2002-03 through the pay date shift and (2) \$49,000 associated with salary survey increases awarded in FY 2002-03.

Cash Funds Changes: The cash funds increase is attributable to refinancing \$460,000 in direct General Fund costs with manufactured building fees, and requiring manufactured building fees to cover a portion of the Department's indirect costs, pursuant to S.B. 03-182. The increase also reflects refinancing \$71,000 General Fund related to the Private Activity Bond Allocation Committee with cash fees pursuant to SB 03-261.

Cash Funds Exempt Changes: The cash funds exempt increase is attributable to an increase in indirect cost collections, and adding \$10,000 in spending authority from gifts, grants and donations for the Colorado Affordable Housing Construction Grants and Loans.

Federal Funds Changes: The increase in federal funds is primarily due to a projected \$1.2 million increase in Section 8 rental assistance vouchers administered by the Department, and the increases in federally funded FTE described above, offset in part by a projected \$376,000 decrease in federal affordable housing construction grants and loans.

Division of Local Government

This division includes programs to assist local governments in identifying and responding to financial issues, problem-solving, administrative, and leadership development needs. To provide this assistance to local governments, the Division of Local Government operates eight field offices. Specific programs operated by the Division include: (a) training and technical assistance for local governments on such issues as budget review, property tax limitations, the Taxpayers Bill of Rights (TABOR), water and sewer financing, election rules, purchasing, and land use planning; (b) providing demographic and economic information, statistics, and analysis to public and private organizations; (c) administration of the local government funding and technical assistance programs, including the Community Services Block Grant program, the Local Utility Management Assistance program, Conservation Trust Fund disbursements, waste tire recycling grants, and the Non-rated Public Securities program; and (d) provision of technical and financial assistance, through the Office of Emergency Management, to support communities in preparing for, responding to, recovering from, and mitigating the effect of emergencies.

Cash funds in this division include: (1) local severance tax revenues; (2) revenues generated by the \$0.75 waste tire recycling development fee imposed pursuant to Section 25-17-202 (1) (a) (II), C.R.S.; (3) revenues from the various Search and Rescue surcharges on various outdoor licenses, registrations, and tickets; (4) moneys from the Water Resources and Power Development Authority for the Local Utility Management Assistance program; and (5) miscellaneous revenues generated from product sales and fees charged for participation in training seminars conducted by the Department.

Cash funds exempt consist primarily of (1) moneys distributed from the Local Government Mineral Impact Fund; (2) grants made from reserves in the Local Government Severance Tax Fund; (3) grants made from the Limited Gaming Fund; (4) grants for Smart Growth projects from the Colorado Heritage Communities Fund; (5) indirect cost on federal grants used to offset divisional overhead; and (6) spending of reserves in the Waste Tire Recycling Development Cash Fund.

Federal funds in this section include the Community Development Block Grant, the Community Services Block Grant, and various emergency preparedness, response, recovery, and mitigation grants administered through the state Office of Emergency Management.

	GF	CF	CFE	FF	Total	FTE
FY 2002-03 Appropriation:						
HB 02-1315	\$0	\$0	\$0	(\$329,604)	(\$329,604)	(2.0)
HB 02-1420	3,043,120	23,448,470	99,193,151	21,380,897	147,065,638	78.6
SB 03-197	(122,327)	0	0	0	(122,327)	0.0
SB 03-210	<u>(1,417,347)</u>	<u>0</u>	<u>732,855</u>	<u>(10,121)</u>	<u>(694,613)</u>	<u>(0.8)</u>
TOTAL	\$1,503,446	\$23,448,470	\$99,926,006	\$21,041,172	\$145,919,094	75.8
FY 2003-04 Appropriation:						
SB 03-258	\$1,312,706	\$23,080,170	\$98,824,155	\$20,627,571	\$143,844,602	72.7
SB 03-274	0	0	(5,790,000)	0	(5,790,000)	0.0
HB 03-1329	<u>0</u>	<u>355,978</u>	<u>0</u>	<u>0</u>	<u>355,978</u>	<u>0.0</u>
TOTAL	\$1,312,706	\$23,436,148	\$93,034,155	\$20,627,571	\$138,410,580	72.7
Increase/(Decrease)	(\$190,740)	(\$12,322)	(\$6,891,851)	(\$413,601)	(\$7,508,514)	(3.1)
Percentage Change	-12.7%	-0.1%	-6.9%	-2.0%	-5.1%	-4.1%

FTE Detail	FY 2002-03	FY 2003-04
Local Government and Community Services	25.8	24.1
Field Services	27.0	25.6
Office of Emergency Management	<u>23.0</u>	<u>23.0</u>
	75.8	72.7

FTE Changes: The decrease in FTE includes the following changes: (1) a decrease of 1.9 FTE Denver-based technical assistance staff; (2) a decrease of 1.0 FTE section head; (3) a decrease of 0.7 FTE to annualize a supplemental decision to reduce the Office of Smart Growth; and (4) a projected increase of 0.5 federally funded FTE to administer the Community Services Block Grant.

General Fund Changes: The General Fund appropriation includes the following decreases associated with the reduced staff described above: (1) \$101,000 for the Denver-based technical assistance staff; (2) \$48,000 for the section head; and (3) \$23,000 for annualizing the supplemental reduction to the Office of Smart Growth. Also, the change in funding includes a decrease of \$233,000 due to refinancing field services staff with Mineral and Energy Impact funds. These decreases are partially offset by the following increases: (1) \$129,000 to incorporate into the base salary survey increases awarded in FY 2002-03; (2) \$122,000 to restore one-time savings achieved in FY 2002-03 through the pay date shift. The remaining difference is attributable to an increase in indirect cost recoveries available to offset General Fund.

Cash Funds Changes: The cash funds appropriation reflects changes in estimated waste tire revenues.

Cash Funds Exempt Changes: The cash funds exempt appropriation includes the following: (1) a \$5.8 million decrease pursuant to S.B. 03-274; (2) a \$3.5 million decrease in estimated Local Government Mineral and Energy Impact Grants and Disbursements; (3) a \$500,000 decrease in reserves in the Waste Tire Fund; (4) a \$264,000 decrease in Colorado Heritage Communities Grants; (5) a \$120,000 decrease for all of the changes in FTE described above; (6) a projected \$2.0 million increase in Conservation Trust Fund Disbursements; (7) an \$800,000 increase in expenditures from the Disaster Emergency Response Fund for the fires in FY 2002-03; (8) a \$233,000 increase to refinance field services staff with Mineral and Energy Impact funds; (9) a projected \$95,000 increase in local government limited gaming impact grants; and, (10) a \$175,000 increase in indirect cost assessments and expenditures.

Federal Funds Changes: The decrease in the federal funds appropriation is primarily attributable to a projected \$738,000 decrease in money through the Community Development Block Grant, partially offset by a projected increase in reimbursements through the Office of Emergency Management for fires in FY 2002-03.

Recent Legislation

2002 Session Bills

S.B. 02-50: For an explanation of this bill please see the Recent Legislation section in the Department of Corrections.

S.B. 02-52: Repeals certain provisions allocating moneys from the Waste Tire Recycling Development Cash Fund.

S.B. 02-97: Provides that the property of multi-jurisdictional housing authorities and county housing authorities shall be exempt from taxes and special assessments on the same basis and subject to the same conditions as provided for city housing authorities. Provides the new tax exemption for taxable years starting after December 31, 2000.

H.B. 02-1038: For an explanation of this bill please see the Recent Legislation section in the Department of Corrections.

H.B. 02-1254: Modifies the Public Securities Information Reporting Act.

H.B. 02-1315: Creates the Office of Preparedness and Security (OPS) as a division within the Department of Public Safety. The legislation transfers the Division of Fire Safety into the newly created office. In addition, the legislation creates an Office of Anti-terrorism Planning and Training, and an Office of Security. In creating this new office, transfers \$329,604 federal funds and 2.0 FTE from the Office of Emergency Management in the Department of Local Affairs to the new Office of Preparedness and Security.

H.B. 02-1377: Supplemental appropriation to the Department of Local Affairs to modify the appropriation included in the FY 2001-02 Long Bill.

H.B. 02-1420: General appropriations act for FY 2002-03.

H.B. 02-1429: Second supplemental appropriation to the Department of Local Affairs to modify the appropriation included in the FY 2001-02 Long Bill.

H.B. 02-1468: Authorizes the General Assembly to annually adjust the state contribution for health, life, and dental insurance effective CY 2004 through the Long Bill. For more information, refer to the bill description in the Department of Personnel and Administration.

2003 Session Bills

S.B. 03-182: Consolidates manufactured building regulation programs, creates the Manufactured Building Regulation Fund to which all fees are deposited, and increases fees.

S.B. 03-191: Augments General Fund revenues for FY 2002-03 with \$213.6 million in transfers from various cash funds, including \$1,468,152 from the waste tire cleanup fund. For more information, see the Department of Education.

S.B. 03-197: Reduces personal services by \$504,840 General Fund, which represents anticipated June payroll (FY 2002-03) to be delayed until July (FY 2003-04). For more information, refer to the bill description in the Department of Personnel and Administration.

S.B. 03-210: Supplemental appropriation to the Department of Local Affairs to modify the appropriation included in the FY 2002-03 Long Bill.

S.B. 03-258: General appropriations act for FY 2003-04.

S.B. 03-261: Increases various fees collected by the Department of Local Affairs. Adds an administrative fee for receiving tax exempt bonding authority from the private activity bond allocation committee, and uses the increase in revenue, plus existing revenue, to refinance \$71,000 General Fund. Increases fees for the Board of Assessment Appeals to raise a projected \$198,395 additional revenue for the General Fund. Increases fees for processing property tax exemptions and uses the increase in revenue, plus existing revenue, to refinance \$635,300 General Fund.

S.B. 03-273: Eliminates the salary survey appropriation for FY 2003-04. For more information, refer to the bill description in the Department of Personnel and Administration.

S.B. 03-274: Transfers the FY 2002-03 unencumbered balance in the Local Government Limited Gaming Impact Fund (estimated to be \$270,000) to the General Fund. For FY 2003-04, diverts limited gaming revenues from the Local Government Limited Gaming Impact Fund and the Colorado Travel and Tourism Promotion Fund to the General Fund (estimated at \$6,592,000). If the total amount of revenues collected by the Department of Revenue for state taxes paid pursuant to the tax amnesty program established by SB03-185 exceeds \$5.0 million, any excess (up to the amount transferred to the General Fund from the Local Government Limited Gaming Impact Fund) would be transferred from the General Fund to the Local Government Limited Gaming Impact Fund on or before September 1, 2003. Reduces cash funds exempt spending authority for the Department of Local Affairs from the Limited Gaming Impact Fund by \$5,790,000 in FY 2003-04.

H.B. 03-1316: Alters the manner in which group benefit plans coverage is calculated for Health, Life, and Dental appropriations. For more information, refer to the bill description in the Department of Personnel and Administration.

H.B. 03-1329: Imposes an additional 25 cent surcharge on the disposal of motor vehicle tires to reimburse processors and end users of raw waste tires. Provides \$355,978 cash funds spending authority to the Department of Local Affairs from the Processors and End Users of Waste Tires Cash Fund.

DEPARTMENT OF MILITARY AND VETERANS AFFAIRS

The Department of Military and Veterans Affairs consists of the Executive Director's Office and the Army National Guard, the Division of Veterans Affairs, the Air National Guard, and the Civil Air Patrol. The Adjutant General is the administrative head of the Department as well as the Chief of Staff of the Colorado National Guard. The Colorado National Guard is a federal and state military organization whose primary mission is to support the federal, state, and local governments in times of need.

The Department receives federal funds from the U.S. Department of Defense for maintenance and construction of military facilities. In addition, the Adjutant General is responsible for managing federal funds that do not pass through the state's accounting system, but are used for recruiting, training, and retaining members of the Colorado National Guard. Federal funds and the associated FTE are shown in the Long Bill under the Federal Funded Programs section for informational purposes only. The Department also receives a nominal amount of federal funds from the U.S. Department of Veterans Affairs for the Western Slope Veterans Cemetery.

Department Budget: Recent Actual Expenditures and Appropriations

Funding Source	FY 2000-01 Actual	FY 2001-02 Actual	FY 2002-03 Approp.	FY 2003-04 Approp.
General Fund	\$4,088,379	\$3,972,945	\$4,176,878	\$3,839,292
Cash Funds	7,640	13,639	25,113	25,117
Cash Funds Exempt	0	0	1,552,349	1,357,153
Federal Funds	<u>116,996,072</u>	<u>121,076,184</u>	<u>121,928,210</u>	<u>122,152,344</u>
Total Funds	\$121,092,091	\$125,062,768	\$127,682,550	\$127,373,906
Full Time Equiv. Staff	1,232.5	1,190.3	1,157.3	1,154.8

FY 2003-04 Budget Changes

Significant changes in appropriations for FY 2003-04 compared to FY 2002-03 include the following:

- An increase of \$459,000 federal funds and 2.0 FTE associated with the cooperative agreements the department has with the federal government;
- An increase of \$165,000 General Fund to account for one-time savings associated with the shift in pay date for FY 2002-03 (S.B. 03-197);

- ❑ An increase of \$93,000 General Fund and \$108,000 federal funds for the salary survey awarded in FY 2002-03;
- ❑ A decrease of \$279,000 General Fund and 4.5 FTE for the elimination of positions due to current and expected vacancies;
- ❑ A decrease of \$164,000 cash funds exempt associated with funding mechanisms of the Colorado State Veterans Trust Fund. The decreases are from an \$88,000 reduction in funding to the Trust Fund from the Tobacco Litigation Settlement Cash Fund pursuant to statutory and other legislative provisions and a \$76,000 reduction in the allowable expenditures the Division of Veterans Affairs and the State Board of Veterans Affairs can use from the Trust Fund;
- ❑ A decrease of \$80,000 General Fund and \$73,000 federal funds associated with S.B. 03-273; and
- ❑ A decrease of \$79,000 General Fund for tuition assistance.

General Factors Driving the Budget

Funding for this department consists of 95.8 percent federal funds, 3.0 percent General Fund, 1.1 percent cash funds exempt, and a nominal percent cash funds. Some important factors driving the budget are reviewed below.

Federal Funding

The vast majority of resources, 95.8 percent of total funding (\$127.4 million) and 96.3 percent of total FTE (1,154.8) for the department's organizations and programs come from the federal government. Efforts to reduce the size of the federal government require the state budget to support many FTE that are funded with federal dollars resulting in "Federally Funded State FTE." Furthermore, many of these positions are funded by a split of state and federal funds (e.g., 80/20, 75/25, 50/50) which is based on predetermined classifications that estimate the overall federal versus state support functions for any given position.

State Support

Most state FTE in the Department's budget, those funded by the General Fund as well as by the National Guard Bureau, primarily provide administrative and maintenance support for buildings and facilities used by the Colorado National Guard and the Civil Air Patrol. Of state funding (\$3.8 million for FY 2003-04), 58.0 percent (\$2.2 million) is allocated to personnel (42.4 FTE), 14.8 percent (\$569,000) is used for property and equipment maintenance, general office expenses, and repair costs, 15.0 percent (\$576,000) is used for utility costs, and 4.6 percent (\$176,000) is allocated to the Colorado National Guard Tuition Fund. The remaining General Fund (approximately \$292,000, or

7.6 percent) is for statewide administrative overhead for items such as workers' compensation, health insurance, and property and liability insurance. General Fund also supports the administrative personnel of the Division of Veterans Affairs.

Summary of FY 2002-03 and FY 2003-04 Appropriations

Total Department Appropriations

	GF	CF	CFE	FF	Total	FTE
FY 2002-03 Total Appropriation:	\$4,176,878	\$25,113	\$1,552,349	\$121,928,210	\$127,682,550	1,157.3
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Executive Director and Army National Guard	3,035,264	25,113	222	2,229,673	5,290,272	42.2
Division of Veterans Affairs	565,203	0	1,552,127	3,844	2,121,174	12.0
Air National Guard	416,274	0	0	2,967,489	3,383,763	46.1
Federal Funded Programs	0	0	0	116,727,204	116,727,204	1,055.0
Civil Air Patrol	160,137	0	0	0	160,137	2.0
<u>Breakdown of Total Appropriation by Bill</u>						
SB 02-50	(2,107)	0	0	0	(2,107)	0.0
HB 02-1038	(2,101)	0	0	0	(2,101)	0.0
HB 02-1413	677,986	0	1,317,301	138,736	2,134,023	12.0
HB 02-1420	4,197,646	25,113	0	121,932,927	126,155,686	1,145.3
HB 02-1468	1,434	0	0	1,810	3,244	0.0
SB 03-197	(202,228)	0	0	0	(202,228)	0.0
SB 03-211	(493,752)	0	235,048	(145,263)	(403,967)	0.0
FY 2003-04 Total Appropriation:	\$3,839,292	\$25,117	\$1,357,153	\$122,152,344	\$127,373,906	1,154.8
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Executive Director and Army National Guard	2,929,310	25,117	554	2,558,542	5,513,523	44.2

	GF	CF	CFE	FF	Total	FTE
Division of Veterans Affairs	375,554	0	1,356,599	36,000	1,768,153	8.5
Air National Guard	429,365	0	0	2,830,598	3,259,963	46.1
Federal Funded Programs	0	0	0	116,727,204	116,727,204	1,055.0
Civil Air Patrol	105,063	0	0	0	105,063	1.0
<u>Breakdown of Total Appropriation by Bill</u>						
SB 03-19	0	0	(2,648)	0	(2,648)	0.0
SB 03-258	3,919,135	25,119	1,474,915	122,225,385	127,644,554	1,154.8
SB 03-273	(79,580)	(2)	(2,784)	(72,741)	(155,107)	0.0
SB 03-282	0	0	(112,330)	0	(112,330)	0.0
HB 03-1316	(263)	0	0	(300)	(563)	0.0
Increase/(Decrease)	(\$337,586)	\$4	(\$195,196)	\$224,134	(\$308,644)	(2.5)
Percentage Change	-8.1%	0.0%	-12.6%	0.2%	-0.2%	-0.2%

Detail of Appropriation by Administrative Section

Executive Director and Army National Guard

This division is responsible for the overall management and administration of the Department. The appropriation includes the operating budget for the Executive Director as well as all centrally appropriated items for the Department. In addition, this section includes appropriations for tuition assistance for National Guard members attending college and the state's share of maintenance upkeep for the state's Army National Guard facilities.

	GF	CF	CFE	FF	Total	FTE
FY 2002-03 Appropriation:						
SB 02-50	(\$2,107)	\$0	\$0	\$0	(\$2,107)	0.0
HB 02-1038	(2,101)	0	0	0	(2,101)	0.0
HB 02-1420	3,545,276	25,113	0	2,238,234	5,808,623	42.2
HB 02-1468	1,434	0	0	1,810	3,244	0.0
SB 03-197	(136,816)	0	0	0	(136,816)	0.0
SB 03-211	<u>(370,422)</u>	<u>0</u>	<u>222</u>	<u>(10,371)</u>	<u>(380,571)</u>	<u>0.0</u>

	GF	CF	CFE	FF	Total	FTE
TOTAL	\$3,035,264	\$25,113	\$222	\$2,229,673	\$5,290,272	42.2
FY 2003-04 Appropriation:						
SB 03-258	\$3,009,153	\$25,119	\$3,338	\$2,631,583	\$5,669,193	44.2
SB 03-273	(79,580)	(2)	(2,784)	(72,741)	(155,107)	0.0
HB 03-1316	(263)	0	0	(300)	(563)	0.0
TOTAL	\$2,929,310	\$25,117	\$554	\$2,558,542	\$5,513,523	44.2
Increase/(Decrease)	(\$105,954)	\$4	\$332	\$328,869	\$223,251	2.0
Percentage Change	-3.5%	0.0%	149.6%	14.8%	4.2%	4.7%

FTE Detail	FY 2002-03	FY 2003-04
Administration and Staff Support	14.2	12.0
Financial	6.0	6.6
Information Technology	1.5	1.0
Physical Plant	<u>20.5</u>	<u>24.6</u>
	42.2	44.2

FTE Changes: The change in FTE includes a transfer of 1.5 FTE to the Department pursuant to H.B. 02-1413 and an increase of 2.0 FTE as a part of the Army National Guard Cooperative Agreements. This increase is partially offset by the elimination of 0.5 FTE for an information technology position and 1.0 FTE for a structural trades position.

General Fund Changes: The General Fund decrease is primarily due to: (1) a reduction of \$150,000 for current and expected vacancies; (2) \$88,000 for reductions in the division's operating expenses; (3) \$80,000 for reductions to the salary survey appropriation pursuant to S.B. 03-273; (4) \$79,000 in tuition assistance to members of the National Guard; (5) and \$20,000 associated with an anticipated reduction in utility payments in FY 2003-04. These decreases are partially offset by: (1) an increase of \$131,000 to account for one-time savings associated with the shift in pay date for FY 2002-03 (S.B. 03-197); (2) an increase of \$98,000 for a transfer of funding related to the Division of Veterans Affairs; (3) \$76,000 for salary survey increases awarded in FY 2002-03; and (4) an increase of \$8,000 in centrally appropriated items such as risk management.

Federal Funds Changes: The increase in federal funds reflected includes: (1) an increase of \$459,000 in the cooperative agreements the Department has with the federal government; (2) an increase of

\$15,000 for Capitol Complex leased space; (3) an increase of \$7,000 for health, life dental and short-term disability insurance; and (4) \$4,000 for salary survey increases awarded in FY 2002-03. These reflected increases are partially offset by the following decreases: (1) \$73,000 associated with S.B. 03-273; (2) \$45,000 for centrally appropriated items such as performance-based pay and workers' compensation; (3) \$37,000 in additional reductions to salary survey appropriations; and (4) a decrease of \$5,000 for information technology asset maintenance.

Division of Veterans Affairs

The Division of Veterans Affairs is responsible for acquiring the necessary services the state's veterans need from the federal government based on reports from division case workers and the County Veterans Services Officers. The division also works with the State Board of Veterans Affairs to administer the Western Slope Veterans Cemetery and the State Veterans Trust Fund which consists of a portion of the tobacco settlement money Colorado receives each year.

	GF	CF	CFE	FF	Total	FTE
FY 2002-03 Appropriation:						
HB 02-1413	\$677,986	\$0	\$1,317,301	\$138,736	\$2,134,023	12.0
SB 03-197	(37,264)	0	0	0	(37,264)	0.0
SB 03-211	<u>(75,519)</u>	<u>0</u>	<u>234,826</u>	<u>(134,892)</u>	<u>24,415</u>	<u>0.0</u>
TOTAL	\$565,203	\$0	\$1,552,127	\$3,844	\$2,121,174	12.0
FY 2003-04 Appropriation:						
SB 03-19	\$0	\$0	(\$2,648)	\$0	(\$2,648)	0.0
SB 03-258	375,554	0	1,471,577	36,000	1,883,131	8.5
SB 03-282	<u>0</u>	<u>0</u>	<u>(112,330)</u>	<u>0</u>	<u>(112,330)</u>	<u>0.0</u>
TOTAL	\$375,554	\$0	\$1,356,599	\$36,000	\$1,768,153	8.5
Increase/(Decrease)	(\$189,649)	\$0	(\$195,528)	\$32,156	(\$353,021)	(3.5)
Percentage Change	-33.6%	n/a	-12.6%	836.5%	-16.6%	-29.2%

FTE Detail	FY 2002-03	FY 2003-04
Administration and Staff Support	9.5	6.0
Western Slope Veterans Cemetery	<u>2.5</u>	<u>2.5</u>
	12.0	8.5

FTE Changes: The 3.5 FTE reduction is attributable to a transfer of 1.5 General Fund FTE to the Executive Director's Office associated with H.B. 02-1413 and the elimination of 2.0 FTE relating to administrative services in the division due to base reductions.

General Fund Changes: The \$190,000 General Fund decrease includes: (1) a transfer of \$108,000 to the Executive Director's Office, which is associated with H.B. 02-1413; (2) a base reduction of \$72,000 associated with administrative FTE in the division; (3) a decrease of \$36,000 for county veterans service officer payments; and (4) a decrease of \$10,000 in one-time funding for information technology asset maintenance. These decreases are offset by an increase of \$37,000 to account for one-time savings associated with the shift in pay date for FY 2002-03.

Cash Funds Exempt Changes: The \$196,000 cash funds exempt reduction results from the following decreases: (1) \$88,000 from transfers from the Tobacco Litigation Settlement Fund to the Colorado State Veterans Trust Fund, including \$85,000 attributable to S.B. 03-282, \$2,000 from statutory disbursements, and \$1,000 attributable to S.B. 03-19; (2) \$76,000 from allowable expenditures from the Colorado State Veterans Trust Fund, including \$47,000 from statutory disbursements related to the Tobacco Litigation Cash Fund, \$28,000 attributable to S.B. 03-282, and \$1,000 attributable to S.B. 03-19; and (3) \$31,000 from the Western Slope Veterans Cemetery.

Federal Funds Changes: The reflected federal funds increase is attributable to anticipated reimbursement from the U.S. Department of Veterans Affairs for internments at the Western Slope Veterans Cemetery.

Air National Guard

This division provides funding for the operations of the Buckley and Greeley Air National Guard bases. The state's share of operating and maintenance costs for facilities varies under agreements with the federal government based on the type of building, how it is used, and whether it is on state or federal land. For Air National Guard facilities, the state share is typically 25 percent.

	GF	CF	CFE	FF	Total	FTE
FY 2002-03 Appropriation:						
HB 02-1420	\$457,787	\$0	\$0	\$2,967,489	\$3,425,276	46.1
SB 03-197	(18,202)	0	0	0	(18,202)	0.0
SB 03-211	<u>(23,311)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(23,311)</u>	<u>0.0</u>
TOTAL	\$416,274	\$0	\$0	\$2,967,489	\$3,383,763	46.1
FY 2003-04 Appropriation:						
SB 03-258	<u>\$429,365</u>	<u>\$0</u>	<u>\$0</u>	<u>\$2,830,598</u>	<u>\$3,259,963</u>	<u>46.1</u>

	GF	CF	CFE	FF	Total	FTE
TOTAL	\$429,365	\$0	\$0	\$2,830,598	\$3,259,963	46.1
Increase/(Decrease)	\$13,091	\$0	\$0	(\$136,891)	(\$123,800)	0.0
Percentage Change	3.1%	n/a	n/a	-4.6%	-3.7%	0.0%

FTE Detail	FY 2002-03	FY 2003-04
Administrative Support	2.0	2.0
Air Traffic Controllers	7.0	7.0
Physical Plant	32.1	32.1
Security Guards	<u>5.0</u>	<u>5.0</u>
	46.1	46.1

General Fund Changes: The General Fund increase is due to \$18,000 to account for one-time savings associated with the shift in pay date for FY 2002-03. This is partially offset by a decrease of \$5,000 associated with the FY 2003-04 plan to reduce General Fund expenditures.

Federal Funds Changes: The \$137,000 federal fund decrease is due to a reduction of \$152,000 in federal matches for operations and maintenance agreements for Air National Guard facilities at Buckley and Greeley. This reduction is offset by an increase of \$15,000 in anticipated federal funds for the space command facility at Greeley.

Federal Funded Programs

Federal Funded Programs include funding for weekend and annual training for all members of the National Guard. These federal funds do not flow through the State's accounting system, but are shown for informational purposes to demonstrate the full scope of the Department's activities.

	GF	CF	CFE	FF	Total	FTE
FY 2002-03 Appropriation:						
HB 02-1420	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$116,727,204</u>	<u>\$116,727,204</u>	<u>1,055.0</u>
TOTAL	\$0	\$0	\$0	\$116,727,204	\$116,727,204	1,055.0
FY 2003-04 Appropriation:						
SB 03-258	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$116,727,204</u>	<u>\$116,727,204</u>	<u>1,055.0</u>
TOTAL	\$0	\$0	\$0	\$116,727,204	\$116,727,204	1,055.0

	GF	CF	CFE	FF	Total	FTE
Increase/(Decrease)	\$0	\$0	\$0	\$0	\$0	0.0
Percentage Change	n/a	n/a	n/a	0.0%	0.0%	0.0%

The appropriation reflects an estimate of federal funds available for federal FY 2002-03 (July - September of state FY 2003-04) and federal FY 2003-04 (October - June of state FY 2003-04) for the programs of the National Guard, which include weekend and two weeks per year training for each member of the Colorado National Guard. All figures are estimates based on the federal fiscal year and do not reflect any changes from the state FY 2002-03 appropriation. The appropriations to this division do not flow through the state's accounting system.

Civil Air Patrol

The Civil Air Patrol provides skilled volunteer personnel to assist in the following activities: search and rescue of missing and lost persons, the search and rescue of missing and downed aircraft, the airlift of blood, drugs, and medical supplies, the transport of Red Cross and state emergency personnel to disaster areas, and activities of the Office of Emergency Management during natural disasters.

	GF	CF	CFE	FF	Total	FTE
FY 2002-03 Appropriation:						
HB 02-1420	\$194,583	\$0	\$0	\$0	\$194,583	2.0
SB 03-197	(9,946)	0	0	0	(9,946)	0.0
SB 03-211	<u>(24,500)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(24,500)</u>	<u>0.0</u>
TOTAL	\$160,137	\$0	\$0	\$0	\$160,137	2.0
FY 2003-04 Appropriation:						
SB 03-258	<u>\$105,063</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$105,063</u>	<u>1.0</u>
TOTAL	\$105,063	\$0	\$0	\$0	\$105,063	1.0
Increase/(Decrease)	(\$55,074)	\$0	\$0	\$0	(\$55,074)	(1.0)
Percentage Change	-34.4%	n/a	n/a	n/a	-34.4%	-50.0%

FTE Changes: The change in FTE results from the elimination of a General Professional position.

General Fund Changes: The General Fund decrease includes \$57,000 for the elimination of a position and \$13,000 for operating expenses. These decreases are partially offset by increases of \$10,000 to account for one-time savings associated with the shift in pay date for FY 2002-03 (S.B. 03-197) and \$5,000 for salary survey awarded in FY 2002-03.

Recent Legislation

2002 Session Bills

S.B. 02-50: For an explanation of this bill please see the Recent Legislation section in the Department of Corrections.

H.B. 02-1038: For an explanation of this bill please see the Recent Legislation section in the Department of Corrections.

H.B. 02-1413: Renames the department to the Department of Military and Veterans Affairs and creates the Division of Veterans Affairs in the department. Transfers appropriations associated with the Office of Adult and Veterans Services in the Department of Human Services made in H.B. 02-1420 to the newly named Department of Military and Veterans Affairs.

H.B. 02-1420: General appropriations act for FY 2002-03.

H.B. 02-1468: Authorizes the General Assembly to annually adjust the state contribution for health, life, and dental insurance effective CY 2004 through the Long Bill. For more information, refer to the bill description in the Department of Personnel and Administration.

2003 Session Bills

S.B. 03-19: For an explanation of this bill please see the Recent Legislation section in the Department of Public Health and Environment.

S.B. 03-197: Reduces personal services by \$202,228 General Fund, which represents anticipated June payroll (FY 2002-03) to be delayed until July (FY 2003-04). For more information, refer to the bill description in the Department of Personnel and Administration.

S.B. 03-211: Supplemental appropriation to the Department of Military and Veterans Affairs to modify the appropriation included in the FY 2002-03 Long Bill.

S.B. 03-258: General appropriations act for FY 2003-04.

S.B. 03-273: Eliminates the salary survey appropriation for FY 2003-04. For more information, refer to the bill description in the Department of Personnel and Administration.

S.B. 03-282: For an explanation of this bill please see the Recent Legislation section in the Department of Public Health and Environment.

H.B. 03-1249: Authorizes the Adjutant General to appoint assistant adjutant generals for army, air, and space, and those that may be authorized for other purposes by the federal National Guard Bureau. The bill also establishes the Military and Veterans Affairs Fund, which supports the activities of the Department, and the Distance Learning Cash Fund, which will be used to defray costs associated with the operations of distance learning facilities. Both cash funds are continuously appropriated and thus the bill does not contain an appropriations clause affecting the Department for FY 2003-04.

H.B. 03-1316: Alters the manner in which group benefit plans coverage is calculated for Health, Life, and Dental appropriations. For more information, refer to the bill description in the Department of Personnel and Administration.

DEPARTMENT OF NATURAL RESOURCES

The Department is responsible for developing, protecting and enhancing Colorado's natural resources for the use and enjoyment of the state's present and future residents and visitors. The Department is comprised of the following agencies and divisions: Executive Director's Office, Minerals and Geology, Geological Survey, Oil and Gas Conservation Commission, State Board of Land Commissioners, Parks and Outdoor Recreation, Colorado Water Conservation Board, Water Resources Division, and the Division of Wildlife.

Department Budget: Recent Actual Expenditures and Appropriations

Funding Source	FY 2000-01 Actual	FY 2001-02 Actual	FY 2002-03 Approp.	FY 2003-04 Approp.
General Fund	\$28,960,018	\$24,446,680	\$22,351,948	\$19,555,677
General Fund Exempt	227,246	138,940	n/a	n/a
Cash Funds	78,774,968	30,968,195	33,451,378	38,486,630
Cash Funds Exempt	22,965,962	83,509,067	104,258,373	94,391,952
Federal Funds	<u>13,164,543</u>	<u>14,217,757</u>	<u>15,655,067</u>	<u>16,429,052</u>
Total Funds	\$144,092,737	\$153,280,639	\$175,716,766	\$168,863,311
Full Time Equiv. Staff	1,399.6	1,430.2	1,537.7	1,532.0

FY 2003-04 Budget Changes

Significant changes in appropriations for FY 2003-04 compared to FY 2002-03 include the following:

- The annualization of the savings from S.B. 03-181, which increased well-permitting fees and eliminated the General Fund subsidy of this function and saves an additional \$1.9 million in FY 2003-04, for a total of \$3.2 million General Fund attributable to the bill;
- A General Fund savings of \$1.4 million attributable to refinancing the Division of Water Resources with cash funds based on new fees pursuant to S.B. 03-278;
- An increase of \$1.3 million General Fund to account for the discontinuation of one-time savings associated with the FY 2002-03 shift in pay date;
- An increase of approximately \$572,000 cash funds and cash exempt funds and 8.0 FTE associated with four bills which address water management issues;

- ❑ A reduction in the Division of Parks and Outdoor Recreation of \$0.9 million General Fund and 13.7 FTE associated with annualizing FY 2002-03 base reductions and refinancing. This reduction is in addition to the \$0.3 million General Fund and 12.2 FTE reduced in FY 2002-03 that is continued in FY 2003-04, for a total reduction of \$1.2 million General Fund and 25.9 FTE;
- ❑ An increase of the financing of the State Land Board from cash funds to primarily cash funds exempt, thus allowing additional dollars to flow into the State Income Fund, and providing for approximately \$1.9 million in FY 2003-04 General Fund savings in the Department of Education, School Finance;
- ❑ The continuation of the refinancing of the Colorado Water Conservation Board implemented in FY 2002-03, results in a continued General Fund savings of \$1.7 million;
- ❑ An increase in the refinancing of the Division of Minerals and Geology for a savings of \$632,000 General Fund;
- ❑ An increase of \$200,000 cash funds exempt attributable to S.B. 03-290, which provided flexibility on fee setting for State Parks;
- ❑ The continuation of the refinancing of the Division of Water Resources, River Decision Support Systems implemented in FY 2002-03 for a continued savings of \$120,908 General Fund. The General Fund was refinanced with Colorado Water Conservation Board Construction Fund cash funds exempt dollars;
- ❑ The addition of \$124,000 cash funds exempt and 1.0 FTE for the State Land Board for management of the Lowry Range Project;
- ❑ The addition of \$104,000 cash funds exempt in one-time consultant expenses for the State Land Board to perform evaluation of Amendment 16 lands to ensure that the State has fulfilled its constitutional obligations on the properties; and
- ❑ A reduction in the Division of Wildlife budget of \$697,000 cash funds exempt including: \$250,000 in the Division Director's Office; Operating Expenses reflecting lower anticipated expenditures; \$150,000 in Biological Programs; Operating Expenses to reflect the discontinuation of FY 2002-03 one-time expenses associated with the Division's efforts to address chronic wasting disease; \$120,000 in Great Outdoors Colorado (GOCO) grant changes; \$90,000 in Regional Operations, Operating Expenses; and, \$87,000 in Special License Fund Projects, reflecting lower utilization of this program.

General Factors Driving the Budget

Funding for this department consists of 11.6 percent General Fund, 22.8 percent cash funds, 55.9 percent cash funds exempt, and 9.7 percent federal funds. Some of the most important factors driving the budget are reviewed below.

Great Outdoors Colorado (GOCO) Board Grants

Both the Division of Parks and Outdoor Recreation and the Division of Wildlife receive funding from the GOCO Board, as established in Article XXVII of the Colorado Constitution. These grants represent approximately 23 percent of the Department's total cash funds exempt funding, including capital appropriations. The GOCO grants are not subject to legislative authority, and thus are reflected in the Long Bill for information only.

The GOCO Grants to the Division of Parks and Outdoor Recreation are used for developing new parks (capital) as well as enhancing and maintaining existing parks (operating). The GOCO Grants to the Division of Wildlife are used for species protection, habitat development, watchable wildlife, and wildlife education.

Great Outdoors Colorado Board Grants	FY 99-00	FY 00-01	FY 01-02	FY 02-03	FY 03-04
Parks Capital Budget	\$0	\$0	\$4,636,600	\$2,942,000	\$10,360,000
Parks Operating Budget	<u>5,711,499</u>	<u>4,224,011</u>	<u>4,147,452</u>	<u>3,239,000</u>	<u>2,212,000</u>
Total GOCO Grants to Parks	\$5,711,499	\$4,224,011	\$8,784,052	\$6,181,000	\$12,572,000
<i>Percent of Parks' Budget</i>	<i>10.8%</i>	<i>9.5%</i>	<i>18.6%</i>	<i>13.3%</i>	<i>26.1%</i>
Wildlife Capital Budget	\$5,904,957	\$3,883,946	\$1,261,713	\$3,220,000	\$7,440,000
Wildlife Operating Budget	<u>4,499,185</u>	<u>7,048,192</u>	<u>6,998,261</u>	<u>7,180,000</u>	<u>8,060,000</u>
Total Grants to Wildlife	\$10,404,142	\$10,932,138	\$8,259,974	\$10,400,000	\$15,500,000
<i>Percent of DOW Budget</i>	<i>11.7%</i>	<i>12.5%</i>	<i>9.4%</i>	<i>10.4%</i>	<i>14.6%</i>

Division of Water Resources General Fund

This division receives approximately 61.3 percent of the Department's total General Fund appropriations. The majority of the Division's General Fund appropriation is attributable to personal services costs.

Division of Water Resources Long Bill General Fund	FY 99-00 Actual	FY 00-01 Actual	FY 01-02 Actual	FY 02-03 Approp.	FY 03-04 Approp.
General Fund - Division	\$14,483,423	\$14,894,023	\$15,169,012	\$13,339,717	\$11,988,966
<i>Percent Change</i>	<i>n/a</i>	<i>2.8%</i>	<i>1.8%</i>	<i>-12.1%</i>	<i>-10.1%</i>
Total Department General Fund	\$27,817,745	\$29,092,602	\$24,661,869	\$28,603,238	\$19,555,677
<i>Division GF As % of Department GF</i>	<i>52.1%</i>	<i>51.2%</i>	<i>61.5%</i>	<i>46.6%</i>	<i>61.3%</i>

Division of Wildlife

For FY 2003-04, the Division of Wildlife's \$79 million appropriation represents about 46.8 percent of the Department's total operating budget. The table below describes the various revenue sources used to fund the operation and management of the Division of Wildlife.

	FY 99-00 Actual	FY 00-01 Actual	FY 01-02 Actual	FY 02-03 Approp.	FY 03-04 Approp.
Wildlife Cash Fund	\$43,154,204	\$47,141,607	\$49,432,097	\$55,998,887	\$57,701,074
Federal Funds	11,009,212	8,391,165	9,295,986	9,455,731	10,246,134
Great Outdoors Colorado (GOCO) Board Grants	4,499,185	7,048,192	6,998,261	7,180,000	8,060,000
Habitat Partnership Cash Fund	1,258,627	1,340,102	1,321,401	1,800,004	1,800,004
Species Conservation Trust Fund	0	0	0	1,251,800	0
Colorado Outdoor Magazine Subscription Revenue	502,572	413,152	527,526	550,000	550,000
Nongame Wildlife Voluntary Tax Contributions	400,000	388,651	462,319	500,000	500,000
Other	<u>157,540</u>	<u>315,434</u>	<u>174,424</u>	<u>230,000</u>	<u>183,430</u>
Total DOW Budget	\$60,981,340	\$65,038,303	\$68,212,014	\$76,966,422	\$79,040,642

Severance Tax (Operational Account) Expenditures

The Operational Account of the Severance Tax Trust Fund was created to fund programs within the Department that promote responsible resource development, offset the environmental impacts of mineral and mineral fuel development, and encourage sound management of natural resources. Pursuant to S.B. 96-170, the distribution of funds amongst the programs is established by statute. As can be seen below, significant growth in severance tax expenditures occurred beginning in FY 2001-02 as a result of the refinancing of General Fund appropriations with severance tax revenues.

	FY 98-99 Actual	FY 99-00 Actual	FY 00-01 Actual	FY 01-02 Actual	FY 02-03 Approp.	FY 03-04 Approp.
Oil & Gas Conserv. Commission	\$1,672,926	\$2,174,019	\$2,061,999	\$1,375,810	\$1,398,965	\$1,804,719
Minerals & Geology	826,605	671,770	755,771	2,566,266	2,241,685	2,221,762
Geological Survey	790,000	1,312,601	1,226,364	2,139,019	2,118,530	1,984,135
Water Conservation Board	<u>275,000</u>	<u>500,000</u>	<u>585,000</u>	<u>628,750</u>	<u>628,750</u>	<u>628,750</u>
TOTAL ^{1/}	\$3,564,531	\$4,658,390	\$4,629,134	\$6,709,845	\$6,387,930	\$6,639,366
Annual % Expenditure Change	n/a	30.7%	-0.6%	44.9%	-4.8%	3.9%
Total Severance Tax Revenues ^{2/3/}	32,752,000	41,697,000	74,703,000	57,481,000	49,615,000	54,243,000
DNR Operational Account Revenues	8,188,000	10,424,250	18,675,750	14,370,250	12,403,750	13,560,750
DNR Expenditures as % of Operational Account Revenues	43.5%	44.7%	24.8%	46.7%	51.5%	49.0%

^{1/} Division expenditures only; does not reflect special legislation, including transfers to the General Fund.

^{2/} Fiscal Year 1998-99 revenues did not include interest earnings.

^{3/} Reflects the Legislative Council Staff Severance Tax Forecast.

Summary of FY 2002-03 and FY 2003-04 Appropriations

Total Department Appropriations

	GF	CF	CFE	FF	Total	FTE
FY 2002-03 Total Appropriation:	\$22,351,948	\$33,451,378	\$104,258,373	\$15,655,067	\$175,716,766	1,537.7
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Executive Director	5,598,240	5,638,921	11,536,291	1,152,849	23,926,301	58.6
Minerals and Geology	0	2,917,443	478,334	2,546,868	5,942,645	65.7
Geological Survey	0	2,317,981	1,130,136	1,147,618	4,595,735	37.0
Oil and Gas	0	2,301,177	928,498	105,460	3,335,135	34.0

	GF	CF	CFE	FF	Total	FTE
State Land Board	0	35,000	3,017,326	0	3,052,326	33.0
Parks	3,413,991	17,368,869	4,221,583	1,009,274	26,013,717	260.1
Water Conservation	0	931,877	13,642,680	223,409	14,797,966	38.5
Water Resources	13,339,717	1,940,110	1,792,834	13,858	17,086,519	246.6
Wildlife	0	0	67,510,691	9,455,731	76,966,422	764.2
<u>Breakdown of Total Appropriation by Bill</u>						
SB 02-50	(15,460)	0	0	0	(15,460)	0.0
SB 02-68	0	0	10,800	0	10,800	0.0
SB 02-87	0	0	100,000	0	100,000	0.0
HB 02-1038	(15,416)	0	0	0	(15,416)	0.0
HB 02-1084	0	0	5,868	0	5,868	0.0
HB 02-1152	0	0	6,636,500	0	6,636,500	0.0
HB 02-1414	0	48,000	0	0	48,000	0.0
HB 02-1420	28,611,495	33,121,563	90,903,472	15,602,779	168,239,309	1,552.9
HB 02-1468	22,619	16,588	37,485	2,439	79,131	0.0
SB 03-110	0	0	3,500,000	0	3,500,000	0.0
SB 03-181	(1,284,820)	1,284,820	0	0	0	0.0
SB 03-197	(1,316,324)	0	0	0	(1,316,324)	0.0
SB 03-212	(3,650,146)	(1,019,593)	3,064,248	49,849	(1,555,642)	(15.2)
FY 2003-04 Total Appropriation:						
	\$19,555,677	\$38,486,630	\$94,391,952	\$16,429,052	\$168,863,311	1,532.0
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Executive Director	4,336,345	5,347,538	9,743,122	1,054,263	20,481,268	57.6
Minerals and Geology	0	2,875,729	93,798	2,723,221	5,692,748	65.7
Geological Survey	0	2,260,865	1,162,392	1,166,479	4,589,736	37.0
Oil and Gas	0	3,178,453	12,640	99,133	3,290,226	34.0
State Land Board	0	40,000	3,335,513	0	3,375,513	34.0
Parks	3,230,366	17,860,599	4,434,601	1,027,915	26,553,481	246.4
Water Conservation	0	931,879	5,834,092	96,358	6,862,329	38.5

	GF	CF	CFE	FF	Total	FTE
Water Resources	11,988,966	5,991,567	981,286	15,549	18,977,368	254.6
Wildlife	0	0	68,794,508	10,246,134	79,040,642	764.2
<u>Breakdown of Total Appropriation by Bill</u>						
SB 03-45	0	401,460	0	0	401,460	8.0
SB 03-110	0	0	2,303,460	0	2,303,460	0.0
SB 03-258	21,623,217	36,559,993	93,148,085	16,593,248	167,924,543	1,524.0
SB 03-273	(648,209)	(233,131)	(1,353,682)	(163,245)	(2,398,267)	0.0
SB 03-278	(1,414,539)	1,689,539	0	0	275,000	0.0
SB 03-290	0	0	200,000	0	200,000	0.0
HB 03-1316	(4,792)	(1,511)	(5,911)	(951)	(13,165)	0.0
HB 03-1318	0	0	100,000	0	100,000	0.0
HB 03-1320	0	5,000	0	0	5,000	0.0
HB 03-1334	0	65,280	0	0	65,280	0.0
Increase/(Decrease)	(\$2,796,271)	\$5,035,252	(\$9,866,421)	\$773,985	(\$6,853,455)	(5.7)
Percentage Change	-12.5%	15.1%	-9.5%	4.9%	-3.9%	-0.4%

Detail of Appropriation by Administrative Section

Executive Director's Office

This office is responsible for the management and administration of the Department, including the following functional areas: departmental administration and policy development, human resources, accounting and purchasing, budgeting, and information technology services. The majority of funding comes from cash funds and cash funds exempt collected from various divisions, either in direct support of specific activities or for direct and indirect cost recoveries.

	GF	CF	CFE	FF	Total	FTE
FY 2002-03 Appropriation:						
SB 02-50	(\$15,460)	\$0	\$0	\$0	(\$15,460)	0.0
HB 02-1038	(15,416)	0	0	0	(15,416)	0.0
HB 02-1420	6,540,510	5,082,680	11,904,898	1,100,561	24,628,649	60.6
HB 02-1468	22,619	16,588	37,485	2,439	79,131	0.0

	GF	CF	CFE	FF	Total	FTE
SB 03-197	(104,542)	0	0	0	(104,542)	0.0
SB 03-212	<u>(829,471)</u>	<u>539,653</u>	<u>(406,092)</u>	<u>49,849</u>	<u>(646,061)</u>	<u>(2.0)</u>
TOTAL	\$5,598,240	\$5,638,921	\$11,536,291	\$1,152,849	\$23,926,301	58.6
FY 2003-04 Appropriation:						
SB 03-45	\$0	\$36,112	\$0	\$0	\$36,112	0.0
SB 03-258	4,989,346	5,546,068	11,027,715	1,218,459	22,781,588	57.6
SB 03-273	(648,209)	(233,131)	(1,353,682)	(163,245)	(2,398,267)	0.0
HB 03-1316	(4,792)	(1,511)	(5,911)	(951)	(13,165)	0.0
HB 03-1318	<u>0</u>	<u>0</u>	<u>75,000</u>	<u>0</u>	<u>75,000</u>	<u>0.0</u>
TOTAL	\$4,336,345	5,347,538	9,743,122	1,054,263	20,481,268	57.6
Increase/(Decrease)	(\$1,261,895)	(\$291,383)	(\$1,793,169)	(\$98,586)	(\$3,445,033)	(1.0)
Percentage Change	-22.5%	-5.2%	-15.5%	-8.6%	-14.4%	-1.7%

FTE Detail	FY 2002-03	FY 2003-04
Administration and Policy	10.0	10.0
Budgeting	2.0	2.0
Human Resources	10.0	10.0
Accounting	21.6	21.6
Information Technology Services	<u>15.0</u>	<u>14.0</u>
	58.6	57.6

FTE Changes: The appropriation reflects a decrease of 1.0 FTE associated with the elimination of a vacant Information Technology Services position.

General Fund Changes: The reduction in the General Fund appropriation is associated with the elimination of performance based pay and salary survey as well as the refinancing of the Division of Minerals and Geology.

Cash Funds Changes: The decrease in the cash funds appropriation is primarily attributable to the elimination of performance-based pay and reduced salary survey payments. The decrease is also attributable to reduced cash funds spending for the State Land Board associated with further refinancing of this division from cash funds to cash funds exempt.

Cash Funds Exempt Changes: The cash funds exempt decrease is primarily attributable to the elimination of performance-based pay and salary survey payments and the reduction of the 1.0 FTE offset by increases in cash funds exempt refinancing of the State Land Board.

Federal Funds Changes: The net decrease in federal funds reflected is attributable to the elimination of salary survey increases pursuant to S.B. 03-273, offset somewhat by additional federal funds available for the Division of Minerals and Geology.

Minerals and Geology

This division includes the following four programs:

- ❑ **Coal Land Reclamation** - This program protects society and the environment from the adverse effects of coal mining, as well as complying with the requirements of the federal Surface Mining Control and Reclamation Act. This includes the requirement that lands impacted by coal operations are reclaimed in such a manner that the land may be beneficially used after the mining is completed. Cash funding for this program is from the Operational Account of the Severance Tax Trust Fund.
- ❑ **Inactive Mines** - This program safeguards mine openings, inspects and monitors mine sites, and reclaims abandoned mines. Annually, this program safeguards about 300 mine openings. Cash funding for this program is from the Operational Account of the Severance Tax Trust Fund.
- ❑ **Minerals** - This program issues and enforces mining and reclamation permits for all non-coal mines in Colorado on state, federal, and private lands. Cash Funds are from the Operational Account of the Severance Tax Trust Fund and from permit fees. Cash Funds Exempt expenditures are from spending reserves in the Mined Land Reclamation Fund.
- ❑ **Mine Safety Training** - This program regulates active mines for safety, inspects tourist mines, performs safety audits, administers certification programs for mining employees, provides training in mine rescue/safety, and regulates underground diesel equipment and mining explosives. Cash funds are from fees for certification of electricians, foremen, and other underground mining professionals, as well as from the Operational Account of the Severance Tax Trust Fund.

	GF	CF	CFE	FF	Total	FTE
FY 2002-03 Appropriation:						
HB 02-1420	\$370,672	\$2,662,287	\$478,334	\$2,546,868	\$6,058,161	66.7
SB 03-212	<u>(370,672)</u>	<u>255,156</u>	<u>0</u>	<u>0</u>	<u>(115,516)</u>	<u>(1.0)</u>
TOTAL	\$0	\$2,917,443	\$478,334	\$2,546,868	\$5,942,645	65.7

	GF	CF	CFE	FF	Total	FTE
FY 2003-04 Appropriation:						
SB 03-258	\$0	\$2,875,729	\$93,798	\$2,723,221	\$5,692,748	65.7
TOTAL	\$0	\$2,875,729	\$93,798	\$2,723,221	\$5,692,748	65.7
Increase/(Decrease)	\$0	(\$41,714)	(\$384,536)	\$176,353	(\$249,897)	0.0
Percentage Change	n/a	-1.4%	-80.4%	6.9%	-4.2%	0.0%

FTE Detail	FY 2002-03	FY 2003-04
Coal Reclamation	23.0	23.0
Inactive Mines	13.8	13.8
Minerals	22.9	22.9
Mine Safety Training	6.0	6.0
	65.7	65.7

Cash Funds Changes: The decrease in cash funds is attributable to increased cash funds exempt reserves from the Mined Land Reclamation Fund which lowers the amount of cash funds from the Operational Account of the Severance Tax Trust Fund.

Cash Funds Exempt Changes: The net decrease in the cash funds exempt is primarily attributable to the elimination of \$487,000 of emergency response costs, offset by an increase of \$100,000 in enhanced expenditures from the Mined Land Reclamation Fund.

Federal Funds Changes: The increase in federal funds reflected is associated with additional Coal Land Reclamation federal funds available from the Office of Surface Mining.

Geological Survey

This division includes the following three programs:

- **Environmental and Geological Hazards** - This program is designed to lessen the impact of, and increase the awareness and understanding of geological hazards in Colorado. This program includes three main activities: (1) providing technical assistance on geological hazards; (2) acquiring data to better understand geological conditions and hazards; and (3) performing mandatory geological land use reviews of subdivisions and school sites, as well as other non-mandatory reviews performed upon request for local governments and state agencies. Cash funds for this program are from the Operational Account of the Severance

Tax Trust Fund and from fees for geological services. Cash funds exempt reflect moneys earned for performing geological work for other state agencies, including moneys from the Colorado Department of Transportation for rock fall mitigation work along state highways.

- ❑ **Mineral Resources and Mapping** - This program promotes the development of the state's mineral resources through the publication and distribution of maps, reports, and presentations on geological conditions, mineral potential, mineral reserves, and actual mineral production. This program also includes the geological mapping subprogram, which provides useful information on the basic geological structures and formations in mapped areas.

- ❑ **Colorado Avalanche Information Center** - This program provides avalanche forecasting services and education to back country recreation users, industry, and travelers. The cash funds for this program are from the Operational Account of the Severance Tax Trust Fund as well as from training and publication fees. Cash funds exempt funding includes: (1) the transfer of money from the Colorado Department of Transportation to provide assistance in monitoring and mitigating avalanche dangers along State Highways; and (2) donations from recreational user groups and other individuals and groups.

	GF	CF	CFE	FF	Total	FTE
FY 2002-03 Appropriation:						
HB 02-1420	\$0	\$2,317,981	\$1,130,136	\$1,147,618	\$4,595,735	37.0
TOTAL	\$0	\$2,317,981	\$1,130,136	\$1,147,618	\$4,595,735	37.0
FY 2003-04 Appropriation:						
SB 03-258	\$0	\$2,260,865	\$1,162,392	\$1,166,479	\$4,589,736	37.0
TOTAL	\$0	\$2,260,865	\$1,162,392	\$1,166,479	\$4,589,736	37.0
Increase/(Decrease)	\$0	(\$57,116)	\$32,256	\$18,861	(\$5,999)	0.0
Percentage Change	n/a	-2.5%	2.9%	1.6%	-0.1%	0.0%

FTE Detail	FY 2002-03	FY 2003-04
Environmental Geology and Geological Hazards	18.2	18.2
Mineral Resources and Mapping	11.5	11.5
Colorado Avalanche Information Center	<u>7.3</u>	<u>7.3</u>
	37.0	37.0

Cash Fund Changes: The net cash funds decrease is associated with a \$144,000 elimination in one-time funding associated with a FY 2002-03 initiative in the Mineral Resources and Mapping section, offset partly by increases in the Environmental Geology and Geological Hazards Program associated with the addition of FY 2002-03 salary survey increases.

Cash Funds Exempt and Federal Funds Changes: The slight increase in the cash funds exempt appropriated and the increase in federal funds reflected are associated with the addition of FY 2002-03 salary survey increases.

Oil and Gas Conservation Commission

The Commission is responsible for promoting the exploration, development, and conservation of Colorado's oil and natural gas resources in a responsible fashion. To achieve these goals, the Commission promulgates regulations governing oil and gas development, issues permits, enforces laws and regulations, maintains a financial surety program to ensure proper reclamation of well sites, and provides information to the public and industry pertaining to oil and gas production. The Commission also has the authority to regulate oil and gas operations so as to protect public health, prevent significant adverse environmental impacts, prevent waste, and protect correlative rights. In addition to enforcement, this responsibility involves answering complaints and inquiries, responding to oil and gas spills and other environmental emergencies at production sites, managing plugging and reclamation work at abandoned well sites, and performing baseline water quality studies. There are an estimated 24,000 active oil and gas wells in Colorado. Cash funds are provided by a mix of severance tax revenues and a mill levy on the value of oil and gas production. Cash funds exempt are from reserves in the Environmental Response Fund created pursuant to Section 34-60-122 (1), C.R.S. Federal funds are from the U.S. Environmental Protection Agency for regulating the underground injection of oil and gas production wastes, as well as the injection of liquids underground to enhance fuel recovery.

	GF	CF	CFE	FF	Total	FTE
FY 2002-03 Appropriation:						
HB 02-1420	\$0	\$2,801,177	\$428,498	\$105,460	\$3,335,135	34.0
SB 03-212	<u>0</u>	<u>(500,000)</u>	<u>500,000</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$0	\$2,301,177	\$928,498	\$105,460	\$3,335,135	34.0
FY 2003-04 Appropriation:						
SB 03-258	<u>\$0</u>	<u>\$3,178,453</u>	<u>\$12,640</u>	<u>\$99,133</u>	<u>\$3,290,226</u>	<u>34.0</u>
TOTAL	\$0	\$3,178,453	\$12,640	\$99,133	\$3,290,226	34.0

	GF	CF	CFE	FF	Total	FTE
Increase/(Decrease)	\$0	\$877,276	(\$915,858)	(\$6,327)	(\$44,909)	0.0
Percentage Change	n/a	38.1%	-98.6%	-6.0%	-1.3%	0.0%

FTE Detail	FY 2002-03	FY 2003-04
Oil and Gas Conservation Commission (State funded)	32.0	32.0
Underground Injection Control Program (federally funded)	<u>2.0</u>	<u>2.0</u>
	34.0	34.0

Cash Funds Changes: The increase in the cash funds appropriation is primarily attributable to the discontinuation of FY 2002-03 one-time refinancing of Severance Tax projects with \$0.9 million from cash funds exempt from the Environmental Response Fund. The cash funds exempt that were refinanced in FY 2002-03 are replaced with Severance Tax Trust Fund, Operational Account dollars.

Cash Funds Exempt Changes: The decrease in the cash funds exempt appropriation is attributable to the discontinuation of the FY 2002-03 one-time refinancing noted above.

Federal Funds Changes: The slight decrease in federal funds reflected is associated with slightly lower federal funded indirect recoveries.

State Board of Land Commissioners

The five member volunteer Board is responsible for managing 2.6 million surface acres and 4.5 million mineral acres of state lands for the benefit of eight trusts, as well as managing 300,000 acres for a Stewardship Trust designed to preserve the long-term value of designated lands. Appropriations to this division support daily management of state lands carried out by the Director and staff in the six district offices throughout the state, and minerals, real estate, finance, and operations sections. Funding includes cash funds and cash funds exempt from revenue earned.

	GF	CF	CFE	FF	Total	FTE
FY 2002-03 Appropriation:						
HB 02-1420	\$0	\$1,316,247	\$1,736,079	\$0	\$3,052,326	33.0
SB 03-212	<u>0</u>	<u>(1,281,247)</u>	<u>1,281,247</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$0	\$35,000	\$3,017,326	\$0	\$3,052,326	33.0
FY 2003-04 Appropriation:						
SB 03-258	<u>\$0</u>	<u>\$40,000</u>	<u>\$3,335,513</u>	<u>\$0</u>	<u>\$3,375,513</u>	<u>34.0</u>

	GF	CF	CFE	FF	Total	FTE
TOTAL	\$0	\$40,000	\$3,335,513	\$0	\$3,375,513	34.0
Increase/(Decrease)	\$0	\$5,000	\$318,187	\$0	\$323,187	1.0
Percentage Change	n/a	14.3%	10.5%	n/a	10.6%	3.0%

FTE Detail	FY 2002-03	FY 2003-04
Director/Operations	6.0	6.0
Field Operations	12.0	12.0
Minerals Section	6.0	6.0
Real Estate Section	4.0	5.0
Financial Section	<u>5.0</u>	<u>5.0</u>
	33.0	34.0

FTE Changes: The appropriation reflects an increase of 1.0 FTE to manage the 26,000 acre Lowry Range Project.

Cash Funds Changes: The increase in cash funds reflects the share of cash fund costs allocated by trusts managed. The cash funds appropriation maintains the financing methodology implemented in FY 2002-03; this financing methodology increases the portion of the State Land Board's administrative costs that are borne by cash funds exempt, resulting in an offset of funds that would otherwise flow into the Permanent Fund. This action allows additional dollars to flow into the State Income Fund, which provides approximately \$1.9 million in FY 2003-04 General Fund savings in the Department of Education, School Finance.

Cash Funds Exempt Changes: The cash funds exempt net increase is primarily associated with the following increases: \$124,000 associated with the Lowry Range Project, \$104,000 associated with the Stewardship Trust (Amendment 16) administration and baseline inventory, and \$103,000 associated with the addition of FY 2002-03 salary survey. The increases are partially offset by a \$10,000 decrease in indirect cost assessments.

Parks and Outdoor Recreation

This division manages approximately 41 established parks, five new park projects, and statewide recreation programs, including the snowmobile program, off-highway vehicle program, river outfitters regulation, and the Colorado Natural Areas Program. State parks are estimated to have 11,565,810 visitors in FY 2003-04. Cash fee revenue comprises approximately 67 percent of the total operating budget funding, excluding centrally appropriated items (POTS) in the Executive Director's Office. For FY 2003-04, the General Fund supports approximately 12 percent of the division's costs,

excluding centrally appropriated amounts, and grants from Great Outdoors Colorado represent the bulk of cash funds exempt.

	GF	CF	CFE	FF	Total	FTE
FY 2002-03 Appropriation:						
HB 02-1420	\$4,407,692	\$17,371,012	\$4,121,846	\$1,009,274	\$26,909,824	272.3
SB 03-197	(215,031)	0	0	0	(215,031)	0.0
SB 03-212	<u>(778,670)</u>	<u>(2,143)</u>	<u>99,737</u>	<u>0</u>	<u>(681,076)</u>	<u>(12.2)</u>
TOTAL	\$3,413,991	\$17,368,869	\$4,221,583	\$1,009,274	\$26,013,717	260.1
FY 2003-04 Appropriation:						
SB 03-258	\$3,230,366	\$17,860,599	\$4,234,601	\$1,027,915	\$26,353,481	246.4
SB 03-290	<u>0</u>	<u>0</u>	<u>200,000</u>	<u>0</u>	<u>200,000</u>	<u>0.0</u>
TOTAL	\$3,230,366	\$17,860,599	\$4,434,601	\$1,027,915	\$26,553,481	246.4
Increase/(Decrease)	(\$183,625)	\$491,730	\$213,018	\$18,641	\$539,764	(13.7)
Percentage Change	-5.4%	2.8%	5.0%	1.8%	2.1%	-5.3%

FTE Detail	FY 2002-03	FY 2003-04
Administration	17.0	17.0
Field Services	10.5	10.5
Statewide Programs	7.0	7.0
Established Parks Field Staff	204.3	190.6
New State Parks and Other Programs	<u>21.3</u>	<u>21.3</u>
	260.1	246.4

FTE Changes: The appropriation reflects a decrease of 13.7 FTE. This decrease is associated with the annualization of FY 2002-03 base reductions of 12.2 FTE, for a total cumulative reduction of 25.9 FTE of base reductions.

General Fund Changes: The net General Fund decrease is primarily attributable to reductions of \$825,000 associated with annualizing the base reductions noted above and a reduction of \$100,000 associated with a refinancing with GOCO funds for related activities. These decreases are partially offset by increases of \$498,000 for FY 2002-03 salary survey and \$215,000 added to account for one-time savings associated with the shift in pay date in FY 2002-03.

Cash Funds Changes: The cash funds increase is attributable to the following increases: (1) \$214,000 associated with increased indirect cost payments; (2) \$164,000 associated with the Snowmobile Program; (3) \$57,000 associated with rehabilitation of the Rifle Gap State Park; (4) \$35,000 associated with the Off-Highway Vehicle Program; and (5) PERA contribution increases.

Cash Funds Exempt Changes: The increase in the cash funds exempt appropriation is primarily attributable to S.B. 03-290 which granted flexibility on fees and appropriated \$200,000 from the Stores Revolving Fund and to a lesser extent attributable to GOCO funding changes.

Federal Funds Changes: The increased federal funds reflected is primarily associated with increased federal grants anticipated to be received from the U.S. Coast Guard for boat safety. Approximately one-half of the grants are distributed to local government sponsored projects and one-half is for state sponsored projects.

Colorado Water Conservation Board

Under the guidance of the Board, this division is responsible for protecting, conserving, and developing the state's water resources to realize the greatest utilization for present and future water users, and to minimize the risk of flood damage and associated economic loss. The Colorado Water Conservation Board is divided into two main functional areas: administration and special purpose programs. From FY 1994-95 until FY 2000-01, funding for the administration section was supported by 50 percent General Fund and 50 percent cash funds exempt from reserves in the Colorado Water Conservation Board Construction Fund. Beginning in FY 2001-02, General Fund was replaced with cash funds exempt from the Colorado Water Conservation Board Construction Fund. Special purpose programs are generally supported by specific cash funds or cash funds exempt sources and/or federal funds.

	GF	CF	CFE	FF	Total	FTE
FY 2002-03 Appropriation:						
SB 02-68	\$0	\$0	\$10,800	\$0	\$10,800	0.0
SB 02-87	0	0	100,000	0	100,000	0.0
HB 02-1152	0	0	6,332,500	0	6,332,500	0.0
HB 02-1420	1,312,723	931,877	2,377,359	223,409	4,845,368	38.5
SB 03-110	0	0	3,500,000	0	3,500,000	0.0
SB 03-212	<u>(1,312,723)</u>	<u>0</u>	<u>1,322,021</u>	<u>0</u>	<u>9,298</u>	<u>0.0</u>
TOTAL	\$0	\$931,877	\$13,642,680	\$223,409	\$14,797,966	38.5
FY 2003-04 Appropriation:						
SB 03-110	\$0	\$0	\$1,900,460	\$0	\$1,900,460	0.0

	GF	CF	CFE	FF	Total	FTE
SB 03-258	<u>0</u>	<u>931,879</u>	<u>3,933,632</u>	<u>96,358</u>	<u>4,961,869</u>	<u>38.5</u>
TOTAL	\$0	\$931,879	\$5,834,092	\$96,358	\$6,862,329	38.5
Increase/(Decrease)	\$0	\$2	(\$7,808,588)	(\$127,051)	(\$7,935,637)	0.0
Percentage Change	n/a	0.0%	-57.2%	-56.9%	-53.6%	0.0%

FTE Detail	FY 2002-03	FY 2003-04
Administration	7.8	7.8
Water Supply Protection	7.9	7.9
Water Supply Planning and Finance	8.5	8.5
Flood Protection	4.3	4.3
Stream and Lake Protection	7.0	7.0
Water Information	<u>3.0</u>	<u>3.0</u>
	38.5	38.5

Cash Funds Exempt Changes: The net cash funds exempt decrease is primarily associated with the following: (1) elimination of \$6.3 million from the Colorado Water Conservation Board Construction Fund appropriated in H.B. 02-1152; and (2) a decrease of \$1.6 million associated with S.B. 03-110. Senate Bill 03-110 appropriated \$3.5 million that will be spent in FY 2002-03 and \$1.9 million in FY 2003-04. This decrease is offset somewhat by increases associated with the addition of FY 2002-03 salary survey payments.

Federal Funds Changes: The decrease in federal funds reflected is attributable to the elimination of federal funds reflected for the Water Conservation Program. These federal funds have been neither available nor spent for several years.

Water Resources Division

This division, also called the Office of the State Engineer, is primarily responsible for administration of water resources. This includes daily oversight of allocation within the state and downstream interstate compact compliance, monitoring of water supply through streamflow measurements, and groundwater regulation. The Division administers 88,487 direct flow water rights. The Division is also responsible for ensuring public safety through regulating dam safety and groundwater well construction. Finally, the office collects, preserves, and provides current and historic water records and information. The General Fund provides approximately 63.2 percent of the Division's funding, excluding associated POTS appropriated in the Executive Director's Office. Additionally, the Water Conservation Board Construction Fund provides the bulk of cash funds exempt.

	GF	CF	CFE	FF	Total	FTE
FY 2002-03 Appropriation:						
HB 02-1152	\$0	\$0	\$304,000	\$0	\$304,000	0.0
HB 02-1414	0	48,000	0	0	48,000	0.0
HB 02-1420	15,979,898	638,302	1,320,424	13,858	17,952,482	246.6
SB 03-181	(1,284,820)	1,284,820	0	0	0	0.0
SB 03-197	(996,751)	0	0	0	(996,751)	0.0
SB 03-212	<u>(358,610)</u>	<u>(31,012)</u>	<u>168,410</u>	<u>0</u>	<u>(221,212)</u>	<u>0.0</u>
TOTAL	\$13,339,717	\$1,940,110	\$1,792,834	\$13,858	\$17,086,519	246.6
FY 2003-04 Appropriation:						
SB 03-45	\$0	\$365,348	\$0	\$0	\$365,348	8.0
SB 03-110	0	0	403,000	0	403,000	0.0
SB 03-258	13,403,505	3,866,400	553,286	15,549	17,838,740	246.6
SB 03-278	(1,414,539)	1,689,539	0	0	275,000	0.0
HB 03-1318	0	0	25,000	0	25,000	0.0
HB 03-1320	0	5,000	0	0	5,000	0.0
HB 03-1334	<u>0</u>	<u>65,280</u>	<u>0</u>	<u>0</u>	<u>65,280</u>	<u>0.0</u>
TOTAL	\$11,988,966	\$5,991,567	\$981,286	\$15,549	\$18,977,368	254.6
Increase/(Decrease)	(\$1,350,751)	\$4,051,457	(\$811,548)	\$1,691	\$1,890,849	8.0
Percentage Change	-10.1%	208.8%	-45.3%	12.2%	11.1%	3.2%

FTE Detail	FY 2002-03	FY 2003-04
State Engineer and Deputies	4.0	4.0
Administration	28.5	28.5
Water Division Staff	164.1	164.1
Engineering Technology, Investigations	16.0	16.0
Water Supply, Interstate Compacts, Ground Water	<u>34.0</u>	<u>42.0</u>
	246.6	254.6

FTE Changes: The increase in FTE is attributable to 8.0 FTE added in S.B. 03-45 for water well inspections.

General Fund Changes: The net General Fund decrease is primarily attributable to S.B. 03-278, which implemented water administration fees for a General Fund savings of \$1.4 million. Also factoring into the General Fund decrease is the annualization of S.B. 03-181, which increased well-permitting fees and eliminated the General Fund subsidy of this function and saves an additional \$1.9 million in FY 2003-04, for a total of \$3.2 million General Fund attributable to the bill. This savings is offset by increases of approximately \$1.0 million added to account for one-time savings associated with the shift in pay date in FY 2002-03, \$0.8 million for FY 2002-03 salary survey increases, with the remainder attributable to the restoration of funding reductions taken in FY 2002-03.

Cash Funds Changes: The cash funds increase is primarily attributable to the following factors: (1) annualization of S.B. 03-181 and an associated \$1.9 million increase, mentioned above; (2) \$1.7 million attributable to S.B. 03-278, also mentioned above; (3) \$365,000 associated with S.B. 03-45; (4) \$65,000 associated with H.B. 03-1334; and, (4) \$5,000 associated with H.B. 03-1320.

Cash Funds Exempt Changes: The decrease in cash funds exempt is primarily attributable to the elimination of funding for expenses associated with the Republican River Compact litigation and the Arkansas River litigation, funded from the Colorado Water Conservation Board Construction Fund.

Federal Funds Changes: The slight federal funds increase reflected is associated with the Division's indirect cost assessments.

Division of Wildlife

This section contains appropriations for thirteen major programs, including the following: Wildlife Habitat, Wildlife Species, Hunting Recreation, Fishing Recreation, Watchable Wildlife, Law Enforcement, Licensing, Wildlife Education, Wildlife Information, Customer Service, Public Policy, Human Resources, and Internal Systems. These programs are funded through the following budget sections:

- ☐ Director's Office. The Director's Office is responsible for the overall management and oversight of Division activities. The section works closely with the Wildlife Commission, the Executive Director of the department, the Governor, the Legislature, constituents, and employees in the development and implementation of wildlife policies and regulations. This program includes division-wide planning, budgeting and evaluation activities, and management of the division grant programs. This program also includes support to the Colorado Wildlife Commission. Special projects, most of which involve extensive public participation and involvement, are managed under this section (e.g., updating the Division's strategic plan, formation of task forces to address Chronic Wasting Disease, Whirling Disease, etc.).

- ❑ Biological Programs. This section manages Colorado’s aquatic and terrestrial wildlife and their habitats to provide a diversity of fishing and hunting opportunities to the public while preserving and protecting species and habitats. The Aquatic, Terrestrial, Habitat Conservation, and Human Dimension units under biological programs are responsible for a variety of work that protects the diversity of Colorado’s wildlife resources and promotes outdoor wildlife recreational opportunities for the public.
- ❑ Fish Hatcheries. This section is responsible for managing and operating the Division’s 18 fish hatchery facilities located across the state. The hatchery system produces, transports and stocks Colorado’s waters with a variety of native and non-native fish.
- ❑ Regional Operations. The Division's three Regions (and 18 Areas within those regions) serve as the central point of contact for the public at the local level. Regional focus is on providing quality customer service, enforcing wildlife statutes, working with county land use planners, managing division properties, informing the public, and providing educational opportunities in their respective areas.
- ❑ Information and Education. The section is responsible for providing the public with information on wildlife and wildlife related issues through the production and publication of a variety of information materials, interaction with the media, and access to the Division’s internet site. The section also designs and provides public outreach and education programs to increase the public’s knowledge and appreciation of wildlife.
- ❑ Law Enforcement. This section directs the division’s law enforcement activities at a statewide level. The section is responsible for law enforcement planning and policy development, internal and external training of law enforcement personnel on wildlife related laws, evaluation and revision of internal law enforcement procedures, coordination of all special investigations, collection of law enforcement data, and criminal records management. This program is funded entirely from the Wildlife Cash Fund.
- ❑ Information Technology. This section supports the Division’s information technology (IT) systems necessary for core division-wide activities by providing computer and communications infrastructure, asset management, user support, standardized software applications, internet oversight, development of IT policies and plans, and the development and maintenance of new and existing business applications.
- ❑ Engineering Services. The engineering section is responsible for managing all aspects of the Division’s capital construction program including the project selection, planning, project design and construction on Division-owned properties and facilities. The section also manages the agency’s Dam Safety Program, which requires working closely with the Division of Water Resources. Activities include periodic dam maintenance inspections, emergency action plan development, monitoring, construction improvement and restoration.

- Support Services. This section supports the agency by providing various administrative services (human resources, procurement, accounting, contracting, licensing) to all division programs. Support functions include accounting of financial transactions, procuring goods and services, preparing contracts and legal documents, operating and maintaining non-regional administrative facilities and vehicles, issuing and accounting for the hunting and fishing licenses, and all human resource activities associated with maintaining a highly qualified and diverse workforce.

Cash funds exempt in the Division include the following: (1) hunting and fishing license revenue deposited into the Wildlife Cash Fund; (2) GOCO Board grant awards; and (3) voluntary nongame wildlife income tax checkoff contributions. Federal funding is predominantly from the federal Aid in Wildlife Restoration ("Pittman-Robertson") funds and from Sportfish Restoration Act ("Dingell-Johnson") funds.

	GF	CF	CFE	FF	Total	FTE
FY 2002-03 Appropriation:						
HB 02-1084	\$0	\$0	\$5,868	\$0	\$5,868	0.0
HB 02-1420	0	0	67,405,898	9,455,731	76,861,629	764.2
SB 03-212	<u>0</u>	<u>0</u>	<u>98,925</u>	<u>0</u>	<u>98,925</u>	<u>0.0</u>
TOTAL	\$0	\$0	\$67,510,691	\$9,455,731	\$76,966,422	764.2
FY 2003-04 Appropriation:						
SB 03-258	<u>\$0</u>	<u>\$0</u>	<u>\$68,794,508</u>	<u>\$10,246,134</u>	<u>\$79,040,642</u>	<u>764.2</u>
TOTAL	\$0	\$0	\$68,794,508	\$10,246,134	\$79,040,642	764.2
Increase/(Decrease)	\$0	\$0	\$1,283,817	\$790,403	\$2,074,220	0.0
Percentage Change	n/a	n/a	1.9%	8.4%	2.7%	0.0%

FTE Detail	FY 2002-03	FY 2003-04
Director's Office	19.0	18.0
Biological Programs	227.5	235.3
State Fish Hatcheries	93.6	93.6
Regional Operations	294.5	289.7
Information and Education	38.5	36.5
Law Enforcement	10.3	10.3

FTE Detail	FY 2002-03	FY 2003-04
Information Technology	18.0	18.0
Engineering	21.3	21.3
Support Services	<u>41.5</u>	<u>41.5</u>
	764.2	764.2

Cash Funds Exempt Changes: The net cash funds exempt increase reflects \$1.8 million in FY 2002-03 salary survey increases, and, \$0.1 million for the Division's indirect cost assessments. This is offset by reductions of \$697,000 associated with the following: \$250,000 in the Division Director's Office; Operating Expenses reflecting lower anticipated expenditures; \$150,000 in Biological Programs; Operating Expenses to reflect the discontinuation of FY 2002-03 one-time expenses associated with the Division's efforts to address chronic wasting disease; \$120,000 in GOCO fund decreases; \$90,000 in Regional Operations, Operating Expenses; and, \$87,000 in Special License Fund Projects, reflecting lower utilization of this program.

The budget reflects a cost-neutral re-prioritization of \$405,000 cash funds exempt and 6.8 FTE among the Division's line items. This change adjusts the funding amongst the various line items but does not affect the total funding. This change includes a reduction of \$84,000 associated with the elimination of funding for the Department of Education Partnership, which drives a commensurate change in the Department of Education.

Federal Funds Changes: The federal funds increase reflects an increase in federal grants anticipated to be received.

Recent Legislation

2002 Session Bills

S.B. 02-50: For an explanation of this bill please see the Recent Legislation section in the Department of Corrections.

S.B. 02-68: Authorizes each appointed member of the board who is not a full-time state employee to receive a per diem allowance of \$50 for each day actually and necessarily spent in the discharge of official duties. Appropriates \$10,800 cash funds exempt from the Colorado Water Conservation Board Construction Fund.

S.B. 02-87: Creates an income tax checkoff to allow Colorado citizens the opportunity to support local watershed efforts by allowing citizens to make a voluntary contribution on their state income tax returns for income tax years commencing on or after January 1, 2002, to January 1, 2005.

Appropriates \$100,000 cash funds exempt from the Colorado Watershed Protection Fund to the Water Conservation Board.

H.B. 02-1038: For an explanation of this bill please see the Recent Legislation section in the Department of Corrections.

H.B. 02-1041: Establishes the intent of the General Assembly that a year end balance be maintained in the Operational Account of the Severance Tax Trust Fund equal to twice the current year funding for severance tax programs in the Department of Natural Resources. During a revenue crisis, the requirement to maintain two years of funding in the balance of the Operational Account is waived and moneys may be loaned for other purposes. However, such loans shall be repaid as soon as moneys are available.

H.B. 02-1084: Increases the membership of the Wildlife Commission from ten to eleven members by adding an additional, at-large Commission member. Appropriates \$5,868 cash funds exempt from the Wildlife Cash Fund to the Division of Wildlife in FY 2002-03 for the per diem and travel costs of the additional Wildlife Commissioner.

H.B. 02-1152: Authorizes new loans from the Water Conservation Board Construction Fund (Construction Fund) for six projects totaling \$5.3 million, and two projects totaling \$26.0 million from the Severance Tax Trust Fund Perpetual Base Account (Perpetual Account). Authorizes decreases to prior loan authorizations from the Construction Fund for four projects totaling \$5.6 million, and one project from the Perpetual Account for \$0.9 million. Requires the transfer of any unreserved funds for the Ridges Basin dam construction of the Animas-La Plata project back to the Construction Fund.

Appropriates \$6.3 million cash funds exempt from the Construction Fund to the Water Conservation Board (Board). Specific projects include: (1) \$2.0 million for continued development of databases, surface and groundwater models, consumptive use models, and an overall water budget model associated with the South Platte River decision support system; (2) \$445,000 to refinance a feasibility study and preconstruction activities associated with the Long Hollow and Red Mesa Ward projects; (3) \$300,000 for completion of the Fountain Creek watershed project; (4) \$295,000 for data collection related to satellite monitoring, flood forecasting and warning, in-stream flow monitoring, compact protection, and decision support systems; (5) \$250,000 for establishment of a water education foundation and \$150,000 for the first annual grant to the Colorado Water Congress; (6) \$200,000 for rehabilitation of the Closed Basin project groundwater wells; (7) \$192,500 for continued development of the Chatfield reservoir reallocation study; (8) \$150,000 for continued document imaging; (9) \$150,000 for completion of a drainage and flood plain management criteria manual for the State; (10) \$100,000 for completion of flood plain maps; and (11) \$100,000 for operating expenses associated with Colorado's representation in the International Boundary and Water Commission, the Mexican delta, and Minute 306 to the 1944 treaty with Mexico. Of the total \$6.3 million appropriated, \$3.3 million is appropriated to the Board for allocation to other entities

or other funds. Appropriates \$304,000 cash funds exempt from the Construction Fund to the Division of Water Resources for ongoing maintenance of the satellite monitoring system.

Authorizes the Board to make loans of up to \$1.0 million without General Assembly approval. Makes the unappropriated balances in the Construction Fund and the Perpetual Account continuously appropriated for this purpose. Appropriates \$2.0 million from the Colorado River Recovery Program Loan Fund to the Colorado River Recovery Program for continued implementation of construction or improvement of certain water related projects in Colorado. Restores the Emergency Infrastructure Repair Cash Fund balance through a transfer of \$2.0 million from the Construction Fund. Changes current statute to leave a balance of \$2.0 million at the end of any fiscal year in the fund with any excess reverting to the Construction Fund, rather than the previous requirement that any balance revert to the Construction Fund. Restores the Flood Response Fund by a transfer of \$150,000 from the Construction Fund. Restores the Fish and Wildlife Resources Fund through a transfer of \$5.0 million from the Construction Fund. Authorizes direct application to the Board for grants in support of activities associated with Section 37-60-122.2, C.R.S. Repeals the Horse Creek basin account and requires that any unreserved funds be returned to the Construction Fund.

H.B. 02-1414: Authorizes the State Engineer to review and approve substitute water supply plans that allow out-of-priority diversions, prescribes the circumstances under which those plans may be approved, and establishes the procedures by which those plans shall be reviewed. Appropriates \$48,000 cash funds from the Ground Water Management Cash Fund to the Division of Water Resources.

H.B. 02-1420: General appropriations act for FY 2002-03.

H.B. 02-1468: For more information, refer to the bill description in the Department of Personnel and Administration.

2003 Session Bills

S.B. 03-45: Expands the regulation of water well construction contractors and pump installers by creating a well inspection program. Increases well-permit fees and establishes new fees. Appropriates \$401,460 cash funds from the Well Inspection Cash Fund and 8.0 FTE to the Department of Natural Resources for FY 2003-04.

S.B. 03-110: Authorizes new loans from the Water Conservation Board Construction Fund (Construction Fund) for three projects totaling \$20,800,000, and three projects totaling \$13,361,531 from the Severance Tax Trust Fund Perpetual Base Account (Perpetual Account). Decreases the amount of a prior loan from the Colorado Water Conservation Board Construction Fund by \$300,000 and decreases the amount of a prior loan from the Perpetual Account of the Severance Tax Trust Fund by \$77,000.

Appropriates \$3,500,000 cash funds exempt from the Construction Fund to the Water Conservation Board that are anticipated to be expended in FY 2002-03. Specific projects include: (1) \$3,000,000 for a statewide water supply initiative study; and (2) \$500,000 for the Colorado River Return Reconnaissance Study.

Appropriates \$1,900,460 cash funds exempt from the Construction Fund to the Water Conservation Board that are anticipated to be expended in FY 2003-04. Specific projects include: (1) \$500,000 for local communities, floodplain map modernization; (2) \$440,000 for instream flow decision support system; (3) \$295,000 for Local Communities, for technical assistance to covered entities (water conservation support); (4) \$231,000 for satellite monitoring and data collection related to instream flow; (5) \$150,000 for document imaging; (6) \$150,000 for the City of Greeley, Cache la Poudre River Floodway Project; (7) \$75,000 for the database pilot program; and, (8) \$59,460 for the United States Geological Survey, for the Gunnison River Streamflow Study.

Appropriates \$403,000 cash funds exempt from the Construction Fund to the Division of Water Resources for Satellite monitoring and data collection - flood forecasting. This amount is anticipated to be expended in FY 2003-04.

Transfers \$200,000 from the unreserved cash in the Colorado Water Conservation Board Construction Fund to the Small Project Feasibility Study Grant Fund; transfers \$2,000,000 from the Colorado Water Conservation Board Construction Fund to the Emergency Infrastructure Repair Loan Fund; and transfers \$150,000 from the Colorado Water Conservation Board Construction Fund to the Flood Response Fund.

Modifies the use of moneys in the Litigation Fund in the Colorado Water Conservation Board Construction Fund by changing authorized expenditure from a cap of \$4.0 million to the balance of the fund and expanding the use to other federal threats in addition to bypass flows.

S.B. 03-181: Increases well-permitting fees in order to enhance the self-sufficiency of the Division of Water Resources (State Engineer's Office) in the Department of Natural Resources. Reduces the FY 2002-03 Long Bill appropriation by \$1,284,820 General Fund and increases it by \$1,284,820 cash funds from the Ground Water Management Cash Fund.

S.B. 03-191: For purposes of augmenting General Fund revenues for FY 2002-03, requires the State Treasurer to transfer funds from various cash funds to the General Fund. With regard to the Department of Natural Resources, transfers \$7.1 million from the Severance Tax Operational Account to the General Fund on June 30, 2003. For more information, refer to the bill description in the Department of Education.

S.B. 03-197: Reduces personal services by \$1,316,324 General Fund, which represents anticipated June payroll (FY 2002-03) to be delayed until July (FY 2003-04). For more information, refer to the bill description in the Department of Personnel and Administration.

S.B. 03-212: Supplemental appropriation to the Department of Natural Resources to modify appropriations included in the FY 2002-03 Long Bill, H.B. 02-1420. Also includes a FY 2001-02 add-on appropriation that amends the appropriations included in the FY 2001-02 Long Bill, S.B. 01-212, as amended by H.B. 02-1379 and H.B. 02-1451.

S.B. 03-236: Submits a ballot measure to the voters at the 2003 general election to allow the Colorado Water Conservation Board to issue up to \$2.0 billion of water infrastructure revenue bonds to finance water infrastructure projects, with a total state repayment cost of \$4.0 billion. Provides that the bond proceeds be utilized by 2005 to begin construction of projects.

S.B. 03-258: General appropriations act for FY 2003-04. Note that the head notes to this act include provisions to set aside various funds administered by the Department of Natural Resources as portions of the state emergency reserve required under section 20 of article X of the state constitution.

S.B. 03-271: Transfers the following amounts to the General Fund: (1) \$240,000 from the Infant Immunization Fund on July 1, 2003; (2) the balance of moneys in the Advanced Technology Fund on June 1, 2003, and at the end of each quarter for FY 2003-04; (3) \$486,613 from the Emergency Response Cash Fund on July 1, 2003; (4) \$700,000 from the Off-Highway Vehicle Recreation Fund on January 1, 2004; and, (5) \$4.6 million from the operational account of the Severance Tax Trust Fund on June 30, 2004. Also transfers the balance of the Victims and Witness Assistance and Law Enforcement Fund to the General Fund on June 30, 2004, but not more than \$1.0 million of unencumbered funds. Also, the bill increases surcharges levied on criminal and traffic offenses by 30 percent, which should generate about \$4.5 million for the General Fund.

S.B. 03-273: Eliminates the salary survey appropriation for FY 2003-04. For more information, refer to the bill description in the Department of Personnel and Administration.

S.B. 03-278: Authorizes the State Engineer to establish and collect annual water administration fees to cover costs associated with administration of appropriative water rights and creates the Water Administration Cash Fund to receive such fees. Reduces the FY 2003-04 Long Bill appropriation to the Department of Natural Resources, Division of Water Resources by \$1,414,539 General Fund and increases the appropriation by \$1,689,539 cash funds from the Water Administration Cash Fund. Also appropriates \$12,158 cash funds exempt (transferred from the appropriation made to the Department of Natural Resources) and 0.7 FTE to the Department of Law for the provision of legal services to the Department of Natural Resources.

S.B. 03-290: Provides the Parks Board with additional flexibility for fees and appropriates \$200,000 cash funds exempt from the Stores Revolving Fund to the Division of Parks and Outdoor Recreation.

H.B. 03-1316: Alters the manner in which group benefit plans coverage is calculated for Health, Life, and Dental appropriations. For more information, refer to the bill description in the Department of Personnel and Administration.

H.B. 03-1318: Authorizes the creation of water banks within each water division and authorizes the State Engineer to promulgate rules necessary. Specifies that such rules shall delegate administration of said bank to the water conservancy district or water conservation district that submitted the request for the bank. Appropriates \$100,000 cash funds exempt from the Colorado Water Conservation Board Construction Fund to the Department of Natural Resources for FY 2003-04. Also appropriates \$75,000 cash funds exempt (transferred from the appropriation made to the Department of Natural Resources) and 0.7 FTE to the Department of Law for the provision of legal services to the Department of Natural Resources.

H.B. 03-1319: Revises statutes governing the Division of Wildlife and the Division of Parks and Outdoor Recreation in the Department of Natural Resources. Results in estimated FY 2003-04 revenue increases of the following: \$200,905 General Fund, \$3,805 cash funds (various cash funds), and \$197,100 cash funds exempt (Wildlife Cash Fund).

H.B. 03-1320: Authorizes water right owners in any basin or county in which an emergency has been declared to loan water to the Colorado Water Conservation Board for use as instream flows for a defined time period, subject to the State Engineer's determination that such temporary instream flows will not injure existing water rights of others. Appropriates \$5,000 cash funds from filing fees collected to the Department of Natural Resources, Division of Water Resources for FY 2003-04.

H.B. 03-1334: Authorizes the State Engineer to approve and administer interruptible water supply agreements for certain specified purposes without the need for an adjudication, subject to certain conditions. Appropriates \$65,280 cash funds from the Ground Water Management Cash Fund to the Department of Natural Resources, Division of Water Resources for FY 2003-04.

DEPARTMENT OF PERSONNEL AND ADMINISTRATION

The Department of Personnel and Administration is responsible for administering the state personnel system, which includes approximately 27,400 full time equivalent (FTE) staff, excluding the Department of Higher Education. Responsibilities include development of the annual employee compensation plan; maintenance of the classification system; maintenance of the information system for classified employees; provision of recruiting, testing, and selection services to state agencies; review of services performed by agencies with delegated personnel authority; and provision of technical services such as training, career development, affirmative action, and disability assistance. The Department provides administration of all classified employee benefits programs, except the Public Employees Retirement Association (PERA). These benefit programs include group health, life, and dental insurance, short-term disability insurance, and deferred and defined compensation retirement plans. The Department also provides support to the State Personnel Board, which is responsible for ensuring compliance with the state personnel system as authorized in Article XII, Sections 13 through 15 of the Colorado Constitution.

In addition, the Department provides general support services for state agencies. These functions include: control of the state's purchasing activities; maintenance of state financial activities; maintenance of state archives and public records; maintenance of the buildings in the Capitol Complex and two other campuses; provision of central services to agencies in the Denver metropolitan area, including mail, printing, copying and motor pool services; maintenance of the state's telecommunications system; provision of centralized computer services; provision of administrative law judge services; coordination of capital construction and controlled maintenance projects; management of the state's motor vehicle fleet; centralized lease management for state agencies; and oversight of the state's liability, property, and workers' compensation insurance program.

The Department is comprised of the following divisions: (1) Executive Office; (2) Human Resources; (3) Personnel Board; (4) Central Services; (5) Finance and Procurement; (6) Information Technology; and (7) Administrative Hearings.

Department Budget: Recent Actual Expenditures and Appropriations

Funding Source	FY 2000-01 Actual	FY 2001-02 Actual	FY 2002-03 Approp.	FY 2003-04 Approp.
General Fund	\$14,695,967	\$13,844,015	\$11,613,711	\$7,888,698
Cash Funds	7,839,814	12,792,663	9,736,361	10,905,106
Cash Funds Exempt	108,048,130	102,194,658	125,422,252	144,855,155
Federal Funds	<u>65,571</u>	<u>71,531</u>	<u>21,838</u>	<u>71,531</u>
TOTAL	\$130,649,482	\$128,902,867	\$146,794,162	\$163,720,490

Funding Source	FY 2000-01 Actual	FY 2001-02 Actual	FY 2002-03 Approp.	FY 2003-04 Approp.
Full Time Equiv. Staff	528.6	554.5	585.3	568.8

FY 2003-04 Budget Changes

Significant changes in appropriations for FY 2003-04 compared to FY 2002-03 include the following:

- An increase of \$6.9 million statewide for payments to the state's workers' compensation premiums;
- An increase of \$6.0 million statewide for payments to the state's property premiums, which includes new coverage for buildings located in the designated flood zone A using the reserves of the Property Fund;
- An increase of \$3.4 million statewide for payments to the state's liability premiums;
- An increase of \$1.0 million in cash funds exempt for the annualization of vehicles purchased in FY 2002-03 and the purchase of replacement vehicles in FY 2003-04;
- An increase of \$854,000 in various sources of cash funds exempt, including indirect cost assessments, which will be used to offset General Fund throughout the Department;
- An increase of \$740,000 General Fund to account for one-time savings to associated with the shift in pay date for FY 2002-03;
- A decrease of \$2.0 million General Fund, which is offset by a corresponding increase in cash funds and cash funds exempt sources, to refinance of the Communications Services program pursuant to S.B. 03-178;
- A decrease of \$1.0 million General Fund and 10.0 FTE for base reductions throughout the Department; and
- A decrease of \$907,000, including \$396,000 General Fund in salary survey appropriations pursuant to S.B. 03-273.

General Factors Driving the Budget

Funding for this department consists of 4.8 percent General Fund, 6.7 percent cash funds, and 88.5 percent cash funds exempt. In addition, the Department receives a small amount of federal funding from the National Oceanic and Atmospheric Administration (NOAA). The Department is primarily funded through transfers received from other state agencies for the provision of centralized services or products. All of these transfers are exempt from revenue limitations, except transfers received from entities such as authorities or enterprises, that are considered non-state agencies for the purposes of complying with the TABOR amendment, Article X, Section (20) (1) of the Colorado Constitution. Such transfers are classified as cash funds when used to purchase services or products from this department. Two of the most important factors driving the budget are reviewed below.

Number of State Employees

The Department administers and oversees the state's workforce and programs related to compensation and benefits. The number of state employees affects many areas of the budget (such as the state's contributions for benefit and retirement programs). Presently, there is not a central database that tracks and monitors statewide human resources. Consequently, it is difficult to reconcile full-time equivalent positions (FTE) appropriated by the General Assembly with the actual number of state employees. The following table provides a comparison of the number of FTE appropriated statewide, *excluding* all employees in the Department of Higher Education.

State Employees	FY 99-00	FY 00-01	FY 01-02	FY 02-03	FY 03-04
Total Number of FTE Appropriated by the General Assembly	26,987.8	27,462.8	27,954.9	27,960.6	27,360.4

State Fleet Program

This program provides light duty vehicles to all state agencies on a long-term basis, maintains a statewide network of service providers (including maintenance, repairs, and fuel) and manages a self-insured accident fund for comprehensive/collision damages. Since the mid-1990s, the program has acquired private-sector funding for additional and replacement vehicles, rather than using treasury loans. It also manages a centralized information system for state fleet assets. The central coordination of statewide vehicles began on January 1, 1993.

Fiscal Year	Actual FY 99-00	Actual FY 00-01	Actual FY 01-02	Appropriated FY 02-03	Appropriated FY 03-04
Number of Fleet Vehicles	5,481	5,608	5,650	5,685	5,637

Fiscal Year	Actual FY 99-00	Actual FY 00-01	Actual FY 01-02	Appropriated FY 02-03	Appropriated FY 03-04
Total Cost of Fleet Management (Includes Vehicles, Maintenance, and Fuel)	\$24,945,472	\$26,093,202	\$28,100,065	\$29,944,189	\$27,331,977
<i>Staff Estimated Net General Fund Share of Vehicle Costs</i>	\$10,257,453	\$10,729,394	\$11,554,606	\$12,312,901	\$11,238,772

Summary of FY 2002-03 and FY 2003-04 Appropriations

Total Department Appropriations

	GF	CF	CFE	FF	Total	FTE
FY 2002-03 Total Appropriation:	\$11,613,711	\$9,736,361	\$125,422,252	\$21,838	\$146,794,162	585.3
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Executive Office	4,003,790	197,462	6,435,407	0	10,636,659	26.0
Division of Human Resources	677,974	4,373,077	36,100,784	0	41,151,835	63.4
Personnel Board	373,187	1,200	800	0	375,187	4.8
Central Services	39,890	3,383,612	44,456,817	0	47,880,319	162.3
Finance and Procurement	775,547	769,877	3,027,324	0	4,572,748	67.5
Division of Information Technology	5,743,323	1,011,133	32,351,715	21,838	39,128,009	221.5
Administrative Hearings	0	0	3,049,405	0	3,049,405	39.8
<u>Breakdown of Total Appropriation by Bill</u>						
SB 02-50	(10,297)	0	0	0	(10,297)	0.0
HB 02-1038	(10,268)	0	0	0	(10,268)	0.0
HB 02-1226	(62,884)	0	426,944	0	364,060	4.5
HB 02-1420	14,830,733	9,548,330	124,329,370	21,838	148,730,271	590.1
HB 02-1468	10,423	321	15,031	0	25,775	0.0
SB 03-197	(777,123)	0	0	0	(777,123)	0.0

	GF	CF	CFE	FF	Total	FTE
SB 03-213	(2,366,873)	187,710	650,907	0	(1,528,256)	(9.3)
FY 2003-04 Total Appropriation:	\$7,888,698	\$10,905,106	\$144,855,155	\$71,531	\$163,720,490	568.8
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Executive Office	3,309,546	203,587	5,441,676	0	8,954,809	26.0
Division of Human Resources	155,990	4,683,750	53,226,931	0	58,066,671	58.4
Personnel Board	216,211	1,200	200,227	0	417,638	4.8
Central Services	0	3,270,013	47,957,320	0	51,227,333	194.3
Finance and Procurement	580,639	931,709	3,195,109	0	4,707,457	65.5
Division of Information Technology	3,626,312	1,814,847	31,714,976	71,531	37,227,666	180.5
Administrative Hearings	0	0	3,118,916	0	3,118,916	39.3
<u>Breakdown of Total Appropriation by Bill</u>						
SB 03-45	0	0	26,112	0	26,112	0.0
SB 03-258	8,286,223	10,898,088	145,324,893	71,531	164,580,735	568.8
SB 03-259	0	25,499	0	0	25,499	0.0
SB 03-273	(395,712)	(18,361)	(493,259)	0	(907,332)	0.0
HB 03-1316	(1,813)	(120)	(2,591)	0	(4,524)	0.0
Increase/(Decrease)	(\$3,725,013)	\$1,168,745	\$19,432,903	\$49,693	\$16,926,328	(16.5)
Percentage Change	-32.1%	12.0%	15.5%	227.6%	11.5%	-2.8%

Detail of Appropriation by Administrative Section

Executive Office

This division is responsible for personnel appeals, affirmative action, and disability issues affecting all classified state employees, and is charged with reviewing the overall management and programs of state government. It provides centralized accounting, personnel, and budgeting services for the Department. The Executive Director (also known as the State Personnel Director) has administrative responsibility for the Total Compensation Advisory Council, the Deferred Compensation Committee, and the Short-term Disability Fund. The primary source of funding, cash funds exempt (60.7 percent), is from indirect cost recoveries originating in other divisions throughout the

department and user fees from other state agencies. General Fund accounts for 36.9 percent of the division's funding in FY 2003-04.

	GF	CF	CFE	FF	Total	FTE
FY 2002-03 Appropriation:						
SB 02-50	(\$10,297)	\$0	\$0	\$0	(\$10,297)	0.0
HB 02-1038	(10,268)	0	0	0	(10,268)	0.0
HB 02-1420	4,079,853	189,837	5,700,312	0	9,970,002	26.0
HB 02-1468	10,423	321	15,031	0	25,775	0.0
SB 03-197	(37,143)	0	0	0	(37,143)	0.0
SB 03-213	<u>(28,778)</u>	<u>7,304</u>	<u>720,064</u>	<u>0</u>	<u>698,590</u>	<u>0.0</u>
TOTAL	\$4,003,790	\$197,462	\$6,435,407	\$0	\$10,636,659	26.0
FY 2003-04 Appropriation:						
SB 03-258	\$3,707,071	\$222,068	\$5,937,526	\$0	\$9,866,665	26.0
SB 03-273	(395,712)	(18,361)	(493,259)	0	(907,332)	0.0
HB 03-1316	<u>(1,813)</u>	<u>(120)</u>	<u>(2,591)</u>	<u>0</u>	<u>(4,524)</u>	<u>0.0</u>
TOTAL	\$3,309,546	\$203,587	\$5,441,676	\$0	\$8,954,809	26.0
Increase/(Decrease)	(\$694,244)	\$6,125	(\$993,731)	\$0	(\$1,681,850)	0.0
Percentage Change	-17.3%	3.1%	-15.4%	n/a	-15.8%	0.0%

FTE Detail	FY 2002-03	FY 2003-04
Director and Administrative Staff	5.0	5.0
Accounting Staff	8.0	9.0
Human Resource Services	5.0	5.0
Computer Support	1.0	1.0
Contract Administration	1.0	1.0
Clerical Support	<u>6.0</u>	<u>5.0</u>
	26.0	26.0

General Fund Changes: The \$694,000 General Fund decrease is mostly attributable to a decrease of \$791,000 associated with salary survey and performance-based pay. This reduction is in part made

up of \$396,000 associated with S.B. 03-273, with the remainder associated with changes made by the General Assembly in the Long Bill appropriation to salary survey and includes eliminating performance-based pay (a reduction of \$121,000 General Fund) for FY 2003-04 and reductions of \$274,000 General Fund in the level of salary survey appropriated relative to FY 2002-03. Other reductions include a decrease of \$224,000 associated with the Department's use of the computer center (GGCC) and a decrease of \$10,000 for the Governor's transition (only funded in gubernatorial election years).

These decreases are partially offset by increases in the following areas: (1) \$136,000 for the Department's share of liability, property, and workers' compensation insurance; (2) \$89,000 for health, life, and dental insurance, which includes a \$91,000 increase attributable to greater enrollment and higher state contribution rates, as well as a reduction of \$2,000 associated with H.B. 03-1316; (3) \$44,000 in payments to the Communications Services program; (4) \$31,000 for leased space of commercial property and in the capitol complex; and (5) \$28,000 for payments to the Pueblo Data Entry Center.

Cash Funds Changes: The \$6,000 increase is the result of the following: (1) an increase of \$16,000 for Pueblo Data Entry Center payments; (2) an aggregate increase of \$7,000 for health, life, and dental insurance, which includes a \$10,000 increase attributable to greater enrollment and higher state contribution rates, as well as a reduction of \$3,000 associated with H.B. 03-1316; and (3) \$3,000 for the Department's share of liability, property, and workers' compensation insurance. These increases are partially offset by the reductions of \$18,000 associated with S.B. 03-273.

Cash Funds Exempt Changes: Cash Funds Exempt appropriations to the Executive Office reflect a reduction of \$994,000 that is mostly attributable to a decrease of \$790,000 associated with salary survey appropriations. This reduction is in part made up of \$493,000 associated with S.B. 03-273, with the remainder associated with changes made by the General Assembly in the Long Bill appropriation to salary survey of \$297,000. Other cash funds exempt decreases include: (1) a \$236,000 base reduction; (2) a decrease of \$171,000 in appropriations to performance-based pay; (3) a decrease of \$108,000 for the Department's share of payments to the multiuse network (MNT) and the computer center (GGCC); (4) a decrease of \$16,000 for the Department's leased space of commercial property and in the capitol complex; (5) a decrease of \$11,000 for shift differential payments; and (6) a decrease of \$11,000 for the division's operating expenses.

These decreases are partially offset by increases in the following areas: (1) \$228,000 for the Department's share of liability, property, and workers' compensation insurance; (2) \$64,000 for short-term disability and health, life, and dental insurance; and (3) \$61,000 for higher indirect cost recoveries.

Division of Human Resources

This division is responsible for administration of the state's selection, classification, and compensation programs and administration of the state's employee benefit programs (including health, life, dental, and disability benefits and the deferred and defined compensation programs). It also administers the risk management program for all state agencies, which involves supervising the investigation, adjustment, and legal defense of property, liability, and workers' compensation claims, as well as administering loss-control programs designed to decrease the state's claims exposure and liability. The majority of funding for this division comes from user fees from state agencies.

	GF	CF	CFE	FF	Total	FTE
FY 2002-03 Appropriation:						
HB 02-1226	(\$62,884)	\$0	\$426,944	\$0	\$364,060	4.5
HB 02-1420	937,485	4,373,077	35,673,840	0	40,984,402	60.0
SB 03-197	(68,131)	0	0	0	(68,131)	0.0
SB 03-213	<u>(128,496)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(128,496)</u>	<u>(1.1)</u>
TOTAL	\$677,974	\$4,373,077	\$36,100,784	\$0	\$41,151,835	63.4
FY 2003-04 Appropriation:						
SB 03-258	<u>\$155,990</u>	<u>\$4,683,750</u>	<u>\$53,226,931</u>	<u>\$0</u>	<u>\$58,066,671</u>	<u>58.4</u>
TOTAL	\$155,990	\$4,683,750	\$53,226,931	\$0	\$58,066,671	58.4
Increase/(Decrease)	(\$521,984)	\$310,673	\$17,126,147	\$0	\$16,914,836	(5.0)
Percentage Change	-77.0%	7.1%	47.4%	n/a	41.1%	-7.9%

FTE Detail	FY 2002-03	FY 2003-04
State Agency Services	35.9	30.9
Training Services	3.0	3.0
Colorado State Employee Assistance Program	4.5	4.5
Employee Benefits Services	11.0	11.0
Risk Management Services	<u>9.0</u>	<u>9.0</u>
	63.4	58.4

FTE Changes: The decrease of 5.0 FTE is attributable to base reductions in the State Agency Services subprogram.

General Fund Changes: General Fund appropriations to the Division of Human Resources reflect a reduction of \$522,000, which is attributable to the following: (1) a decrease of \$536,000 which is offset by higher indirect cost recoveries; (2) \$278,000 in base reductions in both personal services and operating expenses; and (3) a decrease of \$20,000 in operating expenses for the State Agency Services program. These reductions are partially offset by the following increases: (1) \$156,000 for a transfer of workers' compensation self-insurance claims from the Department of Human Services; (2) \$93,000 for salary survey increases awarded in FY 2002-03; and (3) \$68,000 to account for one-time savings associated with the shift in pay date in FY 2002-03.

Cash Funds Changes: The \$311,000 net increase in cash funds is attributable to the following increases: (1) \$214,000 for statewide workers' compensation premiums; (2) \$98,000 for marketing efforts to the Department of Higher Education for the state's deferred compensation plans; (3) \$30,000 to adjust expected revenues from non-state agencies; and (4) \$5,000 for salary survey increases awarded in FY 2002-03 and increases in the PERA rate. These increases are partially offset by a reduction of \$38,000 in indirect cost assessments.

Cash Funds Exempt Changes: The net cash funds exempt increase of \$17.1 million results from increases of: (1) \$6.9 million statewide for workers' compensation premiums; (2) \$6.0 million for statewide property premiums, which include new coverage for the flood zone A distinction; (3) \$3.4 million for statewide liability insurance premiums; (4) \$536,000 due to excess indirect cost recoveries in the Department used to offset the need for General Fund; and (5) \$197,000 due to indirect cost assessments in the division. These increases are partially offset by a decrease of \$30,000 to adjust for expected revenues from state agencies for services rendered.

Personnel Board

This division provides staff support for the five-member State Personnel Board authorized in Article XII, Sections 13 through 15, of the Colorado Constitution. Pursuant to Section 24-50-103, C.R.S., the Board has the authority to adopt by rule a uniform grievance procedure to be used by all state agencies for classified employees in the state personnel system. The Board adjudicates employment disputes within the state classified system and is responsible for promulgating rules to ensure that state employment is based on merit. The Board conducts administrative hearings, promulgates rules under the authority of the State Administrative Procedures Act, and facilitates dispute resolution. The Board processes approximately 300 cases per year. Since employees trigger the adjudicatory process, the Board cannot directly control the number of cases filed. The Board also provides guidance in achieving and maintaining a sound, comprehensive, and uniform system of human resource management. The division is primarily funded with General Fund, with relatively small amounts of cash funds from fees and cash funds exempt from user fees received from state agencies. In FY 2003-04, General Fund accounts for 51.8 percent of the appropriation, while cash funds exempt accounts for 47.9 percent of the appropriation.

	GF	CF	CFE	FF	Total	FTE
FY 2002-03 Appropriation:						
HB 02-1420	\$400,702	\$1,200	\$800	\$0	\$402,702	4.8
SB 03-197	<u>(27,515)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(27,515)</u>	<u>0.0</u>
TOTAL	\$373,187	\$1,200	\$800	\$0	\$375,187	4.8
FY 2003-04 Appropriation:						
SB 03-258	<u>\$216,211</u>	<u>\$1,200</u>	<u>\$200,227</u>	<u>\$0</u>	<u>\$417,638</u>	<u>4.8</u>
TOTAL	\$216,211	\$1,200	\$200,227	\$0	\$417,638	4.8
Increase/(Decrease)	(\$156,976)	\$0	\$199,427	\$0	\$42,451	0.0
Percentage Change	-42.1%	0.0%	24928.4%	n/a	11.3%	0.0%

FTE Detail	FY 2002-03	FY 2003-04
Director	1.0	1.0
Administrative Law Judge	1.8	1.8
Legal Assistant	1.0	1.0
Support / Clerical	<u>1.0</u>	<u>1.0</u>
	4.8	4.8

General Fund Changes: The \$157,000 General Fund decrease is attributable to a \$199,000 offset from other fund sources, specifically cash funds exempt from indirect cost recoveries. This decrease is partially offset by an increase of \$28,000 to account for one-time savings associated with the shift in pay date for FY 2002-03, and an increase of \$15,000 for salary survey increases awarded in FY 2002-03.

Cash Funds Exempt Changes: The \$199,000 increase in cash funds exempt reflects higher indirect costs recoveries applied to this division, which offset the need for General Fund appropriations.

Central Services

This division is responsible for realizing savings in governmental costs by providing centralized services to state agencies. The services provided include: management of the statewide travel program; processing of incoming and outgoing mail; mail delivery and messenger services; copying, printing and graphics design; micro filming and imaging services; vehicle leasing; management of the state's motor vehicle fleet; and operation and maintenance of buildings in the Capitol Complex and other various state-owned facilities. It is funded primarily from fees paid by state agencies, which are

represented as cash funds for enterprises such as the Division of Wildlife and cash funds exempt for other state departments.

	GF	CF	CFE	FF	Total	FTE
FY 2002-03 Appropriation:						
HB 02-1420	\$49,855	\$3,383,612	\$46,709,918	\$0	\$50,143,385	162.3
SB 03-197	(2,641)	0	0	0	(2,641)	0.0
SB 03-213	<u>(7,324)</u>	<u>0</u>	<u>(2,253,101)</u>	<u>0</u>	<u>(2,260,425)</u>	<u>0.0</u>
TOTAL	\$39,890	\$3,383,612	\$44,456,817	\$0	\$47,880,319	162.3
FY 2003-04 Appropriation:						
SB 03-45	\$0	\$0	\$26,112	\$0	\$26,112	0.0
SB 03-258	<u>0</u>	<u>3,270,013</u>	<u>47,931,208</u>	<u>0</u>	<u>51,201,221</u>	<u>194.3</u>
TOTAL	\$0	\$3,270,013	\$47,957,320	\$0	\$51,227,333	194.3
Increase/(Decrease)	(\$39,890)	(\$113,599)	\$3,500,503	\$0	\$3,347,014	32.0
Percentage Change	-100.0%	-3.4%	7.9%	n/a	7.0%	19.7%

FTE Detail	FY 2002-03	FY 2003-04
Administrative	10.0	10.0
Reprographics	30.1	26.1
Imaging and Microfilm Services - Document Solutions Group	15.0	53.0
Mail Services	32.0	32.0
Fleet Management Program and Motor Pool Services	16.0	16.0
Facilities Maintenance and Planning	<u>59.2</u>	<u>57.2</u>
	162.3	194.3

FTE Changes: The appropriation includes a net increase of 32.0 FTE, which is attributable to 38.0 FTE transferred from the Division of Information Technology due to a departmental reorganization. This increase is offset by a decrease of 5.0 FTE due to reductions based on current vacancies and historic reversions, as well as 1.0 FTE resulting from a base reduction.

General Fund Changes: The elimination of General Fund appropriations is attributable to a base reduction and the elimination of a position in the Facilities Maintenance program.

Cash Funds Changes: The \$114,000 decrease in cash funds includes reductions of \$577,000 associated with state enterprises' expected payments for vehicle lease payments, and \$19,000 in personal services associated with historic reversions in the Reprographics program. These decreases are partially offset by an increase of \$484,000 in payments that non-state agencies and local governments make to the division for services rendered.

Cash Funds Exempt Changes: The \$3.5 million net increase in cash funds exempt includes the following changes: (1) an increase of \$1.8 million associated with a departmental reorganization which moves the Pueblo Data Entry Center to the Division of Central Services from the Division of Information Technology; (2) an increase of \$1.6 million associated with statewide vehicle lease payments (including the replacement of Colorado State Patrol vehicles, annualization of payments for vehicles purchased in FY 2002-03, fund mix adjustments regarding the user agencies of the state's fleet, and the purchase of vehicles pursuant to S.B. 03-45); (3) an increase of \$1.2 million in indirect cost assessments; and (4) an increase of \$349,000 in salary survey awarded in FY 2002-03. These increases are partially offset by decreases of: (1) \$749,000 in spending authority for Capitol Complex repairs; (2) \$484,000 in payments that state agencies make to the division for a variety of services rendered; (3) \$126,000 for historic vacancies experienced in the division; and (4) \$84,000 in security requirements in the Capitol Complex.

Finance and Procurement

This division administers a statewide procurement program through the Bid Information and Distribution System (BIDS), and meets the product and service needs of state agencies by negotiating contracts for acceptable goods and services in order to maximize the purchasing power of the state. This division manages the financial affairs of all departments through the State Controller's Office by using the Colorado Financial Reporting Systems (COFRS). It conducts statewide financial reporting, policy and procedural guidance, contract management, and the development of the statewide indirect cost allocation plan.

	GF	CF	CFE	FF	Total	FTE
FY 2002-03 Appropriation:						
HB 02-1420	\$1,557,105	\$741,138	\$2,538,984	\$0	\$4,837,227	70.2
SB 03-197	(65,319)	0	0	0	(65,319)	0.0
SB 03-213	<u>(716,239)</u>	<u>28,739</u>	<u>488,340</u>	<u>0</u>	<u>(199,160)</u>	<u>(2.7)</u>
TOTAL	\$775,547	\$769,877	\$3,027,324	\$0	\$4,572,748	67.5
FY 2003-04 Appropriation:						
SB 03-258	\$580,639	\$906,210	\$3,195,109	\$0	\$4,681,958	65.5
SB 03-259	<u>0</u>	<u>25,499</u>	<u>0</u>	<u>0</u>	<u>25,499</u>	<u>0.0</u>

	GF	CF	CFE	FF	Total	FTE
TOTAL	\$580,639	\$931,709	\$3,195,109	\$0	\$4,707,457	65.5
Increase/(Decrease)	(\$194,908)	\$161,832	\$167,785	\$0	\$134,709	(2.0)
Percentage Change	-25.1%	21.0%	5.5%	0.0%	2.9%	-3.0%

FTE Detail	FY 2002-03	FY 2003-04
State Controller's Office	39.0	38.0
Collection Services	18.0	17.0
State Buildings and Real Estate Services Program	7.0	7.0
Supplier Database	<u>3.5</u>	<u>3.5</u>
	67.5	65.5

FTE Changes: The decrease of 2.0 FTE results from the elimination of 1.0 FTE due to a base reduction in the State Controller's Office and 1.0 FTE to account for historical reversions in the Collections Services program.

General Fund Changes: The \$195,000 General Fund decrease is attributable to the following changes: (1) a \$186,000 decrease due to the availability of higher indirect cost recoveries; (2) a \$140,000 decrease associated with base reductions due to current and expected vacancies; and (3) a \$128,000 decrease resulting from higher anticipated rebates from the procurement card program. These reductions are partially offset by increases including: (1) \$187,000 associated with salary survey payments awarded during FY 2002-03; (2) \$65,000 to account for one-time savings associated with the shift in pay date for FY 2002-03; (3) \$11,000 to account for the elimination of one-time financing provided in FY 2002-03; and (4) \$3,000 associated with the change in the state's PERA contribution rate.

Cash Funds Changes: The \$162,000 net increase in the cash funds appropriation is attributable to the following: (1) a \$145,000 increase to account for actual revenues expected in the Collections Services program; (2) a \$25,000 increase to the Collections Services program pursuant to S.B. 03-259; and (3) a \$6,000 increase for salary survey awards in FY 2002-03. These increases are partially offset by a \$15,000 decrease in operating expenses to reflect historic expenditures.

Cash Funds Exempt Changes: The net increase of \$168,000 cash funds exempt includes: (1) a \$186,000 increase due to higher indirect cost recoveries from the Department of Transportation and the Department of Labor and Employment; (2) a \$128,000 increase for rebates from the state's procurement card program; and (3) a \$41,000 increase for salary survey awarded in FY 2002-03. These increases are partially offset by decreases of: (1) \$145,000 to account for actual revenues

expected in the Collections Services program; (2) \$26,000 to account for historical vacancies in the Collections Services program; and (3) \$11,000 due to the elimination of one-time financing provided in FY 2002-03.

Division of Information Technology

This division integrates the State's information services into one group. Its responsibilities include: (1) planning, coordinating, and integrating communication capabilities such as radio and wireless technologies and data, voice, internet, text, video and graphics content associated with the Multiuse Network (MNT); (2) planning, managing, operating, and delivering the State's computer infrastructure (such as desktop micro-computers, mainframe resources, and data-entry services); (3) developing data sharing technologies; (4) archiving historical records; and (5) supporting all statewide applications (including payroll, personnel, financial, and purchasing systems). The majority of funding for this division is cash funds exempt (85.2 percent), a majority of which is from fees charged to other state agencies for services provided by the division. General Fund accounts for 9.7 percent of the division's funding.

	GF	CF	CFE	FF	Total	FTE
FY 2002-03 Appropriation:						
HB 02-1420	\$7,805,733	\$859,466	\$30,633,643	\$21,838	\$39,320,680	226.5
SB 03-197	(576,374)	0	0	0	(576,374)	0.0
SB 03-213	<u>(1,486,036)</u>	<u>151,667</u>	<u>1,718,072</u>	<u>0</u>	<u>383,703</u>	<u>(5.0)</u>
TOTAL	\$5,743,323	\$1,011,133	\$32,351,715	\$21,838	\$39,128,009	221.5
FY 2003-04 Appropriation:						
SB 03-258	<u>\$3,626,312</u>	<u>\$1,814,847</u>	<u>\$31,714,976</u>	<u>\$71,531</u>	<u>\$37,227,666</u>	<u>180.5</u>
TOTAL	\$3,626,312	\$1,814,847	\$31,714,976	\$71,531	\$37,227,666	180.5
Increase/(Decrease)	(\$2,117,011)	\$803,714	(\$636,739)	\$49,693	(\$1,900,343)	(41.0)
Percentage Change	-36.9%	79.5%	-2.0%	227.6%	-4.9%	-18.5%

FTE Detail	FY 2002-03	FY 2003-04
Administration	6.0	6.0
Customer Services	13.0	13.0
Order Billing	10.0	10.0
Communication Services	43.0	43.0

FTE Detail	FY 2002-03	FY 2003-04
Network Services	18.0	18.0
Computer Services	42.0	42.0
Pueblo Data Entry Center	38.0	0.0
Information and Archival Services	9.0	9.0
Technology Management Unit	<u>42.5</u>	<u>39.5</u>
	221.5	180.5

FTE Changes: The decrease in the appropriation is attributable to the transfer of 38.0 FTE to the Division of Central Services as a part of the Department's reorganization and a decrease of 3.0 FTE due to a base reduction occurring in the Technology Management Unit.

General Fund Changes: The appropriation shows a net General Fund decrease of \$2.1 million. This decrease is mainly attributable to a refinance of the Communications Services program (\$2.0 million) from General Fund to cash funds and cash funds exempt pursuant to S.B. 03-178. This bill does not have an appropriations clause, rather it allows the Department of Personnel and Administration to charge fees to other state departments and agencies which are reflected as cash funds and cash funds exempt. Please see the Recent Legislation section for the Department for more information regarding this bill. In addition to the refinance, the division also experienced a base reduction of \$598,000. These decreases are offset by increases of: (1) \$323,000 to account for one-time savings associated with the shift in pay date for FY 2002-03; (2) \$152,000 in salary survey increases awarded in FY 2002-03; and (3) \$5,000 for the change in the state's contribution rate to PERA.

Cash Funds Changes: The \$804,000 net increase in cash funds is primarily attributable to a change in the expected collections from services paid for by enterprises within the state and by local government entities. These increases include \$778,000 in payments for the multiuse network (MNT) and \$333,000 in payments to the Communications Services program. Additionally, the appropriation includes an increase of \$3,000 in salary survey increases awarded in FY 2002-03. These increases are partially offset by decreases of \$159,000 in payments to the Computer Services program and \$152,000 due to the Department's reorganization and the subsequent movement of the Pueblo Data Entry Center to the Division of Central Services.

Cash Funds Exempt Changes: The \$637,000 net decrease in cash funds exempt results from increases of: (1) \$2.0 million resulting from a refinance of the Communications Services program; (2) \$750,000 for an audit of the state's telecommunications billing system; (3) \$228,000 for salary survey increases awarded in FY 2002-03 and for an increase in the state's contribution rate to PERA; (4) \$120,000 in payments to the Computer Services program, which the division will collect from state agencies. These increases are partially offset by decreases of: (1) \$2.3 million due to a reorganization the Department experienced which moved the Pueblo Data Entry Center to the Division of Central

Services; (2) \$778,000 in payments from state agencies associated with the multiuse network; and (3) \$686,000 in indirect cost assessments in the division.

Federal Funds Changes: The \$50,000 increase in federal funds is attributable to the estimated payments received from the National Oceanic and Atmospheric Administration (NOAA) for the maintenance of communications infrastructure.

Administrative Hearings

Pursuant to Section 24-30-1001, C.R.S., this division provides administrative law judge services to hear cases upon request by agencies of state government. Departments utilizing these services include: Corrections, Education, Human Services, Labor and Employment, Public Health and Environment, and Regulatory Agencies. Approximately one half of all hearings are related to workers' compensation cases. The funding for this division is 100 percent cash funds exempt, funding transferred from agencies using Administrative Hearings services.

	GF	CF	CFE	FF	Total	FTE
FY 2002-03 Appropriation:						
HB 02-1420	\$0	\$0	\$3,071,873	\$0	\$3,071,873	40.3
SB 03-213	<u>0</u>	<u>0</u>	<u>(22,468)</u>	<u>0</u>	<u>(22,468)</u>	<u>(0.5)</u>
TOTAL	\$0	\$0	\$3,049,405	\$0	\$3,049,405	39.8
FY 2003-04 Appropriation:						
SB 03-258	<u>\$0</u>	<u>\$0</u>	<u>\$3,118,916</u>	<u>\$0</u>	<u>\$3,118,916</u>	<u>39.3</u>
TOTAL	\$0	\$0	\$3,118,916	\$0	\$3,118,916	39.3
Increase/(Decrease)	\$0	\$0	\$69,511	\$0	\$69,511	(0.5)
Percentage Change	0.0%	0.0%	2.3%	0.0%	2.3%	-1.3%

FTE Detail	FY 2002-03	FY 2003-04
Administrative Law Judges	16.3	16.3
Hearings Reporters	5.3	5.3
Paralegals	3.2	3.2
Administration and Support Staff	<u>15.0</u>	<u>14.5</u>
	39.8	39.3

FTE Changes: The 0.5 FTE reduction represents the annualization of an administrative position reduced in the FY 2002-03 supplemental appropriation process.

Cash Funds Exempt Changes: The funding for this division includes the following increases: (1) \$116,000 for salary survey increases awarded in FY 2002-03; (2) \$5,000 for indirect cost assessments; (3) \$3,000 for the change in the state's PERA contribution rate; and (4) \$3,000 for upgrades of hearing room recording equipment. These amounts are partially offset by a \$58,000 reduction in personal services funding.

Recent Legislation

2002 Session Bills

S.B. 02-50: For an explanation of this bill please see the Recent Legislation section in the Department of Corrections.

H.B. 02-1038: For an explanation of this bill please see the Recent Legislation section in the Department of Corrections.

H.B. 02-1226: Provides statutory authority for the Colorado State Employee Assistance Program. Prohibits dependents of a state employee from participating in the program. Authorizes the program to be funded in FY 2002-03 with a combination of voluntary assessments against each state agency and mandatory assessments against an employee's share of the medical benefits premium for employees enrolled in the state's medical benefits plan. Authorizes the risk management fund to be used to fund the program.

H.B. 02-1420: General appropriations act for FY 2002-03.

H.B. 02-1468: Establishes the CY 2003 state contribution rate for health, life, and dental insurance to be the same as the state contribution rate for CY 2002. Authorizes the General Assembly to annually adjust the state contribution for health, life, and dental insurance effective CY 2004 through the Long Bill.

2003 Session Bills

S.B. 03-45: Expands the regulation of water well construction contractors and pump installers by creating a well inspection program. Increases well-permit fees and establishes new fees. Appropriates \$26,112 cash funds exempt to the Fleet Management Program in the Division of Central Services for purposes of this bill.

S.B. 03-178: Allows the Department of Personnel and Administration to collect fees from other state departments for services related to operations and maintenance of the state's public safety communications infrastructure. The bill exempts local government entities from being charged for these services. The bill refinances the appropriation to the Communication Services program in the Division of Information Technology from General Fund to cash funds and cash funds exempt (transfer payments associated with the bill and the reserve balance of a fund unrelated to the bill). Provisions in the bill that allow the Department of Personnel and Administration to charge other state departments for these services will sunset beginning in FY 2006-07.

S.B. 03-191: For purposes of augmenting General Fund revenues for FY 2002-03, requires the State Treasurer to transfer funds from various cash funds to the General Fund. With regard to the Department of Personnel and Administration, transfers \$300,000 from the Supplier Database Cash Fund to the General Fund. For more information, refer to the bill description in the Department of Education.

S.B. 03-197: Reduces personal services appropriations in the Department by \$777,123 General Fund, which represents anticipated June payroll (FY 2002-03) to be delayed until July (FY 2003-04). For purposes of payroll, the state will migrate off the accrual basis of accounting to the cash basis of accounting for General Fund supported employees. However, all payroll checks, including those supported by cash funds and cash funds exempt sources will be distributed on July 1. The bill lowered statewide payroll obligations in FY 2002-03 by \$89.4 million General Fund. Because the bill moves the June 2003 payroll period to the next fiscal year (FY 2003-04), one-time savings are realized in FY 2002-03. For every year thereafter, 12 pay periods will be realized by the state and in FY 2003-04, the amount saved in FY 2002-03 will need to be factored into personal services appropriations.

S.B. 03-213: Supplemental appropriation to the Department of Personnel and Administration to modify the appropriation included in the FY 2002-03 Long Bill.

S.B. 03-258: General appropriations act for FY 2003-04.

S.B. 03-259: For an explanation of this bill, please see the Recent Legislation section for the Department of Health Care Policy and Financing.

S.B. 03-273: Eliminates statewide salary survey appropriations for FY 2003-04. The bill saves \$29.2 million General Fund and \$45.6 million across all fund sources. Employees of the School for the Deaf and Blind, located in the Department of Education, whose pay scales are tied to those of District 11 employees, are exempted from the provisions of the bill. Additionally, the salary increases affected by this bill are permanently delayed by one fiscal year. Thus, salary increases, which would have been effective in FY 2003-04 will become effective in FY 2004-05.

H.B. 03-1316: Changes the time at which contribution rates are affective for group health, life, and dental benefit plans. The appropriations for health, life, and dental utilize the state's contribution rates which have historically been calculated using a five-month figure for one contribution rate and a seven-month rate for the other. The bill alters this calculation by using a six-month figure for one contribution rate and a six-month figure for the other. Fiscal year 2003-04 appropriations to health, life, and dental are adjusted by this bill to reflect the change in the calculation. The recommendations of the State Personnel Director contained in the Annual Compensation Report, published on August 1 of every year, will now include performance-based pay and state contributions to group benefits plans, with salary survey in state employee compensation.

DEPARTMENT OF PUBLIC HEALTH AND ENVIRONMENT

The Department of Public Health and Environment is responsible for improving and protecting the health of the people of Colorado; maintaining and protecting the quality of Colorado's environment; and assuring the availability of health and medical care services to individuals and families.

The Department is organized into three sections: Administration, Environmental Programs, and Health Programs. Administration includes all central administrative, information technology, support services, and laboratory services. Environmental program areas include air and water quality control, hazardous materials, waste management, and consumer protection. Health program areas include disease control, local health services, inspection of health facilities, prevention services for children, emergency medical services, and health promotion.

The Department is comprised of the following divisions:

1. Administration and Support
2. Center for Health and Environmental Information
3. Laboratory and Radiation Services
4. Local Health Services
5. Air Quality Control Division
6. Water Quality Control Division
7. Hazardous Materials and Waste Management Division
8. Consumer Protection
9. Disease Control and Environmental Epidemiology Division
10. Prevention and Intervention Services for Children and Youth
11. Health Facilities Division
12. Health Promotion and Disease Prevention

Department Budget: Recent Actual Expenditures and Appropriations

Funding Source	FY 2000-01 Actual	FY 2001-02 Actual	FY 2002-03 Approp.	FY 2003-04 Approp.
General Fund	\$30,506,538	\$31,806,062	\$16,274,247	\$12,447,640
Cash Funds	20,148,834	20,938,518	26,842,124	30,922,766
Cash Funds Exempt	39,444,743	59,757,626	64,260,683	54,545,649
Federal Funds	<u>154,169,236</u>	<u>163,425,473</u>	<u>162,154,530</u>	<u>159,703,651</u>
TOTAL	\$244,269,351	\$275,927,679	\$269,531,584	\$257,619,706
Full Time Equiv. Staff	1,015.9	995.3	1,103.7	1,094.6

FY 2003-04 Budget Changes

Significant changes in appropriations for FY 2003-04 compared to FY 2002-03 include the following:

- An increase of \$570,000 General Fund and \$254,000 cash funds exempt to account for one-time savings associated with the shift in pay date in FY 2002-03;
- A reduction of \$2.7 million cash funds exempt as a result of the transfer of the Early and Periodic Screening, Diagnosis and Treatment Program to the Department of Health Care Policy and Financing;
- A reduction of \$2.4 million reflecting lower federal funds the Department anticipates receiving for FY 2003-04;
- A decrease of \$2.2 million for programs funded with tobacco settlement payments;
- A reduction of \$2.0 million associated with S.B. 03-276 which refinanced the Division of Water Quality with cash funds;
- A reduction of \$830,000 General Fund which is offset with additional cash funds in the Laboratory and Radiation Services Division;
- A decrease of \$809,000 cash funds exempt as a result of the transfer of the Hearing Aid/Orthodontia Program to the Department of Health Care Policy and Financing;
- A reduction of \$340,000 cash funds exempt and 9.8 FTE to reduce management and oversight costs in the Administration and Support Division; and
- A decrease of \$245,000 General Fund to reflect a one-time FY 2002-03 expenditure related to the federal Health Insurance Portability and Accountability Act of 1996.

General Factors Driving the Budget

For FY 2003-04, funding for this department consists of 4.8 percent General Fund, 12.0 percent cash funds, 21.2 percent cash funds exempt, and 62.0 percent federal funds. Some of the most important factors driving the budget are reviewed below.

Providing Access to Health Care Services for Low-Income Persons

Many programs within the health divisions serve people whose income is at or below the federal poverty level. Many of the programs are directed at women and children or Medicaid recipients. Services are often carried out through contracts with local health providers. The following table

shows those programs directly targeted at low-income individuals. Other programs within the Department may indirectly serve this same population. The total decreased in FY 2003-04 in part due to the transfer of the Early and Periodic Screening and Testing program and the Hearing Aid/Orthodontia program to the Department of Health Care Policy and Financing.

	FY 2000-01 Actual	FY 2001-02 Actual	FY 2002-03 Approp.	FY 2003-04 Approp.
Low-Income Programs	\$98,362,396	\$104,342,393	\$102,713,499	\$99,481,833

Federal Programs

Federal funds are the largest funding source for programs in the health divisions. The bulk of the federal funds represent "pure" federal programs, such as the Women, Infants and Children (WIC) Grant; although some programs are linked to state funds through a required match, such as the Maternal and Child Health (MCH) Block Grant. Since FY 2000-01, the percentage of federal funds has fluctuated between 67.5 and 75.6 percent of the total funding received by the health divisions. For FY 2003-04, the Department of Public Health and Environment is anticipating that it will receive approximately \$1.5 million less in federal funds than the FY 2002-03 estimated amount.

Health Divisions	FY 2000-01 Actual	FY2001-02 Actual	FY 2002-03 Approp.	FY 2003-04 Approp.
Total Federal Funds - Health Divisions	\$131,588,545	\$137,610,600	\$131,085,610	\$129,529,927
As a Percent of the Total Health Divisions Budget	75.6%	67.5%	69.9%	73.3%

Over 40 percent of the budget for environmental programs is funded by federal dollars, some of which require a state match or maintenance of effort. The environmental divisions manage over 100 active federal grants, including sub-awards of the Performance Partnership Block Grant and the Superfund Block Grant from the U.S. Environmental Protection Agency (EPA).

Environmental Divisions	FY 00-01 Actual	FY 01-02 Actual	FY 02-03 Approp.	FY 03-04 Approp.
Total Federal Funds - Environmental Divisions	\$18,804,180	\$20,271,840	\$24,442,071	\$24,810,649
As a Percent of the Total Environmental Divisions Budget	47.4%	48.6%	51.3%	49.9%

Program Refinancing

Until recently, the Water Quality Control Division constituted over 42.0 percent of the environmental divisions' General Fund. This Division's General Fund was refinanced with cash funds in FY 2003-04.

Water Quality	FY 00-01 Actual	FY 01-02 Actual	FY 02-03 Approp.	FY 03-04 Approp.
Division General Fund	\$2,183,975	\$2,196,018	\$1,528,554	\$0
Division Percent Annual GF Change	N/A	0.6%	-30.4%	N/A
Division Cash/Cash Exempt Funds	2,083,328	2,125,063	3,093,688	5,241,305
Division Percent Annual CF Change	N/A	2.0%	45.6%	69.4%

The General Fund appropriations for the Hazardous Materials and Waste Management Division were largely refinanced with cash funds from the Hazardous Substance Response Fund beginning in FY 2002-03.

Hazardous Materials and Waste Management Division	FY 00-01 Actual	FY 01-02 Actual	FY 02-03 Approp.	FY 03-04 Approp.
Division General Fund	\$228,061	\$661,303	\$130,942	\$51,022
Division Percent Annual GF Change	N/A	190.0%	-80.2%	-61.0%
Division Cash Funds	3,778,614	3,386,750	5,395,290	6,084,966
Division Percent Annual CF Change	N/A	-10.4%	59.3%	12.8%

Number of Permits and Inspections

The environmental divisions use permits and inspections to enforce compliance with applicable state and federal regulations. Permits range from construction permits for expanding a factory to discharge permits at hazardous waste generators. Inspection responsibilities include regulating sanitary conditions at dairy farms, ensuring that contaminated sites are properly remediated, and monitoring wastewater treatment facilities for compliance with permit requirements.

Environmental Divisions	FY 98-99 Actual	FY 99-00 Actual	FY 00-01 Actual	FY 01-02 Actual	FY 02-03 Estimate
<u>Permits and Applications Processed</u>					
Air Quality Control Division	6,184	6,688	6,835	6,442	6,455
Water Quality Control Division	1,056	1,365	2,094	2,982	2,499
Hazardous Waste Division	990	1,059	1,064	1,182	1,225

Environmental Divisions	FY 98-99 Actual	FY 99-00 Actual	FY 00-01 Actual	FY 01-02 Actual	FY 02-03 Estimate
Consumer Protection Division	<u>1,541</u>	<u>1,639</u>	<u>1,692</u>	<u>1,944</u>	<u>1,951</u>
Total Permits & Applications	9,771	10,751	11,685	12,550	12,130
<u>Inspections Conducted</u>					
Air Quality Control Division	4,783	4,886	4,505	3,808	4,050
Water Quality Control Division	71	371	345	281	291
Hazardous Waste Division	455	562	482	464	480
Consumer Protection Division	<u>2,412</u>	<u>2,657</u>	<u>2,462</u>	<u>3,067</u>	<u>3,214</u>
Total Inspections	7,721	8,476	7,794	7,620	8,035

Summary of FY 2002-03 and FY 2003-04 Appropriations

Total Department Appropriations

	GF	CF	CFE	FF	Total	FTE
FY 2002-03 Total Appropriation:	\$16,274,247	\$26,842,124	\$64,260,683	\$162,154,530	\$269,531,584	1,103.7
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Administration and Support	858,784	1,981,760	12,772,635	3,198,782	18,811,961	72.0
Center for Health and Environmental Information	181,957	1,910,561	2,578,371	1,496,733	6,167,622	77.6
Laboratory and Radiation Services	916,625	6,052,401	532,192	1,931,334	9,432,552	95.4
Local Health Services	1,416,885	0	0	235,084	1,651,969	5.4
Air Quality Control Division	0	5,874,789	5,185,312	3,081,065	14,141,166	149.9
Water Quality Control Division	1,528,554	2,644,449	449,239	5,087,316	9,709,558	103.4
Hazardous Materials and Waste Management Division	130,942	5,395,290	318,520	16,149,904	21,994,656	126.5
Consumer Protection	1,118,022	433,900	113,192	123,786	1,788,900	26.7

	GF	CF	CFE	FF	Total	FTE
Disease Control and Environmental Epidemiology Division	2,910,819	6,441	362,448	19,187,319	22,467,027	125.4
Prevention and Intervention Services for Children and Youth	3,066,157	1,327,898	17,680,222	95,621,794	117,696,071	112.3
Health Facilities Division	326,563	761,643	3,478,088	3,268,664	7,834,958	108.6
Health Promotion and Disease Prevention	3,818,939	452,992	20,790,464	12,772,749	37,835,144	100.5
<u>Breakdown of Total Appropriation by Bill</u>						
SB 02-50	(7,119)	0	0	0	(7,119)	0.0
HB 02-1038	(7,099)	0	0	0	(7,099)	0.0
HB 02-1125	0	0	39,857	0	39,857	0.5
HB 02-1315	0	0	0	(63,512)	(63,512)	(1.0)
HB 02-1323	0	291,482	0	0	291,482	3.3
HB 02-1329	0	0	(93,806)	0	(93,806)	(1.0)
HB 02-1344	0	764,762	0	0	764,762	4.0
HB 02-1348	1,215,079	0	0	0	1,215,079	0.0
HB 02-1420	20,343,844	24,918,695	82,560,331	154,754,054	282,576,924	1,115.1
HB 02-1440	0	11,000	0	0	11,000	0.2
HB 02-1457	58,514	0	(89,506)	0	(30,992)	(0.7)
HB 02-1468	6,780	10,046	9,350	2,122	28,298	0.0
SB 03-190	0	0	(5,160,810)	0	(5,160,810)	0.0
SB 03-197	(569,747)	0	(254,453)	0	(824,200)	0.0
SB 03-214	(4,742,034)	846,139	(1,587,070)	7,322,866	1,839,901	(16.7)
SB 03-258	(23,971)	0	139,000	139,000	254,029	0.0
SB 03-282	0	0	(11,302,210)	0	(11,302,210)	0.0
FY 2003-04 Total Appropriation:	\$12,447,640	\$30,922,766	\$54,545,649	\$159,703,651	\$257,619,706	1,094.6
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Administration and Support	57,162	1,146,263	11,797,092	1,985,438	14,985,955	62.2

	GF	CF	CFE	FF	Total	FTE
Center for Health and Environmental Information	28,598	2,040,490	2,637,599	1,490,495	6,197,182	77.6
Laboratory and Radiation Services	167,791	7,234,143	544,585	1,887,142	9,833,661	95.4
Local Health Services	1,442,188	0	0	245,991	1,688,179	5.4
Air Quality Control Division	0	6,045,221	5,334,514	3,154,406	14,534,141	149.9
Water Quality Control Division	0	4,927,426	317,810	7,209,429	12,454,665	113.9
Hazardous Materials and Waste Management Division	51,022	6,088,972	332,463	14,220,671	20,693,128	127.8
Consumer Protection	1,025,229	735,400	115,402	226,143	2,102,174	26.7
Disease Control and Environmental Epidemiology Division	2,827,351	6,441	404,524	18,364,185	21,602,501	123.6
Prevention and Intervention Services for Children and Youth	2,782,578	1,297,920	15,447,115	94,616,804	114,144,417	102.6
Health Facilities Division	236,464	944,960	3,834,874	3,382,434	8,398,732	108.6
Health Promotion and Disease Prevention	3,829,257	455,530	13,779,671	12,920,513	30,984,971	100.9
<u>Breakdown of Total Appropriation by Bill</u>						
SB 03-019	0	0	(60,560)	0	(60,560)	0.0
SB 03-258	14,975,038	27,763,770	78,271,771	160,736,466	281,747,045	1,094.6
SB 03-260	(160,906)	196,788	0	0	35,882	0.0
SB 03-273	(235,094)	(327,375)	(450,534)	(1,028,476)	(2,041,479)	0.0
SB 03-276	(1,996,424)	2,408,869	0	0	412,445	0.0
SB 03-280	0	503,258	0	0	503,258	0.0
SB 03-282	0	0	(23,213,464)	0	(23,213,464)	0.0
SB 03-287	(133,825)	163,668	0	0	29,843	0.0
HB 03-1056	0	125,000	0	0	125,000	0.0
HB 03-1316	(1,149)	(1,469)	(1,564)	(4,339)	(8,521)	0.0
HB 03-1351	0	90,257	0	0	90,257	0.0

	GF	CF	CFE	FF	Total	FTE
Increase/(Decrease)	(\$3,826,607)	\$4,080,642	(\$9,715,034)	(\$2,450,879)	(\$11,911,878)	(9.1)
Percentage Change	-23.5%	15.2%	-15.1%	-1.5%	-4.4%	-0.8%

Detail of Appropriation by Administrative Section

Administration and Support

This division includes the executive director's office, support services, business services, and human resources. Under the purview of the executive director is the chief medical officer, the Office of Policy and Public/Private Initiatives, customer services, and communications. Support services include building operations, telecommunications, and internal audit and management analysis. Business services include accounting, budgeting, contracts, payroll, and purchasing. The primary cash funds and cash funds exempt sources are indirect cost recoveries and the Automobile Inspection and Readjustment Account.

	GF	CF	CFE	FF	Total	FTE
FY 2002-03 Appropriation:						
SB 02-50	(\$7,119)	\$0	\$0	\$0	(\$7,119)	0.0
HB 02-1038	(7,099)	0	0	0	(7,099)	0.0
HB 02-1323	0	9,349	0	0	9,349	0.0
HB 02-1420	1,019,420	1,771,066	13,845,656	2,696,144	19,332,286	72.2
HB 02-1468	6,780	10,046	9,350	2,122	28,298	0.0
SB 03-197	(11,620)	0	(7,623)	0	(19,243)	0.0
SB 03-214	(141,578)	191,299	(1,213,748)	500,516	(663,511)	(0.2)
SB 03-258	<u>0</u>	<u>0</u>	<u>139,000</u>	<u>0</u>	<u>139,000</u>	<u>0.0</u>
TOTAL	\$858,784	\$1,981,760	\$12,772,635	\$3,198,782	\$18,811,961	72.0
FY 2003-04 Appropriation:						
SB 03-258	\$293,405	\$1,475,107	\$12,249,190	\$3,018,253	\$17,035,955	62.2
SB 03-273	(235,094)	(327,375)	(450,534)	(1,028,476)	(2,041,479)	0.0
HB 03-1316	<u>(1,149)</u>	<u>(1,469)</u>	<u>(1,564)</u>	<u>(4,339)</u>	<u>(8,521)</u>	<u>0.0</u>

	GF	CF	CFE	FF	Total	FTE
TOTAL	\$57,162	\$1,146,263	\$11,797,092	\$1,985,438	\$14,985,955	62.2
Increase/(Decrease)	(\$801,622)	(\$835,497)	(\$975,543)	(\$1,213,344)	(\$3,826,006)	(9.8)
Percentage Change	-93.3%	-42.2%	-7.6%	-37.9%	-20.3%	-13.6%

FTE Detail	FY 2002-03	FY 2003-04
Executive Director and Staff	68.0	58.2
Tobacco Oversight	1.0	1.0
Environmental Leadership and Pollution Prevention	<u>3.0</u>	<u>3.0</u>
	72.0	62.2

FTE Changes: The decrease of 9.8 FTE represents a base reduction in the administrative functions of the Department.

General Fund Changes: The reduction in General Fund is the result of the following decreases: (1) \$245,000 due to a one-time FY 2002-03 expenditure related to the federal Health Insurance Portability and Accountability Act of 1996; (2) \$235,000 pursuant to S.B. 03-273; (3) \$197,000 for centrally appropriated items such as salary survey and workers' compensation to be distributed in FY 2003-04; (4) \$103,000 to be offset with indirect cost recoveries; and (5) \$32,000 which is offset with other fund sources. These decreases are partially offset by an \$11,000 increase to account for one time savings associated with the shift in pay date for FY 2002-03, and \$2,000 for the increase in the PERA contribution rate as well as to annualize salary survey increases awarded in FY 2002-03.

Cash Funds Changes: The net reduction in cash funds spending authority is the result of a \$515,000 decrease for centrally appropriated items such as salary survey and workers' compensation to be distributed in FY 2003-04, and a \$327,000 decrease pursuant to S.B. 03-273. These decreases are partially offset by a \$5,000 increase for floodzone insurance coverage, and \$3,000 for the increase in the PERA contribution rate as well as to annualize salary survey awarded in FY 2002-03.

Cash Funds Exempt Changes: The reduction in cash funds exempt spending authority is the result of the following decreases: (1) \$451,000 pursuant to S.B. 03-273; (2) \$342,000 as a result of reducing 9.8 FTE in the division; (3) \$307,000 for a reduction in the Department's retirement line item; and (4) \$179,000 for centrally appropriated items such as salary survey and workers' compensation to be distributed in FY 2003-04. These decreases are partially offset by the following increases: (1) \$163,000 for increases in the PERA contribution rate and to annualize salary survey awarded in FY 2002-03; (2) \$135,000 used to offset General Fund expenditures; and (3) \$8,000 to account for one time savings associated with the shift in pay date for FY 2002-03.

Federal Funds Changes: The reduction in federal funds is the result of a \$1.0 million decrease pursuant to S.B. 03-273, and a \$193,000 decrease for centrally appropriated items such as salary survey and workers' compensation to be distributed in FY 2003-04.

Center for Health and Environmental Information

The Center for Health and Environmental Information division is divided into two subdivisions: (1) Health Statistics and Vital Records, and (2) Information Technology Services. Health Statistics and Vital Records is divided into three areas: registration, certification, and health statistics. Activities under the registration section include administration of birth, death, marriage, divorce, fetal death, and induced pregnancy termination records. This section also provides training and education on vital records rules, regulations, and statutes to individuals and local agencies as needed. The certification area issues certified copies of birth and death certificates, corrects and updates records, and administers the Voluntary Adoption Registry. The health statistics area provides statistical analysis for vital records collected by the Department and provides information internally as well as to outside agencies. The primary cash funds and cash funds exempt sources include the following: Vital Records Cash Fund, laboratory fees, Stationary Sources Control Fund, and indirect cost recoveries.

The Information Technology Services section is responsible for all departmental technology planning, network installation, operation and maintenance, end-user and personal computer support, applications development and maintenance, and Internet support.

	GF	CF	CFE	FF	Total	FTE
FY 2002-03 Appropriation:						
HB 02-1420	\$745,085	\$1,917,161	\$2,120,797	\$1,502,390	\$6,285,433	77.6
SB 03-197	(19,888)	0	0	0	(19,888)	0.0
SB 03-214	(542,170)	(6,600)	457,574	(5,657)	(96,853)	0.0
SB 03-258	<u>(1,070)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(1,070)</u>	<u>0.0</u>
TOTAL	\$181,957	\$1,910,561	\$2,578,371	\$1,496,733	\$6,167,622	77.6
FY 2003-04 Appropriation:						
SB 03-258	<u>\$28,598</u>	<u>\$2,040,490</u>	<u>\$2,637,599</u>	<u>\$1,490,495</u>	<u>\$6,197,182</u>	<u>77.6</u>
TOTAL	\$28,598	\$2,040,490	\$2,637,599	\$1,490,495	\$6,197,182	77.6
Increase/(Decrease)	(\$153,359)	\$129,929	\$59,228	(\$6,238)	\$29,560	0.0
Percentage Change	-84.3%	6.8%	2.3%	-0.4%	0.5%	0.0%

FTE Detail	FY 2002-03	FY 2003-04
Health Statistics and Vital Records	47.1	47.1
Information Technology Services	<u>30.5</u>	<u>30.5</u>
	77.6	77.6

General Fund Changes: The General Fund decrease is the result of indirect cost recoveries used to offset General Fund expenditures.

Cash Funds Changes: The net cash funds increase is attributable to \$79,000 for the new Pueblo Data Entry Center line item and \$72,000 for personal services due to the salary survey increases awarded in FY 2002-03. These increases are offset by a reduction of approximately \$22,000 for the Purchase of Services from Computer Center line item.

Cash Funds Exempt Changes: The additional cash funds exempt spending authority is the result of the following increases: \$236,000 for indirect cost recoveries used to offset General Fund expenditures, and \$31,000 for increases associated with multiuse network payments. These increases are partially offset by the discontinuation of a \$191,000 one-time expenditure in FY 2002-03, and a \$8,000 decrease in the Purchase of Services from Computer Center line item.

Federal Funds Changes: The slight decrease in federal funds reflects anticipated federal funds available.

Laboratory and Radiation Services

This division has three subdivisions: (1) Director's Office; (2) Laboratory Services; and (3) Radioactive Materials and Certification. Laboratory services include clinical and environmental testing as well as certification of laboratories, breath alcohol testing equipment, x-ray instruments, and facilities used for mammography. The radioactive materials and certification subdivision regulates radioactive materials through inspection, certification, and technical consultation. The primary cash funds and cash funds exempt sources include the following: Newborn Screening and Genetic Counseling Fund, Radiation Control Fund, Law Enforcement Assistance Fund, funds appropriated to the Water Quality Control Division, and indirect cost recoveries.

	GF	CF	CFE	FF	Total	FTE
FY 2002-03 Appropriation:						
HB 02-1420	\$1,115,639	\$6,052,401	\$532,192	\$1,931,334	\$9,631,566	97.4
SB 03-197	(74,865)	0	0	0	(74,865)	0.0
SB 03-214	<u>(124,149)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(124,149)</u>	<u>(2.0)</u>
TOTAL	\$916,625	\$6,052,401	\$532,192	\$1,931,334	\$9,432,552	95.4

	GF	CF	CFE	FF	Total	FTE
FY 2003-04 Appropriation:						
SB 03-258	\$167,791	\$7,234,143	\$544,585	\$1,887,142	\$9,833,661	95.4
TOTAL	\$167,791	\$7,234,143	\$544,585	\$1,887,142	\$9,833,661	95.4
Increase/(Decrease)	(\$748,834)	\$1,181,742	\$12,393	(\$44,192)	\$401,109	0.0
Percentage Change	-81.7%	19.5%	2.3%	-2.3%	4.3%	0.0%

FTE Detail	FY 2002-03	FY 2003-04
Director's Office	25.3	25.3
Laboratory Services - Chemistry and Microbiology	40.6	40.6
Radioactive Materials and Certification	<u>29.5</u>	<u>29.5</u>
	95.4	95.4

General Fund Changes: The reduction in General Fund is attributable to refinancing \$855,000 with additional cash funds and a \$6,000 decrease for one-time expenditures in FY 2002-03. These decreases are partially offset by a \$75,000 increase to account for one time savings associated with the shift in pay date for FY 2002-03, and \$38,000 for personal services due to the increase in the PERA contribution rate, as well as to annualize salary survey awarded in FY 2002-03.

Cash Funds Changes: The increase in the cash funds appropriation is due to the following increases: (1) \$832,000 spending authority to offset the need for General Fund in the division; (2) \$184,000 to account for additional indirect cost recoveries; (3) \$134,000 for the increase in the PERA contribution rate and to annualize salary survey awarded in FY 2002-03; (4) \$117,000 to replace laboratory equipment; and (5) \$18,000 to reduce the need for General Fund expenditures. These increases are partially offset by a decrease due to a \$104,000 one-time expenditure in FY 2002-03.

Cash Funds Exempt Changes: The additional cash funds exempt spending authority is due to a \$13,000 increase to replace laboratory equipment, and \$10,000 for the increase in the PERA contribution rate and to annualize salary survey awarded in FY 2002-03. These increases are partially offset by a \$11,000 one-time expenditure in FY 2002-03.

Federal Funds Changes: The reduction in federal funds reflects an \$80,000 decrease associated with lower grant awards anticipated for FY 2003-04 and the discontinuation of one-time expenditures from FY 2002-03 totaling \$4,000. These decreases are partially offset by a \$24,000 increase for the PERA contribution rate and to annualize salary survey awarded in FY 2002-03, and \$13,000 to replace laboratory equipment.

Local Health Services

This division provides funding for local and regional health services. Historically, funding in this division is provided to 14 local health departments and 38 county nursing and environmental health agencies. However, in FY 2002-03, funding for local health departments was eliminated. As a result, General Fund is awarded to Public Health Nurse and Environmental Health Specialist departments in areas not served by local health departments. The division also provides funding for the Community Nursing Program which provides assistance to local/county health nurses.

	GF	CF	CFE	FF	Total	FTE
FY 2002-03 Appropriation:						
HB 02-1420	\$1,659,690	\$0	\$0	\$235,084	\$1,894,774	5.4
SB 03-197	(18,647)	0	0	0	(18,647)	0.0
SB 03-214	<u>(224,158)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(224,158)</u>	<u>0.0</u>
TOTAL	\$1,416,885	\$0	\$0	\$235,084	\$1,651,969	5.4
FY 2003-04 Appropriation:						
SB 03-258	<u>\$1,442,188</u>	<u>\$0</u>	<u>\$0</u>	<u>\$245,991</u>	<u>\$1,688,179</u>	<u>5.4</u>
TOTAL	\$1,442,188	\$0	\$0	\$245,991	\$1,688,179	5.4
Increase/(Decrease)	\$25,303	\$0	\$0	\$10,907	\$36,210	0.0
Percentage Change	1.8%	n/a	n/a	4.6%	2.2%	0.0%

FTE Detail	FY 2002-03	FY 2003-04
Community Nursing	<u>5.4</u>	<u>5.4</u>
	5.4	5.4

General Fund Changes: The additional General Fund reflects additional personal services due to the increase in the PERA contribution rate and to annualize salary survey awarded in FY 2002-03.

Federal Funds Changes: The increase in federal funds reflects additional federal funds the Division is anticipating for FY 2003-04.

Air Quality Control Division

This division is responsible for identifying the nature and impact of Colorado's air pollution, and for implementing measures to prevent, control, and abate air pollution, under the direction of the Air Quality Control Commission. The Division is divided into four programs: Administration, Technical

Services, Mobile Sources, and Stationary Sources. Administration provides policy and regulatory recommendations to the Air Quality Control Commission, and coordinates all air programs. Technical Services performs statewide air monitoring, pollutant analysis, and emission modeling, which forms the technical basis for state implementation plans and attainment redesignations. Mobile Sources primarily conducts research relating to the causes and effects of pollution from mobile vehicles and investigates, implements, and evaluates strategies aimed at reducing vehicular emissions. Stationary Sources permits, monitors, and inspects factories and power plants, and analyzes data to determine compliance with state implementation plans. The primary source of cash funds is the Stationary Sources Control Fund. The primary source of cash funds exempt is the Automobile Inspection and Readjustment Account of the Highway Users Tax Fund.

	GF	CF	CFE	FF	Total	FTE
FY 2002-03 Appropriation:						
HB 02-1420	\$0	\$5,874,789	\$5,185,312	\$3,081,065	\$14,141,166	149.9
TOTAL	\$0	\$5,874,789	\$5,185,312	\$3,081,065	\$14,141,166	149.9
FY 2003-04 Appropriation:						
SB 03-258	\$0	\$6,045,221	\$5,334,514	\$3,154,406	\$14,534,141	149.9
TOTAL	\$0	\$6,045,221	\$5,334,514	\$3,154,406	\$14,534,141	149.9
Increase/(Decrease)	\$0	\$170,432	\$149,202	\$73,341	\$392,975	0.0
Percentage Change	N/A	2.9%	2.9%	2.4%	2.8%	0.0%

FTE Detail	FY 2002-03	FY 2003-04
Administration	4.5	4.5
Technical Services	33.6	33.6
Mobile Sources	38.4	38.4
Stationary Sources	<u>73.4</u>	<u>73.4</u>
	149.9	149.9

Cash Funds and Cash Funds Exempt Changes: The increases in the cash funds and cash funds exempt appropriations primarily reflect the addition of FY 2002-03 salary survey increases.

Federal Funds Changes: The increase in federal funds is associated with the Performance Partnership Grant, which is administered by the U.S. Environmental Protection Agency.

Water Quality Control Division

The Water Quality Control Division enforces the water quality regulations of the Water Quality Control Commission and the State Board of Health. Its responsibilities include developing stream classifications and standards, issuing permits to ensure that discharges comply with water quality standards, and performing monitoring and enforcement activities. This division also oversees water quality management planning, manages state and federal construction grant assistance programs, and provides technical assistance to local governments. In the area of drinking water, it conducts surveillance of public and non-public drinking water consistent with minimum federal and state standards, and reviews designs and specifications of new or expanding treatment facilities. It also is responsible for the enforcement of the provisions of Amendment 14 (Regulation of Commercial Hog Facilities) approved by the voters in the 1998 statewide election. Sources of cash funds include the Water Quality Control Fund, and the Sludge Management Program Fund, and the newly created Drinking Water Cash Fund. Sources of cash funds exempt include the Groundwater Protection Fund and the collection of commercial hog facility regulation fees pursuant to Amendment 14.

	GF	CF	CFE	FF	Total	FTE
FY 2002-03 Appropriation:						
HB 02-1329	\$0	\$0	(\$93,806)	\$0	(\$93,806)	(1.0)
HB 02-1344	0	764,762	0	0	764,762	4.0
HB 02-1420	2,134,532	1,693,192	404,564	5,156,415	9,388,703	102.9
SB 03-197	(109,907)	0	0	0	(109,907)	0.0
SB 03-214	<u>(496,071)</u>	<u>186,495</u>	<u>138,481</u>	<u>(69,099)</u>	<u>(240,194)</u>	<u>(2.5)</u>
TOTAL	\$1,528,554	\$2,644,449	\$449,239	\$5,087,316	\$9,709,558	103.4
FY 2003-04 Appropriation:						
SB 03-258	\$1,996,424	\$2,518,557	\$317,810	\$7,209,429	\$12,042,220	113.9
SB 03-276	<u>(1,996,424)</u>	<u>2,408,869</u>	<u>0</u>	<u>0</u>	<u>412,445</u>	<u>0.0</u>
TOTAL	\$0	\$4,927,426	\$317,810	\$7,209,429	\$12,454,665	113.9
Increase/(Decrease)	(\$1,528,554)	\$2,282,977	(\$131,429)	\$2,122,113	\$2,745,107	10.5
Percentage Change	-100.0%	86.3%	-29.3%	41.7%	28.3%	10.2%

FTE Detail	FY 2002-03	FY 2003-04
Administration	12.0	12.0
Watershed Assessment, Outreach, and Assistance	25.8	36.3

FTE Detail	FY 2002-03	FY 2003-04
Permitting and Compliance Assurance	37.2	37.2
Drinking Water Program	<u>28.4</u>	<u>28.4</u>
	103.4	113.9

FTE Changes: The increase in FTE is attributable to the inclusion of federally funded FTE that have not been shown previously.

General Fund Changes: The elimination of General Fund is attributable to S.B. 03-276, which refinanced the Division with cash funds from the Water Quality Control Fund and the Drinking Water Cash Fund. Senate Bill 03-276 increased fees paid to the Water Quality Control Fund, and implemented a new drinking water fee and the associated Drinking Water Cash Fund.

Cash Funds Changes: The increase in the cash funds appropriation is attributable to S.B. 03-276, noted above. These fee increases were used to offset General Fund.

Cash Funds Exempt Changes: The net decrease in the cash funds exempt appropriation primarily reflects the discontinuation of one-time appropriations from the Water Quality Control Fund and Fund reserves in FY 2002-03, which were used to offset General Fund. These decreases are offset somewhat by the addition of FY 2002-03 salary survey increases.

Federal Funds Changes: The increase in federal funds reflects federal funds not previously included in the Long Bill.

Hazardous Materials and Waste Management Division

This division regulates the treatment, storage, and disposal of solid and hazardous wastes under the direction of the Hazardous Waste Commission. The Division is responsible for inspecting solid waste facilities; overseeing large- and small-quantity hazardous waste generators, transporters, and storage facilities; responding to public complaints about such facilities; reviewing corrective action plans for technical compliance with applicable state environmental regulations; and regulating commercial radioactive materials in Colorado. Sources of cash funds include the Hazardous Waste Service Fund, the Hazardous Substance Response Fund, the Hazardous Waste Commission Fund, and the Solid Waste Management Fund. The source of cash funds exempt is the Local Government Severance Tax Fund. Sources of federal funds include funds received from the U.S. Environmental Protection Agency and the U.S. Department of Defense.

	GF	CF	CFE	FF	Total	FTE
FY 2002-03 Appropriation:						
HB 02-1420	\$701,862	\$4,955,395	\$318,520	\$9,399,038	\$15,374,815	131.4

	GF	CF	CFE	FF	Total	FTE
SB 03-197	(2,416)	0	0	0	(2,416)	0.0
SB 03-214	<u>(568,504)</u>	<u>439,895</u>	<u>0</u>	<u>6,750,866</u>	<u>6,622,257</u>	<u>(4.9)</u>
TOTAL	\$130,942	\$5,395,290	\$318,520	\$16,149,904	\$21,994,656	126.5
FY 2003-04 Appropriation:						
SB 03-258	\$51,022	\$5,460,714	\$332,463	\$14,220,671	\$20,064,870	127.8
SB 03-280	0	503,258	0	0	503,258	0
HB 03-1056	<u>0</u>	<u>125,000</u>	<u>0</u>	<u>0</u>	<u>125,000</u>	<u>0</u>
TOTAL	\$51,022	\$6,088,972	\$332,463	\$14,220,671	\$20,693,128	127.8
Increase/(Decrease)	(\$79,920)	\$693,682	\$13,943	(\$1,929,233)	(\$1,301,528)	1.3
Percentage Change	-61.0%	12.9%	4.4%	-11.9%	-5.9%	1.0%

FTE Detail	FY 2002-03	FY 2003-04
Division Director's Office	5.0	3.4
Hazardous Waste Control Program	34.6	35.0
Solid Waste Control Program	13.2	13.4
Uranium Mill Tailings Remedial Action Program	3.1	3.2
Contaminated Site Cleanups	40.3	42.2
Rocky Flats Agreement	<u>30.3</u>	<u>30.6</u>
	126.5	127.8

FTE Changes: The increase of 1.3 FTE reflects associated federally-funded staff for Contaminated Site Cleanups.

General Fund Changes: The decrease in General Fund reflects a refinancing of the Division Director's Office with cash funds, cash funds exempt, and federal fund sources throughout the Division.

Cash Funds Changes: The increases in cash funds and cash funds exempt are primarily associated with S.B. 03-280 which increased cash funds in the Hazardous Substance Response Funds which are then transferred to the Department of Law.

Cash Funds Exempt Changes: The increase is attributable to the inclusion of FY 2002-03 salary survey and to the refinancing of the General Fund, as noted above.

Federal Funds Changes: The decrease in federal funds reflects reduced federal grants anticipated to be received.

Consumer Protection

This division is responsible for investigating diversion of controlled substances to illegal channels of distribution; enforcing sanitation standards to prevent and control diseases transmitted by food and insects; eliminating unsanitary conditions in public accommodations; and preventing injuries to persons using potentially dangerous consumer products. Sources of cash funds include the Food Protection Cash Fund and the Artificial Tanning Device Education Fund. Sources of cash funds exempt include transfers from the Departments of Corrections and Human Services.

	GF	CF	CFE	FF	Total	FTE
FY 2002-03 Appropriation:						
HB 02-1420	\$1,433,799	\$433,900	\$68,111	\$123,786	\$2,059,596	27.7
SB 03-197	(101,079)	0	0	0	(101,079)	0.0
SB 03-214	<u>(214,698)</u>	<u>0</u>	<u>45,081</u>	<u>0</u>	<u>(169,617)</u>	<u>(1.0)</u>
TOTAL	\$1,118,022	\$433,900	\$113,192	\$123,786	\$1,788,900	26.7
FY 2003-04 Appropriation:						
SB 03-258	\$1,186,135	\$448,355	\$115,402	\$226,143	\$1,976,035	26.7
SB 03-260	(160,906)	196,788	0	0	35,882	0.0
HB 03-1351	<u>0</u>	<u>90,257</u>	<u>0</u>	<u>0</u>	<u>90,257</u>	<u>0.0</u>
TOTAL	\$1,025,229	\$735,400	\$115,402	\$226,143	\$2,102,174	26.7
Increase/(Decrease)	(\$92,793)	\$301,500	\$2,210	\$102,357	\$313,274	0.0
Percentage Change	-8.3%	69.5%	2.0%	82.7%	17.5%	0.0%

FTE Detail	FY 2002-03	FY 2003-04
Management and Administrative Support	4.0	4.0
Environmental Protection Specialists	19.4	19.4

FTE Detail	FY 2002-03	FY 2003-04
Other	<u>3.3</u>	<u>3.3</u>
	26.7	26.7

General Fund Changes: The net General Fund decrease is attributable to S.B. 03-260, which cash funded the Wholesale Food Program in the amount of \$161,000, and a \$100,000 reduction associated with a refinancing of the school chemical inspection program with federal funds. Offsetting the decrease is the addition of \$107,000 to account for one-time savings associated with the shift in pay date in FY 2002-03, \$59,000 associated with FY 2002-03 salary survey increases, and \$2,000 associated with increases in the PERA contribution rate.

Cash Funds Changes: The cash funds increase is attributable to the following: (1) S.B. 03-260, which increased cash funds by \$197,000; (2) H.B. 03-1351 which increased cash funds by \$90,000; and (3) \$14,500 associated with the inclusion of FY 2002-03 salary survey increases.

Cash Funds Exempt Changes: The cash funds exempt increase is attributable to the inclusion of FY 2002-03 salary survey increases and an increase in the PERA contribution rate.

Federal Funds Changes: The appropriation reflects an additional \$100,000 associated with refinancing the chemical inspection program.

Disease Control and Environmental Epidemiology Division

This division helps prevent and control communicable diseases, investigate the incidence of environmental and chronic diseases, and evaluate potential risks posed by environmental toxicological exposures. The division is divided into four subdivisions: (1) administration, general disease control and surveillance; (2) special purpose disease control programs; (3) environmental epidemiology; and (4) emergency management. The primary cash funds and cash funds exempt sources include Medicaid funds appropriated to the Department of Health Care Policy and Financing and federal funds appropriated to the Department of Human Services.

	GF	CF	CFE	FF	Total	FTE
FY 2002-03 Appropriation:						
HB 02-1315	\$0	\$0	\$0	(\$63,512)	(\$63,512)	(1.0)
HB 02-1420	3,572,919	6,441	323,384	19,111,831	23,014,575	128.4
SB 03-197	(60,475)	0	0	0	(60,475)	0.0
SB 03-214	(578,724)	0	39,064	0	(539,660)	(2.0)
SB 03-258	<u>(22,901)</u>	<u>0</u>	<u>0</u>	<u>139,000</u>	<u>116,099</u>	<u>0.0</u>
TOTAL	\$2,910,819	\$6,441	\$362,448	\$19,187,319	\$22,467,027	125.4

	GF	CF	CFE	FF	Total	FTE
FY 2003-04 Appropriation:						
SB 03-258	<u>\$2,827,351</u>	<u>\$6,441</u>	<u>\$404,524</u>	<u>\$18,364,185</u>	<u>\$21,602,501</u>	<u>123.6</u>
TOTAL	\$2,827,351	\$6,441	\$404,524	\$18,364,185	\$21,602,501	123.6
Increase/(Decrease)	(\$83,468)	\$0	\$42,076	(\$823,134)	(\$864,526)	(1.8)
Percentage Change	-2.9%	0.0%	11.6%	-4.3%	-3.8%	-1.4%

FTE Detail	FY 2002-03	FY 2003-04
Administration, General Disease Control and Surveillance	14.5	14.5
Special Purpose Disease Control Programs	72.8	72.8
Environmental Epidemiology	21.6	19.8
Emergency Management	6.2	6.2
Federal Grants	<u>10.3</u>	<u>10.3</u>
	125.4	123.6

FTE Changes: The decrease of 1.8 FTE is the result of a reduction in the Department's birth defects registry.

General Fund Changes: The General Fund reduction is the result of the following decreases: (1) \$127,000 as a result of a reduction to the Department's birth defects registry; (2) \$44,000 refinanced with other fund sources; and (3) \$37,000 from discretionary personal services and operating expenses. These decreases are partially offset by the following increases: (1) \$60,000 to account for one time savings associated with the shift in pay date for FY 2002-03; (2) \$41,000 for personal services due to the increase in the PERA contribution rate and to annualize salary survey awarded in FY 2002-03; and (3) \$23,000 due to one-time reductions in FY 2002-03.

Cash Funds Exempt Changes: The additional cash funds exempt spending authority is the result of a \$42,000 increase to offset General Fund expenditures in the division.

Federal Funds Changes: The decrease in federal funds reflects a reduction in federal funds the Department anticipates receiving for FY 2003-04.

Prevention and Intervention Services for Children and Youth

This division was created pursuant to H.B. 00-1342. The legislation consolidated a number of programs related to youth crime prevention from throughout state government into this new division. When the Department of Public Health and Environment reorganized in 2001, the Maternal and Child Health and the Nutrition subdivisions were also added to this division. The Maternal and Child Health subdivision includes programs such as Nurse Home Visitor, Children With Special Needs, Genetics Counseling, and Immunizations.

The Nutrition subdivision includes the federal Women, Infants and Children (WIC) supplemental food grant, as well as the Child and Adult Food Care Program (CACFP). The WIC program provides supplemental food packages and nutrition education to approximately 125,000 eligible women and children. The CACFP provides reimbursement for nutritious meals as well as provides nutrition education to child care centers, Head Start programs, Outside School Hours Centers, and adult day care centers.

The primary cash funds and cash funds exempt sources include the following: Newborn Screening and Genetic Counseling Fund, Medicaid funds transferred from the Department of Health Care Policy and Financing, Colorado Children's Trust Fund, Tobacco Litigation Cash Fund, and federal funds appropriated to the Department of Education.

	GF	CF	CFE	FF	Total	FTE
FY 2002-03 Appropriation:						
HB 02-1420	\$4,501,911	\$1,292,848	\$20,156,027	\$95,475,554	\$121,426,340	115.6
SB 03-190	0	0	(1,440,150)	0	(1,440,150)	0.0
SB 03-197	(82,369)	0	(23,631)	0	(106,000)	0.0
SB 03-214	<u>(1,353,385)</u>	<u>35,050</u>	<u>(1,012,024)</u>	<u>146,240</u>	<u>(2,184,119)</u>	<u>(3.3)</u>
TOTAL	\$3,066,157	\$1,327,898	\$17,680,222	\$95,621,794	\$117,696,071	112.3
FY 2003-04 Appropriation:						
SB 03-019	\$0	\$0	(\$20,314)	\$0	(\$20,314)	0.0
SB 03-258	2,782,578	1,297,920	16,768,071	94,616,804	115,465,373	102.6
SB 03-282	<u>0</u>	<u>0</u>	<u>(1,300,642)</u>	<u>0</u>	<u>(1,300,642)</u>	<u>0.0</u>
TOTAL	\$2,782,578	\$1,297,920	\$15,447,115	\$94,616,804	\$114,144,417	102.6
Increase/(Decrease)	(\$283,579)	(\$29,978)	(\$2,233,107)	(\$1,004,990)	(\$3,551,654)	(9.7)
Percentage Change	-9.2%	-2.3%	-12.6%	-1.1%	-3.0%	-8.6%

FTE Detail	FY 2002-03	FY 2003-04
Program and Administration	4.7	3.2
Prevention Partnerships	3.3	3.3
Maternal and Child Health	69.3	61.1
Nutrition Services	33.4	33.4
New Federal Grants	<u>1.6</u>	<u>1.6</u>
	112.3	102.6

FTE Changes: The reduction of 9.7 FTE is attributable to the following: (1) a decrease of 5.2 FTE as a result of the Early and Periodic Screening, Diagnosis and Treatment (EPSDT) program being transferred to the Department of Health Care Policy and Financing; (2) elimination of 2.0 vacant FTE; (3) elimination of 1.5 FTE as a result of a reduction in administration costs; and (4) a decrease of 1.0 FTE as a result of the of the Hearing Aid/Orthodontia program being transferred to the Department of Health Care Policy and Financing.

General Fund Changes: The reduction in General Fund is the result of the following decreases: (1) \$140,000 for reduced outreach services for children with special needs; (2) \$100,000 to eliminate 2.0 vacant FTE; (3) \$79,000 to lower administration costs in the division; (4) \$72,000 to reflect the elimination of funding for the Youth Mentoring Services program; (5) \$14,000 as a result of the transfer of the Hearing Aid/Orthodontia program to the Department of Health Care Policy and Financing; and (6) \$8,000 which was replaced with other fund sources. These decreases are partially offset with the following increases: (1) \$82,000 to account for one time savings associated with the shift in pay date for FY 2002-03; and (2) \$47,000 for personal services due to salary survey increases awarded in FY 2002-03 and the increase in the PERA contribution rate.

Cash Funds Changes: The decrease in cash funds spending authority is the result of a one-time expenditure in FY 2002-03.

Cash Funds Exempt Changes: The reduction in cash funds exempt spending authority is the result of the following decreases: (1) \$2.7 million from the transfer of the Early and Periodic Screening, Diagnosis and Treatment Program to the Department of Health Care Policy and Financing; (2) \$809,000 from the Hearing Aid/Orthodontia program being transferred to the Department of Health Care Policy and Financing; (3) \$742,000 from the elimination of the Youth Mentoring Services Program; and (4) \$729,000 as a result of one-time funding in FY 2002-03. These decreases are partially offset with the following increases: (1) \$1.3 million transfer from the Tobacco Litigation Settlement Cash Fund into the Nurse Home Visitor Program Fund; (2) \$1.3 million to reflect additional spending authority from the Nurse Home Visitor Fund into the Nurse Home Visitor Program; (3) \$24,000 to account for one time savings associated with the shift in pay date for FY 2002-03; and (4) \$15,000 for personal services due to salary survey increases awarded in FY 2002-03 and an increase in the PERA contribution rate.

Federal Funds Changes: The reduction in federal funds reflects lower federal funds the Department anticipates receiving for FY 2003-04.

Health Facilities Division

This division establishes and enforces standards for the operation of health care facilities throughout the state. The division is divided into the Licensure Program and Medicaid/Medicare Certification Program. Activities include: licensure of hospitals, other health care facilities, health maintenance organizations, and assisted living facilities; certification of nursing homes; and training of non-licensed individuals to administer medications in residential care facilities and adult day programs. The primary cash funds and cash funds exempt sources include the following: Health Facilities Licensure Cash Fund, Personal Care Boarding Home Cash Fund, Medication Administration Cash Fund, and Medicaid funds transferred from the Department of Health Care Policy and Financing.

	GF	CF	CFE	FF	Total	FTE
FY 2002-03 Appropriation:						
HB 02-1323	\$0	\$282,133	\$0	\$0	\$282,133	3.3
HB 02-1420	379,555	479,510	3,823,749	3,268,664	7,951,478	106.8
HB 02-1457	58,514	0	(89,506)	0	(30,992)	(0.7)
SB 03-197	(35,536)	0	(222,111)	0	(257,647)	0.0
SB 03-214	<u>(75,970)</u>	<u>0</u>	<u>(34,044)</u>	<u>0</u>	<u>(110,014)</u>	<u>(0.8)</u>
TOTAL	\$326,563	\$761,643	\$3,478,088	\$3,268,664	\$7,834,958	108.6
FY 2003-04 Appropriation:						
SB 03-258	\$370,289	\$781,292	\$3,834,874	\$3,382,434	\$8,368,889	108.6
SB 03-287	<u>(133,825)</u>	<u>163,668</u>	<u>0</u>	<u>0</u>	<u>29,843</u>	<u>0.0</u>
TOTAL	\$236,464	\$944,960	\$3,834,874	\$3,382,434	\$8,398,732	108.6
Increase/(Decrease)	(\$90,099)	\$183,317	\$356,786	\$113,770	\$563,774	0.0
Percentage Change	-27.6%	24.1%	10.3%	3.5%	7.2%	0.0%

FTE Detail	FY 2002-03	FY 2003-04
Licensure	15.8	15.8
Medicaid/Medicare Certification Program	<u>92.8</u>	<u>92.8</u>
	108.6	108.6

General Fund Changes: The net General Fund reduction is the result of a \$134,000 decrease pursuant to S.B. 03-287, and \$9,000 to be replaced with other funding sources. These decreases are partially offset by a \$36,000 increase to account for one time savings associated with the shift in pay date for FY 2002-03, and \$17,000 for personal services due to salary survey increases awarded in FY 2002-03.

Cash Funds Changes: The additional cash funds spending authority is the result of the following increases: (1) \$164,000 pursuant to S.B. 03-287; (2) \$14,000 for personal services due to salary survey increases awarded in FY 2002-03; and (3) \$9,000 to offset General Fund expenditures in the division.

Cash Funds Exempt Changes: The additional cash funds exempt spending authority is the result of a \$222,000 increase to account for one time savings associated with the shift in pay date for FY 2002-03, and a \$135,000 increase for personal services due to salary survey increases awarded in FY 2002-03.

Federal Funds Changes: The increased level of reflects federal funds is the result of a \$114,000 increase for personal services due to salary survey increases awarded in FY 2002-03.

Health Promotion and Disease Prevention

This division is divided into the following subdivisions: (1) Emergency Medical Services and Injury, (2) Prevention Programs, (3) Women's Health - Family Planning, and (4) Rural - Primary Care.

Emergency medical services support training and certification of emergency personnel, technical assistance to local agencies, and grants to support local activities. Prevention programs focus on mitigation of chronic disease, tobacco education and prevention, and support for the cancer registry. The women's health subdivision primarily provides funds to public and private local agencies to support family planning and primary health care services, including physical examinations, cancer and sexually transmitted disease screening and treatment, contraceptive supplies, counseling and education, and voluntary sterilization. Services provided in the rural-primary care subdivision focus on increasing awareness and availability of oral health services and providing primary health care services to under-served populations.

The primary cash funds and cash funds exempt sources include the following: Trauma System Cash Fund, Tobacco Litigation Cash Fund, Medicaid funds transferred from the Department of Health Care Policy and Financing, and the Medical Services Account in the Highway Users Tax Fund.

	GF	CF	CFE	FF	Total	FTE
FY 2002-03 Appropriation:						
HB 02-1125	\$0	\$0	\$39,857	\$0	\$39,857	0.5
HB 02-1348	1,215,079	0	0	0	1,215,079	0.0

	GF	CF	CFE	FF	Total	FTE
HB 02-1420	3,079,432	441,992	35,782,019	12,772,749	52,076,192	99.8
HB 02-1440	0	11,000	0	0	11,000	0.2
SB 03-190	0	0	(3,720,660)	0	(3,720,660)	0.0
SB 03-197	(52,945)	0	(1,088)	0	(54,033)	0.0
SB 03-214	(422,627)	0	(7,454)	0	(430,081)	0.0
SB 03-282	<u>0</u>	<u>0</u>	<u>(11,302,210)</u>	<u>0</u>	<u>(11,302,210)</u>	<u>0.0</u>
TOTAL	\$3,818,939	\$452,992	\$20,790,464	\$12,772,749	\$37,835,144	100.5
FY 2003-04 Appropriation:						
SB 03-019	\$0	\$0	(\$40,246)	\$0	(\$40,246)	0.0
SB 03-258	3,829,257	455,530	35,732,739	12,920,513	52,938,039	100.9
SB 03-282	<u>0</u>	<u>0</u>	<u>(21,912,822)</u>	<u>0</u>	<u>(21,912,822)</u>	<u>0.0</u>
TOTAL	\$3,829,257	\$455,530	\$13,779,671	\$12,920,513	\$30,984,971	100.9
Increase/(Decrease)	\$10,318	\$2,538	(\$7,010,793)	\$147,764	(\$6,850,173)	0.4
Percentage Change	0.3%	0.6%	-33.7%	1.2%	-18.1%	0.4%

FTE Detail	FY 2002-03	FY 2003-04
Emergency Medical Services and Injury	13.3	13.7
Prevention Programs	71.7	71.7
New Federal Grants	3.7	3.7
Women's Health - Family Planning	7.3	7.3
Rural - Primary Care	<u>4.5</u>	<u>4.5</u>
	100.5	100.9

FTE Changes: The increase of 0.4 FTE is the result of additional federal funds the Department expects to receive in FY 2003-04.

General Fund Changes: The additional General Fund is the result of a \$53,000 increase to account for one-time savings associated with the shift in pay date for FY 2002-03 and \$35,000 for personal services due to salary survey increases awarded in FY 2002-03. These increases are partially offset

by a \$74,000 decrease which was offset with other funding sources and a \$3,000 decrease in funding for the Cancer Registry.

Cash Funds Changes: The additional cash funds spending authority is the result of salary survey increases awarded in FY 2002-03 in the division.

Cash Funds Exempt Changes: The decrease in cash funds exempt spending authority is the result of the following reductions: (1) \$3.5 million to reflect a lower transfer of funds from the Tobacco Litigation Cash Fund into the Tobacco Program Fund; (2) \$3.5 million decrease to reflect lower funds transferred from the Tobacco Program Fund for the Tobacco Cessation and Prevention Grant Program; and (3) \$26,000 decrease for personal services due to salary survey increases awarded in FY 2002-03.

Federal Funds Changes: The increase in federal funds reflects additional federal funds the Department anticipates receiving for FY 2003-04 in this division.

Recent Legislation

2002 Session Bills

S.B. 02-50: For an explanation of this bill please see the Recent Legislation section in the Department of Corrections.

H.B. 02-1038: For an explanation of this bill please see the Recent Legislation section in the Department of Corrections.

H.B. 02-1125: Creates a 14-member Stroke Advisory Board to be appointed by the executive director of the Department of Public Health and Environment. Creates the Stroke Prevention and Treatment Cash Fund and stipulates that for FY 2001-02, \$75,978 from moneys paid to the Department of Public Health and Environment for monitoring the operation and effectiveness of tobacco settlement programs, shall be allocated to the fund to cover the board's costs. Appropriates \$39,857 cash funds exempt out of the fund and 0.5 FTE to the Department of Public Health and Environment for FY 2002-03.

H.B. 02-1315: Creates the Office of Preparedness, Security and Fire Safety (OPSFS) as a division within the Department of Public Safety. Directs the OPS to create and implement terrorist preparedness plans and develop protocols concerning the State's response to terrorism. Transfers \$63,512 federal funds and 1.0 FTE from the Department of Public Health and Environment to the Department of Public Safety for the implementation of this act. Please see the Department of Public Safety for a full description of H.B. 02-1315.

H.B. 02-1323: Increases fees in order to fund existing regulatory functions related to the inspection and monitoring of assisted living facilities. Increases three licensing fees and creates four new licensee fees. Fee revenue is credited to the Assisted Living Residence Cash Fund. Appropriates \$291,482 cash funds and 3.3 FTE to the Health Facilities Division in the Department of Public Health and Environment for FY 2002-03.

H.B. 02-1329: Requires the Commissioner of Agriculture to identify areas where pesticide contamination of groundwater is probable and to conduct monitoring in those areas. Transfers \$93,806 cash funds exempt and 1.0 FTE associated with groundwater pesticide monitoring from the Department of Public Health and Environment to the Department of Agriculture beginning in FY 2002-03.

H.B. 02-1344: Requires the Department to examine whether the state Water Quality Control Program standard-setting and classification process should be modified to reasonably accommodate the unique attributes of Colorado's water bodies. Increases existing fees and establishes new fees for issuance or revision of water quality control discharge permits to be credited to the Water Quality Control Fund. Appropriates continuation levels of funding for FY 2002-03 that was not included in the FY 2002-03 Long Bill in order to match existing revenues.

H.B. 02-1348: Transfers the Poison Control Program from the Department of Health Care Policy and Financing to the Department of Public Health and Environment. Transfers \$1,215,079 General Fund to the Department of Public Health and Environment for FY 2002-03.

H.B. 02-1420: General appropriations act for FY 2002-03.

H.B. 02-1440: Amends statutory requirements related to emergency services, including the following: repeals the \$100 limitation on licensing fees for ambulance services and the conditional licensing of ambulance services by counties; repeals the issuance of conditional licenses to an ambulance service; requires licensing of fixed-wing and rotor-wing ambulance services by the Department of Public Health and Environment; and creates the Fixed-Wing and Rotor-Wing Ambulances Cash Fund. Appropriates \$11,000 cash funds and 0.2 FTE to the Department of Public Health and Environment in FY 2002-03 for the implementation of the act.

H.B. 02-1457: Results in a \$58,514 General Fund appropriation, and a reduction of \$89,506 cash funds exempt and a reduction of 0.7 FTE for FY 2002-03. Please see the Recent Legislation section in the Department of Health Care Policy and Financing section of this report for more detail on this bill.

H.B. 02-1468: Authorizes the General Assembly to annually adjust the state contribution for health, life, and dental insurance effective CY 2004 through the Long Bill. For more information, refer to the bill description in the Department of Personnel and Administration.

2003 Session Bills

S.B. 03-19: Amends how the State Auditor's Office will be paid for the review of tobacco settlement programs. The amount appropriated to the State Auditor's Office shall come from a proportionate reduction in the amounts annually appropriated to each tobacco settlement program that it reviews. The bill makes adjustments to the FY 2003-04 appropriation levels for the following programs:

- ❑ *Department of Education, Read-to-Achieve Grant Program.* Reduces the FY 2003-04 appropriation for the Read-to-Achieve Program by \$25,149. This is reflected in two areas of the department's budget. First, the amount of tobacco settlement funds appropriated to the Read-to-Achieve Cash Fund is reduced by \$25,149 cash funds exempt. Second, the appropriation to the Read-to-Achieve Grant Program from the Read-to-Achieve Cash Fund is reduced by \$25,149 cash funds exempt.
- ❑ *Department of Health Care Policy and Financing, Children's Basic Health Plan Trust.* Reduces the FY 2003-04 appropriation to the Children's Basic Health Plan Trust from the Tobacco Settlement Cash Fund by \$23,459 cash funds exempt.
- ❑ *Department of Health Care Policy and Financing, Comprehensive Primary and Preventive Care Grant Program.* Reduces the FY 2003-04 appropriation for the Primary and Preventive Care Grant Program by \$7,942. This reduction is reflected in two areas of the department's budget. First, the amount of tobacco settlement funds appropriated to the Comprehensive Primary and Preventive Care Fund is reduced by \$7,942 cash funds exempt. Second, the appropriation to the Comprehensive Primary and Preventive Care Grant Program from the Comprehensive Primary and Preventive Care Fund is reduced by \$7,942 cash funds exempt.
- ❑ *Department of Higher Education, Tobacco and Substance Abuse Related Research Grant Program.* Reduces the FY 2003-04 appropriation to the Regents of the University of Colorado for the Tobacco and Substance Abuse Related Research Grant Program by \$10,589 cash funds exempt. When combined with the impact of S.B. 03-282 (which transfers all of the tobacco funds from this program into the General Fund), this reduction will result in a negative number. As a result, both bills cannot be full implemented. Since the effective date of S.B. 03-019 is after the effective date of S.B. 03-282, the cash funds exempt impact of S.B. 03-019 on the Department of Higher Education is shown in this report as \$0.
- ❑ *Department of Public Health and Environment, Nurse Home Visitor Program.* Reduces the FY 2003-04 appropriation for the Nurse Home Visitor Program by \$10,157. This reduction is reflected in two areas of the department's budget. First, the amount of tobacco settlement funds appropriated to the Nurse Home Visitor Program Fund is reduced by \$10,157 cash funds exempt. Second, the appropriation to the Nurse Home Visitor Program from the Nurse Home Visitor Cash Fund is reduced by \$10,157 cash funds exempt.

- ❑ *Department of Public Health and Environment, Tobacco Cessation and Prevention Grant Program.* Reduces the FY 2003-04 appropriation for the Tobacco Cessation and Prevention Grant Program by \$19,855. This reduction is reflected in two areas of the department's budget. First, the amount of tobacco settlement funds appropriated to the Tobacco Program Fund is reduced by \$19,855 cash funds exempt. Second, the appropriation to the Tobacco Cessation and Prevention Grant Program from the Tobacco Program Fund is reduced by \$19,855 cash funds exempt.
- ❑ *Department of Public Health and Environment, State Dental Loan Repayment Program.* Reduces the FY 2003-04 appropriation for the State Dental Loan Repayment Program by \$268 cash funds exempt. This reduction is reflected in two areas of the department's budget. First, the amount of tobacco settlement funds appropriated to the State Dental Loan Repayment Fund is reduced by \$268 cash funds exempt. Second, the appropriation to the State Dental Loan Repayment Program from the State Dental Loan Repayment Fund is reduced by \$268 cash funds exempt.
- ❑ *Department of Military Affairs, Colorado State Veterans Trust.* Reduces the FY 2003-04 appropriation for expenditures out of the Colorado State Veterans Trust by \$1,324 cash funds exempt. This reduction is reflected in two areas of the department's budget. First, the amount of tobacco settlement funds appropriated to the Colorado State Veteran Trust is reduced by \$1,324 cash funds exempt. Second, the amount appropriated out of the Colorado State Veterans Trust is reduced by \$1,324 cash funds exempt.
- ❑ *Legislative Department, Office of the State Auditor.* Appropriates \$98,743 from the Tobacco Litigation Settlement Cash Fund to the Office of the State Auditor for FY 2003-04 for the review of programs funded with tobacco settlement funds.

S.B. 03-190: Transfers a total of \$39.5 million of payments the State receives pursuant to the Tobacco Settlement Agreement into the General Fund for FY 2002-03. This amount is generated by the following transfers into the General Fund: (1) \$21.7 million from the Tobacco Litigation Settlement Cash Fund; (2) \$6.1 million from the Tobacco Litigation Trust Fund; (3) \$2.3 from the Colorado State Veterans Trust Fund; (4) \$2.0 million from the Children's Basic Health Plan Trust; (5) \$600,000 of additional tobacco settlement funds received by the State; and (6) \$6.8 million from reductions in the following programs for FY 2002-03:

- ❑ *Department of Education, Read-to-Achieve Program.* Reduces the FY 2002-03 appropriation for the Read-to-Achieve Program by \$2,816,562. This reduction is reflected in two areas of the department's budget. First, the amount of tobacco settlement funds appropriated to the Read-to-Achieve Program is reduced by \$2,816,562 cash funds exempt. Second, the appropriation to the Read-to-Achieve Grant Program from the Read-to-Achieve Cash Fund is reduced by \$2,816,562 cash funds exempt.

- ❑ *Department of Health Care Policy and Financing, Comprehensive Primary and Preventive Care Grants.* Reduces the FY 2002-03 appropriation for the Primary and Preventive Care Grant Program by \$679,130. This reduction is reflected in two areas of the department's budget. First, the amount of tobacco settlement funds appropriated to the Comprehensive Primary and Preventive Care Fund is reduced by \$679,130 cash funds exempt. Second, the appropriation to the Comprehensive Primary and Preventive Care Grant Program from the Comprehensive Primary and Preventive Care Fund is reduced by \$679,130 cash funds exempt.
- ❑ *Department of Higher Education, Tobacco and Substance Abuse Related Research Grant Program.* Reduces the FY 2002-03 appropriation to the Regents of the University of Colorado for the Tobacco and Substance Abuse Related Research Grant Program by \$905,507 cash funds exempt.
- ❑ *Department of Public Health and Environment, Nurse Home Visitor Program.* Reduces the FY 2002-03 appropriation for the Nurse Home Visitor Program by \$720,075. This reduction is reflected in two areas of the department's budget. First, the amount of tobacco settlement funds appropriated to the Nurse Home Visitor Program Fund is reduced by \$720,075 cash funds exempt. Second, the appropriation to the Nurse Home Visitor Program from the Nurse Home Visitor Cash Fund is reduced by \$720,075 cash funds exempt.
- ❑ *Department of Public Health and Environment, Tobacco Cessation and Prevention Grant Program.* Reduces the FY 2002-03 appropriation for the Tobacco Cessation and Prevention Grant Program by \$1,697,825. This reduction is reflected in two areas of the department's budget. First, the amount of tobacco settlement funds appropriated to the Tobacco Program Fund is reduced by \$1,697,825 cash funds exempt. Second, the appropriation to the Tobacco Cessation and Prevention Grant Program from the Tobacco Program Fund is reduced by \$1,697,825 cash funds exempt.
- ❑ *Department of Public Health and Environment, State Dental Loan Repayment Program.* Reduces the FY 2002-03 appropriation of tobacco settlement funds for the State Dental Loan Repayment Fund by \$22,870.

S.B. 03-197: Reduces personal services by \$824,200 General Fund, which represents anticipated June payroll (FY 2002-03) to be delayed until July (FY 2003-04). For more information, refer to the bill description in the Department of Personnel and Administration.

S.B. 03-214: Supplemental appropriation to the Department of Public Health and Environment to modify the appropriation included in the FY 2002-03 Long Bill (H.B. 02-1420).

S.B. 03-258: General appropriations act for FY 2003-04. Also includes an add-on adjustment to the appropriation for FY 2002-03.

S.B. 03-260: Implements a fee structure for the Wholesale Food program in the Consumer Protection Division. Creates the Wholesale Food Manufacturing and Storage Protection Cash Fund in the State Treasury. The fees and penalties collected from the wholesale food and manufacturing and storage facilities will be deposited into this Fund. Reduces the FY 2003-04 General Fund appropriation by \$160,906 and increases the cash funds appropriation by \$196,788.

S.B. 03-273: For an explanation of this bill, please see the Recent Legislation section in the Department of Personnel.

S.B. 03-276: Increases fees by over 62 percent for water quality control discharge permits to replace the \$1.5 million General Fund appropriated in the Long Bill for the Water Quality Control Division with cash funds from the Water Quality Control Fund. Also implements a Drinking Water fee to cash fund the \$0.5 million Drinking Water Program. Reduces the FY 2003-04 General Fund appropriation by \$1,996,424 and increases the cash funds appropriation by \$2,408,869.

S.B. 03-280: Adds a two cent fee to the Hazardous Substance Response Fund in order to fund the Department of Law's CERCLA related expenditures. Appropriates \$503,258 cash funds from the Hazardous Substance Response Fund to the Department of Public Health and Environment for FY 2003-04 and transfers that sum to the Department of Law. For more information on this bill, please see the Recent Legislation section in the Department of Law.

S.B. 03-282: Transfers a total of \$27.3 million from the balance in the Tobacco Litigation Settlement Cash Fund into the General Fund for FY 2002-03. In order to transfer this amount into the General Fund, the appropriation levels for programs that receive tobacco settlement funds were reduced by \$5.6 million for FY 2002-03 and \$21.7 million for FY 2003-04. The bill makes additional adjustments to account for lower estimated tobacco payment revenues and provides funding for six additional programs. The bill makes the following adjustments:

- ❑ *Department of Public Health and Environment, Tobacco Cessation and Prevention Grant Program.* Reduces the FY 2002-03 appropriation for the Tobacco Education, Prevention, and Cessation Grant Program by \$5,651,105. This reduction is reflected in two areas of the department's budget. First, the amount of tobacco settlement funds appropriated to the Tobacco Program Fund is reduced by \$5,651,105 cash funds exempt. Second, the amount appropriated to the Tobacco Cessation and Prevention Program for personal services, operating expenses and grant awards from the Tobacco Program Fund is reduced by a total of \$5,651,105 cash funds exempt.
- ❑ *Department of Education, Read-to-Achieve Program.* Reduces the FY 2003-04 appropriation for the Read-to-Achieve Program by \$8,062,759. This reduction is reflected in two areas of the department's budget. First, the amount of tobacco settlement funds appropriated to the Read-to-Achieve Cash Fund is reduced by \$6,962,759 cash funds exempt. Second, the amount appropriated to the Read-to-Achieve Program from the Read-

to-Achieve Cash Fund is reduced by \$8,062,759 cash funds exempt. The difference of \$1.1 million will be used to fund the Regional Library Service System in the Department of Education (\$600,000) and the Juvenile Diversion Program in the Department of Public Safety (\$500,000).

- ❑ *Department of Education, Regional Library Service System.* Appropriates \$600,000 for FY 2003-04 from the Read-to-Achieve Cash Fund in the Department of Education for library services in the Regional Library Service System.
- ❑ *Department of Health Care Policy and Financing, Comprehensive Primary and Preventive Care Grants.* Reduces the FY 2003-04 appropriation for the Primary and Preventive Care Grant Program by \$508,494. This reduction is reflected into two areas of the department's budget. First, the amount of tobacco settlement funds appropriated to the Comprehensive Primary and Preventive Care Fund is reduced by \$508,494 cash funds exempt. Second, the amount appropriated to the Comprehensive Primary and Preventive Care Grant Program from the Comprehensive Primary and Preventive Care Fund is reduced by \$508,494 cash funds exempt.
- ❑ *Department of Health Care Policy and Financing, Children's Basic Health Plan.* Appropriates an additional \$1.0 million for the Children's Basic Health Plan for FY 2003-04. This reduction is reflected in three areas of the department's budget. First, the amount of tobacco settlement funds appropriated to the Children's Basic Health Plan Trust is increased by \$1.0 million cash funds exempt. Second, the appropriation for the Children's Basic Health Plan Trust Premium Costs from the Children's Basic Health Plan Trust is increased by \$886,825 cash funds exempt. In addition, the department anticipates it will receive \$1,646,961 in corresponding matching federal funds. Third, the amount appropriated to Children's Basic Health Plan Trust Dental Benefit Costs from the Children's Basic Health Plan Trust is increased by \$112,982 cash funds exempt. In addition, the department anticipates it will receive \$209,824 in corresponding matching federal funds.
- ❑ *Department of Health Care Policy and Financing, Child Mental Health Treatment Act.* Appropriates \$177,718 cash funds exempt out of tobacco settlement payment funding for the "Child Mental Health Treatment Act" for FY 2003-04. In addition, the department anticipates it will receive \$177,718 in matching federal funds as a result of this appropriation. The funding will be transferred to the Department of Human Services for mental health, alcohol and drug abuse services.
- ❑ *Department of Health Care Policy and Financing, Mental Health Capitation and Performance Incentive Awards.* Appropriates \$500,000 cash funds exempt out of tobacco settlement funding for mental health capitation and performance incentive awards for FY 2003-04. In addition, the department anticipates receiving \$500,000 in matching federal

funds as a result of this appropriation. The funding will be transferred to the Department of Human Services for mental health, alcohol and drug abuse services.

- ❑ *Department of Higher Education, Tobacco and Substance Abuse Related Research Grant Program.* Reduces the appropriation to the Regents of the University of Colorado for the Tobacco and Substance Abuse Related Research Grant Program by \$7,899,440 cash funds exempt for FY 2003-04.
- ❑ *Department of Higher Education, Council on the Arts.* Appropriates \$100,000 for FY 2003-04 out of tobacco settlement payment funding to the Department on Higher Education for the Council on the Arts. In addition, the department anticipates receiving \$100,000 in federal funds as a result of this appropriation for FY 2003-04.
- ❑ *Department of Human Services, Child Mental Health Treatment Act.* Appropriates \$451,354 cash funds exempt for the continuation of the Child Mental Health Treatment Act for FY 2003-04. Of this total, \$355,436 shall be from the a transfer of Medicaid funds from the Department of Health Care Policy and Financing and \$95,918 shall be from tobacco settlement payment funds.
- ❑ *Department of Human Services, Mental Health Capitation and Performance Incentive Awards.* Appropriates an additional \$1.0 million cash funds exempt to the Department of Human Services for mental health capitation and performance incentive awards for FY 2003-04. The source of these funds shall be a transfer of Medicaid funds from the Department of Health Care Policy and Financing.
- ❑ *Judicial Department, Family Violence Grants.* Appropriates \$500,000 cash funds exempt out of tobacco settlement payment funding to the Judicial Department for the distribution of family violence grants in FY 2003-04.
- ❑ *Department of Military Affairs, Colorado State Veterans Trust.* Reduces the FY 2003-04 appropriation for expenditures out of the Colorado State Veterans Trust by \$84,749 cash funds exempt. This reduction is reflected in two areas of the department's budget. First, the amount of tobacco settlement funds appropriated to the Colorado State Veteran Trust is reduced by \$84,749 cash funds exempt. Second, the amount appropriated out of the Colorado State Veterans Trust is reduced by \$27,581 cash funds exempt.
- ❑ *Department of Public Health and Environment, Nurse Home Visitor Program.* Reduces the FY 2003-04 appropriation for the Nurse Home Visitor Program by \$650,321 cash funds exempt. This reduction is reflected in two areas of the department's budget. First, the amount of tobacco settlement funds appropriated to the Nurse Home Visitor Program Fund is reduced by \$650,321 cash funds exempt. Second, the appropriation to the Nurse Home

Visitor Program from the Nurse Home Visitor Cash Fund is reduced by \$650,321 cash funds exempt.

- ❑ *Department of Public Health and Environment, Tobacco Cessation and Prevention Grant Program.* Reduces the FY 2003-04 appropriation for the Tobacco Education, Prevention, and Cessation Grant Program by \$10,939,245. This reduction is reflected in two areas of the department's budget. First, the amount of tobacco settlement funds appropriated to the Tobacco Program Fund is reduced by \$10,939,245 cash funds exempt. Second, the amount appropriated to the Tobacco Cessation and Prevention Program for personal services, operating expenses, and grant awards from the Tobacco Program Fund is reduced by a total of \$10,939,245 cash funds exempt.
- ❑ *Department of Public Health and Environment, State Dental Loan Repayment Program.* Reduces the FY 2003-04 appropriation for the State Dental Loan Repayment Program by \$17,166 cash funds exempt. This reduction is reflected in two areas of the department's budget. First, the amount of tobacco settlement funds appropriated to the State Dental Loan Repayment Fund is reduced by \$17,166 cash funds exempt. Second, the appropriation to the State Dental Loan Repayment Program from the State Dental Loan Repayment Fund is reduced by \$17,166 cash funds exempt.
- ❑ *Department of Public Safety, Juvenile Diversion Programs.* Appropriates \$500,000 cash funds exempt for FY 2003-04 from the Read-to-Achieve Cash Fund to the Department of Public Safety for juvenile diversion programs.

S.B. 03-287: Increases the annual fee for the licensing of health facilities from \$150 to \$360. Increases the FY 2003-04 cash fund appropriation to the Health facilities Division in the Department of Public Health and Environment by \$163,668 and reduces the General Fund appropriation by \$133,825.

H.B. 03-1056: Extends the repeal date for expenditure of solid waste fees from January 1, 2004, to January 1, 2009. Appropriates \$125,000 cash funds from the Solid Waste Management Fund to the Department of Public Health and Environment for FY 2003-04.

H.B. 03-1316: For an explanation of this bill, please see the Recent Legislation section in the Department of Personnel.

H.B. 03-1351: Increases the annual license fee for retail food establishments and increases the amount of the fee credited to the Food Protection Cash Fund from \$20.00 to \$25.00. Appropriates \$90,257 cash funds from said Fund to the Department of Public Health and Environment for FY 2003-04.

DEPARTMENT OF PUBLIC SAFETY

The Department of Public Safety's responsibilities include: enforcing motor vehicle laws on state highways of the state; conducting automobile and truck safety checks; coordinating emergency responses to hazardous materials incidents; training emergency responders for hazardous materials accidents; providing assistance to local governments related to the delivery of fire safety services; providing investigative, forensic, and criminal history services to local law enforcement agencies; and administering adult and youth community corrections programs.

The Department is comprised of the following divisions:

1. Executive Director's Office
2. Colorado State Patrol
3. Office of Preparedness, Security and Fire Safety
4. Division of Criminal Justice
5. Colorado Bureau of Investigation

Department Budget: Recent Actual Expenditures and Appropriations

Funding Source	FY 2000-01 Actual	FY 2001-02 Actual	FY 2002-03 Approp.	FY 2003-04 Approp.
General Fund	\$56,743,598	\$56,347,905	\$53,759,065	\$54,178,541
Cash Funds	5,549,989	5,910,118	7,655,434	9,936,056
Cash Funds Exempt	75,141,793	83,474,529	88,899,811	88,311,803
Federal Funds	<u>34,190,005</u>	<u>38,582,132</u>	<u>39,020,804</u>	<u>43,094,662</u>
TOTAL	\$171,625,385	\$184,314,684	\$189,335,114	\$195,521,062
Full Time Equiv. Staff	1,185.6	1,235.1	1,253.5	1,247.4

FY 2003-04 Budget Changes

Significant changes in appropriations for FY 2003-04 compared to FY 2002-03 include the following:

- An increase of \$2.6 million for the increase in the PERA contribution rate and to annualize salary survey awarded in FY 2002-03;
- An increase of \$1.1 million General Fund for additional community corrections residential beds related to projected caseload increases for transition program population;

- An increase of \$980,000 related to one-time savings in FY 2002-03 related to the pay date shift;
- An increase of \$660,000 for additional overtime payments for the Colorado State Patrol;
- An increase of \$500,000 cash funds exempt from the Tobacco Settlement Cash Fund for juvenile diversion programs in the Division of Criminal Justice;
- An increase of \$179,000 cash funds and 2.0 FTE to patrol the new segment of the E-470 toll road;
- An increase of \$150,000 and 2.2 FTE pursuant to S.B. 02-10;
- An increase of \$100,000 General Fund related to increased costs associated with the leap year for community corrections programs that are funded on a per day basis;
- A reduction of \$1.4 million General Fund for a 4.0 percent reduction in provider rates for community corrections programs;
- A reduction of \$578,000 cash funds exempt as a result of the expiration of a lease purchase agreement;
- A reduction of \$417,000 General Fund for a reduction of 165 daily slots in the day reporting center and elimination of the 3/4 house program;
- A reduction of \$356,000 General Fund for elimination of the alternative to placements projects;
- A reduction of \$340,000 for elimination of discretionary personal services and operating expenses;
- A reduction of \$296,000 and 5.0 FTE to reflect a reduction in management and administration in the Executive Director's Office;
- A reduction of \$280,000 General Fund associated with the elimination of 3.8 FTE in the Division of Criminal Justice;
- A reduction of \$258,000 General Fund and 3.5 FTE as a result of vacant positions that will not be filled in FY 2003-04 in the Colorado Bureau of Investigation;
- A reduction \$169,000 General Fund for substance abuse treatment; and

- ❑ A reduction of \$129,000 General Fund and 2.7 FTE for decreased security for the Capitol and Capitol Complex.

General Factors Driving the Budget

Funding for this department consists of 27.7 percent General Fund, 5.1 percent cash funds, 45.2 percent cash funds exempt, and 22.0 percent federal funds. Some of the most important factors driving the budget are reviewed below.

Number of State Troopers

The Department of Public Safety uses the Police Allocation Model (PAM) to calculate the need for additional road troopers. The model's variables include: the hours of road coverage, the frequency that a stretch of highway is checked during a shift, the amount of traffic on a highway, and the percentage of time an officer is available to immediately respond to an accident. In recent years, PAM has shown a need for additional troopers in Colorado. However, over the last four years, the number of field troopers has remained relatively constant.

	FY 2000-01 Actual	FY 2001-02 Actual	FY 2002-03 Approp.	FY 2003-04 Approp.
Number of Field Troopers	532.6	535.4	535.4	537.4

Highway Users Tax Fund (HUTF) "Off-the-Top" Appropriations

The Highway Users Tax Fund (HUTF) consists of taxes on motor fuel and registration fees on drivers and vehicles. A majority of HUTF revenue is allocated to cities, counties and the Department of Transportation. The term "off-the-top" appropriations refers to funds that are removed from available HUTF revenues before the allocation to cities, counties, and the Department of Transportation. These "off-the-top" funds are appropriated to the State Patrol in the Department of Public Safety, to the Ports of Entry in the Department of Revenue, and for related capital expenditures. Senate Bill 95-47 limited the annual growth in "off-the-top" appropriations to six percent. The HUTF is a significant funding source for the Colorado State Patrol. The following table reflects the level of "off-the-top" funding since FY 2000-01.

	FY 2000-01	FY 2001-02	FY 2002-03	FY 2003-04
Total HUTF Off-the-Top Funding	\$71,216,208	\$75,489,180	\$80,018,531	\$84,819,643
Dept. of Public Safety - HUTF Funding - Operating Budget	\$60,755,775	\$67,366,667	\$69,160,410	\$71,928,147
HUTF Dept. of Public Safety Funding as a Percentage of Total HUTF Funding	85.3%	89.2%	86.4%	84.8%

Advancements in Technology

In recent years, the General Assembly has approved funding for the Department to implement a variety of technology projects in an effort to enhance the effectiveness of public safety services in the state. The following projects are examples of the Department's focus on technology.

- **Mobile Data Computers:** These computers are located in trooper vehicles and provide instant access to information on arrest warrants, stolen vehicles, and criminal histories. These computers also eliminate the need to transcribe citations and investigation information from handwritten to electronic form, thereby improving efficiency.
- **Computer Aided Dispatch:** This network records all calls for service, the state troopers involved, and the chronology of the response. Furthermore, computer generated digital maps help communications officers visualize emergency situations and quickly identify nearby resources that may be available. Any data collected may also be used in statistical and other management analyses.
- **Colorado Integrated Criminal Justice Information System (CICJIS):** The CICJIS is a computer system that integrates criminal justice information between five different state agencies. The five agencies include: (1) the Department of Public Safety, (2) the Department of Corrections, (3) the Department of Human Services, (4) the District Attorney's Council, and (5) the Judicial Department. CICJIS is intended to improve the transfer of data between criminal justice agencies, and improve the accuracy of the data.

Summary of FY 2002-03 and FY 2003-04 Appropriations

Total Department Appropriations

	GF	CF	CFE	FF	Total	FTE
FY 2002-03 Total Appropriation:	\$53,759,065	\$7,655,434	\$88,899,811	\$39,020,804	\$189,335,114	1,253.5
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Executive Director's Office	2,482,454	358,898	11,978,711	732,676	15,552,739	37.5
Colorado State Patrol	1,494,976	2,470,983	72,635,089	2,843,903	79,444,951	931.7
Division of Fire Safety	0	0	0	0	0	0.0
Office of Preparedness, Security and Fire Safety	108,358	315,904	130,514	895,441	1,450,217	12.5
Division of Criminal Justice	37,328,545	681,764	1,387,493	33,692,515	73,090,317	70.0
Colorado Bureau of Investigation	12,344,732	3,827,885	2,768,004	856,269	19,796,890	201.8

	GF	CF	CFE	FF	Total	FTE
<u>Breakdown of Total Appropriation by Bill</u>						
SB 02-50	(9,945)	0	0	0	(9,945)	0.0
HB 02-1009	0	34,347	58,080	0	92,427	0.2
HB 02-1038	(9,917)	0	0	0	(9,917)	0.0
HB 02-1054	0	34,233	92,400	0	126,633	0.3
HB 02-1114	0	0	0	11,280	11,280	0.0
HB 02-1315	0	0	0	718,441	718,441	6.0
HB 02-1420	59,530,504	7,513,659	87,043,493	38,263,408	192,351,064	1,255.3
HB 02-1459	0	1,000	141,000	0	142,000	0.6
HB 02-1468	12,558	2,452	50,050	3,310	68,370	0.0
SB 03-177	(86,306)	0	0	0	(86,306)	0.0
SB 03-197	(1,084,874)	0	0	0	(1,084,874)	0.0
SB 03-215	(4,592,955)	(5,805)	(1,061,132)	24,365	(5,635,527)	(9.8)
HB 03-258	0	75,548	2,575,920	0	2,651,468	0.9
FY 2003-04 Total Appropriation:	\$54,178,541	\$9,936,056	\$88,311,803	\$43,094,662	\$195,521,062	1,247.4
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Executive Director's Office	2,011,012	251,767	9,228,593	566,453	12,057,825	32.5
Colorado State Patrol	1,246,091	2,858,195	74,463,356	3,783,290	82,350,932	931.0
Division of Fire Safety	n/a	n/a	n/a	n/a	n/a	n/a
Office of Preparedness, Security and Fire Safety	91,871	324,334	135,944	925,256	1,477,405	12.5
Division of Criminal Justice	37,468,035	1,981,151	1,112,845	36,971,897	77,533,928	66.2
Colorado Bureau of Investigation	13,361,532	4,520,609	3,371,065	847,766	22,100,972	205.2
<u>Breakdown of Total Appropriation by Bill</u>						
SB 03-24	0	523,696	385,110	0	908,806	5.6
SB 03-258	54,726,129	9,474,947	89,008,476	43,181,280	196,390,832	1,241.8
SB 03-273	(545,503)	(93,265)	(1,843,984)	(86,029)	(2,568,781)	0.0
SB 03-282	0	0	500,000	0	500,000	0.0

	GF	CF	CFE	FF	Total	FTE
HB 03-1024	0	21,000	3,300	0	24,300	0.0
HB 03-1114	0	0	235,800	0	235,800	0.0
HB 03-1316	(2,085)	(499)	(7,619)	(589)	(10,792)	0.0
HB 03-1352	0	10,177	16,500	0	26,677	0.0
HB 03-1356	0	0	14,220	0	14,220	0.0
Increase/(Decrease)	\$419,476	\$2,280,622	(\$588,008)	\$4,073,858	\$6,185,948	(6.1)
Percentage Change	0.8%	29.8%	-0.7%	10.4%	3.3%	-0.5%

Detail of Appropriation by Administrative Section

Executive Director's Office

This office is responsible for managing the administrative and fiscal affairs of the Department and providing policy direction. In addition, the office is responsible for making distributions to local governments for hazardous materials equipment, and operating the Witness Protection Program. The office also houses the Colorado Integrated Criminal Justice Information System (CICJIS). The primary cash funds and cash funds exempt sources include the following: the Highway Users Tax Fund, limited gaming funds that are transferred from the Department of Revenue, the Hazardous Materials Safety Fund, and indirect cost recoveries.

	GF	CF	CFE	FF	Total	FTE
FY 2002-03 Appropriation:						
SB 02-50	(\$9,945)	\$0	\$0	\$0	(\$9,945)	0.0
HB 02-1038	(9,917)	0	0	0	(9,917)	0.0
HB 02-1420	2,459,575	355,211	12,161,631	738,166	15,714,583	37.5
HB 02-1468	12,558	2,452	50,050	3,310	68,370	0.0
SB 03-197	(39,204)	0	0	0	(39,204)	0.0
SB 03-215	<u>69,387</u>	<u>1,235</u>	<u>(232,970)</u>	<u>(8,800)</u>	<u>(171,148)</u>	<u>0.0</u>
TOTAL	\$2,482,454	\$358,898	\$11,978,711	\$732,676	\$15,552,739	37.5
FY 2003-04 Appropriation:						
SB 03-258	\$2,558,600	\$345,531	\$11,080,196	\$653,071	\$14,637,398	32.5
SB 03-273	(545,503)	(93,265)	(1,843,984)	(86,029)	(2,568,781)	0.0

	GF	CF	CFE	FF	Total	FTE
HB 03-1316	(2,085)	(499)	(7,619)	(589)	(10,792)	0.0
TOTAL	\$2,011,012	\$251,767	\$9,228,593	\$566,453	\$12,057,825	32.5
Increase/(Decrease)	(\$471,442)	(\$107,131)	(\$2,750,118)	(\$166,223)	(\$3,494,914)	(5.0)
Percentage Change	-19.0%	-29.9%	-23.0%	-22.7%	-22.5%	-13.3%

FTE Detail	FY 2002-03	FY 2003-04
Executive Director and Administration	32.5	27.5
CICJIS	<u>5.0</u>	<u>5.0</u>
	37.5	32.5

FTE Changes: The decrease of 5.0 FTE reflects a reduction in the management administration costs in the division.

General Fund Changes: The reduction in General Fund reflects the following decreases: (1) \$546,000 pursuant to S.B. 03-273; (2) \$73,000 for centrally appropriated items such as salary survey and worker's compensation; and (3) \$21,000 which is offset with increases in other fund sources. These reductions are partially offset by the following increases: (1) \$121,000 for personal services due to salary survey increases awarded in FY 2002-03; (2) \$39,000 to account for one-time savings associated with the shift in pay date for FY 2002-03; and (3) \$9,600 due to lower indirect cost recoveries to be collected in FY 2003-04.

Cash Funds Changes: The reduction in cash funds reflects a \$93,000 decrease pursuant to S.B. 03-273 and a \$13,000 decrease for centrally appropriated items such as salary survey and workers' compensation.

Cash Funds Exempt Changes: The reduction in cash funds exempt reflects the following decreases: (1) \$1.8 million pursuant to S.B. 03-273; (2) \$578,000 as a result of the expiration of a lease purchase agreement; (3) \$296,000 to reflect a reduction in management and administration expenses; (4) \$66,000 reflecting lower spending authority for centrally appropriated items such as salary survey and workers' compensation to be distributed in FY 2003-04; and (5) \$24,000 for discretionary operating expenses. These decreases are partially offset by a \$32,000 increase for an extension of the leased space agreement in the Frisco office and a \$25,000 increase for floodzone insurance coverage.

Federal Funds Changes: The reduction in federal funds reflects a \$86,000 decrease pursuant to S.B. 03-273 and a \$80,000 decrease for lower spending for centrally appropriated items such as salary survey and workers' compensation.

Colorado State Patrol

This division is responsible for the safe and efficient movement of motor vehicle traffic on federal, state, and county roads in Colorado. The State Patrol enforces motor vehicle laws, assists motorists in need, conducts automotive and motor carrier safety checks, investigates traffic accidents, and oversees the transportation of hazardous materials. The primary cash funds and cash funds exempt sources include: the Highway Users Tax Fund, limited gaming funds that are transferred from the Department of Revenue, the Vehicle Inspection Number Identification Fund, and user fees collected from state and non-state agencies.

	GF	CF	CFE	FF	Total	FTE
FY 2002-03 Appropriation:						
HB 02-1420	\$2,045,265	\$2,478,023	\$70,974,015	\$2,807,520	\$78,304,823	938.0
SB 03-197	(121,008)	0	0	0	(121,008)	0.0
SB 03-215	(429,281)	(7,040)	(838,926)	36,383	(1,238,864)	(6.3)
SB 03-258	<u>0</u>	<u>0</u>	<u>2,500,000</u>	<u>0</u>	<u>2,500,000</u>	<u>0.0</u>
TOTAL	\$1,494,976	\$2,470,983	\$72,635,089	\$2,843,903	\$79,444,951	931.7
FY 2003-04 Appropriation:						
HB 03-258	<u>\$1,246,091</u>	<u>\$2,858,195</u>	<u>\$74,463,356</u>	<u>\$3,783,290</u>	<u>\$82,350,932</u>	<u>931.0</u>
TOTAL	\$1,246,091	\$2,858,195	\$74,463,356	\$3,783,290	\$82,350,932	931.0
Increase/(Decrease)	(\$248,885)	\$387,212	\$1,828,267	\$939,387	\$2,905,981	(0.7)
Percentage Change	-16.6%	15.7%	2.5%	33.0%	3.7%	-0.1%

FTE Detail	FY 2002-03	FY 2003-04
Field Officers	511.8	511.8
Dispatch Services	137.1	137.1
Administration	113.5	113.5
Special Assignments	<u>169.3</u>	<u>168.6</u>
	931.7	931.0

FTE Changes: The net decrease of 0.7 FTE is the result of a reduction of 2.7 FTE for decreased security for the Capitol and Capitol Complex and an additional 2.0 FTE to patrol the new segment of the E-470 toll road.

General Fund Changes: The reduction in General Fund reflects the following decreases: (1) \$296,000 which is offset with indirect cost recoveries; (2) \$129,000 for decreased security for the Capitol and Capitol Complex; and (3) \$7,000 which is offset with increases in other fund sources. These decreases are partially offset by an increase of \$121,000 to account for one-time savings associated with the shift in pay date for FY 2002-03 and a \$63,000 increase for the PERA contribution rate and to annualize salary survey awarded in FY 2002-03.

Cash Funds Changes: The additional cash funds spending authority reflects the following increases: (1) \$179,000 to patrol the new segment of the E-470 toll road; (2) \$130,000 to more accurately reflect actual usage of the Department's dispatch services; (3) \$49,000 for the increase in the PERA contribution rate and to annualize salary survey awarded in FY 2002-03; and (4) \$24,000 for additional vehicle lease payments.

Cash Funds Exempt Changes: The additional cash funds exempt spending authority reflects the following increases: (1) \$1.7 million in personal services for the increase in the PERA contribution rate and to annualize salary survey awarded in FY 2002-03; (2) \$1.2 million for vehicle lease payments; (3) \$660,000 to provide for additional overtime payments; and (4) \$296,000 of indirect cost recoveries which are used to offset General Fund. These increases are partially offset by the following decreases: (1) \$1.5 million for a one-time expenditure in FY 2002-03; (2) \$305,000 in discretionary personal services and operating expenses; (3) \$130,000 to more accurately reflect actual usage of the Department's dispatch services; and (4) \$100,000 reduced from the Legislative Department for Capitol Security.

Federal Funds Changes: The in the appropriation includes \$900,000 to reflect additional federal funds the division anticipates receiving in FY 2003-04 and \$28,000 for the increase in the PERA contribution rate and to annualize salary survey awarded in FY 2002-03.

Division of Fire Safety

House Bill 02-1315 transferred this division into the newly created Office of Preparedness, Security and Fire Safety (OPSFS). The duties and responsibilities that previously were performed by this division will now be administered by the OPSFS. Please see the Office of Preparedness, Security and Fire Safety for a description of the new division.

	GF	CF	CFE	FF	Total	FTE
FY 2002-03 Appropriation:						
HB 02-1315	(\$151,025)	(\$315,904)	(\$130,514)	(\$177,000)	(\$774,443)	(6.5)

	GF	CF	CFE	FF	Total	FTE
HB 02-1420	<u>151,025</u>	<u>315,904</u>	<u>130,514</u>	<u>177,000</u>	<u>774,443</u>	<u>6.5</u>
TOTAL	\$0	\$0	\$0	\$0	\$0	0.0
FY 2003-04 Appropriation:						
TOTAL	n/a	n/a	n/a	n/a	n/a	n/a
Increase/(Decrease)	\$0	\$0	\$0	\$0	\$0	0.0
Percentage Change	n/a	n/a	n/a	n/a	n/a	n/a

Office of Preparedness, Security and Fire Safety

House Bill 02-1315 created the Office of Preparedness, Security, and Fire Safety (OPSFS) as a division within the Department of Public Safety. The OPSFS consists of the Division of Fire Safety and the newly-created Office of Anti-terrorism Planning and Training. The bill directs the OPSFS to create and implement terrorist preparedness plans and develop protocols concerning the State's response to terrorism. The division will create law enforcement protocols; coordinate with other state agencies; administer a statewide reporting system for emergencies involving fire departments; create a statewide disaster mobilization plan for firefighting, emergency, and search and rescue resources; and develop rules for the continuity of state government in the event of an emergency.

The Division of Fire Safety assists local governments in developing solutions to fire safety issues that are common to local, state, and federal governmental units. The division provides technical assistance to local governments, maintains a statewide reporting system, administers certification and training programs, and oversees fireworks regulation. The primary sources of cash funds and cash funds exempt include: the Fire Service Education and Training Fund, the Hazardous Materials Responder Voluntary Certification Fund, the Fire Suppression Cash Fund, and limited gaming funds originally appropriated to the Department of Revenue.

	GF	CF	CFE	FF	Total	FTE
FY 2002-03 Appropriation:						
HB 02-1315	\$151,025	\$315,904	\$130,514	\$895,441	\$1,492,884	12.5
SB 03-197	(4,665)	0	0	0	(4,665)	0.0
SB 03-215	<u>(38,002)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(38,002)</u>	<u>0.0</u>
TOTAL	\$108,358	\$315,904	\$130,514	\$895,441	\$1,450,217	12.5

	GF	CF	CFE	FF	Total	FTE
FY 2003-04 Appropriation:						
SB 03-258	\$91,871	\$324,334	\$135,944	\$925,256	\$1,477,405	12.5
TOTAL	\$91,871	\$324,334	\$135,944	\$925,256	\$1,477,405	12.5
Increase/(Decrease)	(\$16,487)	\$8,430	\$5,430	\$29,815	\$27,188	0.0
Percentage Change	-15.2%	2.7%	4.2%	3.3%	1.9%	0.0%

FTE Detail	FY 2002-03	FY 2003-04
Division of Fire Safety	6.5	6.5
Office of Anti-terrorism Planning and Training	<u>6.0</u>	<u>6.0</u>
	12.5	12.5

General Funds Changes: The General Fund reduction reflects a decrease of \$25,000 to annualize the elimination of the juvenile firesetter discretionary grant program. This decrease is partially offset by an increase of \$4,700 to account for one-time savings associated with the shift in pay date for FY 2002-03 and an increase of \$4,000 for the PERA contribution rate and to annualize salary survey awarded in FY 2002-03.

Cash Funds and Cash Funds Exempt Changes: The increase in cash funds spending authority is the result of an increase in the PERA contribution rate and to annualize salary survey awarded in FY 2002-03.

Federal Funds Changes: The increase in federal funds reflects additional federal grant funds this division anticipates receiving for FY 2003-04.

Division of Criminal Justice

This division collects criminal justice system data and analyzes that information for planning, research, coordination, and technical assistance purposes. Technical assistance is provided to local and state criminal justice agencies in the areas of crime prevention, needs assessment, jail planning, information dissemination, and management studies. The Division manages several types of federal funds in the areas of juvenile justice, anti-drug programs, victim assistance, and victim compensation. The Division also administers the Victims Assistance and Law Enforcement Fund Program. Additionally, the Division is responsible for the administration of community corrections contracts for both transition and diversion programs, and for the management of juvenile diversion programs.

The primary sources of cash funds are the Drug Offender Surcharge Fund and the Sex Offender Surcharge Fund. The primary source of cash funds exempt is the Victims Assistance and Law

Enforcement Fund. The primary sources of federal funds include State and Local Crime Control and System Improvement Grants, Federal Victim Assistance and Compensation Grants, and Juvenile Justice Disbursement Grants.

	GF	CF	CFE	FF	Total	FTE
FY 2002-03 Appropriation:						
HB 02-1420	\$40,796,483	\$681,764	\$1,387,493	\$33,692,515	\$76,558,255	70.0
SB 03-177	(86,306)	0	0	0	(86,306)	0.0
SB 03-197	(96,931)	0	0	0	(96,931)	0.0
SB 03-215	<u>(3,284,701)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(3,284,701)</u>	<u>0.0</u>
TOTAL	\$37,328,545	\$681,764	\$1,387,493	\$33,692,515	\$73,090,317	70.0
FY 2003-04 Appropriation:						
SB 03-258	\$37,468,035	\$1,981,151	\$612,845	\$36,971,897	\$77,033,928	66.2
SB 03-282	<u>0</u>	<u>0</u>	<u>500,000</u>	<u>0</u>	<u>500,000</u>	<u>0.0</u>
TOTAL	\$37,468,035	\$1,981,151	\$1,112,845	\$36,971,897	\$77,533,928	66.2
Increase/(Decrease)	\$139,490	\$1,299,387	(\$274,648)	\$3,279,382	\$4,443,611	(3.8)
Percentage Change	0.4%	190.6%	-19.8%	9.7%	6.1%	-5.4%

FTE Detail	FY 2002-03	FY 2003-04
Management	0.9	0.9
Professional Staff	25.4	22.6
Support Staff	4.9	5.0
Federal Support Staff	N/A	5.0
Crime Control	<u>38.8</u>	<u>32.7</u>
	70.0	66.2

FTE Changes: The overall appropriation includes a reduction of 3.8 FTE for General Fund base reductions.

General Fund Changes: The General Fund increase is the result of the following changes: (1) an increase of \$1.1 million associated with additional residential beds related to projected caseload increases for community corrections transition beds; (2) an increase of \$937,000 associated with one-time savings in community corrections programs in FY 2002-03; (3) \$694,000 for administration

costs associated with the Community Corrections Boards; and (4) an increase of \$97,000 related to one-time savings in FY 2002-03 related to the pay date shift.

These increases are partially offset by the following General Fund reductions: (1) \$1.4 million for a 4.0 percent reduction in provider rates for community corrections programs; (2) \$417,000 for a reduction of 165 daily slots in the day reporting center and elimination of the 3/4 house program; (3) \$356,000 for elimination of the alternative to placements projects; (4) \$211,000 for administrative expenses associated with the elimination of 3.0 FTE; (5) \$169,000 for elimination of General Fund appropriations for substance abuse treatment; (6) \$69,000 associated with eliminating 0.8 FTE in the sex offender supervision program; and (7) \$55,000 in a program that assists in making payments for treatment expenses for high risk offenders in community corrections programs.

Cash Funds Changes: The cash funds increase is attributable to a technical change related to reclassifying Victims Assistance and Law Enforcement (VALE) funds to be cash funds. In prior years, VALE funds were incorrectly reflected as cash funds exempt.

Cash Funds Exempt Changes: The cash funds exempt reduction is due primarily to three factors: (1) a reduction of \$1.3 million associated with reclassifying Victims Assistance and Law Enforcement (VALE) funds to be cash funds (in prior years, VALE funds were incorrectly reflected as cash funds exempt); (2) an increase of \$500,000 from the Tobacco Settlement Cash Fund pursuant to the provisions of S.B. 03-282 to be used for juvenile diversion programs; and (3) an increase of \$480,000 related to indirect cost recoveries from federal sources.

Federal Funds Changes: The increase in federal funds reflects additional federal grant funds this division anticipates for FY 2003-04.

Colorado Bureau of Investigation

This division assists local law enforcement agencies by collecting, processing, and analyzing criminal evidence. In addition, it collects, maintains, and disseminates computerized information on crime in Colorado, conducts background checks for firearms, and provides training to other agencies in investigative techniques. In order to implement these functions, the division is divided into five subdivisions: (1) administration; (2) the Colorado Crime Information Center; (3) laboratory services; (4) investigative services; and (5) the Instant Criminal Background Check Program (Insta-check). The primary cash funds and cash funds exempt sources include the following: fingerprint and name check fees collected from other state and non-state agencies, the Victims Assistance and Law Enforcement Fund, and limited gaming funds transferred from the Department of Revenue.

	GF	CF	CFE	FF	Total	FTE
FY 2002-03 Appropriation:						
HB 02-1009	\$0	\$34,347	\$58,080	\$0	\$92,427	0.2
HB 02-1054	0	34,233	92,400	0	126,633	0.3
HB 02-1114	0	0	0	11,280	11,280	0.0
HB 02-1420	14,078,156	3,682,757	2,389,840	848,207	20,998,960	203.3
HB 02-1459	0	1,000	141,000	0	142,000	0.6
SB 03-197	(823,066)	0	0	0	(823,066)	0.0
SB 03-215	(910,358)	0	10,764	(3,218)	(902,812)	(3.5)
SB 03-258	<u>0</u>	<u>75,548</u>	<u>75,920</u>	<u>0</u>	<u>151,468</u>	<u>0.9</u>
TOTAL	\$12,344,732	\$3,827,885	\$2,768,004	\$856,269	\$19,796,890	201.8
FY 2003-04 Appropriation:						
SB 03-24	\$0	\$523,696	\$385,110	\$0	\$908,806	5.6
SB 03-258	13,361,532	3,965,736	2,716,135	847,766	20,891,169	199.6
HB 03-1024	0	21,000	3,300	0	24,300	0.0
HB 03-1114	0	0	235,800	0	235,800	0.0
HB 03-1352	0	10,177	16,500	0	26,677	0.0
HB 03-1356	<u>0</u>	<u>0</u>	<u>14,220</u>	<u>0</u>	<u>14,220</u>	<u>0.0</u>
TOTAL	\$13,361,532	\$4,520,609	\$3,371,065	\$847,766	\$22,100,972	205.2
Increase/(Decrease)	\$1,016,800	\$692,724	\$603,061	(\$8,503)	\$2,304,082	3.4
Percentage Change	8.2%	18.1%	21.8%	-1.0%	11.6%	1.7%

FTE Detail	FY 2002-03	FY 2003-04
Administration	7.0	7.0
Crime Information Center	78.9	79.1
Laboratory Services	59.0	58.5
Investigative Services	34.0	33.0
Instant Criminal Background Check Program	<u>22.9</u>	<u>27.6</u>
	201.8	205.2

FTE Changes: The net increase of 3.4 FTE is attributable to the following: (1) an increase of 5.6 FTE pursuant to S.B. 03-24; (2) an increase of 2.2 FTE pursuant to S.B. 02-10 which enhances the sex offender registration provisions; (3) a reduction of 3.5 FTE as a result of the elimination of vacant positions; and (4) a reduction of 0.9 FTE to account for a one-time expenditure in FY 2002-03.

General Fund Changes: The increase in General Fund reflects the following increases: (1) \$823,000 to account for one-time savings associated with the shift in pay date for FY 2002-03; (2) \$441,000 for the increase in the PERA contribution rate and to annualize salary survey awarded in FY 2002-03; and (3) \$37,000 to account for a one-time reduction in FY 2002-03. These increases are partially offset by the following decreases: (1) \$258,000 associated with 3.5 FTE positions that will not be filled in FY 2003-04; and (2) \$21,000 which is offset with increases in other fund sources.

Cash Funds Changes: The additional cash funds spending authority reflects the following increases: (1) \$524,000 pursuant to S.B. 03-24; (2) \$150,000 pursuant to S.B. 02-10; (3) \$47,000 for the increase in the PERA contribution rate and to annualize salary survey awarded in FY 2002-03; (4) \$21,000 pursuant to S.B. 03-1024; (5) \$12,000 to offset General Fund expenditures; and (6) \$10,000 pursuant to S.B. 03-1352. These increases are partially offset by a \$76,000 decrease for a one-time expenditure in FY 2002-03.

Cash Funds Exempt Changes: The additional cash funds exempt spending authority reflects the following increases: (1) \$385,000 pursuant to S.B. 03-24; (2) \$236,000 pursuant to H.B. 03-1114; (3) \$36,000 for personal services due to the increase in the PERA contribution rate and salary survey awarded in FY 2002-03; (4) \$17,000 pursuant to H.B. 03-1352; (5) \$14,000 pursuant to H.B. 03-1356; and (6) \$9,200 to offset General Fund expenditures. These increases are partially offset by a \$96,000 decrease for a one-time expenditure in FY 2002-03.

Federal Funds Changes: The decrease in federal funds reflects lower federal grants the Department anticipates receiving for FY 2003-04.

Recent Legislation

2002 Session Bills

S.B. 02-50: For an explanation of this bill please see the Recent Legislation section in the Department of Corrections.

H.B. 02-1009: Requires a moving party who is subject to a restraining order to obtain a certified copy of his or her fingerprint-based criminal history check before motioning the court for a modification of the restraining order. The moving party is required to provide certified copies of any criminal dispositions that are not reflected in the Colorado Bureau of Investigation (CBI) or Federal Bureau of Investigation (FBI) records. The moving party is responsible for the cost of the

fingerprint-based criminal history check. Appropriates \$92,427, including \$34,347 cash funds and \$58,080 cash funds exempt, and 0.2 FTE for the implementation of the act.

H.B. 02-1038: For an explanation of this bill please see the Recent Legislation section in the Department of Corrections.

H.B. 02-1054: Requires a CBI criminal history check to be included on all petitions for a name change. Specifies that the petitioner is responsible for supplying fingerprints and paying for the criminal history check. Appropriates \$126,633, including \$34,233 cash funds and \$92,400 cash funds exempt, and 0.3 FTE for the implementation of the act.

H.B. 02-1114: Modifies current sex offender registration requirements to conform with the federal Campus Sex Crimes Prevention Act. Requires the CBI to develop a database of registered sex offenders living, working, or volunteering at institutions of post-secondary education institutions. The Department of Public Safety anticipates receiving \$11,280 of federal funds to pay for the implementation of this bill.

H.B. 02-1315: Creates the Office of Preparedness, Security, and Fire Safety (OPSFS) as a division within the Department of Public Safety. Transfers the Division of Fire Safety into the newly created office. In addition, creates an Office of Anti-terrorism Planning and Training and an Office of Security. Directs the OPSFS to create and implement terrorist preparedness plans and develop protocols concerning the State's response to terrorism. Provides \$325,385 federal funds and 3.0 FTE to the Department for FY 2002-03 and makes the following transfers:

- \$774,443 and 6.5 FTE from the Division of Fire Safety;
- \$329,604 federal funds and 2.0 FTE from the Department of Local Affairs; and
- \$63,512 and 1.0 FTE from the Department of Public Health and Environment.

H.B. 02-1420: General appropriations act for FY 2002-03.

H.B. 02-1459: Modifies Colorado statutes regarding fingerprint-based criminal history record checks to conform with federal law. Requires the cost of additional criminal history checks to be paid by the applicant. Includes the following appropriations for FY 2002-03:

- \$142,000, including \$1,000 cash funds and \$141,000 cash funds exempt, and 0.6 FTE to the Department of Public Safety, CBI;
- \$135,000 cash funds to the Department of Regulatory Agencies, Real Estate Division; and
- \$7,800 cash funds exempt to the Department of Revenue, State Lottery Division.

H.B. 02-1468: Authorizes the General Assembly to annually adjust the state contribution for health, life, and dental insurance effective CY 2004 through the Long Bill. For more information, refer to the Recent Legislation section in the Department of Personnel and Administration.

2003 Session Bills

S.B. 03-24: Authorizes individuals to carry concealed handguns with the issuance of a permit. A fingerprint criminal history check is required with verification from the National Instant Background Check System and the Colorado Integrated Criminal Justice Information System. Appropriates \$908,806, including \$523,696 cash funds and \$385,110 cash funds exempt, and 5.6 FTE for the implementation of this act.

S.B. 03-177: Reduces the maximum allowable reimbursement rate for administrative costs of community corrections boards. The bill reduces the maximum allowable rate to 4.0 percent of appropriations for community corrections programs from April 1, 2003, through June 30, 2006. After July 1, 2006, the maximum allowable rate increases to 5.0 percent of appropriations for community corrections programs, which was the maximum rate prior to the enactment of this bill.

S.B. 03-197: Reduces personal services by \$1,084,874 General Fund, which represents anticipated June payroll (FY 2002-03) to be delayed until July (FY 2003-04). For more information, refer to the bill description in the Department of Personnel and Administration.

S.B. 03-215: Supplemental appropriation to the Department of Public Safety to modify the appropriation included in the FY 2002-03 Long Bill.

S.B. 03-258: General appropriations act for FY 2003-04.

S.B. 03-273: Eliminates the salary survey appropriation for FY 2003-04. For more information, refer to the bill description in the Department of Personnel and Administration.

S.B. 03-282: For an explanation of this bill please see the Recent Legislation section in the Department of Public Health and Environment.

H.B. 03-1024: Requires all current and prospective employees of a county department of social services, who in their position have direct contact with any child in the process of being placed in foster care, to submit a set of fingerprints and pay for the costs of conducting a criminal history record check. Appropriates \$24,300, including \$21,000 cash funds and \$3,300 cash funds exempt, to the Department of Public Safety for the implementation of this act. For further information, see the Recent Legislation section the Department of Human Services.

H.B. 03-1114: Requires the courts to report felony convictions to the Department of Education when the convicted person is a current or former employee of a school district or the person holds an educator license. The bill requires every license applicant to submit fingerprints to the Department of Education for a state and national criminal history record check. Appropriates \$235,800 cash funds exempt to the Department of Public Safety for the implementation of this bill. For further information, see the Recent Legislation section the Department of Education.

H.B. 03-1316: Alters the manner in which group benefit plans coverage is calculated for Health, Life, and Dental appropriations. For more information, refer to the bill description in the Department of Personnel and Administration.

H.B. 03-1352: Prohibits a basic training academy from enrolling a person who has been convicted of a misdemeanor crime. Prior to the commencement of training, the applicant's criminal history check must be completed, reviewed, and approved for academy enrollment by the training academy. The training academy forwards a complete set of applicant fingerprints with the fee to the Colorado Bureau of Investigation (CBI) for the criminal history record check. The applicant pays for the costs of the fingerprint-based criminal history record check. Appropriates \$26,677, including \$10,177 cash funds and \$16,500 cash funds exempt, for the implementation of this bill.

H.B. 03-1356: Implements the federal Help America Vote Act of 2002 (HAVA), making several changes to state law governing the administration of elections and the registration of voters. Requires the Secretary of State to cancel the voter registration of a person convicted of a felony, upon being furnished with information from the Colorado Integrated Criminal Justice System (CICJIS). Appropriates \$14,220 cash funds exempt to the Department of Public Safety to implement the necessary adjustments to the CICJIS system. For further information, see the Recent Legislation in the Department of State.

DEPARTMENT OF REGULATORY AGENCIES

The Department of Regulatory Agencies is responsible for protecting the citizens of Colorado from fraudulent, incompetent, and unsafe professionals and businesses. The Department provides regulatory oversight of professions and industries only where such regulation is necessary to protect the public health, safety, and welfare. Therefore, an important part of the Department's mission is identifying and recommending the elimination of regulatory programs, statutes, and regulations that limit or inhibit economic development and the efficient workings of the free market.

The Department is comprised of the following divisions: (1) Executive Director's Office and Administrative Services, (2) Division of Banking, (3) Civil Rights Division, (4) Office of Consumer Counsel, (5) Division of Financial Services, (6) Division of Insurance, (7) Public Utilities Commission, (8) Division of Real Estate, (9) Division of Registrations, and (10) Division of Securities. Eight of the Department's ten divisions are funded primarily through fees and assessments.

Department Budget: Recent Actual Expenditures and Appropriations

Funding Source	FY 2000-01 Actual	FY 2001-02 Actual	FY 2002-03 Approp.	FY 2003-04 Approp.
General Fund	\$1,734,418	\$1,678,287	\$1,499,339	\$1,057,650
Cash Funds	46,225,536	47,442,782	50,303,616	51,078,638
Cash Funds Exempt	12,512,156	16,488,478	23,660,629	14,158,135
Federal Funds	<u>875,919</u>	<u>1,079,554</u>	<u>916,467</u>	<u>1,090,392</u>
Total Funds	\$61,348,029	\$66,689,101	\$76,380,051	\$67,384,815
Full Time Equiv. Staff	510.8	526.2	527.4	518.2

FY 2003-04 Budget Changes

Significant changes in appropriations for FY 2003-04 compared to FY 2002-03 include the following:

- An increase of \$296,000 cash funds for the implementation of S.B. 03-50, which requires the State Board of Nursing to send a questionnaire to all licensed professional, practical, and retired nurses when applying for renewal of their nursing licenses;
- An increase of \$270,000 cash funds and \$40,000 cash funds exempt to reinstate funding for Information Technology (IT) Asset Maintenance;
- An increase of \$161,000 federal funds for the Senior Health Counseling program;

- ❑ An increase of \$120,000 General Fund to reverse the FY 2002-03 pay date shift reduction;
- ❑ An increase of \$100,000 cash funds for the Real Estate Recovery Fund;
- ❑ An increase of \$91,000 cash funds for the Executive Director's Office for on-going maintenance and operating costs for the Division of Registrations' Central Licensing System;
- ❑ A net reduction of \$8.2 million to the appropriation for CoverColorado (comprised of a \$8.4 million cash funds exempt reduction and a \$200,000 cash funds increase);
- ❑ Reductions of \$53,000 General Fund, \$811,000 cash funds, and \$179,000 cash funds exempt due to the elimination of salary survey for FY 2004-05;
- ❑ A base reduction for the Division of Civil Rights of \$487,000 General Fund and 6.5 FTE;
- ❑ A base reduction for the Division of Insurance of \$389,000 cash funds and 4.3 FTE;
- ❑ A reduction of \$68,000 cash funds exempt to the appropriation for the Division of Insurance per S.B. 03-302, which temporarily suspends the requirement that the Division conduct an annual closed claims study regarding the costs of workers' compensation; and
- ❑ Reductions of \$45,000 cash funds, \$232,000 cash funds exempt, and 2.0 FTE in the Executive Director's Office due to the transfer the Office of Certification to the Department of Transportation pursuant to Executive Order D 001 03.

General Factors Driving the Budget

Funding for this department consists of 75.8 percent cash funds, 21.0 percent cash funds exempt, 1.6 percent General Fund, and 1.6 percent federal funds. Some of the most important factors driving the budget are reviewed below.

Legal Services

The Department uses more legal services than any other single state agency. The appropriation to the Department in FY 2003-04 represents approximately 28 percent of the legal services appropriation for all state agencies. Legal services also represent 7.7 percent of the Department's total appropriation, making it the largest component of the Department's budget aside from personal services and the CoverColorado program. Given that the Department's function is to regulate, legal services will continue to be a driving factor in this budget.

Population Growth

Population growth is a driving factor in budgets statewide. Continued growth impacts the Department of Regulatory Agencies in two ways. First, more individuals are applying for professional and occupational licenses. Likewise, more complaints are being filed by consumers against licensed or registered individuals or entities, so more resources must be devoted to investigating those complaints, enforcing the state's laws and regulations, and where appropriate, disciplining the offending licensee. Secondly, increased building throughout the State has a direct impact on the number of inspections performed through the Division of Registration.

Summary of FY 2002-03 and FY 2003-04 Appropriations

Total Department Appropriations

	GF	CF	CFE	FF	Total	FTE
FY 2002-03 Total Appropriation:	\$1,499,339	\$50,303,616	\$23,660,629	\$916,467	\$76,380,051	527.4
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Executive Director's Office and Administrative Services	301,110	9,955,021	20,742,057	144,664	31,142,852	55.0
Division of Banking	0	3,164,361	0	0	3,164,361	38.5
Civil Rights Division	1,198,229	0	115,418	572,220	1,885,867	31.5
Office of Consumer Counsel	0	811,282	0	0	811,282	7.0
Division of Financial Services	0	964,927	0	0	964,927	11.0
Division of Insurance	0	6,718,992	80,225	199,583	6,998,800	82.3
Public Utilities Commission	0	11,546,375	597,604	0	12,143,979	92.7
Division of Real Estate	0	3,150,187	0	0	3,150,187	37.0
Division of Registrations	0	11,854,692	2,125,325	0	13,980,017	152.4
Division of Securities	0	2,137,779	0	0	2,137,779	20.0
<u>Breakdown of Total Appropriation by Bill</u>						
SB 02-50	(1,352)	0	0	0	(1,352)	0.0
HB 02-1038	(1,348)	0	0	0	(1,348)	0.0
HB 02-1078	0	0	0	0	0	0.0

	GF	CF	CFE	FF	Total	FTE
HB 02-1278	0	3,228	0	0	3,228	0.0
HB 02-1420	2,069,137	50,744,119	20,897,022	916,467	74,626,745	540.7
HB 02-1447	0	1,667	0	0	1,667	0.0
HB 02-1459	0	135,000	0	0	135,000	0.0
HB 02-1468	1,167	19,629	3,016	0	23,812	0.0
SB 03-197	(120,157)	0	0	0	(120,157)	0.0
SB 03-216	(448,108)	(600,027)	2,760,591	0	1,712,456	(13.3)
FY 2003-04 Total Appropriation:	\$1,057,650	\$51,078,638	\$14,158,135	\$1,090,392	\$67,384,815	518.2
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Executive Director's Office and Administrative Services	209,240	9,562,618	11,694,053	146,827	21,612,738	53.0
Division of Banking	0	3,212,619	0	0	3,212,619	38.5
Civil Rights Division	848,410	0	164,711	582,729	1,595,850	25.0
Office of Consumer Counsel	0	845,196	0	0	845,196	7.0
Division of Financial Services	0	977,525	0	0	977,525	11.0
Division of Insurance	0	6,680,879	0	360,836	7,041,715	78.6
Public Utilities Commission	0	11,946,374	328,491	0	12,274,865	92.7
Division of Real Estate	0	3,332,742	0	0	3,332,742	37.0
Division of Registrations	0	12,280,180	1,970,880	0	14,251,060	155.4
Division of Securities	0	2,240,505	0	0	2,240,505	20.0
<u>Breakdown of Total Appropriation by Bill</u>						
SB 03-50	0	295,892	0	0	295,892	3.0
SB 03-68	0	18,144	0	0	18,144	0.2
SB 03-134	0	1,200	0	0	1,200	0.0
SB 03-239	0	0	(12,500)	0	(12,500)	0.0
SB 03-258	1,110,675	51,489,454	14,417,656	1,090,392	68,108,177	514.6

	GF	CF	CFE	FF	Total	FTE
SB 03-273	(52,870)	(811,295)	(178,704)	0	(1,042,869)	0.0
SB 03-302	0	0	(67,725)	0	(67,725)	0.0
HB 03-1164	0	27,117	0	0	27,117	0.4
HB 03-1289	0	61,323	0	0	61,323	0.0
HB 03-1316	(155)	(3,197)	(592)	0	(3,944)	0.0
Increase/(Decrease)	(\$441,689)	\$775,022	(\$9,502,494)	\$173,925	(\$8,995,236)	(9.2)
Percentage Change	-29.5%	1.5%	-40.2%	19.0%	-11.8%	-1.7%

Detail of Appropriation by Administrative Section

Executive Director's Office and Administrative Services

This office coordinates and oversees the operations of the divisions within the department and performs administrative functions, including accounting, budgeting, data processing, personnel, purchasing, facilities planning, and management reporting. This section also includes funding and staff for the Office of Policy and Research, which conducts sunrise and sunset evaluations of divisions, commissions, and boards. The cash funds are from various cash sources within the Department. The cash funds exempt are from indirect cost recoveries, transfers from other departments, and the CoverColorado program, interest on the Unclaimed Property Trust Fund and interest and reserves from the CoverColorado Cash Fund. The federal funds are from indirect cost recoveries from the Division of Civil Rights.

	GF	CF	CFE	FF	Total	FTE
FY 2002-03 Appropriation:						
SB 02-50	(\$1,352)	\$0	\$0	\$0	(\$1,352)	0.0
HB 02-1038	(1,348)	0	0	0	(1,348)	0.0
HB 02-1078	0	(88,709)	0	0	(88,709)	(1.0)
HB 02-1420	334,796	10,186,079	18,218,450	144,664	28,883,989	58.0
HB 02-1468	1,167	19,629	3,016	0	23,812	0.0
SB 03-197	(3,291)	0	0	0	(3,291)	0.0
SB 03-216	<u>(28,862)</u>	<u>(161,978)</u>	<u>2,520,591</u>	<u>0</u>	<u>2,329,751</u>	<u>(2.0)</u>
TOTAL	\$301,110	\$9,955,021	\$20,742,057	\$144,664	\$31,142,852	55.0

	GF	CF	CFE	FF	Total	FTE
FY 2003-04 Appropriation:						
SB 03-50	\$0	\$119,600	\$0	\$0	\$119,600	0.0
SB 03-258	262,265	10,254,342	11,873,349	146,827	22,536,783	53.0
SB 03-273	(52,870)	(811,295)	(178,704)	0	(1,042,869)	0.0
HB 03-1289	0	3,168	0	0	3,168	0.0
HB 03-1316	(155)	(3,197)	(592)	0	(3,944)	0.0
TOTAL	\$209,240	\$9,562,618	\$11,694,053	\$146,827	\$21,612,738	53.0
Increase/(Decrease)	(\$91,870)	(\$392,403)	(\$9,048,004)	\$2,163	(\$9,530,114)	(2.0)
Percentage Change	-30.5%	-3.9%	-43.6%	1.5%	-30.6%	-3.6%

FTE Detail	FY 2002-03	FY 2003-04
Director	1.0	1.0
Legislative Liaison & Public Information	4.0	4.0
Policy and Research (sunrise/sunset review staff)	4.5	4.5
Planning and Budgeting	2.0	2.0
Business Analysis	2.0	2.0
Accounting & Purchasing	8.0	8.0
Information Technology	27.0	27.0
Office of Certification	2.0	0.0
Human Resources	<u>4.5</u>	<u>4.5</u>
	55.0	53.0

FTE Changes: The decrease of 2.0 FTE is due to the transfer of the Office of Certification to the Department of Transportation per Executive Order D 001 03.

General Fund Changes: The decrease in General Fund is due to: (1) a \$53,000 reduction due to the elimination of salary survey increases for FY 2003-04; (2) a \$20,000 reduction in the amount of benefits paid to the Division of Civil Rights due to the base reduction in that division; and (3) a \$19,000 base reduction in funding for legal services for the Division of Civil Rights.

Cash Funds Changes: The decrease in cash funds is primarily due to: (1) an \$811,000 reduction per S.B. 03-273 which eliminated salary survey increases for FY 2003-04; (2) a \$500,000 reduction in

the amount of proposed salary survey relative to FY 2002-03; (3) a \$309,000 reduction due to the elimination of performance-based pay awards; (4) a \$34,000 reduction in workers' compensation payments; (5) a \$20,000 reduction associated with the transfer of the Office of Certification to the Department of Transportation; (6) a \$16,000 reduction in Administrative Law Judge services; and (7) other reductions for line items affecting the entire department.

These reductions are partially offset by the following increases: (1) \$270,000 to reinstate funding for information technology asset maintenance; (2) \$266,000 for operating and maintenance costs of the Division of Registrations' Central Licensing System; (3) \$230,000 for legal services (including \$120,000 per S.B. 03-50); (4) \$230,000 for CoverColorado; (5) \$200,000 for contractual services to convert non-standard computer programs; (6) \$54,000 for the state contribution to health/life/dental coverage; (7) \$28,000 for vehicle lease payments; (8) \$24,000 for Pueblo Data Entry Center payments; and (8) other increases for centrally appropriated line items.

Cash Funds Exempt Changes: The decrease in cash funds exempt is due to: (1) an \$8.5 million reduction for CoverColorado due to the elimination of the revenue stream into the program's cash fund; (2) a \$240,000 reduction for contractual services to convert non-standard computer programs; (3) a \$179,000 reduction per S.B. 03-273 which eliminated salary survey increases for FY 2003-04; (4) a \$146,000 reduction due to the elimination of one-time funding in FY 2002-03 for wide-area network improvements; (5) a \$116,000 reduction associated with the transfer of the Office of Certification to the Department of Transportation; (6) a \$37,000 reduction in the amount of proposed salary survey relative to FY 2002-03; (7) a \$31,000 reduction in legal services; (8) a \$30,000 reduction due to the elimination of one-time funding for the purchase of a digital communication server; (9) a \$24,000 reduction in operating expenses for the Executive Director's Office (10); a \$10,000 reduction in services purchased from the General Government Computing Center; and (11) other reductions for line items affecting the entire department.

These reductions are partially offset by the following increases: (1) \$137,000 for FY 2002-03 salary survey awards in the Executive Director's Office; (2) \$40,000 to reinstate funding for information technology asset maintenance; (2) \$22,000 for health/life/dental coverage; (3) \$22,000 for leased space; (4) \$16,000 for Administrative Law Judge services and (4) other increases for line items affecting the entire department.

Federal Funds Changes: The increase in federal funds is due to an increase in the amount of indirect costs recoverable from federal sources.

Division of Banking

This division regulates state-chartered commercial and industrial banks, trust companies, debt adjusters, and money order companies. The Division estimates it will regulate approximately \$82.2 billion in assets in FY 2003-04. The Division is funded entirely through cash funds from fees and assessments paid by the aforementioned regulated entities.

	GF	CF	CFE	FF	Total	FTE
FY 2002-03 Appropriation:						
HB 02-1420	\$0	\$3,164,361	\$0	\$0	\$3,164,361	38.5
TOTAL	\$0	\$3,164,361	\$0	\$0	\$3,164,361	38.5
FY 2003-04 Appropriation:						
SB 03-258	\$0	\$3,212,619	\$0	\$0	\$3,212,619	38.5
TOTAL	\$0	\$3,212,619	\$0	\$0	\$3,212,619	38.5
Increase/(Decrease)	\$0	\$48,258	\$0	\$0	\$48,258	0.0
Percentage Change	n/a	1.5%	n/a	n/a	1.5%	0.0%

FTE Detail	FY 2002-03	FY 2003-04
Commissioner	1.0	1.0
Examiners	25.5	25.5
Specialty Examiners	1.0	1.0
Operations	1.0	1.0
Administration	<u>10.0</u>	<u>10.0</u>
	38.5	38.5

Cash Funds Changes: The cash funds increase is due to salary survey increases of \$56,000 awarded in FY 2002-03 and a \$2,600 increase due to the change in the PERA contribution rate. These increases are partially offset by an \$11,000 decrease in indirect costs.

Civil Rights Division

This division investigates and adjudicates complaints of discrimination involving employment, housing, and public accommodation. The division receives moneys from the federal Equal Employment Opportunity Commission and the U.S. Housing and Urban Development Office for cases investigated and closed. The remainder of the division's activities are supported by the General Fund, which is partially offset by cash funds exempt from statewide indirect cost recoveries collected from other divisions within the Department.

	GF	CF	CFE	FF	Total	FTE
FY 2002-03 Appropriation:						
HB 02-1420	\$1,494,341	\$0	\$115,418	\$572,220	\$2,181,979	35.0
SB 03-197	(116,866)	0	0	0	(116,866)	0.0
SB 03-216	<u>(179,246)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(179,246)</u>	<u>(3.5)</u>
TOTAL	\$1,198,229	\$0	\$115,418	\$572,220	\$1,885,867	31.5
FY 2003-04 Appropriation:						
SB 03-258	<u>\$848,410</u>	<u>\$0</u>	<u>\$164,711</u>	<u>\$582,729</u>	<u>\$1,595,850</u>	<u>25.0</u>
TOTAL	\$848,410	\$0	\$164,711	\$582,729	\$1,595,850	25.0
Increase/(Decrease)	(\$349,819)	\$0	\$49,293	\$10,509	(\$290,017)	(6.5)
Percentage Change	-29.2%	n/a	42.7%	1.8%	-15.4%	-20.6%

FTE Detail	FY 2002-03	FY 2003-04
Director's Office	4.0	2.0
Compliance, Training, and Education	5.0	0.0
Operations & Enforcement	22.5	0.0
Compliance; Alternative Dispute Resolution; Outreach & Education; and Intake	0.0	6.5
Investigations and Enforcement	<u>0.0</u>	<u>16.5</u>
	31.5	25.0

FTE Changes: The reduction of 6.5 FTE is due to a General Fund base reduction.

General Fund Changes: The decrease in General Fund is due to a \$487,000 General Fund base reduction, and \$50,000 in additional departmental indirect cost recovery available to offset General Fund. These reductions are partially offset by: (1) a \$117,000 increase to reverse the pay date shift savings; (2) a \$68,000 increase due to salary survey increases awarded in FY 2002-03; and (3) a \$1,500 increase due to the change in the PERA contribution rate.

Cash Funds Exempt Changes: The cash funds exempt increase is due to an increase in indirect cost recovery available within the department to offset General Fund.

Federal Funds Changes: The federal funds increase is due to an \$8,000 increase for operating expenses and a \$3,000 increase in indirect costs.

Office of Consumer Counsel

The Office of Consumer Counsel represents the interests of residential, agricultural, and small businesses in cases before the Public Utilities Commission (PUC). These cases involve proposed changes to electric, gas, and telecommunications utility rates, services, and policies. The Office is funded entirely through cash funds from assessments paid by entities regulated by the PUC.

	GF	CF	CFE	FF	Total	FTE
FY 2002-03 Appropriation:						
HB 02-1420	\$0	\$811,282	\$0	\$0	\$811,282	7.0
TOTAL	\$0	\$811,282	\$0	\$0	\$811,282	7.0
FY 2003-04 Appropriation:						
SB 03-258	\$0	\$845,196	\$0	\$0	\$845,196	7.0
TOTAL	\$0	\$845,196	\$0	\$0	\$845,196	7.0
Increase/(Decrease)	\$0	\$33,914	\$0	\$0	\$33,914	0.0
Percentage Change	n/a	4.2%	n/a	n/a	4.2%	0.0%

FTE Detail	FY 2002-03	FY 2003-04
Director	1.0	1.0
Technical Staff	4.0	4.0
Administrative Staff	<u>2.0</u>	<u>2.0</u>
	7.0	7.0

Cash Funds Changes: The cash fund increase is due salary survey increases of \$35,000 awarded in FY 2002-03. This increase is partially offset by a \$2,000 reduction in indirect costs.

Division of Financial Services

This division regulates state-chartered credit unions, savings and loans, and life care institutions. It also administers the federal Public Deposit Protection Act, which safeguards the uninsured deposits of public moneys in state and federal savings and loan associations. On-site examinations are conducted through a risk-based program to ensure financial stability and compliance with state and federal laws. Enforcement actions are initiated as appropriate. The Department estimates that the

Division will regulate approximately \$9.05 billion in assets in FY 2003-04. The Division is funded entirely with cash funds from fees and assessments paid by regulated entities.

	GF	CF	CFE	FF	Total	FTE
FY 2002-03 Appropriation:						
HB 02-1420	\$0	\$964,927	\$0	\$0	\$964,927	11.0
TOTAL	\$0	\$964,927	\$0	\$0	\$964,927	11.0
FY 2003-04 Appropriation:						
SB 03-258	\$0	\$977,525	\$0	\$0	\$977,525	11.0
TOTAL	\$0	\$977,525	\$0	\$0	\$977,525	11.0
Increase/(Decrease)	\$0	\$12,598	\$0	\$0	\$12,598	0.0
Percentage Change	n/a	1.3%	n/a	n/a	1.3%	0.0%

FTE Detail	FY 2002-03	FY 2003-04
Commissioner	1.0	1.0
Examiners	8.0	8.0
Administrative Support	<u>2.0</u>	<u>2.0</u>
	11.0	11.0

Cash Funds Changes: The cash funds increase is due to salary survey increases of \$15,000 awarded in FY 2002-03. This increase is partially offset by a \$3,000 reduction in indirect costs.

Division of Insurance

This division regulates insurance professionals and insurance companies, non-profit hospitals and health service corporations, health maintenance organizations, workers' compensation self-insurance pools, and pre-need funeral contracts. The Department estimates that the Division will have 79,523 active insurance licensees and agencies in FY 2003-04. The cash funds are from tax assessments and license fees paid by regulated entities. The cash exempt funds are from the Workers' Compensation Cash Fund and the Highway Users Tax Fund. The federal funds support the Senior Health Counseling Program.

	GF	CF	CFE	FF	Total	FTE
FY 2002-03 Appropriation:						
HB 02-1420	\$0	\$7,157,041	\$80,225	\$199,583	\$7,436,849	90.1
SB 03-216	<u>0</u>	<u>(438,049)</u>	<u>0</u>	<u>0</u>	<u>(438,049)</u>	<u>(7.8)</u>
TOTAL	\$0	\$6,718,992	\$80,225	\$199,583	\$6,998,800	82.3
FY 2003-04 Appropriation:						
SB 03-68	\$0	\$18,144	\$0	\$0	\$18,144	0.2
SB 03-239	0	0	(12,500)	0	(12,500)	0.0
SB 03-258	0	6,635,618	80,225	360,836	7,076,679	78.0
SB 03-302	0	0	(67,725)	0	(67,725)	0.0
HB 03-1164	<u>0</u>	<u>27,117</u>	<u>0</u>	<u>0</u>	<u>27,117</u>	<u>0.4</u>
TOTAL	\$0	\$6,680,879	\$0	\$360,836	\$7,041,715	78.6
Increase/(Decrease)	\$0	(\$38,113)	(\$80,225)	\$161,253	\$42,915	(3.7)
Percentage Change	n/a	-0.6%	-100.0%	80.8%	0.6%	-4.5%

FTE Detail	FY 2002-03	FY 2003-04
Commissioner's Office	9.0	5.0
Operations/Licensing	12.0	10.0
Consumer Affairs	40.3	43.6
Financial Regulation	19.0	18.0
Senior Health Counseling	<u>2.0</u>	<u>2.0</u>
	82.3	78.6

FTE Changes: The net reduction of 3.7 FTE includes a 4.3 FTE base reduction. The Division received a base reduction because it keeps enough Premium Tax revenue to pay for costs not covered by the fee revenue it collects; any reduction in the Division's cash fund appropriation results in more Premium Tax revenue being deposited into the General Fund. The FTE base reduction is partially offset by increases of 0.4 FTE per H.B. 03-1164 to implement a statewide pilot program for multiple employer welfare arrangements (MEWAs), and 0.2 FTE per S.B. 03-68 to staff the Commission on Mandated Health Insurance Benefits.

Cash Funds Changes: The decrease in cash funds is primary due to a \$389,000 base reduction and a \$97,000 decrease in indirect costs. These reductions are partially offset by: (1) salary survey increases of \$385,000 awarded in FY 2002-03; (2) a \$27,000 increase in Personal Services per H.B. 03-1164 to implement a statewide pilot program for multiple employer welfare arrangements (MEWAs); (3) an \$18,000 increase per S.B. 03-68 to fund the Commission on Mandated Health Insurance Benefits; (4) an insurance fraud prosecution increase of \$12,000; and (5) a \$5,400 increase due to the change in the PERA contribution rate.

Cash Funds Exempt Changes: The reduction in cash funds exempt is due S.B. 03-302, which temporarily suspends the requirement for the Division of Insurance to conduct an annual closed claims study regarding the costs of workers' compensation.

Federal Funds Changes: The federal fund increase is primarily due to a \$161,000 increase in funding for Senior Health Counseling.

Public Utilities Commission

The General Assembly has granted the Public Utilities Commission (PUC) the authority to regulate the rates and services of transportation and fixed utilities throughout Colorado, and has vested the PUC with quasi-legislative and quasi-judicial responsibilities. The PUC determines whether companies petitioning to provide any of the aforementioned utility services have the financial and technical wherewithal to do so. The PUC is also responsible for administering the following direct service programs: the Colorado Telecommunications High Cost Program, the Low-Income Telephone Assistance Program, the Highway Crossing Protection Program, and the Disabled Telephone Users Program. In FY 2002-03, the PUC handled approximately 8,000 complaints. The PUC previously received General Fund support for the Highway Crossing Protection Program; in FY 2003-04, it primarily will be funded with cash funds from assessments and licensing fees paid by regulated entities.

	GF	CF	CFE	FF	Total	FTE
FY 2002-03 Appropriation:						
HB 02-1420	\$240,000	\$11,546,375	\$357,604	\$0	\$12,143,979	92.7
SB 03-216	<u>(240,000)</u>	<u>0</u>	<u>240,000</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$0	\$11,546,375	\$597,604	\$0	\$12,143,979	92.7
FY 2003-04 Appropriation:						
SB 03-258	\$0	\$11,888,219	\$328,491	\$0	\$12,216,710	92.7
HB 03-1289	<u>0</u>	<u>58,155</u>	<u>0</u>	<u>0</u>	<u>58,155</u>	<u>0.0</u>
TOTAL	\$0	\$11,946,374	\$328,491	\$0	\$12,274,865	92.7

	GF	CF	CFE	FF	Total	FTE
Increase/(Decrease)	\$0	\$399,999	(\$269,113)	\$0	\$130,886	0.0
Percentage Change	n/a	3.5%	-45.0%	n/a	1.1%	0.0%

FTE Detail	FY 2002-03	FY 2003-04
Director/Commissioners	4.0	4.0
Administrative Services	7.0	7.0
Administrative Hearings	9.0	9.0
Executive Office	6.0	6.0
External Affairs	7.5	7.5
Advisory Coordinators	4.6	4.6
Utilities	29.0	29.0
Transportation	17.6	17.6
Safety and Enforcement	<u>8.0</u>	<u>8.0</u>
	92.7	92.7

Cash Funds Changes: The cash funds increase is primarily due to the following increases: (1) \$287,000 for salary survey increases awarded in FY 2002-03; (2) \$147,000 for low income telephone assistance; (3) approximately \$119,000 due to changes in funding mixes; (4) \$58,000 per H.B. 03-1289 for the regulation of household movers; (5) \$10,000 for electric utility modeling software; and (6) \$7,000 due to the change in the PERA contribution rate. These increases are partially offset by the following reductions: (1) \$178,000 to the Disabled Telephone Users Fund; (2) \$26,000 for Highway Crossing Payments; and (3) \$26,000 in indirect costs.

Cash Funds Exempt Changes: The decrease in cash funds exempt is due to a \$41,000 reduction to the personal services funding mix, and approximately \$228,000 due to changes in funding mixes.

Division of Real Estate

This division is charged with establishing and maintaining a safe, stable environment in which the general public can buy, sell, and lease real property in Colorado. This goal is accomplished through licensing real estate brokers and appraisal professionals, scrutinizing subdivision offerings on undeveloped land, and administering an enforcement program that is responsive to both the needs of the industry and the consumer. The Division estimates it will have approximately 43,000 real estate licensees in FY 2003-04. The Division is funded entirely with cash funds from fees and assessments paid by regulated entities.

	GF	CF	CFE	FF	Total	FTE
FY 2002-03 Appropriation:						
HB 02-1420	\$0	\$3,015,187	\$0	\$0	\$3,015,187	37.0
HB 02-1459	<u>0</u>	<u>135,000</u>	<u>0</u>	<u>0</u>	<u>135,000</u>	<u>0.0</u>
TOTAL	\$0	\$3,150,187	\$0	\$0	\$3,150,187	37.0
FY 2003-04 Appropriation:						
SB 03-258	<u>\$0</u>	<u>\$3,332,742</u>	<u>\$0</u>	<u>\$0</u>	<u>\$3,332,742</u>	<u>37.0</u>
TOTAL	\$0	\$3,332,742	\$0	\$0	\$3,332,742	37.0
Increase/(Decrease)	\$0	\$182,555	\$0	\$0	\$182,555	0.0
Percentage Change	n/a	5.8%	n/a	n/a	5.8%	0.0%

FTE Detail	FY 2002-03	FY 2003-04
Director's Office	3.0	3.0
Enforcement Unit	11.0	11.0
Financial Examinations	9.0	9.0
Education and Licensing	12.5	12.5
Appraisal Unit	<u>1.5</u>	<u>1.5</u>
	37.0	37.0

Cash Funds Changes: The increase in cash funds is primarily due to: (1) a \$100,000 increase for payments from the Real Estate Recovery Fund; (2) a \$90,000 increase for salary survey increases awarded in FY 2002-03; and (3) a \$2,400 increase due to the change in the PERA contribution rate. These increases are offset by a \$10,000 reduction in indirect costs.

Division of Registrations

This division regulates over 221,000 licensees in more than 30 professions and occupations throughout Colorado. Its boards and licensing programs were created by the General Assembly to ensure a minimum level of competency among licensees and to protect the public welfare. The Division identifies and licenses qualified practitioners, facilities, programs, and equipment. Public protection is further enhanced by conducting inspections, investigating complaints, and restricting or revoking licenses when generally accepted standards of practice or safety have not been observed. The Division is primarily funded with cash funds from fees paid by those it licenses. The cash exempt

funds are Medicare and Medicaid funds transferred from the Departments of Health Care Policy and Financing for the nurses aide program.

	GF	CF	CFE	FF	Total	FTE
FY 2002-03 Appropriation:						
HB 02-1078	\$0	\$88,709	\$0	\$0	\$88,709	1.0
HB 02-1278	0	3,228	0	0	3,228	0.0
HB 02-1420	0	11,761,088	2,125,325	0	13,886,413	151.4
HB 02-1447	<u>0</u>	<u>1,667</u>	<u>0</u>	<u>0</u>	<u>1,667</u>	<u>0.0</u>
TOTAL	\$0	\$11,854,692	\$2,125,325	\$0	\$13,980,017	152.4
FY 2003-04 Appropriation:						
SB 03-50	\$0	\$176,292	\$0	\$0	\$176,292	3.0
SB 03-134	0	1,200	0	0	1,200	0.0
SB 03-258	<u>0</u>	<u>12,102,688</u>	<u>1,970,880</u>	<u>0</u>	<u>14,073,568</u>	<u>152.4</u>
TOTAL	\$0	\$12,280,180	\$1,970,880	\$0	\$14,251,060	155.4
Increase/(Decrease)	\$0	\$425,488	(\$154,445)	\$0	\$271,043	3.0
Percentage Change	n/a	3.6%	-7.3%	n/a	1.9%	2.0%

FTE Detail	FY 2002-03	FY 2003-04
Director's Office	3.0	3.0
Support Services	3.0	3.0
Examinations	1.0	1.0
Complaint Investigations	14.0	14.0
Board Personnel	<u>131.4</u>	<u>134.4</u>
	152.4	155.4

FTE Changes: The increase in FTE is due to S.B. 03-50, which requires the State Board of Nursing to send a questionnaire to all licensed professional, practical, and retired nurses when applying for renewal of their nursing licenses.

Cash Funds Changes: The net increase in cash funds is primarily due to increases of: (1) \$610,000 for salary survey increases awarded in FY 2002-03; (2) \$176,000 per S.B. 03-50 which requires the

State Board of Nursing to send a questionnaire to all licensed professional, practical, and retired nurses when applying for renewal of their nursing licenses; and (3) \$7,000 due to the change in the PERA contribution rate. These increases are partially offset by a \$189,000 reduction in indirect costs and a \$175,000 reduction for the Division's Central Licensing System (this funding was transferred to the EDO).

Cash Funds Exempt Changes: The decrease in cash funds exempt is primarily due a reduction in the amount transferred from the Department of Health Care Policy and Financing. This reduction is partially offset by an \$80,000 increase for salary survey increases awarded in FY 2002-03 and a \$1,600 increase due to the change in the PERA contribution rate.

Division of Securities

The primary functions of this division are monitoring the conduct of broker-dealers and sales representatives throughout Colorado, and investigating citizen complaints and other indications of investment fraud. In addition to license application screening, division personnel also perform on-site examinations of broker-dealer offices. The Division is funded entirely with cash funds from fees and assessments paid by regulated entities.

	GF	CF	CFE	FF	Total	FTE
FY 2002-03 Appropriation:						
HB 02-1420	\$0	\$2,137,779	\$0	\$0	\$2,137,779	20.0
TOTAL	\$0	\$2,137,779	\$0	\$0	\$2,137,779	20.0
FY 2003-04 Appropriation:						
SB 03-258	\$0	\$2,240,505	\$0	\$0	\$2,240,505	20.0
TOTAL	\$0	\$2,240,505	\$0	\$0	\$2,240,505	20.0
Increase/(Decrease)	\$0	\$102,726	\$0	\$0	\$102,726	0.0
Percentage Change	0.0%	4.8%	n/a	n/a	4.8%	0.0%

FTE Detail	FY 2002-03	FY 2003-04
Commissioner	1.0	1.0
Deputy Commissioner	1.0	1.0
Administration Unit	1.0	1.0
Examination Unit	8.0	8.0

FTE Detail	FY 2002-03	FY 2003-04
Enforcement Unit	<u>9.0</u>	<u>9.0</u>
	20.0	20.0

Cash Funds Changes: The cash funds increase is primarily due to: (1) an \$83,000 increase for salary survey increases awarded in FY 2002-03; (2) a \$24,000 increase for securities fraud prosecution; and (3) a \$2,600 increase due to the change in the PERA contribution rate. These increases are partially offset by a \$6,000 decrease in indirect costs.

Recent Legislation

2002 Session Bills

S.B. 02-50: For an explanation of this bill please see the Recent Legislation section in the Department of Corrections.

H.B. 02-1038: For an explanation of this bill please see the Recent Legislation section in the Department of Corrections.

H.B. 02-1078: Transfers the appropriation for the Office of Boxing from the Executive Director's Office to the Division of Registrations.

H.B. 02-1278: Creates a physician training license for persons participating in internship, residency or fellowship programs. Requires the Board of Medical Examiners (Board) to issue a physician training license upon receipt of required materials. Allows the Board to refrain from issuing a physician training license or to grant a physician training license subject to terms or probation. Requires the Board to discipline a licensee for unprofessional conduct and inform the supervising physician and the internship, residency, or fellowship program of any complaint received relating to a licensee.

H.B. 02-1420: General appropriations act for FY 2002-03.

H.B. 02-1447: Creates a three-year direct care provider career path pilot program to be conducted in southwest Colorado. Directs the State Board for Community Colleges and Occupational Education to coordinate the efforts of interested stakeholders to achieve the common goal of improved recruitment and retention of direct care para-professionals. Directs the State Board of Nursing to promulgate the rules for the pilot program and to establish a direct care advisory committee.

H.B. 02-1459: Makes fingerprint-based criminal history record checks conform to federal law for checks involving specified occupations. Makes fingerprint-based background checks for specified occupations, including real estate brokers, mandatory rather than discretionary. Requires the Division of Real Estate to collect additional revenue to cover the costs of fingerprint-based criminal history checks for all real estate broker license applicants.

H.B. 02-1468: Authorizes the General Assembly to annually adjust the state contribution for health, life, and dental insurance effective CY 2004 through the Long Bill. For more information, refer to the bill description in the Department of Personnel and Administration.

2003 Session Bills

S.B. 03-50: Requires the State Board of Nursing to send a questionnaire to all licensed professional, practical, and retired nurses when applying for renewal of their nursing licenses.

S.B. 03-68: Establishes the 11 member Commission on Mandated Health Insurance Benefits for the purpose of collecting data to assess the impact of mandated health care benefits on employers, employees, individual purchasers, insurers, health care providers, and other relevant entities.

S.B. 03-134: Continues the regulatory functions of the state Board of Nursing until July 1, 2010, and makes some changes to the functions of the board, including requiring a feasibility study of imposing a state and federal fingerprint-based criminal history check of nurse aide applicants; adding two members to the Nurse Aide Advisory Committee; and requiring the implementation of a new medication aide training program.

S.B. 03-197: Reduces personal services by \$120,157 General Fund, which represents anticipated June payroll (FY 2002-03) to be delayed until July (FY 2003-04). For more information, refer to the bill description in the Department of Personnel and Administration.

S.B. 03-216: Modifies the appropriation to the Department of Regulatory Agencies included in the FY 2002-03 Long Bill.

S.B. 03-239: Continues the Motorist Insurance Identification Database Program until July 1, 2008; requires insurers to provide policy information to the designated agent that monitors the program database more frequently; and eliminates the requirement for the Division of Insurance to contract with a company to gather information regarding uninsured motorist claims.

S.B. 03-258: General appropriations act for FY 2003-04.

S.B. 03-273: Eliminates the salary survey appropriation for FY 2003-04. For more information, refer to the bill description in the Department of Personnel and Administration.

S.B. 03-302: Suspends the requirement for the Division of Insurance to conduct an annual closed claims study regarding the costs of workers' compensation until FY 2005-06.

H.B. 03-1164: Expands the duties of CoverColorado and creates a statewide pilot program for up to 18 multiple employer welfare arrangements (MEWAs). The Commissioner of Insurance is required to monitor the pilot program, and the Department must evaluate the program by October 15, 2007.

H.B. 03-1289: Subjects household goods movers to regulation by the Public Utilities Commission (PUC). The bill requires the PUC to issue a certificate of registration to a mover operating in intrastate commerce; authorizes the PUC to impose an annual registration fee of up to \$300 on each carrier; and establishes other requirements.

H.B. 03-1316: Alters the manner in which group benefit plans coverage is calculated for Health, Life, and Dental appropriations. For more information, refer to the bill description in the Department of Personnel and Administration.

DEPARTMENT OF REVENUE

The Department of Revenue performs various revenue collection and regulatory activities related to taxation, motor vehicles, limited gaming, racing, and the Colorado Lottery. The Department is organized into the following administrative groups: (1) the Executive Director's Office; (2) the Information Technology Division; (3) the Taxation Business Group; (4) the Motor Vehicle Business Group; and, (5) the Enforcement Business Group. Specific functions of the Department include collection of state and local taxes, enforcement of tax laws, administration of driver and motor vehicle laws, state liquor and tobacco law enforcement, regulation of limited-stakes gambling, oversight of greyhound/horse racing, and the operation of the Colorado Lottery. The Department also operates the State's commercial ports of entry.

Department Budget: Recent Actual Expenditures and Appropriations

Funding Source	FY 2000-01 Actual	FY 2001-02 Actual	FY 2002-03 Approp.	FY 2003-04 Approp.
General Fund	\$110,492,055	\$109,289,836	\$98,975,438	\$91,734,816
Cash Funds	33,557,485	34,829,486	37,680,477	44,202,819
Cash Funds Exempt	301,418,602	329,871,761	391,173,994	386,154,085
Federal Funds	<u>1,545,119</u>	<u>1,576,446</u>	<u>1,663,491</u>	<u>1,925,618</u>
Total Funds	\$447,013,261	\$475,567,529	\$529,493,400	\$524,017,338
Full Time Equiv. Staff	1,460.3	1,463.8	1,518.3	1,455.0

FY 2003-04 Budget Changes

Significant changes in appropriations for FY 2003-04 compared to FY 2002-03 include the following:

- An increase of \$4.4 million General Fund to account for one-time savings associated with the shift in the pay date for FY 2002-03;
- An increase of \$1.6 million General Fund to reflect payments to the Pueblo Data Entry Center;
- An increase of \$1.3 million cash funds for the Limited Gaming Division, which includes an increase of \$1.1 million for formula distribution of gaming revenues to counties and municipalities from the Limited Gaming Fund;

- ❑ An increase of \$951,000 General Fund associated with an additional 18 tax collection agents that will generate approximately \$11.1 million in General Fund revenues during FY 2003-04 and beyond. A \$5.7 million General Fund decrease related to formula grants and rebates, including the cigarette tax rebate to counties and municipalities, and the old age heat, fuel, and property tax assistance grants;
- ❑ A \$3.6 million cash funds exempt decrease related to projected ticket sales within the State Lottery Division;
- ❑ A \$3.2 million reduction related to license plate ordering that reflects sufficient plate inventory to support plate requirements through FY 2003-04; and,
- ❑ A \$700,000 General Fund decrease related to the Department's payments to the government computing center.

General Factors Driving the Budget

Funding for this department consists of 17.5 percent General Fund, 8.4 percent cash funds, 73.6 percent cash funds exempt, and 0.4 percent federal funds. Some of the most important factors driving the budget are reviewed below.

Population and Postage

In carrying out its mission to collect taxes and regulate motor vehicles, the Department interacts with a large portion of the state's population via mail and produces a significant amount of documents. Consequently, any increases in population or in the scope of services drives corresponding increases in necessary postage and document expenses. Such costs mainly affect the Cash and Document Processing Division, the Motor Vehicle Division, and the Taxpayer Services Division. The following table summarizes key workload statistics for the Department:

	FY 99-00 Actual	FY 00-01 Actual	FY 01-02 Actual	FY 02-03 Estimate	FY 03-04 Estimate
Pieces of Incoming Mail	5,000,981	4,914,908	4,833,885	4,472,962	4,472,962
Pieces of Outgoing Mail	8,155,300	9,083,448	8,564,245	7,499,261	7,500,000
Income Tax Refunds Processed	1,892,603	1,971,183	2,120,348	1,882,793	1,882,793
Driver's Licenses Documents Issued	1,335,918	1,329,228	1,241,827	1,315,000	1,320,000
Tax Assistance Given (via telephone)	1,214,858	1,728,158	1,774,855	1,774,855	1,774,855

Commercial Traffic

The number of commercial vehicles crossing the state's borders affects the costs of operating Colorado's ports of entry, which monitor overweight trucks and enforce compliance with the commercial vehicle registration fee. This work generates revenue for the state and is carried out by the Motor Carrier Services Division. The number of vehicles cleared at fixed ports can be affected by road construction, lot repair, and building replacement. The following table summarizes recent changes in the number of these vehicles and revenue associated with port operations:

	FY 99-00 Actual	FY 00-01 Actual	FY 01-02 Actual	FY 02-03 Estimate	FY 03-04 Estimate
Vehicles Weighed	4,587,030	4,437,167	4,524,001	4,652,929	4,815,781
Vehicles Cleared Fixed Ports	5,464,798	5,113,645	5,377,738	5,388,914	5,577,525
Vehicles Checked for Haz. Mat. Compliance	165,922	150,591	142,563	146,706	147,220
Cash Collections from Ports of Entry	\$7,404,924	\$6,804,510	\$6,698,083	\$6,392,665	\$6,392,665
Vehicles Cleared With Automated Vehicle I.D. - Weigh-in-Motion	295,961	725,222	1,121,090	1,422,584	1,600,000

Lottery Ticket Sales

Appropriations for some lines within the Department's budget are calculated based on Lottery ticket sales. Consequently, the Department's cash funds exempt appropriation from the State Lottery Fund is affected by fluctuations in ticket sales. The following table shows a five-year summary of revenue generated by sales of the two types of lottery tickets, including both scratch and online games.

	FY 99-00 Actual	FY 00-01 Actual	FY 01-02 Actual	FY 02-03 Approp.	FY 03-04 Approp.
Scratch Ticket Sales	\$234,002,955	\$249,210,219	\$257,200,000	\$257,200,000	\$252,600,000
On-line Ticket Sales	\$136,957,170	\$101,422,449	\$150,800,000	\$135,500,000	\$136,100,000

Summary of FY 2002-03 and FY 2003-04 Appropriations

Total Department Appropriations

	GF	CF	CFE	FF	Total	FTE
FY 2002-03 Total Appropriation:	\$98,975,438	\$37,680,477	\$391,173,994	\$1,663,491	\$529,493,400	1,518.3
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Executive Director's Office	15,357,919	1,094,619	5,042,856	0	21,495,394	40.5
Information Technology Division	3,918,277	389,661	5,925,351	0	10,233,289	122.7
Taxation Business Group	62,334,661	784,063	1,892,298	1,063,630	66,074,652	444.8
Motor Vehicle Business Group	15,826,403	239,804	18,963,891	599,861	35,629,959	602.6
Enforcement Business Group	1,538,178	35,172,330	359,349,598	0	396,060,106	307.7
<u>Breakdown of Total Appropriation by Bill</u>						
SB 02-50	(33,730)	0	0	0	(33,730)	0.0
SB 02-87	0	0	812	0	812	0.0
SB 02-207	(388,835)	388,835	0	0	0	0.0
HB 02-1038	(33,634)	0	0	0	(33,634)	0.0
HB 02-1044	0	0	30,415	0	30,415	0.0
HB 02-1160	0	0	812	0	812	0.0
HB 02-1176	0	0	812	0	812	0.0
HB 02-1247	0	0	1,680	0	1,680	0.0
HB 02-1420	113,811,326	37,118,759	388,513,764	1,663,491	541,107,340	1,521.6
HB 02-1459	0	0	7,800	0	7,800	0.0
HB 02-1468	46,257	2,040	17,954	0	66,251	0.0
SB 03-185	200,000	0	0	0	200,000	0.0
SB 03-192	(798,745)	0	798,745	0	0	0.0
SB 03-197	(4,417,849)	0	0	0	(4,417,849)	0.0
SB 03-217	(7,717,819)	170,843	518,365	0	(7,028,611)	(3.3)

	GF	CF	CFE	FF	Total	FTE
SB 03-228	(1,282,835)	0	1,282,835	0	0	0.0
SB 03-258	(408,698)	0	0	0	(408,698)	0.0
FY 2003-04 Total Appropriation:	\$91,734,816	\$44,202,819	\$386,154,085	\$1,925,618	\$524,017,338	1,455.0
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Executive Director's Office	11,399,189	1,413,805	4,462,567	0	17,275,561	35.5
Information Technology Division	4,583,739	496,188	6,594,367	0	11,674,294	119.3
Taxation Business Group	62,830,050	668,341	1,139,115	1,325,757	65,963,263	448.4
Motor Vehicle Business Group	12,705,700	3,382,825	17,818,623	599,861	34,507,009	551.6
Enforcement Business Group	216,138	38,241,660	356,139,413	0	394,597,211	300.2
<u>Breakdown of Total Appropriation by Bill</u>						
SB 03-76	0	0	183,930	0	183,930	4.0
SB 03-258	99,541,338	39,182,608	385,230,743	1,925,618	525,880,307	1,450.4
SB 03-267	(4,452,423)	0	4,452,423	0	0	0.0
SB 03-272	0	3,124,902	(3,124,902)	0	0	0.0
SB 03-273	(1,506,147)	(91,155)	(650,292)	0	(2,247,594)	0.0
SB 03-317	135,213	0	0	0	135,213	0.6
HB 03-1099	0	2,302	0	0	2,302	0.0
HB 03-1123	(1,977,165)	1,977,165	0	0	0	0.0
HB 03-1130	0	921	0	0	921	0.0
HB 03-1316	(7,080)	(356)	(2,817)	0	(10,253)	0.0
HB 03-1356	0	0	65,000	0	65,000	0.0
HB 03-1367	0	6,432	0	0	6,432	0.0
HB 03-1382	1,080	0	0	0	1,080	0.0

	GF	CF	CFE	FF	Total	FTE
Increase/(Decrease)	(\$7,240,622)	\$6,522,342	(\$5,019,909)	\$262,127	(\$5,476,062)	(63.3)
Percentage Change	-7.3%	17.3%	-1.3%	15.8%	-1.0%	-4.2%

Detail of Appropriation by Administrative Section

Executive Director's Office

The Executive Director's Office provides planning, research, and administrative support, and is comprised of the following program areas: Administrative Staff; Policy Analysis and Financial Services; Internal Auditing; and Human Resources. The Division is supported by various sources of cash funds and cash funds exempt, including central appropriations and indirect cost recoveries.

	GF	CF	CFE	FF	Total	FTE
FY 2002-03 Appropriation:						
SB 02-50	(\$33,730)	\$0	\$0	\$0	(\$33,730)	0.0
SB 02-207	(87,616)	87,616	0	0	0	0.0
HB 02-1038	(33,634)	0	0	0	(33,634)	0.0
HB 02-1420	16,206,435	986,089	4,511,325	0	21,703,849	40.5
HB 02-1468	46,257	2,040	17,954	0	66,251	0.0
SB 03-185	200,000	0	0	0	200,000	0.0
SB 03-197	(407,718)	0	0	0	(407,718)	0.0
SB 03-217	(631,680)	18,874	513,577	0	(99,229)	0.0
SB 03-258	<u>99,605</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>99,605</u>	<u>0.0</u>
TOTAL	\$15,357,919	\$1,094,619	\$5,042,856	\$0	\$21,495,394	40.5
FY 2003-04 Appropriation:						
SB 03-258	\$13,238,197	\$1,179,535	\$5,115,676	\$0	\$19,533,408	35.5
SB 03-273	(1,506,147)	(91,155)	(650,292)	0	(2,247,594)	0.0
HB 03-1123	(325,781)	325,781	0	0	0	0.0
HB 03-1316	<u>(7,080)</u>	<u>(356)</u>	<u>(2,817)</u>	<u>0</u>	<u>(10,253)</u>	<u>0.0</u>
TOTAL	\$11,399,189	\$1,413,805	\$4,462,567	\$0	\$17,275,561	35.5

	GF	CF	CFE	FF	Total	FTE
Increase/(Decrease)	(\$3,958,730)	\$319,186	(\$580,289)	\$0	(\$4,219,833)	(5.0)
Percentage Change	-25.8%	29.2%	-11.5%	n/a	-19.6%	-12.3%

FTE Detail	FY 2002-03	FY 2003-04
Executive Director's Staff	4.0	4.0
Policy Analysis and Financial Services	22.0	22.0
Internal Auditor	2.5	2.5
Human Resources	<u>12.0</u>	<u>7.0</u>
	40.5	35.5

FTE Changes: The General Assembly reduced the Executive Director's Office staff by 5.0 FTE related to base reductions.

General Fund Changes: The \$3.9 million decrease in General Fund includes the following decreases: (1) \$2.6 million to reflect the termination of salary survey through S.B. 03-273; (2) \$723,000 related to the Department's payment to the government computing center; (3) \$394,000 related to the elimination of performance-based pay awards; (4) \$325,000 to reflect the refinance of central appropriations for the Division of Racing Events using cash funds pursuant to H.B. 03-1123; (5) \$300,000 in one-time costs related to the Tax Amnesty program implemented during FY 2002-03; (6) \$151,000 in net reductions to personal services, including continuing base reductions partially offset by salary survey awards granted during FY 2002-03; and (7) \$148,000 in reductions associated with centrally-appropriated lines, including shift differential, workers' compensation, legal services, vehicle lease payments, and capitol complex leased space.

These decreases are partially offset by the following increases: (1) \$408,000 to account for one-time savings associated with the shift in the pay date for FY 2002-03; (2) \$154,000 in increases associated with centrally-appropriated lines, including health, life, and dental, payments to risk management, leased space; and (3) \$70,000 related to a re-prioritized permanent General Fund base reduction in the operating expenses line item.

Cash Funds Changes: The increase in cash funds reflects miscellaneous changes, including changes in indirect cost recovery rates and an increase in cash funds for centrally-appropriated line items to support the Division of Racing Events pursuant to H.B. 03-1123.

Cash Funds Exempt Changes: The cash funds exempt appropriation reflects miscellaneous changes, including a reduction of \$650,000 to reflect the termination of salary survey through S.B. 03-273.

Information Technology Division

The Information Technology Division supports the Department by providing data processing services and application support for Department program areas including taxation, transportation, enforcement, and administration. Information technology staff are responsible for maintaining 51 separate taxation computer systems and other computer systems responsible for drivers licenses, driving records, accident statistical reporting, fuel taxes, and international registrations of commercial vehicles. Information technology staff also support applications for the gaming, liquor, and racing divisions, including licensing, enforcement, accounting, and investigation case management systems. The Division's staff also support accounting and budgeting systems, and they maintain the Department's LAN servers, NT servers, and UNIX systems. The primary source of cash funds exempt for the division is the Colorado State Titling and Registration (CSTRS) Account, a special purpose account within the Highway Users Tax Fund (HUTF) that includes revenues from vehicle title fees. The primary source of cash funds for the division is the Auto Dealers License Fund.

	GF	CF	CFE	FF	Total	FTE
FY 2002-03 Appropriation:						
HB 02-1247	\$0	\$0	\$1,680	\$0	\$1,680	0.0
HB 02-1420	5,072,935	389,661	6,396,983	0	11,859,579	126.0
SB 03-197	(469,278)	0	0	0	(469,278)	0.0
SB 03-217	<u>(685,380)</u>	<u>0</u>	<u>(473,312)</u>	<u>0</u>	<u>(1,158,692)</u>	<u>(3.3)</u>
TOTAL	\$3,918,277	\$389,661	\$5,925,351	\$0	\$10,233,289	122.7
FY 2003-04 Appropriation:						
SB 03-258	\$4,582,659	\$495,267	\$6,529,367	\$0	\$11,607,293	119.3
HB 03-1130	0	921	0	0	921	0.0
HB 03-1356	0	0	65,000	0	65,000	0.0
HB 03-1382	<u>1,080</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,080</u>	<u>0.0</u>
TOTAL	\$4,583,739	\$496,188	\$6,594,367	\$0	\$11,674,294	119.3
Increase/(Decrease)	\$665,462	\$106,527	\$669,016	\$0	\$1,441,005	(3.4)
Percentage Change	17.0%	27.3%	11.3%	n/a	14.1%	-2.8%

FTE Detail	FY 2002-03	FY 2003-04
Systems Support	87.3	79.6
Legislation Implementation	2.6	2.2
Colorado State Titling and Registration System (CSTRS)	<u>32.8</u>	<u>37.5</u>
	122.7	119.3

FTE Changes: The appropriation reflects a net reduction of 3.4 FTE, including a reduction of 7.7 FTE associated with permanent General Fund base reductions and a reduction of 0.4 FTE related to one-time computer programming to implement legislation. These decreases are partially offset by an increase of 4.7 FTE associated with the project to rewrite the Colorado State Titling and Registration Computer (CSTRS) System, of which 3.7 FTE is related to one-time FY 2002-03 reductions and 1.0 FTE is related to increased workload.

General Fund Changes: The \$665,000 General Fund increase includes \$469,000 to account for one-time savings associated with the shift in the pay date for FY 2002-03, and \$195,000 in net increases to personal services, including salary survey and performance-based pay awards granted during FY 2002-03.

Cash Funds Changes: The increase of \$106,000 reflects increases to personal services, including salary survey and performance-based pay awards granted during FY 2002-03, and higher indirect cost recoveries.

Cash Funds Exempt Changes: The \$669,000 increase in cash funds exempt includes the following increase: (1) \$678,000 to reflect one-time reductions during FY 2003-04 related to the computer project to rewrite the Colorado State Titling and Registration System pursuant to H.B. 01-1100; (2) \$97,000 in salary survey awards granted during FY 2002-03; and, (3) \$65,000 for contract programming related to H.B. 03-1356. These increases are partially offset by a decrease of \$131,000 related to the Department's estimate on resources for computer programming required to implement legislation, and a decrease of \$42,000 in personal services that reflects available funds in the Colorado State Titling and Registration Account.

Taxation Business Group

The Taxation Business Group is responsible for carrying out the Department's programs related to collecting and processing taxes, providing customer service to taxpayers, researching statistical analysis related to tax collection, resolving tax disputes, and administering tax rebate and assistance programs. The Taxation Business Group is organized as follows:

1. The Administration Section of the Taxation Business Group is responsible for performing administrative and budgetary oversight for the entire business group.

2. The Cash and Document Processing Division provides all data processing support for the Department and records all documents and transactions, including tax, license, and other fee payments and deposits, tax document processing (from return receipt through refund issuance), income tax refund warrant processing, graphics, forms, micrographics, and outgoing and incoming mail services. The Division's workload is driven primarily by population increases in the state. The Department processed over 13.4 million pieces of mail during FY 2001-02, and processed 2.1 million tax returns during the same year.
3. The Taxation and Compliance Division is responsible for auditing and compliance enforcement of Colorado tax laws, including tax collections and returns. The division's Field Auditing Section conducts approximately 7,000 field audits per year. The Department of Revenue annually audits approximately 1.0 percent of business tax accounts, which constitute approximately 16 percent of business tax revenues received by the State.
4. The Taxpayer Service Division provides tax information, issues tax licenses, collects sales tax revenues for some local governments and districts, and intercepts refunds for debts owed to other state agencies or the Internal Revenue Service. Information designed to facilitate tax filing and develop public understanding of Colorado's tax structure is disseminated by the Division through the media, education seminars, internet resources, and telephone assistance. The Division maintains a central office in Denver, a telephone information center, and five regional service centers (located in Grand Junction, Fort Collins, Denver, Colorado Springs, and Pueblo).
5. The Office of Tax Analysis develops departmental policies and procedures in support of the legislative session and the implementation of new legislation. This includes statistical research and analysis.
6. The Tax Conferee section is responsible for resolving protests to tax adjustments made by the Department. As provided by Section 29-2-106.1, C.R.S., upon taxpayer protest to the Department of Revenue, division staff review home rule city sales taxes as well as city and county use taxes.
7. The Special Purpose section includes three sub-programs: the Cigarette Tax Rebate Program, the Old Age Heat, Fuel, and Property Tax Assistance Program, and the Alternative Fuels Rebate Program. This section of the Long Bill was created to reflect three grants and rebates that are administered by the Department of Revenue.

	GF	CF	CFE	FF	Total	FTE
FY 2002-03 Appropriation:						
SB 02-87	\$0	\$0	\$812	\$0	\$812	0.0
HB 02-1160	0	0	812	0	812	0.0

	GF	CF	CFE	FF	Total	FTE
HB 02-1176	0	0	812	0	812	0.0
HB 02-1420	66,022,240	597,811	1,889,862	1,063,630	69,573,543	444.8
SB 03-197	(1,974,335)	0	0	0	(1,974,335)	0.0
SB 03-217	<u>(1,713,244)</u>	<u>186,252</u>	<u>0</u>	<u>0</u>	<u>(1,526,992)</u>	<u>0.0</u>
TOTAL	\$62,334,661	\$784,063	\$1,892,298	\$1,063,630	\$66,074,652	444.8
FY 2003-04 Appropriation:						
SB 03-258	\$62,694,837	\$668,341	\$1,139,115	\$1,325,757	\$65,828,050	447.8
SB 03-317	<u>135,213</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>135,213</u>	<u>0.6</u>
TOTAL	\$62,830,050	\$668,341	\$1,139,115	\$1,325,757	\$65,963,263	448.4
Increase/(Decrease)	\$495,389	(\$115,722)	(\$753,183)	\$262,127	(\$111,389)	3.6
Percentage Change	0.8%	-14.8%	-39.8%	24.6%	-0.2%	0.8%

FTE Detail	FY 2002-03	FY 2003-04
Administration	7.0	7.0
Cash and Document Processing Division	131.2	123.2
Taxation and Compliance Division	200.4	218.0
Taxpayer Service Division	80.2	74.2
Office of Tax Analysis	6.0	6.0
Tax Conferee	9.0	9.0
Mineral Audit	<u>11.0</u>	<u>11.0</u>
	444.8	448.4

FTE Changes: The increase of 3.6 FTE includes an increase of 18.0 General Fund FTE associated with an increase in tax collection agents to produce additional revenues to the General Fund during FY 2003-04 and an increase of 0.6 FTE related to S.B. 03-317. These increases are partially offset by a decrease of 15.0 FTE associated with permanent General Fund base reductions.

General Fund Changes: The \$495,000 General Fund increase includes: (1) \$2.7 million in net increases to personal services, including \$1.9 million in salary survey and performance-based pay awards granted during FY 2002-03 and \$800,000 associated with additional tax collection agents; (2) \$1.9 million to account for one-time savings associated with the shift in the pay date for FY 2002-

03; (3) \$1.6 million related to payments to the Pueblo Data Entry Center; (4) \$135,000 related to S.B. 03-317; and, (5) \$215,000 in miscellaneous increases including microfilm and seasonal tax processing costs. These increases are partially offset by the following decreases: (1) \$5.3 million to reflect anticipated old age, heat, and fuel and property tax assistance grant payments; (2) \$439,000 related to miscellaneous changes; and, (3) \$325,000 to reflect anticipated cigarette tax rebates to counties and municipalities.

Cash Funds Changes: The cash funds increase reflects available sources of cash funds.

Cash Funds Exempt Changes: The decrease of \$750,000 in cash funds exempt reflects a \$544,000 decrease in tax rebates for alternative fuel and \$204,000 to reflect available sources of cash funds exempt.

Federal Funds Changes: The increase in federal funds is for the Mineral Audit Program, which is responsible for auditing mineral lease and royalty payments for the State and the U.S. Department of Interior.

Motor Vehicle Business Group

The Motor Vehicle Business Group is responsible for carrying out the Department's programs to license drivers, title and register motor vehicles, regulate commercial driving schools, enforce interstate transport laws at the state's ports of entry, enforce state emissions laws, and implement the state's motorist insurance identification database program. The Motor Vehicle Business Group contains appropriations for the following seven sections:

1. The Administration section provides budgetary oversight and performs general support for the entire business group.
2. The Motor Vehicle Division administers the laws relating to drivers licensing, titling and registering motor vehicles, and regulating commercial driving schools.
3. The Motor Carrier Services Division operates 17 port of entry buildings and ten mobile port scales. The Division registers motor carriers, collects registration fees (fuel distributors, petroleum storage, and interstate carriers) and fuel taxes (including gas, special fuel, LPG/NG, and aviation), and facilitates enforcement of driver/vehicle safety regulations and the laws concerning motor carriers and the owners and operators of motor vehicles. The Motor Carrier Services Division receives its funding from the Highway Users Tax Fund.
4. The Vehicle Emissions section inspects emissions stations to ensure vehicle emissions testing requirements comply with established standards under the Motor Vehicle AIR Program. The section also is responsible for licensing all emissions stations and inspectors in a 10-county region, and it is responsible for overseeing station operations in an effort to prevent fraud and abuse within the system. The Vehicle Emissions section receives a cash fund exempt

appropriation from the Automobile Inspection and Readjustment Account within the Highway Users Tax Fund.

5. The Titles section provides administrative support for the statewide system of motor vehicle titles and registration. This program receives an appropriation from the Colorado State Titling and Registration Account within the Highway Users Tax Fund.
6. The Enforcement Program supports local law enforcement agencies with respect to preventing identification fraud, conducting approximately 12 training sessions, 800 investigations, and 1,000 enforcement actions per year. This program has been consolidated within the Motor Vehicle Division line items.
7. The Motorist Insurance Identification Database Program, created by H.B. 97-1209, uses a database to compare records of motor vehicle registrations with records of insured motorists. The program was designed to help law enforcement officials verify owner compliance with the motor vehicle insurance laws by authorizing the suspension of driver's licenses of motorists suspected of being uninsured.

The primary sources of cash funds are the Hazardous Materials Safety Fund and the Nuclear Materials Transportation Fund. The primary sources of cash funds exempt include: the Automobile Inspection and Readjustment (AIR) Account, the Colorado State Titling and Registration Account, and the Motorist Insurance Identification Database Account. The federal funds appropriation reflects anticipated funds for the Motor Carrier Safety Assistance Program.

	GF	CF	CFE	FF	Total	FTE
FY 2002-03 Appropriation:						
HB 02-1044	\$0	\$0	\$30,415	\$0	\$30,415	0.0
HB 02-1420	23,001,242	239,804	15,912,581	599,861	39,753,488	602.6
SB 03-197	(1,251,707)	0	0	0	(1,251,707)	0.0
SB 03-217	(4,131,994)	0	1,738,060	0	(2,393,934)	0.0
SB 03-228	(1,282,835)	0	1,282,835	0	0	0.0
SB 03-258	<u>(508,303)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(508,303)</u>	<u>0.0</u>
TOTAL	\$15,826,403	\$239,804	\$18,963,891	\$599,861	\$35,629,959	602.6
FY 2003-04 Appropriation:						
SB 03-258	\$17,158,123	\$249,189	\$16,491,102	\$599,861	\$34,498,275	551.6
SB 03-267	(4,452,423)	0	4,452,423	0	0	0.0

	GF	CF	CFE	FF	Total	FTE
SB 03-272	0	3,124,902	(3,124,902)	0	0	0.0
HB 03-1099	0	2,302	0	0	2,302	0.0
HB 03-1367	<u>0</u>	<u>6,432</u>	<u>0</u>	<u>0</u>	<u>6,432</u>	<u>0.0</u>
TOTAL	\$12,705,700	\$3,382,825	\$17,818,623	\$599,861	\$34,507,009	551.6
Increase/(Decrease)	(\$3,120,703)	\$3,143,021	(\$1,145,268)	\$0	(\$1,122,950)	(51.0)
Percentage Change	-19.7%	1310.7%	-6.0%	0.0%	-3.2%	-8.5%

FTE Detail	FY 2002-03	FY 2003-04
Administration	9.0	8.0
Motor Vehicle Division	368.6	324.6
Motor Carrier Services Division	158.0	157.0
Vehicle Emissions	15.5	15.5
Titles	38.5	38.5
Enforcement Program	5.0	0.0
Motorist Insurance Database Program	<u>8.0</u>	<u>8.0</u>
	602.6	551.6

FTE Changes: The reduction of 51.0 FTE is associated with permanent General Fund base reductions, including administrative support positions for Driver License offices, driver control, and vehicle registrations.

General Fund Changes: The \$3.1 million decrease in General Fund includes the following decreases: (1) \$4.5 million related to the refinance of Motor Vehicle programs using Highway Users Tax Fund pursuant to S.B. 03-267; (2) \$219,000 related to permanent base reductions; and, (3) \$100,000 related to a one-time increase for driver license documents during FY 2002-03. These decreases are partially offset by the following increases: \$1.4 million to account for one-time savings associated with the shift in the pay date for FY 2002-03, and \$319,000 associated with salary survey and performance-based pay awards in FY 2002-03.

Cash Funds Changes: The \$3.1 million increase in cash funds is related to the refinance of license plate appropriations using cash funds pursuant to S.B. 03-272.

Cash Funds Exempt Changes: The \$1.1 million reduction in cash funds exempt reflects the following decreases: (1) \$5.7 million in license plate funding, including \$3.1 million related to the refinance of

license plate appropriations using cash funds pursuant to S.B. 03-272, and \$2.6 million related to the level of appropriation required for license plates. These decreases are partially offset by an increase of \$4.6 million, which includes \$4.5 million related to the refinance of Motor Vehicle programs using Highway Users Tax Fund pursuant to S.B. 03-267, and \$100,000 in miscellaneous increases associated with salary survey and performance-based pay awards during FY 2002-03.

Enforcement Business Group

The Enforcement Business Group is responsible for operating the Colorado Lottery, regulating limited-stakes gambling, enforcing state liquor and tobacco laws, regulating horse and dog racing, licensing motor vehicle salespersons, and conducting administrative hearings (mainly related to driver license laws). The Enforcement Business Group contains appropriations for the following seven sections:

1. The Administration section provides budgetary oversight and performs general support for the entire business group.
2. The State Lottery Division is responsible for operating the Colorado Lottery, which includes scratch ticket games and on-line games. The Division is funded from the State Lottery Fund, considered to be funded using cash funds exempt because the Lottery Division is a State-operated enterprise.
3. The Limited Gaming Division is responsible for the licensing, regulation, tax collection, and supervision of all devices, persons, locations, and activities related to limited gaming in Cripple Creek, Black Hawk, and Central City. The Division receives its cash fund appropriation from the Limited Gaming Fund.
4. The Liquor Enforcement Division provides liquor licenses or permits to all manufacturers, importers, wholesalers, retailers, enforces liquor laws and regulations, and enforces Colorado's tobacco control laws regulating the sale of tobacco products to persons under the age of 18 years old. The Division receives funding from the Liquor Enforcement Cash Fund, the General Fund, and from a transfer from the Department of Public Health and Environment.
5. The Division of Racing Events regulates greyhound and horse racing and supervises the activities at race tracks conducting pari-mutuel racing in Colorado. The Division allocates race dates to various racing associations, adopts rules, and supervises the conduct of race meets, racing officials, and licenses. The Division is cash funded from the newly created Racing Cash Fund pursuant to H.B. 03-1123.
6. The Hearings Division conducts hearings on driver license suspensions, revocations, probationary licenses, express consent actions, cancellation and denials for medical and physical disability, habitual traffic offenders, driver license compact actions, drivers license schools, air program emission control station licenses, vehicle dealers issuance or misuse of 30-day temporary registration permits, alcohol and habitual offender interlock probationary licenses,

horse and dog racing licenses, and other hearings affecting the licensing rights of citizens. The Division is supported by the Drivers License Revocation Sub-account of the HUTF.

7. The Motor Vehicle Dealer Licensing Board is responsible for licensing and regulating entities that manufacture, sell, and distribute motor vehicles within the State. This program is cash funded from the Auto Dealer License Fund.

	GF	CF	CFE	FF	Total	FTE
FY 2002-03 Appropriation:						
SB 02-207	(\$301,219)	\$301,219	\$0	\$0	\$0	0.0
HB 02-1420	3,508,474	34,905,394	359,803,013	0	398,216,881	307.7
HB 02-1459	0	0	7,800	0	7,800	0.0
SB 03-192	(798,745)	0	798,745	0	0	0.0
SB 03-197	(314,811)	0	0	0	(314,811)	0.0
SB 03-217	<u>(555,521)</u>	<u>(34,283)</u>	<u>(1,259,960)</u>	<u>0</u>	<u>(1,849,764)</u>	<u>0.0</u>
TOTAL	\$1,538,178	\$35,172,330	\$359,349,598	\$0	\$396,060,106	307.7
FY 2003-04 Appropriation:						
SB 03-76	\$0	\$0	\$183,930	\$0	\$183,930	4.0
SB 03-258	1,867,522	36,590,276	355,955,483	0	394,413,281	296.2
HB 03-1123	<u>(1,651,384)</u>	<u>1,651,384</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$216,138	\$38,241,660	\$356,139,413	\$0	\$394,597,211	300.2
Increase/(Decrease)	(\$1,322,040)	\$3,069,330	(\$3,210,185)	\$0	(\$1,462,895)	(7.5)
Percentage Change	-85.9%	8.7%	-0.9%	n/a	-0.4%	-2.4%

FTE Detail	FY 2002-03	FY 2003-04
Administration	6.0	6.0
State Lottery Division	128.0	128.0
Limited Gaming Division	72.0	72.0
Liquor Enforcement Division	19.0	19.0
Tobacco Enforcement Division	7.5	7.0
Division of Racing Events	26.7	19.0

FTE Detail	FY 2002-03	FY 2003-04
Hearings Division	27.3	28.0
Motor Vehicle Dealer Licensing Board	<u>21.2</u>	<u>21.2</u>
	307.7	300.2

FTE Changes: The reduction of 7.5 FTE includes a reduction of 11.5 FTE associated with permanent General Fund base reductions, partially offset by an increase of 4.0 FTE related to S.B. 03-76.

General Fund Changes: The reduction of \$1.3 million General Fund includes a reduction of \$1.7 million related to the refinance of the Division of Racing Events using cash funds pursuant to H.B. 03-1123, partially offset by the following increases: (1) \$315,000 to account for one-time savings associated with the shift in the pay date for FY 2002-03, and (2) \$61,000 associated with salary survey awards in FY 2002-03.

Cash Funds Changes: The \$3.0 million cash funds includes the following increases: (1) \$1.7 million related to the refinance of the Division of Racing Events using cash funds pursuant to H.B. 03-1123; and, (2) \$1.3 million attributable to the Limited Gaming Division for formula distribution of gaming revenues to counties and municipalities from the Limited Gaming Fund.

Cash Funds Exempt Changes: The \$3.2 million cash funds exempt decrease reflects projected ticket sales for the Division of Lottery.

Recent Legislation

2002 Session Bills

S.B. 02-50: For an explanation of this bill please see the Recent Legislation section in the Department of Corrections.

S.B. 02-87: Creates the Colorado Watershed Protection Fund to be comprised of citizen voluntary contributions via checkoffs on state income tax returns from January 1, 2002, to January 1, 2005. The Department of Revenue's administrative costs are supported by annual appropriation. All remaining moneys at the end of a fiscal year are to be transferred to the Colorado Water Conservation Board to support competitive grants to any qualified Colorado resident working toward the restoration and protection of Colorado watershed land and natural resources.

S.B. 02-207: Eliminates the General Fund appropriations for the Liquor Enforcement Division, including those in centrally appropriated line items in the Executive Director's Office. Changes the name of the Liquor Enforcement Division Cash Fund to the Liquor Enforcement Division and State

Licensing Authority Cash Fund. The bill increases each annual state fee collected by the Division by \$25.

H.B. 02-1038: For an explanation of this bill please see the Recent Legislation section in the Department of Corrections.

H.B. 02-1044: Establishes a new American Indian special license plate and a new Korean War Veteran special license plate, and it establishes a mechanism for cash-funding the new special license plates. The bill also establishes qualifications for several other special license plates established by rule.

H.B. 02-1160: Reestablishes that the voluntary contribution designation line for the United States Olympic Committee shall appear on Colorado state individual income tax return forms for income tax years from January 1, 2002, to January 1, 2005. The bill provides for the General Assembly to annually appropriate from the Olympic Committee Fund to the Department of Revenue its costs of administering the moneys designated as contributions to the fund.

H.B. 02-1176: Creates the Colorado Court-Appointed Special Advocates (CASA) Fund in the State Treasury supported by a voluntary contribution designation line for the CASA Fund on tax forms. Costs for the Department of Revenue in administering the moneys are appropriated annually. All moneys remaining in the fund at the end of a fiscal year shall be transferred to the Colorado Court-Appointed Special Advocates, a Colorado nonprofit.

H.B. 02-1247: Raises the minimum penalty to \$250 for the first offense for persons convicted of stealing motor fuel by leaving an establishment after dispensing fuel. The bill imposes a driver's license suspension of six months for the second offense, and a one-year suspension for a third offense. The bill also requires the Department of Revenue to hold a hearing not less than 30 days after receiving a written request. For the purpose of implementing the bill, the Fuel Piracy Computer Reprogramming Fund is created in the State Treasury. Gifts, grants, and donations received by the state for implementing the bill will be credited to this fund.

H.B. 02-1420: General appropriations act for FY 2002-03.

H.B. 02-1459: Requires criminal history checks for new applicants to become lottery sales agents and appropriates \$7,800 cash funds exempt (State Lottery Fund) to the State Lottery Division in FY 2002-03 to pay for these checks.

H.B. 02-1468: Authorizes the General Assembly to annually adjust the state contribution for health, life, and dental insurance effective CY 2004 through the Long Bill. For more information, refer to the bill description in the Department of Personnel and Administration.

2003 Session Bills

S.B. 03-76: Changes the time frames and penalties for driving under the influence of alcohol (DUI) and unlawful use of a controlled substance. Amends current law to allow an alternative penalty of a one-month license revocation followed by a five-month license suspension (rather than the current penalty of three-month revocation) for a first adult DUI offense. Limits subsequent offenses for alcohol-related traffic offenses to those that occur within ten years after the first offense. Authorizes the court to defer sentencing and order participation in a treatment program from a maximum of one year to a maximum of four years for a drug use conviction.

S.B. 03-185: Creates a one-month tax amnesty program during June of 2003. Allows delinquent taxpayers not yet notified by the Department to repay all delinquent taxes without penalty, and with half of all interest owed. Appropriates marketing expenses to the Department of Revenue.

S.B. 03-192: Refinances Hearings Division expenses using fees charged for the reinstatement of driver's licenses that have been administratively revoked. The bill increases fees from \$40 to \$60, and allows the Department to use these fees to pay for the direct and indirect costs of conducting any hearing related to the suspension, cancellation, or revocation of a person's license. The bill also expands the scope of hearings for which fees can be used, from Express Consent (alcohol-related) driver hearings to all driver hearings.

S.B. 03-197: Reduces personal services by \$4.4 million General Fund, which represents anticipated June payroll (FY 2002-03) to be delayed until July (FY 2003-04). For more information, refer to the bill description in the Department of Personnel and Administration.

S.B. 03-217: Supplemental appropriation for FY 2002-03.

S.B. 03-228: Authorizes the General Assembly to appropriate any HUTF for base license plate funding through FY 2004-05 in addition to existing authority to use HUTF for plate replacement. Changes the 6.0 percent Off-the-Top statute such that any savings under the 6.0 percent "off-the-top" limit that are created by supplemental action may be applied to license plate funding without reducing the 6.0 percent base for the State Patrol and Ports of Entry. Ensures that the 6.0 percent base cannot be increased using this authority.

S.B. 03-258: General appropriations act for FY 2003-04.

S.B. 03-267: Inserts statutory authority to use the Highway Users Tax Fund (HUTF) to support the expenses of the Motor Vehicle Division within the Department of Revenue. Allows the General Assembly the discretion to include HUTF appropriated to the Motor Vehicle Division as either within or outside of the 6.0 percent "Off-the-Top" appropriation. Includes an FY 2003-04 appropriation that offsets General Fund within the Motor Vehicle Business Group using revenues within the 6.0 percent "Off-the-Top" HUTF limit.

S.B. 03-272: Creates the License Plate Cash Fund for the purpose of supporting the costs of the Department of Revenue and Correctional Industries in producing and distributing license plates. Authorizes the Department of Revenue to collect additional fees for the costs of producing and distributing license plates. Creates statutory fees based on production costs, and allows for the reversion of unexpended moneys to the Highway Users Tax Fund.

S.B. 03-273: Eliminates the salary survey appropriation for FY 2003-04. For more information, refer to the bill description in the Department of Personnel and Administration.

S.B. 03-317: Reduces the amount that retail vendors are allowed to retain as payment for the collection and remittance of certain state sales and use taxes. Reduces the sales and use tax vendor fee from 3.3 percent to 2.3 percent of the amount remitted, and the tobacco products excise tax from 3.3 percent to 2.3 percent of the amount remitted. The bill also reduces the amount of the discount allowed to licensed wholesalers for the purchase of cigarette tax stamps from 4.0 percent to 3.0 percent.

H.B. 03-1099: Revises statutes governing the regulation of fuel products and codifies certain enforcement responsibilities of the Director of the Division Oil and Public Safety. Repeals authority for the appropriation of moneys from the Highway Users Tax Fund (HUTF) to the Department of Labor and Employment for costs to administer the Fuel Products program. Revises the environmental response surcharge by requiring every first purchaser of LPG to pay a fee as prescribed by the Department of Revenue. Creates the Liquefied Petroleum Gas Inspection Fund as an account within the Petroleum Storage Tank Fund to consist of liquefied petroleum gas inspection moneys, civil penalties, and federal funds.

H.B. 03-1123: Creates the Racing Cash Fund to support the Division of Racing Events. Requires the Racing Commission to set existing occupational license fees and newly created per-race-day fees on racetracks and simulcast facilities in order to cover the expenses of the Division. Increases the maximum percentage of "take-out" revenues (from which both pari-mutuel taxes and track profits are derived) from 19.5 percent to 30.0 percent as determined by the Racing Commission.

H.B. 03-1130: Creates the Family Resource Centers Fund in the State Treasury, and a corresponding tax check-off for income tax years commencing on or after January 1, 2003, but prior to January 1, 2006. After administrative costs for the Department of Revenue are appropriated by the General Assembly, requires that the fund balance be transferred to the Family Resource Center Association, Inc., a nonprofit organization, for distribution to family resource centers statewide.

H.B. 03-1316: Alters the manner in which group benefit plans coverage is calculated for Health, Life, and Dental appropriations. For more information, refer to the bill description in the Department of Personnel and Administration.

H.B. 03-1356: Implements the federal Help America Vote Act of 2002 (HAVA). Designates the Secretary of State as the state's chief election official and makes the Secretary of State responsible

for implementing the provisions of HAVA. Requires the Secretary of State to establish and maintain a single, uniform, centralized, interactive, computerized statewide voter registration system by January 1, 2006. Provides for the Secretary of State to coordinate with the Department of Revenue's Motor Vehicle Business Group to verify the accuracy of the information provided on the voter registration forms. Requires the Department of Revenue to enter into an agreement with the federal Commissioner of Social Security to verify social security numbers of applicants. Establishes the Federal Elections Assistance Fund in the State Treasury, to be administered by the Secretary of State solely for the implementation of HAVA. Authorizes the Secretary of State to establish a grant and loan program to assist counties in meeting the requirements of HAVA and the bill.

H.B. 03-1367: Establishes a new military valor special license plate for applicants who have received the Navy Cross, the Distinguished Service Cross, the Air Force Cross, or the Silver Star. Applicants would be required to pay an additional one-time fee of \$25 for each set of plates.

H.B. 03-1382: Modifies the annual interest rate allowed for refunds on overpayments of taxes or charges on oil and gas production beginning January 1, 2004. If the amount of the refund is less than \$5,000 or less than ten percent of the taxpayer's net tax liability, requires the annual rate of interest to be the prime rate plus three points. If the amount of the refund is equal to or greater than \$5,000 and the amount of the refund is equal to or greater than ten percent of the taxpayer's net tax liability, requires the annual rate of interest to be the prime rate. If the taxpayer demonstrates that the overpayment of tax necessitating the refund was due to good cause, as determined by the Executive Director of the Department of Revenue, the annual rate of interest would be the prime rate plus three points, rounded to the nearest full percent.

DEPARTMENT OF STATE

The Department of State administers and enforces the Colorado Corporation Code, the Colorado Election Code, voter registration laws, the Fair Campaign Practices Act, and bingo and raffle laws. Additionally, the Department maintains Uniform Commercial Code filings (public records of security interests used to determine the rights of various parties in commercial transactions) and corporate filings via the Central Information System. The Department also provides regulatory oversight of lobbyists and notaries public.

Department Budget: Recent Actual Expenditures and Appropriations

Funding Source	FY 2000-01 Actual	FY 2001-02 Actual	FY 2002-03 Approp.	FY 2003-04 Approp.
General Fund	\$0	\$0	\$0	\$0
Cash Funds	9,881,658	10,488,306	12,644,545	14,167,657
Cash Funds Exempt	35,798	761,444	200,000	1,371,270
Federal Funds	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Funds	\$9,917,456	\$11,249,750	\$12,844,545	\$15,538,927
Full Time Equiv. Staff	93.0	95.8	103.1	109.1

FY 2003-04 Budget Changes

Significant changes in appropriations for FY 2003-04 compared to FY 2002-03 include:

- a \$426,000 cash funds increase for personal services throughout the Department;
- a \$234,000 cash funds increase for hardware and software maintenance;
- a \$398,000 decrease related to H.B. 02-1326, which affects both the cash funds and cash funds exempt appropriations in the Special Purpose division; and
- a \$350,000 cash funds decrease in the Initiative and Referendum line item.

General Factors Driving the Budget

The Department's FY 2003-04 budget appropriation is entirely from cash funds.

Filings Revenue

The Department is primarily funded through the Department of State Cash Fund. Sources of revenue include fees on corporate filings, searches, and copies. In past years, upward trends in economic activity and statewide population growth have driven increases in the fund balance, creating surpluses in excess of reserve requirements targeted by S.B. 98-194. The following table shows the Department's actual and projected fund balances.

Department of State Cash Fund	FY 99-00 Actual	FY 00-01 Actual	FY 01-02 Actual	FY 02-03 Projection	FY 03-04 Projection
Beginning Balance	\$6,552,448	\$2,479,913	\$4,716,211	\$4,447,389	\$4,454,820
Fund Revenues	\$8,146,804	\$9,984,497	\$9,676,863	\$10,595,191	\$9,910,072
Fund Expenditures	\$12,219,339	\$7,489,753	\$9,945,685	\$10,587,760	\$10,866,099
Ending Balance	\$2,479,913	\$4,974,657	\$4,447,389	\$4,454,820	\$3,498,793
Percent of Expenditures	20.3%	66.4%	44.7%	42.1%	32.2%
Excess Uncommitted Balance	\$463,722	\$3,738,848	\$2,806,351	\$2,707,840	\$1,705,887

Ballot Initiatives and County Clerk Reimbursement

On alternating fiscal years, the Department's budget request includes money to reimburse county clerks and recorders for the costs of local elections under Section 24-21-104.5, C.R.S., as well as expenditures related to statewide ballot initiatives. Though actual expenses vary according to the number of candidates and the number of ballot initiatives, the passage of H.B. 00-1100 formalized the reimbursement rates to the counties per Section 1-5-505.5 (3), C.R.S. The following table shows funding levels for the line items related to election reimbursement over the past several years.

	FY 99-00 Actual	FY 00-01 Actual	FY 01-02 Actual	FY 02-03 Approp.	FY 03-04 Approp.
County Clerk Reimbursement	\$356	\$12	\$52	\$500	\$0
Local Election Reimbursement	\$2,426,726	\$873,521	\$765,560	\$876,270	\$876,270
Initiative and Referendum	\$50,000	\$103,253	\$83,533	\$400,000	\$50,000

Information Technology Services

Since the Department's supplemental cash funds appropriation of \$3.1 million during FY 1999-00 to upgrade the Central Information System, computer and information technology projects have moved to the forefront of the Department's funding requests and expenditures. The primary responsibilities of the Department of State are data intensive and the related hardware and software require frequent maintenance and periodic upgrading. Spending increases for the past several years are reflected below.

	FY 99-00 Actual	FY 00-01 Actual	FY 01-02 Actual	FY 02-03 Approp.	FY 03-04 Request
Personal Services	n/a	\$1,047,729	\$1,197,295	\$2,178,359	\$3,007,619
Operating Expenses	n/a	\$1,261,673	\$369,729	\$539,625	\$540,576
Hardware/Software Maintenance	n/a	\$653,806	\$660,632	\$697,832	\$735,032
IT Asset Management	n/a	\$0	\$227,087	\$541,219	\$717,592
Special Bills (Out-Years)	n/a	n/a	\$857,179	\$883,978	(\$187,200)
Division FTE	n/a	18.0	18.5	22.0	23.0

Summary of FY 2002-03 and FY 2003-04 Appropriations

Total Department Appropriations

	GF	CF	CFE	FF	Total	FTE
FY 2002-03 Total Appropriation:	\$0	\$12,644,545	\$200,000	\$0	\$12,844,545	103.1
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Administration	0	5,336,765	0	0	5,336,765	70.6
Special Purpose	0	1,983,856	200,000	0	2,183,856	3.0
Information Technology Services	0	5,323,924	0	0	5,323,924	29.5
<u>Breakdown of Total Appropriation by Bill</u>						
SB 02-182	0	1,125	0	0	1,125	0.0
HB 02-1014	0	587,722	0	0	587,722	0.0
HB 02-1119	0	522,714	0	0	522,714	0.1
HB 02-1147	0	304,972	0	0	304,972	2.0
HB 02-1307	0	174,123	0	0	174,123	1.5
HB 02-1321	0	8,731	0	0	8,731	0.1
HB 02-1326	0	198,598	200,000	0	398,598	3.0
HB 02-1420	0	10,725,452	0	0	10,725,452	95.4
HB 02-1456	0	0	304,972	0	304,972	2.0
HB 02-1468	0	4,705	0	0	4,705	0.0

	GF	CF	CFE	FF	Total	FTE
SB 03-218	0	116,403	(304,972)	0	(188,569)	(1.0)
FY 2003-04 Total Appropriation:	\$0	\$14,167,657	\$1,371,270	\$0	\$15,538,927	109.1
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Administration	0	7,849,166	1,371,270	0	9,220,436	85.6
Special Purpose	0	1,623,502	0	0	1,623,502	0.0
Information Technology Services	0	4,694,989	0	0	4,694,989	23.5
<u>Breakdown of Total Appropriation by Bill</u>						
SB 03-230	0	194,517	0	0	194,517	1.5
SB 03-258	0	12,301,539	0	0	12,301,539	107.6
SB 03-273	0	(164,109)	0	0	(164,109)	0.0
HB 03-1316	0	(753)	0	0	(753)	0.0
HB 03-1356	0	1,836,463	1,371,270	0	3,207,733	0.0
Increase/(Decrease)	\$0	\$1,523,112	\$1,171,270	\$0	\$2,694,382	6.0
Percentage Change	n/a	12.0%	585.6%	n/a	21.0%	5.8%

Detail of Appropriation by Administrative Section

Administration

The Administration division includes upper management for the Department and arranges for administrative hearings as authorized or required by statute. It is also responsible for budgeting, accounting, human resources, and responding to inquiries from the public. Most of the Department's functions are carried out by divisions funded within this section including Commercial Recordings, Elections, and Licensing and Enforcement.

Commercial Recordings

This section is responsible for the Business Organizations and Entities Program and the Uniform Commercial Code Lien Program. The former administers a variety of business-related filings used by both public and private sector companies, while the latter manages the filing of security interests and various other liens that are vital to lending institutions.

Beginning in FY 2003-04, the FTE and related appropriations for the Central Information System (CIS) will be reflected under this section of the Administration division. CIS exists as a means of filing, indexing, and making Uniform Commercial Code financing statements and agricultural liens

accessible to the public. Citizens can search these records, determine tax rate information, and purchase Colorado parks passes. The database is now available to citizens via the internet, remote access, and terminals at the Secretary of State's Office.

Elections

This section supervises primary, general, and congressional vacancy elections; maintains the statewide voter registration file; authorizes official recounts for federal, state, and district offices; and administers the Fair Campaign Practices Act. This division also enables the Secretary of State, designated as the state's elections officer, to supervise the 64 county clerks in the execution of their statutory responsibilities relating to voter registration and elections.

Licensing and Enforcement

This section is responsible for the Administrative Rules Code, a body of statutes governing the rule-making authority of applicable state agencies; Article XVIII, Section 2 of the State Constitution regarding games of chance including Bingo and Raffles; the Charitable Solicitations Act, which aims to prevent fraudulent charitable solicitations; the regulation of lobbyists pursuant to Sections 24-6-301 through 309, C.R.S.; and the regulation of notaries public pursuant to Sections 12-55-101 through 211, C.R.S.

	GF	CF	CFE	FF	Total	FTE
FY 2002-03 Appropriation:						
SB 02-182	\$0	\$1,125	\$0	\$0	\$1,125	0.0
HB 02-1119	0	15,226	0	0	15,226	0.1
HB 02-1147	0	190,170	0	0	190,170	1.0
HB 02-1307	0	41,756	0	0	41,756	0.5
HB 02-1321	0	8,731	0	0	8,731	0.1
HB 02-1420	0	4,951,097	0	0	4,951,097	67.9
HB 02-1456	0	0	204,830	0	204,830	1.0
HB 02-1468	0	4,705	0	0	4,705	0.0
SB 03-218	<u>0</u>	<u>123,955</u>	<u>(204,830)</u>	<u>0</u>	<u>(80,875)</u>	<u>0.0</u>
TOTAL	\$0	\$5,336,765	\$0	\$0	\$5,336,765	70.6
FY 2003-04 Appropriation:						
SB 03-230	\$0	\$147,037	\$0	\$0	\$147,037	1.0
SB 03-258	0	6,030,528	0	0	6,030,528	84.6
SB 03-273	0	(164,109)	0	0	(164,109)	0.0

	GF	CF	CFE	FF	Total	FTE
HB 03-1316	0	(753)	0	0	(753)	0.0
HB 03-1356	<u>0</u>	<u>1,836,463</u>	<u>1,371,270</u>	<u>0</u>	<u>3,207,733</u>	<u>0.0</u>
TOTAL	\$0	\$7,849,166	\$1,371,270	\$0	\$9,220,436	85.6
Increase/(Decrease)	\$0	\$2,512,401	\$1,371,270	\$0	\$3,883,671	15.0
Percentage Change	n/a	47.1%	n/a	n/a	72.8%	21.2%

FTE Detail	FY 2002-03	FY 2003-04
Administration	10.0	10.1
Commercial Recordings	31.8	42.0
Licensing and Enforcement	15.9	19.0
Elections	<u>12.9</u>	<u>14.5</u>
	70.6	85.6

FTE Changes: The increase reflects the transfer of 9.0 FTE from the Information Services Technology Division, the annualization of 2.0 FTE for implementation of Amendment 27, and the annualization of 4.0 FTE for various special bills from the 2002 and 2003 sessions.

Cash Funds Changes: The increase to the cash funds appropriation is primarily comprised of \$1.8 million related to passage of H.B. 03-1356 as well as additional personal services and operating expenses of \$986,000 to reflect the transfer of 9.0 FTE from the Information Technology Services Division, the annualization of 2.0 FTE for the purposes of Amendment 27, and 3.0 FTE for the implementation of special bills. This amount is partially offset by decreases of \$211,000 related to the elimination of salary survey (which includes \$164,000 for passage of S.B. 03-273), \$49,000 for performance-based pay, and \$12,000 for multi-use network payments.

Special Purpose

This section includes appropriations to reimburse counties for candidate filing expenses under the Fair Campaign Practices Act as well as reimbursing counties for the cost of general elections. This section also includes the Initiative and Referendum line item, which provides funding for petition-related activities such as verifying petitions, the activities of the Title Setting Board, and the printing of the ballot information booklet required by Section 1-40-124.5 (3), C.R.S. Requests under this line item fluctuate with both the number of ballot initiatives and petitions filed in even- and odd-numbered election years.

	GF	CF	CFE	FF	Total	FTE
FY 2002-03 Appropriation:						
HB 02-1119	\$0	\$507,488	\$0	\$0	\$507,488	0.0
HB 02-1326	0	198,598	200,000	0	398,598	3.0
HB 02-1420	<u>0</u>	<u>1,277,770</u>	<u>0</u>	<u>0</u>	<u>1,277,770</u>	<u>0.0</u>
TOTAL	\$0	\$1,983,856	\$200,000	\$0	\$2,183,856	3.0
FY 2003-04 Appropriation:						
HB 03-258	<u>\$0</u>	<u>\$1,623,502</u>	<u>\$0</u>	<u>\$0</u>	<u>\$1,623,502</u>	<u>0.0</u>
TOTAL	\$0	\$1,623,502	\$0	\$0	\$1,623,502	0.0
Increase/(Decrease)	\$0	(\$360,354)	(\$200,000)	\$0	(\$560,354)	(3.0)
Percentage Change	n/a	-18.2%	n/a	n/a	-25.7%	n/a

FTE Changes: The decrease of 3.0 FTE is related to H.B. 02-1326, which would have only been implemented if the Department raised \$200,000 in gifts, grants, and donations. These moneys were not received.

Cash Funds Changes: The cash funds appropriation includes decreases of \$350,000 for the Initiative and Referendum line item, which pays for the costs of verifying petitions and printing the ballot information booklet, and \$200,000 related to H.B. 02-1326. These amounts are partially offset by an increase of \$110,000 related to electronic filing grants for counties pursuant to H.B. 02-1119 and a transfer of \$80,000 for the master list distribution contract from the Information Technology Services Division.

Cash Funds Exempt Changes: The \$200,000 decrease to the cash funds exempt appropriation is related to H.B. 02-1326 because the funding requirements from gifts, grants, and donations were not attained.

Information Technology Services

This division contains appropriations for the Department's various information technology activities and functions. Most of the division's appropriation is spent on personal services, operating expenses, and hardware/software maintenance. Beginning in FY 2003-04, the FTE and related appropriations for the Central Information System will be reflected under the Commercial Recordings section of the Administration division.

	GF	CF	CFE	FF	Total	FTE
FY 2002-03 Appropriation:						
HB 02-1014	\$0	\$587,722	\$0	\$0	\$587,722	0.0
HB 02-1147	0	114,802	0	0	114,802	1.0
HB 02-1307	0	132,367	0	0	132,367	1.0
HB 02-1420	0	4,496,585	0	0	4,496,585	27.5
HB 02-1456	0	0	100,142	0	100,142	1.0
SB 03-218	<u>0</u>	<u>(7,552)</u>	<u>(100,142)</u>	<u>0</u>	<u>(107,694)</u>	<u>(1.0)</u>
TOTAL	\$0	\$5,323,924	\$0	\$0	\$5,323,924	29.5
FY 2003-04 Appropriation:						
SB 03-230	\$0	\$47,480	\$0	\$0	\$47,480	0.5
SB 03-258	<u>0</u>	<u>4,647,509</u>	<u>0</u>	<u>0</u>	<u>4,647,509</u>	<u>23.0</u>
TOTAL	\$0	\$4,694,989	\$0	\$0	\$4,694,989	23.5
Increase/(Decrease)	\$0	(\$628,935)	\$0	\$0	(\$628,935)	(6.0)
Percentage Change	n/a	-11.8%	n/a	n/a	-11.8%	-20.3%

FTE Detail	FY 2002-03	FY 2003-04
Computer Systems	20.5	23.5
Central Information System	<u>9.0</u>	<u>n/a</u>
	29.5	23.5

FTE Changes: The net decrease of 6.0 FTE reflects an increase of 3.0 FTE for the implementation of special bills and the transfer of 9.0 FTE related to the Central Information System into Administration.

Cash Funds Changes: The cash funds appropriation is comprised of: (1) a \$480,000 decrease to transfer personal services and operating expenses for the Central Information System into Administration; (2) a \$245,000 reduction to operating expenses for the Information Technology Services division; (3) a \$210,000 decrease for Information Technology Asset Maintenance; and (4) a \$100,000 reduction to transfer of the master list distribution contract into Special Purpose. These amounts are partially offset by increases of \$225,000 to the Hardware/Software Maintenance line item and \$182,000 for personal services related to special bills.

Recent Legislation

2002 Session Bills

S.B. 02-182: Requires Secretary of State to accept certain suggestions for moving state legislative district boundaries from counties and proposing changes to the Colorado Supreme Court. Appropriates \$2,450 from the Department of State Cash Fund for FY 2001-02, and \$1,225 from the Department of State Cash Fund for FY 2002-03 payable to the Department of Law.

H.B. 02-1014: Requires the Secretary of State to remove the social security number from the publicly accessible electronic copy of all financing Uniform Commercial Code statements filed before July 1, 2001, by no later than July 1, 2003. Appropriates \$587,722 cash funds from the Central Information System Cash Fund for FY 2002-03.

H.B. 02-1119: Authorizes county clerks to accept electronic filings, requires a surcharge on all filings to support the development of electronic filing capabilities, creates the County Clerk & Recorder Electronic Filing Technology Fund, creates a five-member advisory panel in the Department of State to make grants from the fund to counties, and requires the Secretary of State to promulgate rules for the grant application process and any other rules necessary to implement the panel. Appropriates \$522,714 and 0.1 FTE to the Department of State.

H.B. 02-1147: Requires the Secretary of State's office to accept electronic documents for specified business and commercial filings. Appropriates \$304,972 cash funds to the Department of State for FY 2002-03.

H.B. 02-1203: Provides for the continuation or expiration of rules and regulations of state agencies that were adopted or amended on or after November 1, 2000, and before November 1, 2002. Appropriates \$464,819 to the Department of State for FY 2001-02.

H.B. 02-1307: Directs the Department of State and the Department of Revenue to share information between the voter registration system and the driver's license database in order to collect and update residence addresses for a new master list of registered voters. Appropriates \$174,123 to the Department of State for FY 2002-03.

H.B. 02-1321: Modifies the regulation of bingo and raffle games by the Secretary of State and allows the Department to impose a fee for certifying bingo games managers. Eliminates the Bingo-Raffle Cash Fund and consolidates revenues into the Department of State Cash Fund. Appropriates \$8,731 and 0.1 FTE to the Department of State for FY 2002-03.

H.B. 02-1326: Enacts the Uniform Electronic Transactions Act (UETA) to govern transactions between parties that have agreed to conduct business by electronic means. Requires the Secretary of State to specify the manner and format in which electronic records must be created, generated, sent, communicated, received, and stored, as well as systems and control processes established for those purposes. Appropriates \$398,598 and 3.0 FTE to the Department of State for FY 2002-03.

H.B. 02-1385: Supplemental appropriation to the Department of State to modify the appropriation included in the FY 2001-02 Long Bill.

H.B. 02-1420: General appropriations act for FY 2002-03.

H.B. 02-1456: Requires the Secretary of State's office to accept electronic documents for specified business and commercial filings. Appropriates \$304,972 cash funds exempt to the Department of State for FY 2002-03.

H.B. 02-1468: Authorizes the General Assembly to annually adjust the state contribution for health, life, and dental insurance effective CY 2004 through the Long Bill. For more information, refer to the bill description in the Department of Personnel and Administration.

2003 Session Bills

S.B. 03-218: Supplemental appropriation to the FY 2002-03 Long Bill for the Department of State.

S.B. 03-230: Authorizes the Secretary of State to promulgate rules pursuant to the "Uniform Electronic Transactions Act", which allows state agencies and enterprises to determine to what extent they will send and receive electronic records. Appropriates \$194,517 cash funds and 1.5 FTE to the Department of State for FY 2003-04.

S.B. 03-258: General appropriations act for FY 2003-04.

S.B. 03-273: Eliminates the salary survey appropriation for FY 2003-04. For more information, refer to the bill description in the Department of Personnel and Administration.

H.B. 03-1316: Alters the manner in which group benefit plans coverage is calculated for Health, Life, and Dental appropriations. For more information, refer to the bill description in the Department of Personnel and Administration.

H.B. 03-1356: Implements the federal Help America Vote Act of 2002 (HAVA). Requires the Secretary of State to establish and maintain a centralized statewide voter registration system by January 1, 2006. Establishes the Federal Elections Assistance Fund, which shall be administered by the Secretary of State to implement HAVA and to receive federal moneys under the provisions of the federal legislation. Appropriates \$1,836,463 cash funds to the Department of State from the Federal Elections Fund.

DEPARTMENT OF TRANSPORTATION

The Department is responsible for operating and maintaining Colorado's 9,137-mile state highway system under the policy direction of the eleven-member Transportation Commission, and maintaining the statewide aviation system plan. These responsibilities include managing highway construction projects, implementing the state's Highway Safety Plan, repairing and maintaining roads, providing technical support to local airports regarding aviation safety, and administering reimbursement of aviation fuel tax revenues and discretionary grants to local airports. The Department's section of the Long Bill is written to correspond with legislative authority over particular areas of the Department's budget, and does not exactly match the Department's administrative organization.

Most policy and budget authority for the Department rests with the Transportation Commission pursuant to Section 43-1-113(1), C.R.S. Transportation Commission funding is reflected in the Long Bill line items for Administration, and Construction, Maintenance, & Operations. These two lines reflect anticipated state and federal transportation revenues flowing directly to the Commission and are said to represent the "non-appropriated" side of the Department's Long Bill operating budget because the Commission itself appropriates its own budget from these line items. The General Assembly's direct control of the Commission's budget is limited to establishing the maximum funding level for the Administration line item, which requires that the balance of state and federal revenues be appropriated to the Construction, Maintenance, & Operations line. Other legislative authority over the Department's budget includes appropriations authority for the Division of Aeronautics and the Gaming Impacts Program. The legislature also has statutory oversight over revenue-raising measures and approval of the Governor's appointments to the Transportation Commission and the Executive Director's position.

The Department's administrative organization includes two primary areas: Administration and the Division of Aeronautics. The FY 2003-04 Long Bill includes these two areas, with additional lines for the Office of Transportation Safety; Construction, Maintenance & Operations; Transportation Revenue Anticipation Notes; and the Statewide Tolling Enterprise.

Department Budget: Recent Actual Expenditures and Appropriations

Funding Source	FY 2000-01 Actual	FY 2001-02 Actual	FY 2002-03 Approp.	FY 2003-04 Approp.
General Fund	\$0	\$0	\$0	\$0
Cash Funds	12,295,338	17,582,462	56,591,376	64,909,755
Cash Funds Exempt	941,660,273	981,602,731	624,097,986	469,497,050
Federal Funds	<u>314,007,230</u>	<u>328,842,911</u>	<u>303,207,053</u>	<u>312,110,611</u>
Total Funds	\$1,267,962,841	\$1,328,028,104	\$983,896,415	\$846,517,416
Full Time Equiv. Staff	3,289.2	3,284.2	3,299.2	3,297.2

FY 2003-04 Budget Changes

Significant changes in appropriations for FY 2003-04 compared to FY 2002-03 are highlighted below. Appropriations for FY 2003-04:

- Increase the cash fund appropriation for the Division of Aeronautics by \$1.7 million to reflect amounts returned to the airport of origin through the formula refunds program and the discretionary grants program;
- Include \$314,000 cash funds exempt related to the Statewide Tolling Enterprise, a newly created division in the FY 2003-04 Long Bill related to S.B. 02-179 and H.B. 02-1310;
- Reduce the cash fund exempt appropriation by \$162.0 million to reflect proceeds and interest related to the issuance of Transportation Revenue Anticipation Notes (TRANS) that is budgeted for use by the Transportation Commission during FY 2003-04;
- Reduce the cash fund appropriation from the Limited Gaming Fund for annual ongoing maintenance projects and rock fall mitigation within gaming areas by \$1.0 million in order to increase revenues to the General Fund; and
- Reduce Administration funding by \$625,000 to reflect slowed growth in revenues to the Highway Users Tax Fund in order to make additional construction revenues available.

General Factors Driving the Budget

Funding for this department consists of 7.7 percent cash funds, 55.4 percent cash funds exempt, and 36.9 percent federal funds. Important factors driving the budget are reviewed below.

General Fund Expenditures for Highway Construction

In 1996, the Transportation Commission approved a 20-Year Transportation Plan, which estimated that projected revenues over the next 20 years would be short of the amount required to complete priority transportation projects. To assist in the completion of priority transportation projects, the General Assembly has since been providing moneys to the Department of Transportation in ways that reduce the General Fund, including Capital Construction Fund appropriations (which originate in the General Fund), S.B. 97-1 diversions of sales and use taxes from the General Fund to the HUTF, and Limited Gaming Fund appropriations (which use cash funds that would otherwise be credited to the General Fund).

	FY 99-00 Actual	FY 00-01 Actual	FY 01-02 Actual	FY 02-03 Estimate	FY 03-04 Estimate
Capital Construction Fund Appropriations	\$1,500,000*	\$51,100,000	\$0	\$0	\$0
S.B. 97-1 Funding	171,700,000	196,600,000	35,200,000	0	0
Gaming Impacts	2,252,000	5,089,000	4,978,000	1,010,000	0

*The original set-aside of \$4.5 million was reduced by S.B. 01-217.

Transportation Revenue Anticipation Notes (TRANS)

At the 2000 General Election, voters approved a referendum authorizing the Department to issue bonds to accelerate Strategic Transportation Project Investment Program ("7th Pot") projects. These are 28 projects across the state in each of the 6 transportation regions that are funded and administered as if they were an additional, separate transportation district (the "7th Pot") given their high priority. The bonds are issued against future federal and state transportation revenues pursuant to federal legislation (23 U.S.C. 122) that permits the use of federal funds to pay debt service on bonds intended to support projects eligible for federal funding. There are two important limits on the TRANS bond program. First, a state match is required before a state may use federal funds to help pay annual debt service on the bonds. Although the minimum state match is 20 percent, currently the Department's agreement with the Federal Highway Administration calls for a 50 percent state match on bond issuances. Second, the enabling legislation (H.B. 99-1325) established a maximum principal amount of \$1.7 billion and a maximum repayment amount of \$2.3 billion for the bonds. As of June 2003, the Commission has issued approximately \$1.3 billion in bonds with an annual debt service cost of approximately \$72 million through FY 2004-05 and \$152 million beginning in FY 2005-06 and thereafter. The Transportation Commission matches 50 percent of this using state highway funds. Some additional room exists under the \$1.7 billion maximum principal amount so long as interest rates accommodate a \$2.3 billion maximum repayment value for all the bonds. The Department anticipates issuing \$100 million in additional proceeds during FY 2003-04. Bonds issued to date will be retired by 2017 at a total repayment cost of \$2.0 billion.

	FY 00-01	FY 01-02	FY 02-03	FY 03-04
Bond Proceeds	\$1,074,200,000	\$219,998,792	\$0	\$0
Outstanding Par Value	636,040,000	208,300,000	400,160,000	100,000,000
Amount of Proceeds Budgeted	439,000,000	326,300,000	222,100,000	60,100,000

Summary of FY 2002-03 and FY 2003-04 Appropriations

Total Department Appropriations

	GF	CF	CFE	FF	Total	FTE
FY 2002-03 Total Appropriation:	\$0	\$56,591,376	\$624,097,986	\$303,207,053	\$983,896,415	3,299.2
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Office of Transportation Safety	0	100,000	0	0	100,000	0.0
Division of Aeronautics	0	13,277,297	0	225,503	13,502,800	8.0
Administration	0	0	21,846,514	0	21,846,514	221.7
Construction, Maintenance, and Operations	0	41,767,771	380,151,472	302,981,550	724,900,793	3,069.5
Transportation Revenue Anticipation Notes	0	0	222,100,000	0	222,100,000	0.0
Gaming Impacts	0	1,010,000	0	0	1,010,000	0.0
County and Municipal Bridge Funds	0	436,308	0	0	436,308	0.0
<u>Breakdown of Total Appropriation by Bill</u>						
HB 02-1420	0	54,949,649	646,369,693	303,206,550	1,004,525,892	3,297.2
HB 02-1468	0	201	0	113	314	0.0
SB 03-219	0	1,641,526	(22,271,707)	390	(20,629,791)	2.0
FY 2003-04 Total Appropriation:	\$0	\$64,909,755	\$469,497,050	\$312,110,611	\$846,517,416	3,297.2
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Office of Transportation Safety	0	100,000	0	0	100,000	0.0
Division of Aeronautics	0	14,973,913	0	344,965	15,318,878	8.0
Administration	0	0	22,139,256	0	22,139,256	219.7
Construction, Maintenance, and Operations	0	49,835,842	386,943,734	311,765,646	748,545,222	3,069.5
Transportation Revenue Anticipation Notes	0	0	60,100,000	0	60,100,000	0.0

	GF	CF	CFE	FF	Total	FTE
Gaming Impacts	0	0	0	0	0	0.0
County and Municipal Bridge Funds	0	0	0	0	0	0.0
Statewide Tolling Enterprise	0	0	314,060	0	314,060	0.0
<u>Breakdown of Total Appropriation by Bill</u>						
SB 03-258	0	64,919,872	469,908,768	312,115,646	846,944,286	3,297.2
SB 03-273	0	(10,071)	(409,807)	(5,035)	(424,913)	0.0
HB 03-1316	0	(46)	(1,911)	0	(1,957)	0.0
Increase/(Decrease)	\$0	\$8,318,379	(\$154,600,936)	\$8,903,558	(\$137,378,999)	(2.0)
Percentage Change	n/a	14.7%	-24.8%	2.9%	-14.0%	-0.1%

Detail of Appropriation by Administrative Section

Office of Transportation Safety

Pursuant to H.B. 00-1164, most of the programs in the Office of Transportation Safety were transferred into the non-appropriated Construction, Maintenance, & Operations line. The single remaining line within the Office of Transportation Safety is the Persistent Drunk Driver Program, authorized by H.B. 98-1334 (the Persistent Drunk Driver Act). This legislation was designed to support programs intended to deter persistent drunk driving, particularly education programs for minors and the adult general public. The departments of Transportation, Human Services, and Revenue are charged with coordinating these programs. The source of cash funds for this program is a penalty surcharge imposed by judges on individuals with two or more alcohol-related driving violations that is deposited in the Persistent Drunk Driver Cash Fund. The level of the surcharge ranges from \$25 to \$500. From 1997 through 2001, fatalities per 100 million vehicle miles traveled were 1.62, 1.63, 1.54, 1.63, and 1.71, respectively. Over this same period, the percentage of alcohol-related fatalities was 30.6, 32.3, 30.8, 30.7, and 36.3 percent, respectively.

	GF	CF	CFE	FF	Total	FTE
FY 2002-03 Appropriation:						
HB 02-1420	\$0	\$100,000	\$0	\$0	\$100,000	0.0
TOTAL	\$0	\$100,000	\$0	\$0	\$100,000	0.0

	GF	CF	CFE	FF	Total	FTE
FY 2003-04 Appropriation:						
SB 03-258	\$0	\$100,000	\$0	\$0	\$100,000	0.0
TOTAL	\$0	\$100,000	\$0	\$0	\$100,000	0.0
Increase/(Decrease)	\$0	\$0	\$0	\$0	\$0	0.0
Percentage Change	n/a	0.0%	n/a	n/a	0.0%	n/a

Cash Funds Changes: No changes occur in the level of funding for this line. The appropriation supports the Department of Transportation's work with the Departments of Revenue and Human Services to develop educational programs to deter persistent drunk driving. This appropriation includes funding for market research and a media campaign targeting DUI offenders.

Division of Aeronautics

Under the policy direction of the Colorado Aeronautical Board, this division supports the maintenance of the statewide aviation system plan. Division staff provide technical support to local airports regarding aviation safety, and administer reimbursement of aviation fuel tax revenues as well as discretionary grants to local airports. The source of cash funds for the division is the Aviation Cash Fund.

	GF	CF	CFE	FF	Total	FTE
FY 2002-03 Appropriation:						
HB 02-1420	\$0	\$11,660,296	\$0	\$225,000	\$11,885,296	8.0
HB 02-1468	0	201	0	113	314	0.0
SB 03-219	0	1,616,800	0	390	1,617,190	0.0
TOTAL	\$0	\$13,277,297	\$0	\$225,503	\$13,502,800	8.0
FY 2003-04 Appropriation:						
SB 03-258	\$0	\$14,984,030	\$0	\$350,000	\$15,334,030	8.0
SB 03-273	0	(10,071)	0	(5,035)	(15,106)	0.0
HB 03-1316	0	(46)	0	0	(46)	0.0
TOTAL	\$0	\$14,973,913	\$0	\$344,965	\$15,318,878	8.0
Increase/(Decrease)	\$0	\$1,696,616	\$0	\$119,462	\$1,816,078	0.0
Percentage Change	n/a	12.8%	n/a	53.0%	13.5%	0.0%

FTE Detail	FY 2002-03	FY 2003-04
Administration	2.0	2.0
Grants/Planning	4.0	4.0
Safety Specialist	1.0	1.0
Engineer	<u>1.0</u>	<u>1.0</u>
	8.0	8.0

Cash Funds Changes: The cash funds appropriation includes a net increase of \$1.7 million related to amounts returned to the airport of origin through the formula refunds program and the discretionary grants program. These distributions are made pursuant to percentages set in statute and most recently adjusted by S.B. 00-156.

Federal Funds Changes: The increase in federal funds reflects an increase in Federal Aviation Administration funding.

Administration

The Administration section consists of the following: the Transportation Commission; the Office of the Executive Director; the Office of Public and Intergovernmental Relations; the Office of Financial Management and Budget; the Highways Administration; the Division of Human Resources and Administration; the Division of Audit; the Office of Policy; and other centralized administrative costs for the Department. The appropriation is made in a lump sum as required by Section 43-1-113(3)(a), C.R.S. This line item was created by Section 43-1-113(2)(c)(III), C.R.S., and includes the salaries and expenses for the numerous offices and programs within the Department. This line item is a "program" line, which gives the Department discretion to move funds from personal services to operating and also from one program within the line item to another. Statutes limit the Administration line item to 5 percent of the total Department of Transportation budget. The majority of the Administration line item is supported with cash funds exempt from the State Highway Fund, although a portion of administrative costs are billed to specific construction projects. The Department indicates the number of active construction projects was 132 in FY 1997-98, 130 in FY 1998-99, 130 in FY 1999-00, 175 in FY 2000-01, 180 during FY 2001-02, 166 during FY 2002-03, and 174 at the beginning of FY 2003-04.

	GF	CF	CFE	FF	Total	FTE
FY 2002-03 Appropriation:						
HB 02-1420	\$0	\$0	\$21,705,724	\$0	\$21,705,724	219.7
SB 03-219	<u>0</u>	<u>0</u>	<u>140,790</u>	<u>0</u>	<u>140,790</u>	<u>2.0</u>
TOTAL	\$0	\$0	\$21,846,514	\$0	\$21,846,514	221.7

	GF	CF	CFE	FF	Total	FTE
FY 2003-04 Appropriation:						
SB 03-258	\$0	\$0	\$22,550,974	\$0	\$22,550,974	219.7
SB 03-273	0	0	(409,807)	0	(409,807)	0.0
HB 03-1316	<u>0</u>	<u>0</u>	<u>(1,911)</u>	<u>0</u>	<u>(1,911)</u>	<u>0.0</u>
TOTAL	\$0	\$0	\$22,139,256	\$0	\$22,139,256	219.7
Increase/(Decrease)	\$0	\$0	\$292,742	\$0	\$292,742	(2.0)
Percentage Change	n/a	n/a	1.3%	n/a	1.3%	-0.9%

FTE Detail	FY 2002-03	FY 2003-04
Transportation Commission	2.0	2.0
Office of the Executive Director	3.0	3.0
Office of Public and Intergovernmental Relations	7.0	7.0
Office of Financial Management and Budget	6.0	6.0
Highway Administration	16.0	16.0
Division of Human Resources and Administration	172.2	172.2
Division of Audit	7.5	7.5
Office of Certification	2.0	0.0
Office of Policy	<u>6.0</u>	<u>6.0</u>
	221.7	219.7

FTE Changes: The decrease of 2.0 FTE reflects the elimination of one-time FY 2002-03 funding related to the transfer of the Office of Certification to the Department of Transportation. For FY 2003-04, this Office was consolidated within the Construction, Maintenance, and Operations line without a corresponding increase in FTE.

Cash Funds Exempt Changes: The cash funds exempt increase of \$293,000 reflects an increase of \$1.3 million associated with the following factors: salary survey and performance-based pay awards during FY 2002-03, an increase in the legal services rate, and an increase in statewide indirect cost assessments. However, the increase is partially offset by a reduction of \$625,000 (2.7 percent) made to reflect slowed growth in Highway Users Tax Fund (HUTF) revenues, and a reduction of \$410,000 to reflect the elimination of salary survey for FY 2003-04 pursuant to S.B. 03-273.

Construction, Maintenance, and Operations

This division is responsible for transportation planning, inter-modal transportation programs, and all phases of highway operation including engineering, construction, and maintenance. The Transportation Commission allocates the budgets for these programs. The Construction, Maintenance, and Operations line item in the Long Bill represents the majority of the Department's total budget. Funding for this line item is intended to improve the condition of the state highway system, 58 percent of which is rated as being in "fair" or "good" condition. Cash funds include miscellaneous permit fees, interest earnings, and local matching funds made available for federal dollars. The percent of Colorado's roadways deemed to be in "fair" or "good" condition each year since 1996 has been 60 percent, 62 percent, 58 percent, 51 percent, 54 percent, 54 percent, and 58 percent, respectively.

This line reflects revenues that are continuously appropriated to the Department for construction, maintenance, and operations of state highways and transportation systems. Appropriation authority over these revenues rests with the Transportation Commission.

	GF	CF	CFE	FF	Total	FTE
FY 2002-03 Appropriation:						
HB 02-1420	\$0	\$41,743,045	\$402,563,969	\$302,981,550	\$747,288,564	3,069.5
SB 03-219	<u>0</u>	<u>24,726</u>	<u>(22,412,497)</u>	<u>0</u>	<u>(22,387,771)</u>	<u>0.0</u>
TOTAL	\$0	\$41,767,771	\$380,151,472	\$302,981,550	\$724,900,793	3,069.5
FY 2003-04 Appropriation:						
SB 03-258	<u>\$0</u>	<u>\$49,835,842</u>	<u>\$386,943,734</u>	<u>\$311,765,646</u>	<u>\$748,545,222</u>	<u>3,069.5</u>
TOTAL	\$0	\$49,835,842	\$386,943,734	\$311,765,646	\$748,545,222	3,069.5
Increase/(Decrease)	\$0	\$8,068,071	\$6,792,262	\$8,784,096	\$23,644,429	0.0
Percentage Change	n/a	19.3%	1.8%	2.9%	3.3%	0.0%

Cash Funds Changes: The increase in cash funds primarily reflects an increase from miscellaneous revenues to the Department, including permit fees and interest earnings.

Cash Funds Exempt Changes: The \$6.7 million increase in cash funds exempt for FY 2003-04 reflects an increase of \$6.7 million in revenues to the State Highway Fund available for construction. The appropriation for FY 2003-04 was calculated based on the assumption that no Senate Bill 97-1 transfer will occur (due to insufficient state General Fund revenues), and an estimated \$408.5 million for the Department's statutory share of the HUTF that is credited to the State Highway Fund. These

amounts are offset by the following appropriations to the Administration line: \$21.2 million cash funds exempt from the State Highway Fund and \$1.3 million internal cash funds exempt.

Federal Funds Changes: The increase in federal funds reflects the amount of federal funds anticipated to be received from a variety of sources, primarily the Federal Highways Administration.

Transportation Revenue Anticipation Notes (TRANS)

This section contains appropriations that reflect the issuance of TRANS highway construction bonds pursuant to H.B. 99-1325. Totals reflect the amount of proceeds budgeted for the fiscal year. This figure is different than the total *issuance* during a given fiscal year, because a portion of proceeds can be budgeted for use during subsequent fiscal years.

	GF	CF	CFE	FF	Total	FTE
FY 2002-03 Appropriation:						
HB 02-1420	\$0	\$0	\$222,100,000	\$0	\$222,100,000	0.0
TOTAL	\$0	\$0	\$222,100,000	\$0	\$222,100,000	0.0
FY 2003-04 Appropriation:						
SB 03-258	\$0	\$0	\$60,100,000	\$0	\$60,100,000	0.0
TOTAL	\$0	\$0	\$60,100,000	\$0	\$60,100,000	0.0
Increase/(Decrease)	\$0	\$0	(\$162,000,000)	\$0	(\$162,000,000)	0.0
Percentage Change	n/a	n/a	-72.9%	n/a	-72.9%	n/a

Cash Funds Exempt Changes: The Transportation Commission has budgeted \$162.0 million less in TRANS bond proceeds to be used in FY 2003-04 than were budgeted for use during FY 2002-03. Amounts included in this Long Bill line item reflect only the budgeted portion of proceeds and interest earnings, and do not account for amounts programmed for use in later years or proceeds that not yet issued.

Gaming Impacts

This line item provides funds to the Department of Transportation for construction and maintenance associated with the impact of gaming on state highways. The appropriation provides funding for work to be completed on roads impacted by gaming activities. The source of cash funds is the Limited Gaming Fund.

	GF	CF	CFE	FF	Total	FTE
FY 2002-03 Appropriation:						
HB 02-1420	\$0	\$1,010,000	\$0	\$0	\$1,010,000	0.0
TOTAL	\$0	\$1,010,000	\$0	\$0	\$1,010,000	0.0
FY 2003-04 Appropriation:						
SB 03-258	\$0	\$0	\$0	\$0	\$0	0.0
TOTAL	\$0	\$0	\$0	\$0	\$0	0.0
Increase/(Decrease)	\$0	(\$1,010,000)	\$0	\$0	(\$1,010,000)	0.0
Percentage Change	n/a	-100.0%	n/a	n/a	-100.0%	n/a

Cash Funds Changes: The decrease of \$1.0 million in funding available for work to be completed on roads impacted by gaming activities. This total constitutes a reduction related to a one-time decision item during FY 2002-03. In order to increase revenues to the General Fund during FY 2003-04, the appropriation includes no funding for annual ongoing maintenance projects and rock fall mitigation, including tribal and non-tribal gaming areas.

County and Municipal Bridge Funds

This line provided for distributions of specifically earmarked HUTF revenues for priority bridge projects pursuant to Section 43-4-205 (7) (a), C.R.S. The County and Municipal Bridge Funds program expired at the end of FY 1996-97. However, due to the construction-related nature of bridge maintenance and repair work, not all of the funds in this special account had been fully expended by June 30, 1997. Consequently, interest income was generated on the unexpended balance in this fund, requiring additional spending authority.

	GF	CF	CFE	FF	Total	FTE
FY 2002-03 Appropriation:						
HB 02-1420	\$0	\$436,308	\$0	\$0	\$436,308	0.0
TOTAL	\$0	\$436,308	\$0	\$0	\$436,308	0.0
FY 2003-04 Appropriation:						
SB 03-258	\$0	\$0	\$0	\$0	\$0	0.0
TOTAL	\$0	\$0	\$0	\$0	\$0	0.0

	GF	CF	CFE	FF	Total	FTE
Increase/(Decrease)	\$0	(\$436,308)	\$0	\$0	(\$436,308)	0.0
Percentage Change	n/a	-100.0%	n/a	n/a	-100.0%	n/a

Cash Funds Changes: The decrease of \$436,000 cash funds reflects that no further spending authority is required for the Department of Transportation for this line item. During FY 2002-03, the balance in the account and all further interest earnings will be distributed to counties and municipalities under the provisions of Section 43-4-205 (6) (b), C.R.S.

Statewide Tolling Enterprise

This section contains appropriations for the newly created Statewide Tolling Enterprise, which 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 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 that 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. In September 2002, the Commission authorized a loan from the State Highway Fund to establish the Statewide Tolling Enterprise Operating Fund to be available for the start-up costs of the enterprise.

	GF	CF	CFE	FF	Total	FTE
FY 2003-04 Appropriation:						
SB 03-258	\$0	\$0	\$314,060	\$0	\$314,060	0.0
TOTAL	\$0	\$0	\$314,060	\$0	\$314,060	0.0
Increase/(Decrease)	\$0	\$0	\$314,060	\$0	\$314,060	0.0
Percentage Change	n/a	n/a	n/a	n/a	n/a	n/a

Cash Funds Exempt Changes: The increase reflects the Department's estimate of what will be spent on the Statewide Tolling Enterprise in the first year of the program.

Recent Legislation

2002 Session Bills

S.B. 02-179 / H.B. 02-1310: These two bills contain the exact same language. Each bill contains a number of provisions concerning transportation funding, including: (1) allocating certain General Fund surplus revenues to the Highway Users Tax Fund; (2) allowing the Regional Transportation District to submit a ballot question to registered voters increasing the sales and use tax devoted for transit purposes by four-tenths of one percent; and (3) authorizing the Transportation Commission to create and supervise a statewide tolling enterprise. Each bill appropriates \$5,843 cash funds exempt to the Department of Law to provide legal support to the tolling enterprise.

H.B. 02-1386: Supplemental adjustment to FY 2001-02 Long Bill. Makes the following changes: (1) reduces the Gaming Impacts appropriation by \$4,130,682 cash funds; (2) refinances \$215,682 of the Gaming Impacts reduction with cash funds exempt from the unused fund balance of the Special Revenue Fund within the Department of Public Safety; (3) reduces the Construction, Maintenance, & Operations appropriation by \$177,020,938 cash funds exempt to reflect available revenues (including a total FY 2001-02 Senate Bill 97-1 transfer of \$35,179,062); and (4) reduces \$1,549 cash funds within the Division of Aeronautics to utilize Workers' Compensation fund balance and reflect accurate need for vehicle lease payments.

H.B. 02-1420: General appropriations act for FY 2002-03.

H.B. 02-1468: Authorizes the General Assembly to annually adjust the state contribution for health, life, and dental insurance effective CY 2004 through the Long Bill. For more information, refer to the bill description in the Department of Personnel and Administration.

2003 Session Bills

S.B. 03-219: Supplemental appropriation for FY 2002-03.

S.B. 03-258: General appropriations act for FY 2003-04.

S.B. 03-273: Eliminates the salary survey appropriation for FY 2003-04. For more information, refer to the bill description in the Department of Personnel and Administration.

H.B. 03-1316: Alters the manner in which group benefit plans coverage is calculated for Health, Life, and Dental appropriations. For more information, refer to the bill description in the Department of Personnel and Administration.

DEPARTMENT OF TREASURY

The Department acts as the state's banker and investment officer, prepares state financial and accounting reports, administers the Elderly Property Tax Deferral Program, administers the Unclaimed Property Program, disburses the state's contribution to the Fire and Police Pension Association, and distributes Highway Users Tax Fund (HUTF) revenues to counties and municipalities. The Department is organized into two divisions: Administration, which provides accounting, investment services, and cash management for the state; and the Unclaimed Property Program, which locates and returns dormant properties to their legal owners. In addition to these divisions, the FY 2003-04 Long Bill also contains the following sections that reflect statutorily-required funding distributions: Special Purpose (S.B. 03-265 eliminated this section), Fire and Police Pension Association, Appropriated Municipalities, and Appropriated Counties.

Department Budget: Recent Actual Expenditures and Appropriations

Funding Source	FY 2000-01 Actual	FY 2001-02 Actual	FY 2002-03 Approp.	FY 2003-04 Approp.
General Fund	\$31,141,103	\$30,609,757	\$92,006,317	\$4,564,782
Cash Funds	0	0	587,116	2,058,380
Cash Funds Exempt	247,513,895	253,903,060	261,491,227	255,212,935
Federal Funds	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Funds	\$278,654,998	\$284,512,817	\$354,084,660	\$261,836,097
Full Time Equiv. Staff	23.3	24.0	25.0	25.5

FY 2003-04 Budget Changes

Significant changes in appropriations for FY 2003-04 compared to FY 2002-03 include the following:

- ❑ A decrease of \$62.3 million related to the elimination of the Senior Citizen Property Tax Exemption pursuant to S.B. 03-265. This bill eliminates the Homestead Exemption from FY 2003-04 through FY 2006-07 by lowering the amount subject to the exemption in statute from the first \$200,000 of a home's actual value to zero;
- ❑ A decrease of \$25.3 million pursuant to S.B. 03-263, which eliminates annual \$25.3 million General Fund in "Old Hire" pension assistance payments to the Fire and Police Pension Association for both FY 2003-04 and FY 2004-05; and

- A reduction in the cash funds exempt appropriation by \$5.4 million in order to reflect a reduction in spending authority necessary to distribute municipal and county shares of the Highway Users Tax Fund revenues.

General Factors Driving the Budget

Funding for this department consists of 1.7 percent General Fund, 0.8 percent cash funds, and 97.5 percent cash funds exempt. The cash funds exempt represents disbursements from the Highway Users Tax Fund (HUTF) to counties and municipalities. Most of the General Fund (\$3.8 million) represents the state contribution to the Fire and Police Pension Association (FPPA) and is exempt from the statutory limit on General Fund appropriations. The remaining General Fund provides for the operations of the Department of Treasury.

Highway Users Tax Fund (HUTF) Disbursements

The Department of Treasury distributes revenues from the HUTF to counties and municipalities pursuant to statute (Sections 43-4-207 and 208, C.R.S.). The appropriations made to the counties and municipalities in this line item are cash funds exempt. As revenues to the HUTF have fluctuated, so have the counties' and municipalities' shares. The following table shows funding levels over the last several years.

	FY 99-00 Actual	FY 00-01 Actual	FY 01-02 Actual	FY 02-03 Approp.	FY 03-04 Approp.
Counties	\$150,442,915	\$149,644,922	\$164,767,000	\$161,384,000	\$154,225,000
Municipalities	\$97,475,066	\$97,868,973	\$100,673,000	\$99,171,000	\$100,968,000

Senior Citizen Property Tax Exemption

Approved by voters at the 2000 General Election, Section 3.5 of Article X of the Colorado Constitution and H.B. 01-1224 create a property tax exemption for qualifying senior citizens of 50 percent of the first \$200,000 of actual value of a residence for property tax years commencing on or after January 1, 2002. This will result in an annual General Fund expenditure to offset the resulting reduction in county revenues beginning in FY 2002-03. The appropriation is exempt from both the TABOR spending limit and the six percent limit on General Fund appropriations because it was approved by the voters.

	FY 00-01 Actual	FY 01-02 Actual	FY 02-03 Estimate	FY 03-04 Approp.
County Reimbursement	n/a	n/a	\$61,700,000	\$0

Fire and Police Pension Association (FPPA) Contributions

Sections 31-30-1112 and 31-30.5-307, C.R.S., require the State to make General Fund contributions to FPPA that are included in the Department of Treasury's budget for informational purposes. The contributions, exempt from the statutory limit on General Fund appropriations, are made for: (1) retirement pensions for police officers and firefighters hired before 1978 ("Old Hire Plans"); (2) local volunteer firefighter pension plans; and (3) volunteer death and disability plans for police and firefighters. The following table shows total state assistance levels over the last several years.

	FY 99-00 Actual	FY 00-01 Actual	FY 01-02 Actual	FY 02-03 Approp.	FY 03-04 Approp.
State Contributions to FPPA	\$28,713,016	\$28,763,181	\$28,768,470	\$28,906,189	\$3,799,894

The state's largest annual contribution to FPPA is made to reduce the unfunded liability of Old Hire Plans. Statute previously required this contribution to be \$25,321,079 and to continue until the liability is gone, but no later than December 31, 2009. However, Senate Bill 03-263 changed this contribution by eliminating Old Hire payments for FY 2003-04 and FY 2004-05, and extending the sunset to 2011. Therefore, only contributions for local volunteer firefighter pension plans and volunteer death and disability plans are funded during FY 2003-04.

Summary of FY 2002-03 and FY 2003-04 Appropriations

Total Department Appropriations

	GF	CF	CFE	FF	Total	FTE
FY 2002-03 Total Appropriation:	\$92,006,317	\$587,116	\$261,491,227	\$0	\$354,084,660	25.0
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Administration	631,922	587,116	85,140	0	1,304,178	16.0
Special Purpose	62,262,422	0	0	0	62,262,422	0.0
Unclaimed Property Program	0	0	851,087	0	851,087	9.0
Fire and Police Pension Association	29,111,973	0	0	0	29,111,973	0.0
Appropriated Counties	0	0	161,384,000	0	161,384,000	0.0
Appropriated Municipalities	0	0	99,171,000	0	99,171,000	0.0

	GF	CF	CFE	FF	Total	FTE
<u>Breakdown of Total Appropriation by Bill</u>						
SB 02-50	(898)	0	0	0	(898)	0.0
HB 02-1036	3,000	0	0	0	3,000	0.0
HB 02-1038	(895)	0	0	0	(895)	0.0
HB 02-1241	(382,878)	0	0	0	(382,878)	0.0
HB 02-1420	92,907,091	0	261,458,416	0	354,365,507	25.0
HB 02-1468	1,192	0	0	0	1,192	0.0
SB 03-184	(587,116)	587,116	0	0	0	0.0
SB 03-197	(51,271)	0	0	0	(51,271)	0.0
SB 03-220	118,092	0	32,811	0	150,903	0.0
<hr/>						
FY 2003-04 Total Appropriation:	\$4,564,782	\$2,058,380	\$255,212,935	\$0	\$261,836,097	25.5
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Administration	764,888	1,180,380	19,935	0	1,965,203	16.0
Special Purpose	0	0	0	0	0	0.0
Unclaimed Property Program	0	878,000	0	0	878,000	9.5
Fire and Police Pension Association	3,799,894	0	0	0	3,799,894	0.0
Appropriated Counties	0	0	154,225,000	0	154,225,000	0.0
Appropriated Municipalities	0	0	100,968,000	0	100,968,000	0.0
<u>Breakdown of Total Appropriation by Bill</u>						
S.B. 03-258	86,502,283	2,072,928	255,193,000	0	343,768,211	25.5
S.B. 03-263	(25,312,079)	0	0	0	(25,312,079)	0.0
S.B. 03-265	(56,600,000)	0	0	0	(56,600,000)	0.0
S.B. 03-273	(25,280)	(14,548)	0	0	(39,828)	0.0
H.B. 03-1021	0	0	20,000	0	20,000	0.0
H.B. 03-1316	(142)	0	(65)	0	(207)	0.0

	GF	CF	CFE	FF	Total	FTE
Increase/(Decrease)	(\$87,441,535)	\$1,471,264	(\$6,278,292)	\$0	(\$92,248,563)	0.5
Percentage Change	-95.0%	250.6%	-2.4%	n/a	-26.1%	2.0%

Detail of Appropriation by Administrative Section

Administration

This office is responsible for the management and administration of the Department, which provides accounting, cash management, and investment services for the State. In FY 2001-02, the Treasury earned approximately \$8.3 million in interest income on the General Fund, and \$99.4 million on all other funds. The funding source is General Fund and various cash funds, primarily from cash management transaction fees pursuant to S.B. 03-184. Administrative staff include the State Treasurer, Deputy Treasurer, and a controller, as well as investment, accounting, and administrative personnel.

	GF	CF	CFE	FF	Total	FTE
FY 2002-03 Appropriation:						
SB 02-50	(\$898)	\$0	\$0	\$0	(\$898)	0.0
HB 02-1038	(895)	0	0	0	(895)	0.0
HB 02-1420	1,355,602	0	52,329	0	1,407,931	16.0
HB 02-1468	1,192	0	0	0	1,192	0.0
SB 03-184	(587,116)	587,116	0	0	0	0.0
SB 03-197	(51,271)	0	0	0	(51,271)	0.0
SB 03-220	<u>(84,692)</u>	<u>0</u>	<u>32,811</u>	<u>0</u>	<u>(51,881)</u>	<u>0.0</u>
TOTAL	\$631,922	\$587,116	\$85,140	\$0	\$1,304,178	16.0
FY 2003-04 Appropriation:						
SB 03-258	\$790,310	\$1,194,928	\$0	\$0	\$1,985,238	16.0
SB 03-273	(25,280)	(14,548)	0	0	(39,828)	0.0
HB 03-1021	0	0	20,000	0	20,000	0.0
HB 03-1316	<u>(142)</u>	<u>0</u>	<u>(65)</u>	<u>0</u>	<u>(207)</u>	<u>0.0</u>
TOTAL	\$764,888	\$1,180,380	\$19,935	\$0	\$1,965,203	16.0

	GF	CF	CFE	FF	Total	FTE
Increase/(Decrease)	\$132,966	\$593,264	(\$65,205)	\$0	\$661,025	0.0
Percentage Change	21.0%	101.0%	-76.6%	n/a	50.7%	0.0%

FTE Detail	FY 2002-03	FY 2003-04
State Treasurer, Deputy Treasurer	2.0	2.0
Investment Officers	4.0	4.0
Accounting Staff	7.0	7.0
Cash Manager	1.0	1.0
Administrative Staff	<u>2.0</u>	<u>2.0</u>
	16.0	16.0

Note: Senate Bill 03-184 requires that Department of Treasury administration be partially cash-funded using fees on cash management transactions. The overall fund split for administration must be calculated annually based on the ratio of the most recent actual transaction data applied to overall administration expenses, less any expenses that are separately cash funded. For FY 2003-04, fund splits are based on a ratio of 41.1 percent. This ratio reflects FY 2001-02 actual transaction data applied to overall administration expenses, less \$600,000 in third party audit costs and \$43,000 in centrally appropriated items affecting the Unclaimed Property Division. These two expenses are separately cash funded and are not affected by S.B. 03-184.

General Fund Changes: The General Fund appropriation reflects an increase of \$133,000, primarily due to salary survey and performance-based pay increases awarded in FY 2002-03, one-time savings related to the pay date shift during FY 2002-03, and health, life and dental increases.

Cash Fund Changes: The cash funds increase is primarily related to third party audit costs of unclaimed property.

Cash Funds Exempt Changes: The cash funds exempt decrease reflects a reduction of \$85,000 related to an adjustment to accurately reflect centrally appropriated expenses of the Unclaimed Property Division as cash funds. This reduction is partially offset by an increase of \$20,000 related to H.B. 03-1021, which requires charter schools to reimburse the Treasury for administrative expenses related to the provisions of the bill.

Special Purpose

Last year, this section of the Long Bill included the appropriation for the Senior Citizen Property Tax Exemption, which was approved by voters at the 2000 General Election in Section 3.5 of Article X of the State Constitution. The program creates a property tax exemption for qualifying senior citizens of 50 percent of the first \$200,000 of actual value of a residence beginning January 1, 2002. The

appropriation represents estimated costs for the program, and is exempt from TABOR spending limitations because it was approved by voters and added to the State Constitution. However, S.B. 03-265 eliminated this appropriation during FY 2003-04.

	GF	CF	CFE	FF	Total	FTE
FY 2002-03 Appropriation:						
HB 02-1241	(\$382,878)	\$0	\$0	\$0	(\$382,878)	0.0
HB 02-1420	<u>62,645,300</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>62,645,300</u>	<u>0.0</u>
TOTAL	\$62,262,422	\$0	\$0	\$0	\$62,262,422	0.0
FY 2003-04 Appropriation:						
SB 03-258	\$56,600,000	\$0	\$0	\$0	\$56,600,000	0.0
SB 03-265	<u>(56,600,000)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(56,600,000)</u>	<u>0.0</u>
TOTAL	\$0	\$0	\$0	\$0	\$0	0.0
Increase/(Decrease)	(\$62,262,422)	\$0	\$0	\$0	(\$62,262,422)	0.0
Percentage Change	-100.0%	n/a	n/a	n/a	-100.0%	n/a

General Fund Changes: The General Fund decrease of \$62.3 million is related to the elimination of the Senior Citizen Property Tax Exemption pursuant to S.B. 03-265. This bill eliminates the Homestead Exemption from FY 2003-04 through FY 2006-07 by lowering the amount subject to the exemption in statute from the first \$200,000 of a home's actual value to zero. This is accomplished under the authority of Section 3.5, Article X of the State Constitution and H.B. 01-1224, which both allow the General Assembly to raise or lower the maximum amount of a home's value that is subject to the 50 percent exemption.

Unclaimed Property Program

This section contains appropriations for the Unclaimed Property Program, established under Article 13 of Title 38, C.R.S. (The "Unclaimed Property Act"). Under the Program, the State takes possession of dormant or abandoned properties from a wide range of business and public institutions in an effort to return the properties to their rightful owners. To alert owners of properties that have been transferred into the program, the Department is required to publish an annual list of property owners in a newspaper circulated statewide, and it also maintains a searchable internet web site. Beginning July 1, 2001, identified abandoned properties are collected and placed into the Unclaimed Property Trust Fund pursuant to S.B. 00-57. Principal expenditures from the fund are restricted to qualified claims and the administrative expenses of the division, while investment earnings are

transferred to the CoverColorado Cash Fund. Unclaimed Property Trust Fund balances do not revert to the General Fund.

	GF	CF	CFE	FF	Total	FTE
FY 2002-03 Appropriation:						
HB 02-1420	\$0	\$0	\$851,087	\$0	\$851,087	9.0
TOTAL	\$0	\$0	\$851,087	\$0	\$851,087	9.0
FY 2003-04 Appropriation:						
SB 03-258	\$0	\$878,000	\$0	\$0	\$878,000	9.5
TOTAL	\$0	\$878,000	\$0	\$0	\$878,000	9.5
Increase/(Decrease)	\$0	\$878,000	(\$851,087)	\$0	\$26,913	0.0
Percentage Change	n/a	n/a	-100.0%	n/a	3.2%	0.0%

FTE Detail	FY 2002-03	FY 2003-04
Program Director	1.0	1.0
Program Administration	2.0	2.0
Staff Auditor	3.0	3.0
Clerical	<u>3.0</u>	<u>3.5</u>
	9.0	9.5

FTE Changes: The FTE increase reflects an increase of 0.5 FTE related to unclaimed income tax return workload pursuant to S.B. 01-37.

Cash Fund Changes: The \$878,000 increase includes the following increases: (1) \$851,000 to account for the proper reflection of the FY 2002-03 refinance of division expenses from the Unclaimed Property Trust Fund; (2) \$23,000 in personal services primarily due to salary survey and anniversary increases awarded in FY 2002-03; and (3) \$3,000 in increased leased space costs.

Cash Funds Exempt Changes: The \$851,000 decrease occurs to properly reflect the FY 2002-03 refinance of division expenses from the Unclaimed Property Trust Fund.

Fire and Police Pension Association

This section contains appropriations for the State's contributions to the Fire and Police Pension Association, which are continuously appropriated by statute and are exempt from the six percent statutory limit on General Fund appropriations. The contributions support: (1) retirement pensions for police officers and firefighters hired before 1978 ("Old Hire Plans"), (2) local volunteer firefighter pension plans, and (3) volunteer death and disability plans for police and firefighters. For Old Hire Plans, the state contribution will not occur during FY 2003-04 and FY 2004-05, but thereafter is set forth in statute at \$25,321,079 annually until such time as the plans are fully-funded (but no later than 2011). The state contribution to volunteer firefighter pensions is capped at 90 percent of the local contribution. The contribution for volunteer death and disability plans represents the cost of accidental death and disability insurance policies for volunteer firefighters as determined by the Board of Directors of the Fire and Police Pension Association.

	GF	CF	CFE	FF	Total	FTE
FY 2002-03 Appropriation:						
HB 02-1036	\$3,000	\$0	\$0	\$0	\$3,000	0.0
HB 02-1420	28,906,189	0	0	0	28,906,189	0.0
SB 03-220	<u>202,784</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>202,784</u>	<u>0.0</u>
TOTAL	\$29,111,973	\$0	\$0	\$0	\$29,111,973	0.0
FY 2003-04 Appropriation:						
SB 03-258	\$29,111,973	\$0	\$0	\$0	\$29,111,973	0.0
SB 03-263	<u>(25,312,079)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(25,312,079)</u>	<u>0.0</u>
TOTAL	\$3,799,894	\$0	\$0	\$0	\$3,799,894	0.0
Increase/(Decrease)	(\$25,312,079)	\$0	\$0	\$0	(\$25,312,079)	0.0
Percentage Change	-86.9%	n/a	n/a	n/a	-86.9%	n/a

General Fund Changes: The General Fund appropriation reflects a decrease of \$25.3 million pursuant to S.B. 03-263, which eliminates annual pension assistance payments to the Fire and Police Pension Association for both FY 2003-04 and FY 2004-05.

Appropriated Counties

This section contains appropriations for the formula distribution from the Highway Users Tax Fund to counties as required by Section 43-4-207, C.R.S.

	GF	CF	CFE	FF	Total	FTE
FY 2002-03 Appropriation:						
HB 02-1420	\$0	\$0	\$161,384,000	\$0	\$161,384,000	0.0
TOTAL	\$0	\$0	\$161,384,000	\$0	\$161,384,000	0.0
FY 2003-04 Appropriation:						
SB 03-258	\$0	\$0	\$154,225,000	\$0	\$154,225,000	0.0
TOTAL	\$0	\$0	\$154,225,000	\$0	\$154,225,000	0.0
Increase/(Decrease)	\$0	\$0	(\$7,159,000)	\$0	(\$7,159,000)	0.0
Percentage Change	n/a	n/a	-4.4%	n/a	-4.4%	n/a

Cash Funds Exempt Changes: The decrease in the cash funds exempt appropriation reflects anticipated Highway Users Tax Fund revenues.

Appropriated Municipalities

This section contains appropriations for the formula distribution from the Highway Users Tax Fund to municipalities as required by Section 43-4-208, C.R.S.

	GF	CF	CFE	FF	Total	FTE
FY 2002-03 Appropriation:						
HB 02-1420	\$0	\$0	\$99,171,000	\$0	\$99,171,000	0.0
TOTAL	\$0	\$0	\$99,171,000	\$0	\$99,171,000	0.0
FY 2003-04 Appropriation:						
SB 03-258	\$0	\$0	\$100,968,000	\$0	\$100,968,000	0.0
TOTAL	\$0	\$0	\$100,968,000	\$0	\$100,968,000	0.0
Increase/(Decrease)	\$0	\$0	\$1,797,000	\$0	\$1,797,000	0.0
Percentage Change	0.0%	0.0%	1.8%	0.0%	1.8%	n/a

Cash Funds Exempt Changes: The increase in the cash funds exempt appropriation reflects anticipated revenues to the Highway Users Tax Fund.

Recent Legislation

2002 Session Bills

S.B. 02-50: For an explanation of this bill please see the Recent Legislation section in the Department of Corrections.

H.B. 02-1036: Simplifies the method of calculating state contributions for volunteer firefighter pension plans. Increases minimum state contribution from \$500 to \$1,000 for any municipality or fire district that contributes proceeds of a levy of one-half mill on the current valuation for assessment of the municipality or district.

H.B. 02-1038: For an explanation of this bill please see the Recent Legislation section in the Department of Corrections.

H.B. 02-1241: Reclassifies expenditures made for the Elderly Property Tax Deferral Program as an investment from the Treasury pool, eliminating the need for a General Fund appropriation. Reduces the program's appropriation in the FY 2002-03 Long Bill.

H.B. 02-1420: General appropriations act for FY 2002-03.

H.B. 02-1468: Authorizes the General Assembly to annually adjust the state contribution for health, life, and dental insurance effective CY 2004 through the Long Bill. For more information, refer to the bill description in the Department of Personnel and Administration.

2003 Session Bills

S.B. 03-184: Authorizes the State Treasurer to deduct a per-transaction fee for banking transactions performed on behalf of State departments and agencies. Authorizes the Treasurer to deduct fees from interest earnings of eligible funds. Defines eligible transactions, and includes an exemption for all constitutionally-restricted funds and funds related to higher education. Requires that the Treasury notify affected Departments by July 1 of each year.

S.B. 03-197: Reduces personal services by \$51,271 General Fund, which represents anticipated June payroll (FY 2002-03) to be delayed until July (FY 2003-04). For more information, refer to the bill description in the Department of Personnel and Administration.

S.B. 03-220: Supplemental appropriation for FY 2002-03.

S.B. 03-258: General appropriations act for FY 2003-04.

S.B. 03-263: Eliminates annual \$25.3 million General Fund in "Old Hire" pension assistance payments to the Fire and Police Pension Association for both FY 2003-04 and FY 2004-05. Replaces \$25.3 million General Fund for two additional years during FY 2010-11 and FY 2011-12, and requires that any accrued unfunded liability attributable to these reductions be replaced prior to July 1, 2012. Changes the calendar date of future payments from September 30 to April 30 in order to provide flexibility to future General Assemblies to change payments in the same year as a legislative session. Reaffirms that the statutory contribution is continually re-evaluated in light of the State's own fiscal situation.

S.B. 03-265: Eliminates the amount of General Fund required for the Homestead Exemption from FY 2003-04 through FY 2006-07. Lowers the amount subject to the exemption in statute from the first \$200,000 of a home's actual value to zero, under the authority of Section 3.5, Article X, of the State Constitution and H.B. 01-1224, which allow the General Assembly to raise or lower by law the maximum amount of a home's value that is subject to the 50 percent exemption.

S.B. 03-273: Eliminates the salary survey appropriation for FY 2003-04. For more information, refer to the bill description in the Department of Personnel and Administration.

H.B. 03-1021: Makes technical and substantive changes to the "Charter School Facilities Financing Act". Authorizes the State Treasurer to require schools to pay a fee to defray any direct and indirect administrative costs incurred by the State Treasurer in executing duties required by the bill.

H.B. 03-1316: Alters the manner in which group benefit plans coverage is calculated for Health, Life, and Dental appropriations. For more information, refer to the bill description in the Department of Personnel and Administration.

CAPITAL CONSTRUCTION

This section summarizes state agency capital construction and controlled maintenance projects. Many of the appropriations are from the Capital Construction Fund. The primary source of revenue to the Capital Construction Fund is transfers and appropriations from the General Fund.

Recent Appropriations

Funding Source	FY 2000-01 Approp.	FY 2001-02 Approp.	FY 2002-03 Approp.	FY 2003-04 Approp.
Capital Construction Fund Exempt	\$272,746,680	\$103,765,125	\$22,385,134	\$9,489,965
Cash Funds	53,017,821	52,935,277	45,126,854	19,828,777
Cash Funds Exempt	134,482,644	138,354,835	122,427,920	401,306,374
Federal Funds	<u>65,130,855</u>	<u>13,107,099</u>	<u>18,912,969</u>	<u>49,915,851</u>
Total Funds	\$525,378,000	\$308,162,336	\$208,852,877	\$480,540,967

FY 2003-04 Budget Changes

Highlights of the capital construction funding for FY 2003-04 are outlined below. Appropriations for FY 2003-04:

- Provide \$205.8 million cash funds exempt spending authority for the University of Colorado Health Sciences Center Research Complex II;
- Provide \$3.8 million capital construction funds for the 2002 Issue certificate of participation;
- Provide \$3.1 million capital construction funds for the Colorado Benefits Management System;
- Provide \$1.0 million capital construction funds for emergency controlled maintenance;
- Provide \$982,000 capital construction funds for the Lease Purchase of 1881 Pierce Street; and
- Provide \$520,000 capital construction funds for the Green Center at the Colorado School of Mines.

General Factors Driving the Budget

In FY 2003-04, capital construction appropriations consist of 2.0 percent Capital Construction Fund Exempt, 4.1 percent cash funds, 83.5 percent cash funds exempt, and 10.4 percent federal funds. The departments with the largest percentage of Capital Construction Fund Exempt appropriations are listed in the table below.

Department	Percent of CCFE
Personnel	61.4%
Health Care Policy & Financing	17.4%
Human Services	15.0%
Higher Education	5.5%
Corrections/Corrections Expansion Reserve	0.7%

Summary of FY 2002-03 and FY 2003-04 Appropriations

Total Department Appropriations

	CCFE	CF	CFE	FF	Total
FY 2002-03 Total Appropriation:	\$22,385,134	\$45,126,854	\$122,427,920	\$18,912,969	\$208,852,877
<u>Breakdown of Total Appropriation by Department</u>					
Corrections	191,715	0	400,689	0	592,404
Corrections Expansion Reserve Fund	0	0	0	0	0
Health Care Policy and Financing	2,552,385	19,055	0	2,578,651	5,150,091
Higher Education	6,930,162	0	85,851,386	889,500	93,671,048
Human Services	4,171,907	1,542,812	6,673,020	7,991,861	20,379,600
Judicial	519,746	0	0	0	519,746
Labor and Employment	0	42,864,151	0	800,000	43,664,151
Law	35,533	836	106,203	3,447	146,019
Natural Resources	0	700,000	22,982,743	6,649,510	30,332,253
Personnel and Administration	7,983,686	0	1,663,103	0	9,646,789
Public Safety	0	0	223,753	0	223,753

	CCFE	CF	CFE	FF	Total
Revenue	0	0	4,527,023	0	4,527,023
<u>Breakdown of Total Appropriation by Bill</u>					
SB 98-21	13,962	0	0	0	13,962
HB 98-1156	8,307,509	0	0	0	8,307,509
HB 98-1160	397,923	0	0	0	397,923
HB 00-1107	50,364	0	0	0	50,364
HB 00-1201	121,567	0	0	0	121,567
HB 00-1214	250,081	0	0	0	250,081
HB 00-1247	40,522	0	0	0	40,522
HB 01-1205	1,768,225	0	0	0	1,768,225
HB 01-1242	138,934	0	0	0	138,934
SB 02-50	486,269	0	0	0	486,269
HB 02-1038	486,269	0	0	0	486,269
HB 02-1283	69,467	0	0	0	69,467
HB 02-1396	69,467	0	0	0	69,467
HB 02-1420	22,199,158	45,126,854	126,977,798	16,112,469	210,416,279
HB 02-1443	(11,089,087)	0	0	0	(11,089,087)
HB 02-1471	185,976	0	1,930,000	0	2,115,976
SB 02S-1006	56,731	0	0	0	56,731
SB 03-179	(1,168,203)	0	153,736	2,800,500	1,786,033
SB 03-258	0	0	(6,633,614)	0	(6,633,614)
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FY 2003-04 Total Appropriation:	\$9,489,965	\$19,828,777	\$401,306,374	\$49,915,851	\$480,540,967
<u>Breakdown of Total Appropriation by Department</u>					
Corrections	0	0	750,001	0	750,001
Corrections Expansion Reserve Fund	69,467	0	0	0	69,467
Health Care Policy and Financing	1,648,944	0	16,301	1,486,887	3,152,132
Higher Education	519,779	0	363,328,105	10,500,000	374,347,884
Human Services	1,425,316	728,777	3,152,132	4,431,057	9,737,282
Labor and Employment	0	18,200,000	0	5,460,000	23,660,000

	CCFE	CF	CFE	FF	Total
Natural Resources	0	900,000	26,544,828	6,374,281	33,819,109
Personnel and Administration	5,826,459	0	795,948	0	6,622,407
Public Health and Environment	0	0	2,657,070	21,663,626	24,320,696
Public Safety	0	0	1,250,097	0	1,250,097
Revenue	0	0	2,811,892	0	2,811,892
<u>Breakdown of Total Appropriation by Bill</u>					
HB 01-1204	26,629	0	0	0	26,629
HB 01-1242	138,934	0	0	0	138,934
SB 02-50	486,269	0	0	0	486,269
HB 02-1038	506,530	0	0	0	506,530
SB 03-258	9,420,498	19,828,777	401,306,374	49,915,851	480,471,500
SB 03-262	(1,158,362)	0	0	0	(1,158,362)
HB 03-1213	69,467	0	0	0	69,467

Detail of Appropriation by Department (FY 2003-04 Only)

Project	Total	CCFE	CF	CFE	FF
<u>CORRECTIONS</u>					
Arrowhead Correctional Facility Chapel	\$500,001	\$0	\$0	\$500,001	\$0
The project will construct a new 3,850 GSF chapel at the Arrowhead Correctional Center.					
Correctional Industries, Minor Construction Projects	250,000	0	0	250,000	0
This ongoing appropriation allows Correctional Industries to accommodate growth and new business opportunities and to maintain safe operations.					
TOTAL - CORRECTIONS	\$750,001	\$0	\$0	\$750,001	\$0
<u>CORRECTIONS EXPANSION RESERVE FUND</u>					
SB 03-262	(\$1,158,362)	(\$1,158,362)	\$0	\$0	\$0
This legislation eliminates \$1,158,362 in statutory transfer appropriations from the capital construction fund to the corrections expansion reserve fund for FY 2003-04 to address the revenue shortfall.					
HB 03-1213	69,467	69,467	0	0	0

Project	Total	CCFE	CF	CFE	FF
This legislation removes the "commercial purpose" qualifier from the crime of sexual exploitation of a child.					
Appropriations from Prior Years to Comply with Section 2-2-703, C.R.S.	1,158,362	1,158,362	0	0	0
This appropriation includes \$26,629 appropriated by H.B. 01-1204, \$138,934 appropriated by H.B. 01-1242, \$486,269 appropriated by S.B. 02-50, and \$506,530 appropriated by H.B. 02-1038.					
TOTAL - CORRECTIONS EXPANSION RESERVE FUND	\$69,467	\$69,467	\$0	\$0	\$0
<u>HEALTH CARE POLICY AND FINANCING</u>					
Colorado Benefits Management System	\$3,152,132	\$1,648,944	\$0	\$16,301	\$1,486,887
This joint effort between the Department of Health Care Policy and Financing and the Department of Human Services will replace seven statewide computer systems that currently support the distribution of financial, medical and food stamp benefits.					
TOTAL - HEALTH CARE POLICY & FINANCING	\$3,152,132	\$1,648,944	\$0	\$16,301	\$1,486,887
<u>HIGHER EDUCATION</u>					
Mesa State College					
Tolman Hall Renovation	\$411,793	\$0	\$0	\$411,793	\$0
This appropriation will expand a project approved in FY 2001-02 to refurbish the dormitory. Housing fees will pay for the construction, maintenance and operations of the facility. The proposed expansion of the project will more than double the scope to include life safety and maintenance issues, and take advantage of historically low interest rates on bonds.					
Pinon Hall and Mary Rait Hall Renovations	1,552,946	0	0	1,552,946	0
This project will provide spending authority to renovate two campus dormitories. Housing fees will pay for the construction, maintenance and operations of the facilities.					
Colorado State University					
Bioenvironmental Research Building Expansion	10,250,000	0	0	1,500,000	8,750,000
This project will build an 18,100 GSF addition to the existing building on the CSU Foothills Campus and renovate 7,200 GSF of related space in the adjacent Arthropod Borne and Infectious Diseases laboratory.					
Diagnostic Equipment, Veterinary Teaching Hospital	1,320,193	0	0	1,320,193	0
This funding allows for the purchase and replacement of equipment at the Veterinary Teaching Hospital.					
Engineering Entrance Enhancement and Office Addition	896,025	0	0	896,025	0

Project	Total	CCFE	CF	CFE	FF
This project will build a 3,700 GSF addition to the building and remodel 4,400 GSF in the building to provide a new entrance, and additional office space for faculty, support staff, and student work.					
CHILL Antenna Replacement	1,673,010	0	0	1,673,010	0
This project replaces the antenna that bounces short-duration microwave pulses from clouds with less distortion, producing more accurate measurements.					
Core Animal Diagnostic Laboratory Modular Unit	1,282,668	0	0	1,282,668	0
This project will build a 1,836 GSF modular laboratory unit capable of supporting Biosafety Level 3 animal diagnostic testing and processing labs, research labs, and support space.					
Natural Resources Research Center	38,633,100	0	0	38,633,100	0
This appropriation provides funds for phases IV and V of construction of the facility.					
New Student Housing, Main Campus Southwest	18,533,339	0	0	18,533,339	0
This project will build a 117,500 GSF residence hall on five acres at the southwest edge of the main campus.					
University Center for the Arts	4,920,000	0	0	4,920,000	0
This appropriation will provide cash funds exempt spending authority for an expected gift from a private donor to complete a portion of the construction of the University Center for the Arts.					
Fort Lewis College					
Child Development Center	2,100,000	0	0	350,000	1,750,000
This project will construct a new 11,825 GSF Child Development Center south of the existing facility.					
University of Colorado at Boulder					
Lease, Purchase, and Renovation of 1777 Exposition Drive	10,617,000	0	0	10,617,000	0
This project acquires and restores an 86,487 GSF facility two blocks from the East Campus location of the CU Computing Center for expansion and surge space to support research activities of the space science exploration programs, computer/information technology programs, and other programs as needed.					
Technical Correction of Costs to Suspend Work on the Alliance for Teaching, Learning and Society Center, the Business School Renovation and Addition, and the New Law School	3,287,017	0	0	3,287,017	0
After the General Assembly reduced funding for the ATLAS, Business School, and New Law School projects in S.B. 03-179, the University of Colorado realized that there was an error in reporting the amount of outstanding bills to be paid. The majority of cash funds exempt spending authority for these projects had already been expended. If the spending authority is not restored, CU will be in a position of having exceeded its' appropriation, and the State Controller will have to restrict funds for the governing board to make up the difference.					

Project	Total	CCFE	CF	CFE	FF
University of Colorado at Colorado Springs					
Main and Cragmor Halls, Renovation and Technology Upgrade	3,500,000	0	0	3,500,000	0
The project would pay for the final phase of renovating the utilities, equipment, and facilities in Cragmor Hall. The Main Hall component of the project was completed and the building was re-occupied in April 2002. The project has been significantly scaled back from original proposals, including recycling old furniture. The campus plans to borrow using the University Treasurer and certificates of participation (COPs). The first payment will be made with a challenge grant from the Colorado Springs Greater Economic Development Council, and future payments will be made from the campus operating budget. The campus is cutting back on minor physical plant repairs, maintenance, and replacements to free up money for the debt service.					
Purchase University Hall	8,200,000	0	0	8,200,000	0
This appropriation will provide spending authority to purchase the building and property at 3955 Cragwood Drive from the University of Colorado Foundation, for use for classrooms, laboratories, theater productions, and offices. The campus currently leases the space from the foundation. Approximately 40 percent of the building will be occupied by the Beth-El College of Nursing and Health Sciences, and the remainder will be split between the College of Engineering, Theatre Works, and miscellaneous other programs. The source of funds for the purchase will be COPs issued by the Colorado Education and Cultural Facilities Authority. Annual payments of the COPS will be made using operating funds currently set aside for the lease.					
Public Garage and Public Safety Facility	6,000,000	0	0	6,000,000	0
The project will construct a garage and adjoining office space for the Department of Public Safety in the core of the campus. Construction, operations and maintenance costs will be paid from parking fees and a public safety fee. On-campus parking fees are currently \$29.17 per month and will be increased to \$36.67, which is the first increase in four years. The public safety fee will increase from \$42.35 per semester to \$46.50. Students originally approved the public safety fee in 1998, and allowed a 10 percent increase per year without additional votes. Paying construction costs is an allowable use of the fee.					
University of Colorado Health Sciences Center					
Barbara Davis Center for Childhood Diabetes at Fitzsimons	9,637,762	0	0	9,637,762	0
This project will complete 20,331 GSF of shelled space previously built to house clinical programs.					
Center for Bioethics and Humanities	5,436,977	0	0	5,436,977	0
This project will build 15,887 GSF at the Fitzsimons campus to house the Health Care Ethics, Humanities and Law Program.					
Fitzsimons, Infrastructure Phase 6	1,322,508	0	0	1,322,508	0
This funding allows for continued upgrading and replacement of the utility infrastructure at the Fitzsimons campus.					
Fitzsimons, Infrastructure Phase 7	5,424,376	0	0	5,424,376	0
This funding allows for continued upgrading and replacement of the utility infrastructure at the Fitzsimons campus.					
Fitzsimons, Research Complex II	205,820,165	0	0	205,820,165	0

Project	Total	CCFE	CF	CFE	FF
<p>The project will provide cash funds exempt spending authority to construct the second major research building on the Fitzsimons campus with 400,000 GSF. The facility will include wet labs, core labs, research and support space, and a central vivarium (for keeping, raising, and observing plants and animals). Most of the funding (\$138.0 million) will come from university-issued research building revolving fund bonds, paid for with indirect cost recoveries from private and federally funded research. The remainder will come from gifts (\$15.0 million) campus reserves (\$31.7 million) and federal funds (\$21.1 million).</p>					
Center for Oral Health	26,500,000	0	0	26,500,000	0
<p>The project will build an 87,560 GSF facility and allow relocation of the School of Dentistry to the Fitzsimons campus.</p>					
Colorado School of Mines					
<p>Green Center Decontamination and Repair and Addition to Center for Teaching and Learning Media</p>					
	519,779	519,779	0	0	0
<p>The project will build an addition to the Center for Technology and Learning Media building to move the campus computer center out of the Green Center and allow asbestos decontamination and roof repairs in the Green Center to begin.</p>					
University of Northern Colorado					
<p>Central Campus Landscape Project</p>					
	919,500	0	0	919,500	0
<p>The appropriation will be used to correct site safety deficiencies, replace antiquated sprinkler systems, and enhance the existing landscaping and site amenities.</p>					
<p>Fire Protection at West Campus Residence Halls</p>					
	1,385,000	0	0	1,385,000	0
<p>The project adds fire sprinkler systems to four residence halls on the west campus.</p>					
<p>Roof Replacement, Residence Halls</p>					
	509,614	0	0	509,614	0
<p>The project repairs and replaces roofs on four buildings in the central campus with a grant from the State Historical Fund and auxiliary revenue from room and board fees.</p>					
Pikes Peak Community College					
<p>Child Care Expansion, Centennial and Rampart Range Campuses</p>					
	3,400,112	0	0	3,400,112	0
<p>The project builds two free-standing child care centers.</p>					
Colorado Historical Society					
<p>Regional Museum Preservation Projects</p>					
	295,000	0	0	295,000	0
<p>The project will address a number of historic preservation issues at regional museums with money in the State Historical Fund.</p>					
TOTAL - HIGHER EDUCATION	\$374,347,884	\$519,779	\$0	\$363,328,105	\$10,500,000

Project	Total	CCFE	CF	CFE	FF
<u>HUMAN SERVICES</u>					
Colorado Benefits Management System	\$9,737,282	\$1,425,316	\$728,777	\$3,152,132	\$4,431,057
This joint effort between the Department of Health Care Policy and Financing and the Department of Human Services will replace seven statewide computer systems that currently support the distribution of financial, medical and food stamp benefits.					
TOTAL - HUMAN SERVICES	\$9,737,282	\$1,425,316	\$728,777	\$3,152,132	\$4,431,057
<u>LABOR AND EMPLOYMENT</u>					
Petroleum Storage Tank Site Cleanup	\$19,000,000	\$0	\$18,200,000	\$0	\$800,000
The ongoing project reimburses the cost of remediating storage sites contaminated by leaking petroleum products.					
New Department of Labor and Employment Building, 251 E. 12th Ave.	4,660,000	0	0	0	4,660,000
The project will demolish a condemned parking garage and construct a new office building to house staff that work on unemployment insurance programs. Federal Reed Act moneys will pay for the construction costs. Unemployment insurance funds will pay for operations and maintenance once the facility is complete.					
TOTAL - LABOR & EMPLOYMENT	\$23,660,000	\$0	\$18,200,000	\$0	\$5,460,000
<u>NATURAL RESOURCES</u>					
Division of Parks and Outdoor Recreation					
Barbour Ponds State Park Renovation	\$800,000	\$0	\$0	\$800,000	\$0
This project renovates the park and upgrades facilities, including acquiring water and sewer taps and improving roads and campsites.					
Boat Ramp Breakwater Structure, John Martin Reservoir	188,000	0	0	0	188,000
This project will construct an earthen breakwater structure at the main boat ramp.					
Chatfield, Cherry Creek, and Trinidad State Parks, Corps of Engineers Cost Share Improvement Projects	3,700,000	0	0	1,700,000	2,000,000
The cost share project with the Corps of Engineers will make improvements to the Chatfield, Cherry Creek and Trinidad State Parks.					
Cheyenne Mountain State Park	2,239,000	0	0	2,239,000	0
This appropriations provides cash funds exempt spending authority to develop a state park in El Paso County. Of the \$2,239,000, \$1,500,000 is from Greater Outdoors Colorado (GOCO) funds and \$739,000 is from lottery funds.					

Project	Total	CCFE	CF	CFE	FF
Information Technology Projects	175,000	0	0	175,000	0
This appropriations provides cash funds exempt spending authority, all from lottery funds, for an IT project. The IT project is intended to modernize and systemize Parks' automated management system, with the goal of centralizing Parks' business information.					
Front Range Trail	1,800,000	0	0	650,000	1,150,000
This project creates a continuous trail from New Mexico to Wyoming by linking existing trails.					
John Martin State Park	250,000	0	0	250,000	0
This project completes new facilities at the recently created park.					
Major Repairs, Minor Recreation Improvements	2,700,000	0	0	2,700,000	0
This funding allows for various repairs, replacements, and improvements, such as picnic and campsite renovations, water, sewer and electrical system improvements, and toilets, docks, and ramps.					
Mueller and Cheyenne Mountain State Parks, Cabins and Yurts	787,000	0	0	787,000	0
This project constructs cabins and yurts at the parks.					
New Park Opportunities	250,000	0	0	250,000	0
Lottery funds will be used to: purchase land additions to existing parks to improve public access; address visitor safety and trespass issues; enhance management; and address boundary disputes, right-of-way problems, and easements. These purchases include adjacent lands as well as inholdings.					
Off-Highway Vehicle Program Grants and Minor New Construction and Renovation	1,050,000	0	900,000	0	150,000
This funding provides grants for project sponsors, which include local governments, federal agencies, and not-for-profit organizations.					
Park Improvements, Buffer Acquisitions	350,000	0	0	350,000	0
This funding allows: Acquisition of adjacent lands and in-fills to preserve the integrity of the parks; Improved public access; Improvements of visitor safety and trespass issues; and Assistance with boundary disputes, right-of-way problems, and easements.					
Recreational Trails Volunteer Partnership Program	35,000	0	0	35,000	0
This project will provide grants for trail projects that are completed with volunteer support and labor. Grant moneys may be used for material, equipment rental, trail design consultant fees, associated support costs, and volunteer recognition.					
Renovation of Bureau of Reclamation State Parks	2,000,000	0	0	1,000,000	1,000,000
Lottery and GOCO funds are used to match federal funds for a ten-year project to renovate Crawford, Navajo, Paonia, Rifle, and Vega state parks, which are leased on a long-term basis from the federal government.					

Project	Total	CCFE	CF	CFE	FF
Road Maintenance and Improvements	300,000	0	0	300,000	0
This project constructs, improves, and provides major maintenance of park roads with Highway Users Tax Fund moneys.					
Saint Vrain Corridor	5,974,000	0	0	5,974,000	0
This project will acquire land and water along the Saint Vrain River to protect the riparian corridor, provide an urban fishery, link trails, provide camping opportunities, and offer wildlife viewing.					
State Trails Program	1,500,000	0	0	350,000	1,150,000
This project provides grant assistance for the planning, design and construction of trails.					
Staunton State Park, Acquisition of Additional Property	500,000	0	0	500,000	0
This project will acquire parcels adjacent to the park to improve access and route it away from surrounding subdivisions.					
Water Acquisitions/Lease Options and Dam Repairs	600,000	0	0	600,000	0
Lottery funds secure water for selected existing parks and planned parks, and repair dams needed to protect downstream residents and property owners from the failure of state-owned dams.					
Wildfire Prevention	650,000	0	0	250,000	400,000
This funding is used to prevent wildfires and improve the resilience of state park areas to recover from the effects of wildfire.					
Division of Wildlife					
Cooperative Habitat Improvements	500,000	0	0	500,000	0
This funding is used to increase the quality and quantity of habitats on private property and improve small game hunting opportunities.					
Dam Maintenance, Repair, and Improvement	231,250	0	0	231,250	0
This is an annual appropriation for ongoing maintenance, repair, and improvements to dams located on division-owned or leased property.					
Employee Housing Repairs	368,130	0	0	368,130	0
The project repairs, maintains, and modernizes employee housing located on properties owned or managed by the Division of Wildlife.					
Fish Unit Maintenance and Improvement	801,041	0	0	801,041	0
The project is for emergency repairs and improvements at five fish hatcheries, including water diversion, structure repair, building repair, major hatchery equipment purchases, and pollution control.					
Land Acquisitions	2,500,000	0	0	2,500,000	0
This funding allows the Division of Wildlife to acquire fee title to property through a competitive bidding process.					

Project	Total	CCFE	CF	CFE	FF
Miscellaneous Small Projects	171,675	0	0	171,675	0
This funding pays for emergency repairs and minor maintenance and improvements, including roof work, HVAC maintenance, fence installation, and comfort station improvements.					
Motorboat Access on Lakes and Streams	385,875	0	0	49,594	336,281
The project will address nine motorboat access facilities, including boat ramps, docks, roads, parking lots, comfort stations, and other facilities authorized for funding under the federal Aid Program. Seventy-five percent of each project is supported by moneys from the U.S. Fish and Wildlife Service. At least 10 percent of each state's apportionment is earmarked to improve motorboat access to fishing waters.					
Property Maintenance, Improvement, and Development	674,100	0	0	674,100	0
The project funds facility and habitat projects on new and existing division-owned or leased property, in addition to habitat improvement projects on other public lands.					
Service Centers Improvements	735,000	0	0	735,000	0
This funding is used to upgrade and renovate the Division of Wildlife's service centers.					
Stream and Lake Improvements	247,800	0	0	247,800	0
This appropriation funds habitat projects for selected streams and lakes such as replacing boulders in stream channels, seeding eroded banks, and fencing to keep livestock away.					
Tarryall Dam Repairs	556,238	0	0	556,238	0
This project will make repairs to this class 1 dam. Class 1 dams present a high hazard and loss of life if the dam fails.					
Waterfowl Habitat Projects	200,000	0	0	200,000	0
These projects address insufficient quantity and quality of habitat available to maintain and increase waterfowl populations in Colorado.					
Wetlands Improvement Projects	600,000	0	0	600,000	0
This appropriation funds the Colorado Wetlands Initiative, a joint project with other private and government partners.					
TOTAL - NATURAL RESOURCES	\$33,819,109	\$0	\$900,000	\$26,544,828	\$6,374,281

PERSONNEL AND ADMINISTRATION

2002 Issue (Refunding of 1992 Issue)	\$3,844,150	\$3,844,150	\$0	\$0	\$0
This appropriation includes the annual payment for the refinancing of the 1979 issue for developmental disabilities facilities, the 1986 issue for Division of Youth Corrections facilities, the 1988 issue for prison facilities, and the 1995-2005 part of the issue for the Auraria Higher Education Center North Classroom Building and the 690 Kipling Building.					
Lease Purchase of 1881 Pierce Street Building	1,778,257	982,309	0	795,948	0

Project	Total	CCFE	CF	CFE	FF
This appropriation includes the annual payment for this building occupied by the Department of Revenue.					
Emergency Controlled Maintenance	1,000,000	1,000,000	0	0	0
This appropriation provides a pool of funds for emergency controlled maintenance needs.					
TOTAL - PERSONNEL AND ADMINISTRATION	\$6,622,407	\$5,826,459	\$0	\$795,948	\$0

PUBLIC HEALTH AND ENVIRONMENT

California Gulch Superfund Site Cleanup	\$24,070,696	\$0	\$0	\$2,407,070	\$21,663,626
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The federal superfund program provides for cleanup of hazardous/radioactive waste sites on the U.S. Environmental Protection Agency's national priority list.

Contaminated Sites Redevelopment Pursuant to H.B. 00-1306	250,000	0	0	250,000	0
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House Bill 00-1306 authorizes the department to use moneys in the Hazardous Substance Response Fund to clean up contaminated sites in the state that are not being addressed through any other state or federal cleanup program.

TOTAL - PUBLIC HEALTH AND ENVIRONMENT	\$24,320,696	\$0	\$0	\$2,657,070	\$21,663,626
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PUBLIC SAFETY

Colorado State Patrol, Frisco Troop Office Construction	\$1,250,097	\$0	\$0	\$1,250,097	\$0
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This project constructs a new troop office in Summit County near Frisco and demolishes the current facility, using Highway Users Tax Fund "off-the-top" revenues.

TOTAL - PUBLIC SAFETY	\$1,250,097	\$0	\$0	\$1,250,097	\$0
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REVENUE

Titling and Registration System	\$2,108,892	\$0	\$0	\$2,108,892	\$0
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The project will continue replacing the department's motor vehicle titling and registration systems to streamline filing, recording, and retrieval processes; and simplify implementation of regulatory and statutory changes.

Ports of Entry Mobile Scale Replacement	134,000	0	0	134,000	0
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This project purchases three sets of 11-foot mobile scales to replace deteriorated similar equipment

Limon Port of Entry, Replacement of Two Fixed Scales	220,000	0	0	220,000	0
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This project demolishes and replaces scale pits on both the eastbound and westbound sides.

Project	Total	CCFE	CF	CFE	FF
Fort Morgan Port of Entry, Repair/Replace Lot Pavement	349,000	0	0	349,000	0
This project replaces the scale lane and repairs concrete sections on the westbound side and replaces the scale lane, travel lanes, and parking lanes on the eastbound side, and repairs portions of the scale pit on the eastbound side.					
TOTAL - REVENUE	\$2,811,892	\$0	\$0	\$2,811,892	\$0

TOTAL - CAPITAL CONSTRUCTION	\$480,540,967	\$9,489,965	\$19,828,777	\$401,306,374	\$49,915,851
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Recent Legislation

2002 Session Bills

S.B. 02-50: Makes possession of certain substances used to manufacture methamphetamine illegal. Includes a five-year statutory appropriation pursuant to Section 2-2-703, C.R.S., for the following fiscal years:

- FY 2002-03: Transfers \$486,269 General Fund to the Capital Construction Fund, then to the Corrections Expansion Reserve Fund. This mechanism allows the bed construction costs to be exempt from the Arveschoug-Bird six percent limit.
- FY 2003-04: Transfers \$486,269 General Fund to the Capital Construction Fund, then to the Corrections Expansion Reserve Fund. This mechanism allows the bed construction costs to be exempt from the Arveschoug-Bird six percent limit. Appropriates \$190,757 General Fund for the operating costs associated with the bill. The operating costs will need to be included within the Arveschoug-Bird six percent limit in FY 2003-04.
- FY 2004-05: Transfers \$486,269 General Fund to the Capital Construction Fund, then to the Corrections Expansion Reserve Fund. This mechanism allows the bed construction costs to be exempt from the Arveschoug-Bird six percent limit. Appropriates \$381,514 General Fund for the operating costs associated with the bill. The operating costs will need to be included within the Arveschoug-Bird six percent limit in FY 2004-05.
- FY 2005-06: Transfers \$449,799 General Fund to the Capital Construction Fund, then to the Corrections Expansion Reserve Fund. This mechanism allows the bed construction costs to be exempt from the Arveschoug-Bird six percent limit. Appropriates \$572,271 General Fund for the operating costs associated with the bill. The operating costs will need to be included within the Arveschoug-Bird six percent limit in FY 2005-06.

- ❑ FY 2006-07: Appropriates \$748,721 General Fund for the operating costs associated with the bill. The operating costs will need to be included within the Arveschoug-Bird six percent limit in FY 2006-07.

Additionally, the act includes an appropriation of \$14,373 General Fund and 0.3 FTE for the Public Defenders Office for FY 2002-03. The act also reduces General Fund appropriations in the Long Bill for performance-based pay to offset the costs of the bill in FY 2002-03.

H.B. 02-1038: Makes possession of certain items with the intent to manufacture methamphetamine illegal. Includes a five-year statutory appropriation pursuant to Section 2-2-703, C.R.S., for the following fiscal years:

- ❑ FY 2002-03: Transfers \$486,269 General Fund to the Capital Construction Fund, then to the Corrections Expansion Reserve Fund. This mechanism allows the construction costs for prison beds to be exempt from the Arveschoug-Bird six percent limit.
- ❑ FY 2003-04: Transfers \$506,530 General Fund to the Capital Construction Fund, then to the Corrections Expansion Reserve Fund. This mechanism allows the construction costs for prison beds to be exempt from the Arveschoug-Bird six percent limit. Appropriates \$190,757 General Fund for the operating costs associated with the bill. The operating costs will need to be included within the Arveschoug-Bird six percent limit in FY 2003-04.
- ❑ FY 2004-05: Transfers \$972,538 General Fund to the Capital Construction Fund, then to the Corrections Expansion Reserve Fund. This mechanism allows the construction costs for prison beds to be exempt from the Arveschoug-Bird six percent limit. Appropriates \$389,462 General Fund for the operating costs associated with the bill. The operating costs will need to be included within the Arveschoug-Bird six percent limit in FY 2004-05.
- ❑ FY 2005-06: Appropriates \$770,976 General Fund for the operating costs associated with the bill. The operating costs will need to be included within the Arveschoug-Bird six percent limit in FY 2005-06.
- ❑ FY 2006-07: Appropriates \$770,976 General Fund for the operating costs associated with the bill. The operating costs will need to be included within the Arveschoug-Bird six percent limit in FY 2006-07.

Additionally, the act appropriates \$12,947 General Fund and 0.3 FTE to the Public Defender's Office in FY 2002-03. The act also reduces the General Fund appropriations in the Long Bill for performance-based pay by \$499,216 to cover the FY 2002-03 costs of the bill.

H.B. 02-1283: Expands the current crime of possession, use, or unlawful removal of explosives to include chemical, biological, or radiological weapons. Includes a five-year statutory appropriation pursuant to Section 2-2-703, C.R.S., for the following fiscal year:

- FY 2002-03: Transfers \$69,467 General Fund to the Capital Construction Fund, then to the Corrections Expansion Reserve Fund. This mechanism allows the bed construction costs to be exempt from the Arveschoug-Bird six percent limit.
- FY 2003-04: Appropriates \$27,251 General Fund for the operating costs associated with the bill. The operating costs will need to be included within the Arveschoug-Bird six percent limit in FY 2003-04.
- FY 2004-05: Appropriates \$27,251 General Fund for the operating costs associated with the bill. The operating costs will need to be included within the Arveschoug-Bird six percent limit in FY 2004-05.
- FY 2005-06: Appropriates \$27,251 General Fund for the operating costs associated with the bill. The operating costs will need to be included within the Arveschoug-Bird six percent limit in FY 2005-06.
- FY 2006-07: Appropriates \$27,251 General Fund for the operating costs associated with the bill. The operating costs will need to be included within the Arveschoug-Bird six percent limit in FY 2006-07.

The act includes a clause indicating the sections that require an appropriation will only be enacted into law if H.B. 02-1241 is enacted and contains net General Fund savings equal to or greater than the final general fund fiscal estimate for H.B. 02-1283.

H.B. 02-1388: First capital construction supplemental appropriation.

H.B. 02-1389: Transferred \$37,500,755 from the Capital Construction Fund to the General Fund in FY 2001-02; Appropriated \$83,187,599 General Fund to the Capital Construction Fund in FY 2001-02; and, made modifications to sales and use taxes deposited in the Highway Users Tax Fund.

H.B. 02-1391: Made transfers from various funds to the General Fund to augment revenues in FY 2001-02. Regarding just those provisions impacting capital construction, the bill: (1) transferred all interest earnings in the Capital Construction Fund in FY 2001-02 to the General Fund, estimated to be \$21.4 million; (2) transferred \$30,900,000 from the General Fund to the Capital Construction Fund in FY 2002-03.

H.B. 02-1396: Extends the limitation period for filing criminal charges of sex offenses against children by tolling the 10-year limitation period until the victim is 18 years of age. Includes a five-year statutory appropriation pursuant to Section 2-2-703, C.R.S., for the following fiscal year:

- FY 2002-03: Transfers \$69,467 General Fund to the Capital Construction Fund, then to the Corrections Expansion Reserve Fund. This mechanism allows the bed construction costs to be exempt from the Arveschoug-Bird six percent limit.

- ❑ FY 2003-04: Appropriates \$27,251 General Fund for the operating costs associated with the bill. The operating costs will need to be included within the Arveschoug-Bird six percent limit in FY 2003-04.
- ❑ FY 2004-05: Appropriates \$27,251 General Fund for the operating costs associated with the bill. The operating costs will need to be included within the Arveschoug-Bird six percent limit in FY 2004-05.
- ❑ FY 2005-06: Appropriates \$27,251 General Fund for the operating costs associated with the bill. The operating costs will need to be included within the Arveschoug-Bird six percent limit in FY 2005-06.
- ❑ FY 2006-07: Appropriates \$27,251 General Fund for the operating costs associated with the bill. The operating costs will need to be included within the Arveschoug-Bird six percent limit in FY 2006-07.

The act includes a clause indicating that it will only be enacted into law if H.B. 02-1292 is enacted and contains net General Fund savings equal to or greater than the final General Fund fiscal estimate for H.B. 02-1396.

H.B. 02-1420: General appropriations act for FY 2002-03.

H.B. 02-1438: Second capital construction supplemental appropriation.

H.B. 02-1443: Reduces transfers from the General Fund to the Capital Construction Fund in FY 2002-03 by \$132,500,087; reduces appropriations in FY 2002-03 from the Capital Construction Fund for the Corrections Expansion Reserve Fund by \$11,089,087; transfers \$53,545,000 from the Capital Construction Fund to the General Fund in FY 2001-02; and reduced FY 2001-02 appropriations from the General Fund to the Capital Construction Fund by \$4,277,404.

H.B. 02-1471: Third capital construction supplemental appropriation.

H.B. 02S1-1006: Clarifies that the offense of unlawful conduct on public property includes violations of orders, rules, and regulations concerning the prohibition, banning, or restriction of wildfires. Changes the penalty for such violations from a class 3 misdemeanor to a class 2 misdemeanor and imposes a mandatory fine. Makes it a felony to knowingly commit the offense of firing woods or prairie while knowingly violating an applicable fire ban. Exempts certain activities from such felony offense. Creates a class 3 felony crime of intentionally setting a wildfire. Provides municipalities with both the police power and the regulatory power to control and limit fires. Makes it a class 6 felony for knowingly starting a fire on Division of Parks and Outdoor Recreation lands, notwithstanding a fire ban. Includes a five-year statutory appropriation pursuant to Section 2-2-703, C.R.S., for the following fiscal years:

- ❑ FY 2002-03: Appropriates \$56,731 from the Capital Construction Fund to the Corrections Expansion Reserve Fund;
- ❑ FY 2004-05: Appropriates \$22,255 Federal Funds to the Department of Corrections; appropriates \$4,012 from the Capital Construction Fund to the Corrections Expansion Reserve Fund;
- ❑ FY 2005-06: Appropriates \$1,574 General Fund moneys to the Department of Corrections; and
- ❑ FY 2006-07: Appropriates \$22,924 from the Capital Construction Fund to the Corrections Expansion Reserve Fund and appropriates \$32,822 General Fund to the Department of Corrections.

2003 Session Bills

S.B. 03-179: Reduces FY 2002-03 statutory transfers from the General Fund to the Capital Construction Fund by \$26,424,143. Transfers FY 2002-03 interest earnings of the Capital Construction Fund to the General Fund on a month by month basis. Eliminates \$1,168,203 in statutory appropriations from the Capital Construction Fund to the Corrections Expansion Reserve Fund. Exempts seven projects from the one percent for art requirement and transfers \$145,138 from the Art in Public Places Fund to the General Fund. Reduces \$35,257,928 in projects funded from the Capital Construction Fund over multiple years.

S.B. 03-249: Authorizes the Department of Personnel and Administration, subject to the approval of the Director of the Office of State Planning and Budgeting, and in consultation with the State Treasurer, to enter into leveraged leasing agreements on behalf of the state. Authorizes the Department to retain legal counsel, consultants, and financial professionals to ensure the leases are properly executed and requires that associated costs be paid from the lump sum moneys received by the State in connection with the leasing agreement. Requires the portion of the lump sum payment that is not required to be deposited into a specified escrow account to be credited to the Controlled Maintenance Trust Fund.

S.B. 03-258: General appropriations act for FY 2003-04.

S.B. 03-262: Reduces the FY 2003-04 statutory transfer from the General Fund to the Capital Construction Fund from \$101,158,362 to \$9,420,498 in order to provide just the funds needed for the capital projects included in the Long Bill. Eliminates \$1,158,362 in statutory appropriations from the Capital Construction Fund to the Corrections Expansion Reserve Fund for FY 2003-04.

H.B. 03-1004: Adds manufacturing or attempting to manufacture a controlled substance, and possessing methamphetamine precursors with the intent to manufacture, in the presence of child, or on the premises where a child is found or resides, to the crime of child abuse. Makes the crime a

class 3 felony. Includes a five-year statutory appropriation pursuant to Section 2-2-703, C.R.S., for the following fiscal years:

- FY 2006-07: Appropriates \$291,761 from the Capital Construction Fund to the Corrections Expansion Reserve Fund; and
- FY 2007-08: Appropriates \$416,802 from the Capital Construction Fund to the Corrections Expansion Reserve Fund and appropriates \$118,516 to the Department of Corrections.

H.B. 03-1138: Makes it a class 4 felony to intentionally and unlawfully terminate another person's pregnancy. Prohibits prosecution of a person who provides medical treatment to which the pregnant woman consented. Repeals the requirement that the prosecution prove an underlying factual basis of domestic violence for a court to impose an enhanced sentence on a person convicted of a specified crime against a pregnant woman. Makes intentionally and knowingly killing a pregnant woman an aggravating factor for purposes of imposing the death penalty. Includes a five-year statutory appropriation pursuant to Section 2-2-703, C.R.S., for the following fiscal years:

- FY 2005-06: Appropriates \$138,934 from the Capital Construction Fund to the Corrections Expansion Reserve Fund;
- FY 2006-07: Appropriates \$125,041 from the Capital Construction Fund to the Corrections Expansion Reserve Fund and appropriates \$56,436 General Fund to the Department of Corrections; and
- FY 2007-08: Appropriates \$107,228 General Fund to the Department of Corrections.

H.B. 03-1213: Removes the "commercial purpose" qualifier from the crime of sexual exploitation of a child. Includes a five-year statutory appropriation pursuant to Section 2-2-703, C.R.S., for the following fiscal years:

- FY 2003-04: Appropriates \$69,467 from the Capital Construction Fund to the Corrections Expansion Reserve Fund;
- FY 2004-05: Appropriates \$28,818 General Fund to the Department of Corrections;
- FY 2005-06: Appropriates \$28,818 General Fund to the Department of Corrections;
- FY 2006-07: Appropriates \$69,467 from the Capital Construction Fund to the Corrections Expansion Reserve Fund and appropriates \$28,818 General Fund to the Department of Corrections; and
- FY 2007-08: Appropriates \$56,436 General Fund to the Department of Corrections.

Adjusts appropriations made in the 2003 general appropriations act by decreasing the General Fund appropriation to the Department of Corrections, Institutions, Utilities Subprogram, Utilities line item by \$69,467.

H.B. 03-1256: Authorizes the Board of Regents of the University of Colorado to enter lease-purchase agreements to finance the construction of academic buildings at the University of Colorado Health Sciences Center (UCHSC) Fitzsimons campus. The lease-purchase agreements may be for terms of up to twenty-five years, and may not exceed a total value of \$202,876,109, plus reasonable administrative, monitoring, and closing costs and interest. Annual aggregate rentals may not exceed \$15.1 million. Specifically the bill authorizes lease-purchase agreements for: Education Facility IB; Education Facility II; Library at Fitzsimons; Academic Office Complex; Environmental Health and Safety II; Facility Support; and, Education Bridge.

Requires UCHSC to enter an agreement with a third-party master developer by June 30, 2006, to dispose of the real estate interests of the University at Ninth Avenue and Colorado Boulevard. The first \$15 million of net proceeds from the property shall be deposited in the General Fund, and thereafter 50 percent shall be deposited in the General Fund and 50 percent shall be retained by the University of Colorado for development of the Fitzsimons campus.

Requires that eight percent of moneys received from the Tobacco Master Settlement Agreement, up to \$8.0 million, be appropriated annually to the Fitzsimons Trust Fund. Expands the allowable uses of the Fitzsimons Trust Fund to include making payments on any lease-purchase agreement.

Authorizes the executive director of the Department of Corrections to enter into a lease-purchase agreement for a high-custody correctional facility. The lease-purchase agreement may be for a term of up to fifteen years, and may not exceed a total value of \$102.8 million, plus necessary administrative, monitoring, interest, and closing costs.

H.B. 03-1317: Makes it a felony to sell or distribute chemicals, supplies, or equipment, when the seller or distributor knows or reasonably should know or believes that a person intends to use the materials sold or distributed to illegally manufacture a controlled substance. Specifies that the felony is a crime that presents an extraordinary risk of harm to society. Makes it a misdemeanor crime to sell, purchase, attempt to purchase, fill, refill, deliver, or permit to be delivered an anhydrous ammonia container under certain circumstances. Includes a five-year statutory appropriation pursuant to Section 2-2-703, C.R.S., for the following fiscal years:

- FY 2004-05: Appropriates \$69,467 from the Capital Construction Fund to the Corrections Expansion Reserve Fund;
- FY 2005-06: Appropriates \$69,467 from the Capital Construction Fund to the Corrections Expansion Reserve Fund and appropriates \$28,218 General Fund to the Department of Corrections;

- ❑ FY 2006-07: Appropriates \$69,467 from the Capital Construction Fund to the Corrections Expansion Reserve Fund and appropriates \$56,436 General Fund to the Department of Corrections; and
- ❑ FY 2007-08: Appropriates \$55,574 from the Capital Construction Fund to the Corrections Expansion Reserve Fund and appropriates \$84,654 General Fund to the Department of Corrections.

APPENDICES

A. GLOSSARY OF TERMS

Capital Construction Fund: A fund into which General Fund and Lottery Fund transfers for capital construction purposes are deposited. This fund is used to build, renovate, and repair state buildings, to purchase major equipment, and to acquire land.

Cash Funds: Separate funds set up to receive earmarked revenues, such as fees and fines. These funds pay for the programs for which the revenues are collected. Examples are the Wildlife Cash Fund and the Disabled Telephone Users Fund.

Cash Funds Exempt: A category added in the FY 1993-94 Long Bill for cash funds appropriations that are exempt from the provisions of Article X, Section 20 of the Colorado constitution. Appropriations paid by donations or from reserves in a cash fund are exempt. Similarly, appropriations providing spending authority for funds transferred from another department are also reflected as cash funds exempt. One example is Medicaid funds appropriated to the Department of Health Care Policy and Financing which are then transferred for use by another department. Funds received by the Department of Law from other agencies, for the provision of legal services to those agencies, are also reflected as cash funds exempt.

Common Policies: These are policies adopted by the General Assembly that are applicable to all Departments, unless specifically exempted. An example of a common policy that applies to personal services is the decision not to grant performance-based pay increases to any agencies. Rates paid by agencies to the Department of Personnel for vehicle leases and capitol complex leased space, which are used to calculate appropriations for those line items for all departments, are also set by common policy.

Federal Funds: Funds from the federal government. Some federal funds are grants for identified, limited purposes. Other federal funds support ongoing state-federal programs and may require state matching funds. Examples of matching programs are Medicaid and highway construction. Federal funds are exempt from the provisions of Article X, Section 20 of the Colorado constitution.

FTE: Full time equivalent (one position filled all year).

General Fund: A fund into which general tax revenues, such as state sales and income taxes, are deposited. The General Fund is used to pay, in whole or in part, for state programs which benefit the majority of state citizens. Examples are education and corrections.

Long Bill: Colorado's annual general appropriations act.

B. COMMON POLICIES

The appropriations for many line items are determined by common policies uniformly applied to all state agencies. A brief explanation of each line item is provided below.

Administrative Law Judge Services

Funds for Administrative Law Judge (ALJ) services are included for the ten departments that use such services. The billing methodology is a cost allocation method based on data from the last complete year of actual usage by each agency. Percentages of actual usage for FY 2001-02 are applied to the total costs of Division of Administrative Hearings to produce each agency's FY 2003-04 appropriation. An amount of cash funds exempt spending authority that matches total agency appropriations is included for the Department of Personnel, Administrative Hearings. For FY 2003-04, this spending authority is sufficient to fund personal services, centrally appropriated items such as short-term disability insurance and workers' compensation, operating expenses, and indirect costs. General Fund supports \$677,000 of the \$3.7 million in overhead for the Division of Administrative Hearings.

ADP Capital Outlay and Information Technology Asset Maintenance

The ADP Capital Outlay line item funds the replacement or addition of automated data processing (ADP) equipment. Funding for these line items is reviewed by the Commission on Information Technology Management (IMC). The Information Technology Asset Maintenance line item is used by departments to fund network maintenance, hardware and software maintenance contracts, and anti-virus software.

Capitol Complex Leased Space

This line item is applicable to departments occupying space in the Capitol Complex, the North Campus facility, the Pierce Street Building, the Grand Junction State Office Building, and Camp George West. This line item appears in each department's executive director's office. The funding level of each line is based on a rate of \$9.84 per square foot for the Capitol Complex, \$4.78 per square foot for the North Campus, \$3.39 per square foot for the Pierce Street Building, \$6.09 per square foot for the Grand Junction State Office Building, and \$0.91 per square foot for Camp George West (which does not include utility payments, except for water and sewer, that are included in other facilities). The funds appropriated for capitol complex leased space may not be used for leased space outside of these facilities, which are administered by the Department of Personnel and Administration, Division of Central Services. A matching amount of transfer spending authority is appropriated to the Department of Personnel and Administration to pay all costs associated with maintenance and upkeep for 715,361 square feet of space in the Capitol Complex, 44,597 square feet in the North Campus, 125,000 square feet for the Pierce Street Building, 33,739 in the Grand Junction State Office Building, and 287,125 square feet at Camp George West, located in Golden.

Communications Services Payments

In the 2003 Session, the Joint Budget Committee sponsored S.B. 178 to lift the restrictions on the revenue the Department of Personnel and Administration can collect regarding the telecommunications fund. This new line item represents a department's share of the overhead related to the public safety communications infrastructure. By allowing the Department of Personnel and Administration to charge agencies for the overhead associated with the Communications Services program, it will save the state approximately \$1.7 million General Fund for FY 2003-04.

Community Provider Rates

For FY 2003-04, no provider rate increases were provided, due to statewide revenue shortfalls. For the same reason, provider rates initially awarded for FY 2002-03 were subsequently eliminated through supplemental adjustments to the FY 2002-03 appropriation.

Health, Life, and Dental

For FY 2003-04, the total statewide cost of health, life, and dental (HLD) benefits for all employees (except Higher Education faculty and administration) is expected to be \$48.4 million, including \$30.4 million General Fund. This figure accounts for changes to HLD appropriations made pursuant to H.B. 03-1316. The state contribution rates for employees for CY 2003 are defined in Section 24-50-609, C.R.S., while rates for CY 2004 are defined in the headnotes of the Long Bill. Rates for CY 2003 are \$166.12 per month for a single employee, \$239.15 per month for an employee with one dependent, and \$328.87 per month for an employee with two or more dependents. Rates for CY 2004 are \$173.92 per month for a single employee, \$250.39 per month for an employee with one dependent, and \$344.33 per month for an employee with two or more dependents. State employees make payroll contributions to pay for the difference between the state contribution level and the premiums for the plans and coverages selected during the open enrollment period each year. Approximately 17,300 employees participate in the state's medical insurance plans, not including institutions of Higher Education.

Indirect Costs

Indirect costs are the overhead costs associated with the state administration and operation of government programs. Indirect cost recoveries are intended to offset overhead costs with cash and federally-funded sources that otherwise would have been supported by the General Fund. Recoveries from cash and federally-funded programs are calculated for two areas: statewide and departmental overhead costs. Statewide indirect cost recoveries are designed to offset costs of operating general government functions that support the activities of all departments, but do not charge a fee for services provided. These costs are calculated by the State Controller's Office and approved by the Joint Budget Committee. Departmental indirect cost recoveries are specific to the general administrative functions of each department that are typically located in the executive director's office. These costs are calculated and assessed based upon an allocation methodology adopted by the Joint

Budget Committee. Generally, indirect cost recoveries are identified as cash funds exempt in an executive director's office and as cash funds, cash funds exempt, or federal funds at the division level where they are earned and appropriated in the Indirect Cost Assessment line item. In FY 2003-04, the statewide indirect cost recovery plan is estimated to recover \$16.6 million, which is \$1.2 million more than was recovered in FY 2002-03 from cash and federally-funded sources.

Lease Purchase

No funds may be expended for lease purchase except those specifically appropriated for that purpose. The appropriation is for continuation of existing lease purchase agreements; however, the lease purchase of 700 Kipling St. is complete. Requests for additional lease purchase funds are examined on an individual basis and funded where appropriate.

Leased Space

This line item funds rental property that is not part of the capitol complex. It generally appears in each department's executive director's office. The intent is to ensure that each executive director reviews and manages a department's use of leased space. No funds may be expended for leased space unless appropriated for that purpose.

Legal Services

This line item provides funding so each department can purchase necessary legal services from the Department of Law. For FY 2003-04, agencies will pay a blended rate of \$60.79 per hour to purchase of services from both attorneys and paralegals. The appropriation to the Department of Law is sufficient to fund personal services, operating expenses, litigation expenses, indirect costs and other centrally appropriated costs for 300,780 hours of statewide legal services.

Multiuse Network Payments

With a few exceptions, this line item appears in each department's executive director's office. The multiuse network represents the aggregation of the state's telecommunications infrastructure onto one medium of transport. The network carries the state's video, voice, text, and graphics communications needs, and it also serves as the internet service provider for the state. Additionally, local governments and other governmental agencies can access the network through the state rather than through its private sector partner, which is a consortium of several telecommunications providers. The appropriations for FY 2003-04 include a statewide increase of \$36,000. Costs for the multiuse network include Department of Personnel and Administration overhead, Internet access, and contractual obligations that provide the state with a reserved amount of bandwidth with the private sector entity responsible for building the network.

Operating Expenses

For FY 2003-04, the appropriated amounts for operating expenses are funded at continuation levels, with the exception of base reductions, which may have occurred in various lines. Traditionally, operating expenses related to food, medical, and laboratory services in departments in which these costs are not incidental have been inflated. The appropriations for operating expenses in FY 2003-04 do not include any common inflationary factors for these expenditures. The following five departments are generally affected by inflation: Corrections, Education, Human Services, Public Health and Environment, and Public Safety.

Payments to Risk Management and Property Funds

The appropriation represents each department's share of the statewide cost of property and liability insurance coverage which is based on a three-year average loss history verified by an independent actuarial firm. A matching amount of cash funds exempt spending authority is provided to the Department of Personnel to pay administration, legal, and claims costs for the state's liability self-insurance and to pay premiums and the aggregate deductible of \$500,000 for the state's property insurance policies of \$500.0 million in total coverage. In FY 2003-04, the risk management and property program will cost \$21.3 million, of which approximately \$10.8 million is supported by the General Fund.

Personal Services

In FY 2003-04, the General Assembly adopted a common policy for calculating personal services costs which inflated base salaries by salary survey awards appropriated in FY 2002-03. In previous years, the General Assembly applied a base reduction to personal services line items of between 1.5 and 2.5 percent, which accounted for vacancies and turnovers. In lieu of this policy, the FY 2003-04 common policy did not build in performance-based pay awards distributed in FY 2002-03. The intent of this policy is to have departments use vacancy savings to fund these salary increases. This common policy will save the state approximately \$8.1 million in General Fund for FY 2003-04.

Public Employees' Retirement Association (PERA)

Each personal services and salary survey appropriation includes the designated state retirement contribution to PERA for all eligible employees. Pursuant to Section 24-51-408.5 (6) (a), C.R.S., the contribution rate is adjusted based on any over- or under-funding of the PERA trust funds that may exist. Personal services line items were increased by 0.11 percent of base continuation salaries to reflect the change in the PERA contribution rate for FY 2003-04. For FY 2003-04, the contribution rate will be 10.15 percent of base salaries for most state employees. However, the rates for state troopers and judges are 12.85 percent and 12.66 percent of base salary, respectively. In general, state employees also contribute 8.0 percent of base salary to this defined benefit plan.

Pueblo Data Entry Center Payments

In prior years, the Pueblo Data Entry Center was included in the rates for the computer center. Due to a reorganization in the Department of Personnel and Administration, the costs for the Pueblo Data Entry Center have been separated from the computer center for FY 2003-04. The methodology for determining the statewide allocations for the Pueblo Data Entry Center is modeled after the methodology for the computer center. Appropriations for FY 2003-04 are approximately \$2.2 million statewide, including \$1.7 million General Fund.

Purchase of Services from Computer Center

The operating costs of the General Government Computer Center (GGCC) are completely cash-funded. The estimated usage for FY 2003-04 represents the actual usage, in terms of percentages, of the state's departments in FY 2001-02. These percentages of actual usage are then applied to the total projected costs for providing computer services, in order to produce each agency's appropriation. The corresponding spending authority appropriated to the Department of Personnel and Administration, Division of Information Technology, for the operation of the computer center does not exceed its anticipated revenues. Total appropriations to purchase GGCC services for FY 2003-04 are approximately \$11.2 million statewide. This figure includes approximately \$6.9 million General Fund.

Salary Survey and Senior Executive Service

The "2003 Total Compensation Survey" published on August 1, 2002, and submitted by the State Personnel Director pursuant to Section 24-50-104, C.R.S., called for an average salary increase of 3.4 percent with variations from 1.1 percent and 7.3 percent, depending on job classification and effective July 1, 2003. This survey used 25 third-party surveys to measure prevailing wages and adjust compensation for the ten occupational groups in the state's classified employee system. However, pursuant to S.B. 03-273, salary survey for FY 2003-04 will be delayed until FY 2004-05.

Shift Differential

Shift differential payments provide higher wages for evening, night and weekend shifts. In FY 2003-04, shift differential payments for all state employees total approximately \$9.1 million including approximately \$7.7 million from the General Fund.

Short-term Disability

All state employees are eligible for employer-paid short-term disability insurance. Appropriations for these line items were established at 0.145 percent of base salaries, which is consistent with the estimated cost to provide this coverage.

Utilities

In general, departments pay for utility costs from either the base operating expenses appropriation or a separate utilities line item, which typically supports the cost of maintaining a state-owned facility. The appropriation for FY 2003-04 does not include an increase for inflation.

Vehicle Lease Payments

Motor vehicles can only be purchased through the Fleet Management Program in the Department of Personnel pursuant to Section 24-30-1117, C.R.S. Appropriations are based on the amount necessary for each department to make vehicle lease payments to the Fleet Management Program, which charges lease rates that vary by vehicle model and type. The lease payments are sufficient to recover the annual costs of program administration and the lease purchase installment payments for replacements and additional vehicles, which are financed by a private company. For FY 2003-04, the Joint Budget Committee approved the replacement of 150 vehicles and the acquisition of two additional vehicles for the Department of Public Safety. Statewide vehicle variable costs (including fuel, maintenance, and insurance) are estimated to be \$12.3 million in FY 2003-04 to maintain approximately 5,637 vehicles yielding an average cost of \$2,182 per vehicle.

Workers' Compensation

The appropriation represents each department's share of the statewide cost of workers' compensation coverage, which is based on a three year average loss history verified by an independent actuarial firm. This is a self-insured program administered by Pinnacle Assurance (formerly Colorado Compensation Insurance Authority) that covers employees in all departments, except the University of Colorado, which operates a separate self-insured program. A matching amount of spending authority is provided to the Department of Personnel and Administration to pay administration, legal, and claims costs. In FY 2003-04, the General Assembly appropriated \$20.4 million for worker's compensation, of which \$11.9 million is supported by the General Fund.

**C. 2003 SESSION SUPPLEMENTAL ADJUSTMENTS TO FY 2001-02 AND
PRIOR FISCAL YEAR CAPITAL CONSTRUCTION APPROPRIATIONS**

DEPARTMENT / DIVISION	GENERAL FUND*	CASH FUNDS	CASH FUNDS EXEMPT	FEDERAL FUNDS	TOTAL	FTE
<u>CAPITAL CONSTRUCTION**</u>						
<u>FY 1992-93 Adjustments:</u>						
S.B. 03-179:						
Office of the Governor	(\$353,027)	\$0	\$0	\$0	(\$353,027)	0.0
TOTAL - Capital Construction - FY 1992-93	(\$353,027)	\$0	\$0	\$0	(\$353,027)	0.0
<u>FY 1998-99 Adjustments:</u>						
S.B. 03-179:						
Corrections	\$0	\$0	(\$533,541)	\$0	(\$533,541)	0.0
TOTAL - Capital Construction - FY 1998-99	\$0	\$0	(\$533,541)	\$0	(\$533,541)	0.0
<u>FY 1999-00 Adjustments:</u>						
S.B. 03-179:						
Human Services	(\$41,441)	\$0	\$0	\$0	(\$41,441)	0.0
TOTAL - Capital Construction - FY 1999-00	(\$41,441)	\$0	\$0	\$0	(\$41,441)	0.0

*The General Fund column for Capital Construction sections reflects appropriations from the Capital Construction Fund.

**All prior year adjustments were made exclusively to Capital Construction appropriations.

DEPARTMENT / DIVISION	GENERAL FUND*	CASH FUNDS	CASH FUNDS EXEMPT	FEDERAL FUNDS	TOTAL	FTE
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CAPITAL CONSTRUCTION**

FY 2000-01 Adjustments:

S.B. 03-179:

Agriculture	\$30,491	\$0	\$0	\$0	\$30,491	0.0
Higher Education	(2,225,511)	0	(4,032,321)	148,000	(6,109,832)	0.0
Human Services	41,441	0	0	0	41,441	0.0
Military Affairs	(35,181)	0	0	0	(35,181)	0.0
Personnel	144,516	0	0	0	144,516	0.0
Public Health and Environment	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
Subtotal - S.B. 03-179	(\$2,044,244)	\$0	(\$4,032,321)	\$148,000	(\$5,928,565)	0.0

TOTAL - Capital Construction - FY 2000-01	(\$2,044,244)	\$0	(\$4,032,321)	\$148,000	(\$5,928,565)	0.0
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FY 2001-02 Adjustments:

S.B. 03-179:

Agriculture	(\$677,462)	\$0	\$0	\$0	(\$677,462)	0.0
Corrections	(5,401,878)	0	0	0	(5,401,878)	0.0
Education	(663,860)	0	0	0	(663,860)	0.0
Higher Education	(19,344,203)	0	(1,621,532)	0	(20,965,735)	0.0
Human Services	(2,447,336)	0	0	0	(2,447,336)	0.0
Military Affairs	(810,419)	0	0	(163,812)	(974,231)	0.0
Personnel	(3,267,503)	0	(370,190)	0	(3,637,693)	0.0
Revenue	<u>(206,555)</u>	<u>(71,355)</u>	<u>(92,280)</u>	<u>0</u>	<u>(370,190)</u>	<u>0.0</u>
Subtotal - S.B. 03-179	(\$32,819,216)	(\$71,355)	(\$2,084,002)	(\$163,812)	(\$35,138,385)	0.0

TOTAL - Capital Construction - FY 2001-02	(\$32,819,216)	(\$71,355)	(\$2,084,002)	(\$163,812)	(\$35,138,385)	0.0
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*The General Fund column for the Capital Construction section reflects appropriations from the Capital Construction Fund.

**All prior year adjustments were made exclusively to Capital Construction appropriations.

**D. SUMMARY OF LEGISLATIVE ACTIONS TO BALANCE THE
BUDGETS FOR FY 2002-03 AND FY 2003-04**

The following tables reflect special bills from the budget balancing packages sponsored by the Joint Budget Committee for FY 2002-03 and FY 2003-04, which reduced General Fund expenditures, enhanced General Fund revenue, or provided additional flexibility to address falling revenues when the legislature is out of session through various methods. For additional information on the impact of each bill or other funding sources affected, please refer to the relevant department section in Part III of this Appropriations Report.

Expenditure Reductions

Most of the legislation included in the following table either reduces expenditures related to specific programs, increases program fees to offset General Fund, or refinances General Fund moneys through the institution of new program fees. This table also includes supplemental appropriations for those departments where General Fund reductions were adopted.

Bill #	Short Title	Applicable Departments	FY 02-03 GF Impact	FY 03-04 GF Impact
SB 03-169	Removal of Indirect Cost Caps	Agriculture	(\$495,296)	(\$495,296)
SB 03-173	Nursing Home Payment Repeal	Health Care Policy and Financing	(762,635)	(3,050,542)
SB 03-175	Nursing Home Cash Fund	Health Care Policy and Financing	(558,514)	n/a
SB 03-176	Exclusion of Legal Immigrants	Health Care Policy and Financing	(1,368,632)	(5,907,866)
SB 03-177	Community Corrections	Public Safety	(86,306)	(345,224)
SB 03-180	Truck Purchase Refinancing	Agriculture	(94,063)	n/a
SB 03-181	Well Permit Fee Increase	Natural Resources	(1,284,820)	(3,186,051)
SB 03-183	K-12 Program Changes	Education	(500,000)	(500,000)
SB 03-184	Cash Management Fee	Treasury	(587,116)	(587,116)
SB 03-185	Tax Amnesty Program	Revenue	299,605	45,936
SB 03-186	Docket Fee Increase	Judicial	(3,421,416)	(9,311,022)
SB 03-187	Medicaid Requirements	Health Care Policy and Financing	(127,430)	(127,430)
SB 03-192	License Restoration Fees	Revenue	(798,745)	(798,745)
SB 03-193	Use of State Historical Funds	Higher Education	(3,271,725)	n/a
SB 03-195	Maintenance of Effort	Education	(45,593,242)	n/a
SB 03-196	Medicaid Accounting	Health Care Policy and Financing	(77,000,000)	n/a
SB 03-197	Pay Date Shift	All Departments	(89,477,350)	n/a

Bill #	Short Title	Applicable Departments	FY 02-03 GF Impact	FY 03-04 GF Impact
SB 03-199	Supplemental Appropriation	Agriculture	(1,241,072)	n/a
SB 03-200	Supplemental Appropriation	Corrections	(15,067,134)	n/a
SB 03-201	Supplemental Appropriation	Education	(7,768,926)	n/a
SB 03-202	Supplemental Appropriation	Governor's Office	14,121,018	n/a
SB 03-203	Supplemental Appropriation	Health Care Policy and Financing	(58,435,748)	n/a
SB 03-204	Supplemental Appropriation	Higher Education	(81,620,622)	n/a
SB 03-205	Supplemental Appropriation	Human Services	(70,298,950)	n/a
SB 03-206	Supplemental Appropriation	Judicial	(10,762,792)	n/a
SB 03-208	Supplemental Appropriation	Law	(1,157,979)	n/a
SB 03-209	Supplemental Appropriation	Legislature	(3,069,371)	n/a
SB 03-210	Supplemental Appropriation	Local Affairs	(2,006,346)	n/a
SB 03-211	Supplemental Appropriation	Military Affairs	(493,752)	n/a
SB 03-212	Supplemental Appropriation	Natural Resources	(3,650,146)	n/a
SB 03-213	Supplemental Appropriation	Personnel	(2,366,873)	n/a
SB 03-214	Supplemental Appropriation	Public Health and Environment	(4,742,034)	n/a
SB 03-215	Supplemental Appropriation	Public Safety	(4,592,955)	n/a
SB 03-216	Supplemental Appropriation	Regulatory Agencies	(448,108)	n/a
SB 03-217	Supplemental Appropriation	Revenue	(7,717,819)	n/a
SB 03-220	Supplemental Appropriation	Treasury	118,092	n/a
SB 03-258	Add-Ons to FY 2002-03 Long Bill	Education; Governor's Office; Health Care Policy and Financing; Higher Education; Human Services; Public Health and Environment; and Revenue	(47,996,888)	n/a
SB 03-011	Prescription Drugs	Health Care Policy and Financing	n/a	(582,232)
SB 03-248	School Finance	Education	n/a	(27,340,825)
SB 03-252	Parole Revocation	Corrections	n/a	(760,997)
SB 03-259	Waiver Program Fee	Health Care Policy and Financing	n/a	(970,963)
SB 03-260	Wholesale Food Program	Public Health and Environment	n/a	(160,906)
SB 03-261	DOLA Program Fees	Local Affairs	n/a	(706,300)
SB 03-266	Nursing Facility Provider Fee	Health Care Policy and Financing	n/a	(9,934,000)

Bill #	Short Title	Applicable Departments	FY 02-03 GF Impact	FY 03-04 GF Impact
SB 03-267	HUTF Funding for DMV	Revenue	n/a	(4,452,423)
SB 03-273	Elimination of Salary Survey	All Departments	n/a	(29,232,838)
SB 03-276	Water Quality Programs	Public Health and Environment	n/a	(1,996,424)
SB 03-278	Water Administration Fees	Natural Resources	n/a	(1,414,539)
SB 03-280	HSRF Tipping Fee Increase	Law	n/a	(503,258)
SB 03-284	Mandatory Juvenile Parole	Human Services	n/a	(384,574)
SB 03-286	Juvenile Detention Beds	Human Services	n/a	(1,670,343)
SB 03-287	Health Facility Licensing	Public Health and Environment	n/a	(133,825)
SB 03-291	Children's Basic Health Plan	Health Care Policy and Financing	n/a	(4,995,208)
SB 03-294	Drug Rebates and Discounts	Health Care Policy and Financing	n/a	(506,900)
SB 03-297	Cash Fund ICS Programs	Agriculture	n/a	(3,426,870)
SB 03-317	Vendor Fees	Revenue	n/a	135,213
HB 03-1123	Division of Racing Events	Revenue	n/a	(1,977,165)
TOTAL GENERAL FUND SAVINGS			(534,456,695)	(115,278,733)

Revenue Enhancements

Most of the legislation included in the following table increased General Fund revenue through fee increases, fund balance transfers, or the elimination of specific tax relief measures (e.g. Senior Citizen Property Tax Exemption). Negative revenue impacts listed below indicate that some General Fund dollars were lost to raise more cash funds related to a specific program or set of programs and offset a larger General Fund subsidy.

Bill #	Short Title	Applicable Departments	FY 02-03 GF Impact	FY 03-04 GF Impact
SB 03-107	Greyhound Racing Simulcast	Revenue	\$107,000	\$1,280,000
SB 03-172	Docket Fee Transfer	Human Services	1,382,900	2,120,500
SB 03-179	Capital Construction Fund Transfer	None	31,787,681	n/a
SB 03-181	Groundwater Management Fund	Natural Resources	(10,400)	(26,000)
SB 03-185	Tax Amnesty Program	Revenue	3,846,000	961,000
SB 03-188	Elimination of Presidential Primary	State	2,200,000	n/a

Bill #	Short Title	Applicable Departments	FY 02-03 GF Impact	FY 03-04 GF Impact
SB 03-190	Tobacco Fund and Related Transfers	None	43,667,231	n/a
SB 03-191	Omnibus Cash Funds Transfer	Various	203,592,025	n/a
SB 03-198	Technology Grant Loan Program	Higher Education	314,670	n/a
SB 03-260	Wholesale Food Program	Public Health and Environment	n/a	35,882
SB 03-261	DOLA Program Fees	Local Affairs	n/a	(123,080)
SB 03-265	Seniors Property Tax Exemption	Treasury	n/a	56,600,000
SB 03-271	Omnibus Fund Transfer Bill	Various	5,500,000	12,301,613
SB 03-274	Limited Gaming Fund	Local Affairs, Revenue	n/a	7,065,000
SB 03-295	Older Coloradans Fund	Human Services	n/a	500,000
SB 03-296	Employment Support Fund	Labor and Employment	n/a	20,000,000
SB 03-297	Cash Funding ICS Programs	Agriculture	n/a	(1,375,483)
SB 03-299	Old Age Pension Fund	Human Services	n/a	250,000
SB 03-300	Investment Management Fee	Treasury	n/a	3,500,000
SB 03-317	Vendor Fees	Revenue	n/a	18,196,592
HB 03-1274	Interest Free School Loans	Education	n/a	3,000,000
HB 03-1382	Overpayment of Taxes	Revenue	n/a	1,400,000
TOTAL GENERAL FUND REVENUE			292,387,107	125,686,024

Legislation for Budgetary Flexibility

As noted previously, these bills allow the Governor flexibility to address a further decline in General Fund revenue during FY 2002-03 when the legislature is out of session as well as any potential cash flow shortages in FY 2003-04. The amounts listed below are estimates of potential General Fund impact if these options are exercised.

Bill #	Short Title	Applicable Departments	FY 02-03 GF Impact	FY 03-04 GF Impact
SB 03-268	Tobacco Securitization	None	n/a	160,000,000
SB 03-285	Reduction of Statutory GF Reserve	None	(84,500,000)	n/a

Bill #	Short Title	Applicable Departments	FY 02-03 GF Impact	FY 03-04 GF Impact
SB 03-342	Sale/Lease of Eligible State Facilities	None	n/a	n/a
SB 03-348	Elimination of Statutory Reserve	None	(127,900,000)	n/a
SB 03-349	Governor's Authority to Address Shortfalls	None	159,000,000	n/a

S.B. 03-268: Authorizes the state to sell up to 60 percent of future tobacco settlement payments to raise \$160 million. Places these moneys in the Tobacco Litigation Trust Fund and designated as a cash flow reserve to be available to address cash flow emergencies.

S.B. 03-285: Reduces the required statutory reserve from \$212.1 million to \$127.6 million. Authorizes this reduction in the reserve to be appropriated during FY 2002-03 by the General Assembly for any lawful purpose.

S.B. 03-342: Authorizes the Department of Personnel and Administration, with the approval of the Office of State Planning and Budgeting and the State Treasurer, to sell one or more state facilities to raise up to \$160 million of net proceeds for the state. Requires that any such sale is subject to a property sale agreement whereby the state leases back the same facility pursuant to a lease-purchase agreement. Transfers \$40.0 million General Fund to the Controlled Maintenance Trust Fund, which shall be designated as a portion of the emergency cash flow reserve. Repeals the bill effective January 1, 2004, unless the state enters into at least one such property sale agreement.

S.B. 03-348: Eliminates the designation of a statutory reserve for FY 2002-03. Also adds the balance of the tobacco settlement litigation cash fund as well as \$3.7 million of state properties as designated by the Governor to satisfy the constitutional requirement for the TABOR emergency reserve.

S.B. 03-349: Authorizes the Governor to direct the State Treasurer to spend up to \$132.0 million of the General Fund reserve to meet any spending obligations that exceed revenues. Grants specific authority to the Governor to transfer \$18.0 million from the Local Government Severance Tax Fund to the General Fund as well as \$9.0 million from the Local Government Mineral Impact Fund to meet any spending obligations that exceed revenues.

E. SUMMARY OF APPROPRIATIONS FROM THE STATE EDUCATION FUND

On November 7, 2000, a majority of Colorado voters approved Amendment 23, which added Section 17 to Article IX of the Colorado Constitution. This provision requires the General Assembly to provide annual inflationary increases for kindergarten through twelfth grade education. This provision also creates the State Education Fund, consisting of one-third of one percent of income tax revenues and any interest earned on the fund balance. The General Assembly may annually appropriate moneys from the State Education Fund for the following education-related purposes:

- to comply with the requirement to annually increase base per pupil funding for public school finance, as long as it is in addition to the required increases in General Fund appropriations;
- to comply with the requirement to annually increase funding for categorical programs;
- for accountable education reform;
- for accountable programs to meet state academic standards;
- for class size reduction;
- for expanding technology education;
- for improving student safety;
- for expanding the availability of preschool and kindergarten programs;
- for performance incentives for teachers;
- for accountability reporting; or
- for public school building capital construction.

State Education Fund revenues are not subject to the Taxpayer Bill of Rights (TABOR) limitation on fiscal year spending, and any appropriation from the State Education Fund is not subject to the six percent statutory limitation on state General Fund appropriations.

The table that begins on the following page provides a history of appropriations from the State Education Fund. Please note that several FY 2002-03 appropriations made through legislation adopted in the 2002 Session were significantly modified through legislation adopted in the 2003 Session. Specifically, 2003 Session legislation increased the total amount appropriated from the State Education Fund for FY 2002-03 by \$96.4 million (41 percent), including the following adjustments:

State Share of Districts' Total Program Funding (including \$90.1 million to offset reductions in other fund sources and \$32.4 million in required funding increases)	\$122,467,173
Purchase of new textbooks	(15,018,326)
Capital construction programs	(4,399,940)
Teacher Pay Incentive Program	(4,210,400)
Summer School Grant Program	(985,400)
Colorado Student Assessment Program / related longitudinal analyses	(820,953)
Facility Summer School Grant Program	(500,000)
School Improvement Grants	<u>(150,000)</u>
Total: 2003 Session adjustments to FY 2002-03 appropriations	96,382,154

History of Appropriations from the State Education Fund					
Description	FY 2001-02	FY 2002-03	FY 2003-04	Cumulative	
Public School Finance, State Share of Districts' Total Program Funding:					
Partial funding for required inflationary increase and continued funding of prior year statutory changes	\$64,639,512	\$170,364,847	\$305,711,812		
Supplemental adjustments	31,086,493	122,727,527	n/a		
Changes to at-risk factor; addition of 1,000 Colorado Preschool Program slots in FY 2001-02; offset by reduction related to increased General Fund appropriation	3,015,225	included above	0		
Pilot Full-day Kindergarten Program	2,853,075	included above	0		
Long Bill adjustment to offset the costs of increasing minimum per pupil funding to \$5,435 (an increase of 6.6 percent, rather than 5.7 percent as required under existing law)	n/a	1,814,724	included above		
Partial funding of \$2.9 million cost of adding 1,000 Colorado Preschool Program slots in FY 2002-03	n/a	1,512,187	0		
Long Bill adjustment to offset the costs of funding 135 new on-line slots in FY 2002-03	n/a	733,725	included above		
Long Bill adjustment based on change in cost-of-living calculation	n/a	(221,397)	included above		
Subtotal: School Finance	101,594,305	296,931,613	305,711,812	704,237,730	85.2%
Required Inflationary Increases for Categorical Programs	7,207,141	15,715,680	20,291,334	43,214,155	5.2%
School Capital Construction:					
Charter school capital construction	6,471,052	7,813,943	5,000,000		
Charter School Debt Reserve Fund	n/a	1,000,000	0		
School Capital Construction Expenditures Reserve	6,471,052	6,500,060	5,000,000		

History of Appropriations from the State Education Fund					
Description	FY 2001-02	FY 2002-03	FY 2003-04	Cumulative	
School Construction and Renovation Fund	<u>0</u>	<u>0</u>	<u>5,000,000</u>		
Subtotal: Capital Construction	12,942,104	15,314,003	15,000,000	43,256,107	5.2%
Various Grant Programs:					
Teacher Pay Incentive Program	12,630,000	0	0		
School improvement grants	2,675,000	2,675,000	0		
Summer School Grant Program	945,800	0	0		
Science and Technology Education Center Grant Program	1,400,000	0	0		
National Credential Fee Assistance	<u>n/a</u>	<u>60,000</u>	<u>0</u>		
Subtotal: Various Grant Programs	17,650,800	2,735,000	0	20,385,800	2.5%
Funding for New Textbooks	14,144,066	0	0	14,144,066	1.7%
Colorado Student Assessment Program / State					
Accountability Reports:					
Annual review and update of non-English assessments	411,953	0	0		
Longitudinal analyses of assessment results	388,000	0	0		
Study concerning administration of non-English assessments	50,000	0	0		
Study concerning administration of American College Test (ACT)	50,000	0	0		
Modifications to accountability reports and the state data reporting system	<u>75,000</u>	<u>0</u>	<u>0</u>		
Subtotal: CSAPs / SARs	974,953	0	0	974,953	0.1%
TOTAL	154,513,369	330,696,296	341,003,146	826,212,811	100.0%

F. HIGHWAY USERS TAX FUND OFF-THE-TOP APPROPRIATIONS

The Highway Users Tax Fund (HUTF) is comprised of revenues from the state motor fuel tax, motor vehicle registrations, driver's license fees, and miscellaneous other fees. These sources generated approximately \$739.7 million during FY 2001-02. Article X, Section 18 of the State Constitution limits expenditures from the HUTF to the "construction, maintenance, and supervision" of state highways.

Pursuant to Section 43-4-205, C.R.S., statutory formula distributions are made to cities, counties, and the Department of Transportation for these purposes. However, before statutory distributions are made, the General Assembly appropriates "off-the-top" appropriations for highway-related functions of state government pursuant to Section 43-4-201, C.R.S. These appropriations, as modified by S.B. 03-228 and S.B. 03-267, are limited to the Department of Public Safety for the Colorado State Patrol; the Department of Revenue for: ports-of-entry, license plates, and motor vehicle programs; and related capital projects. Table F shows "off-the-top" appropriations from the Highway Users Tax Fund (HUTF), which are limited to six percent annual growth.

Table F Statutory HUTF Off-the-Top Appropriations Limit Section 43-4-201, C.R.S.	
FY 2002-03 HUTF Off-the-Top Appropriations Base	\$80,018,531
x Allowable growth of 6%	<u>1.06</u>
FY 2003-04 HUTF Off-the-Top Appropriations Limit	\$84,819,643
FY 2003-04 HUTF Off-the-Top Appropriations:	
S.B. 03-258 - Department of Public Safety, Operating Appropriation	\$71,928,147
S.B. 03-258 - Department of Revenue, Operating Appropriation	12,105,107
Amount exempt pursuant to H.B. 98-1333 (Fuel Tracking System)	(567,571)
Amount exempt pursuant to H.B. 98-1075 (License Plate Replacement)	(1,935,960)
S.B. 03-258 - Capital Construction Projects*	1,953,097
S.B. 03-267 (Cash Fund Motor Vehicles)	4,452,423
S.B. 03-272 (Cash Fund License Plates)†	(1,188,942)
S.B. 03-273 (Eliminate Salary Survey)††	<u>(1,926,658)</u>

Table F
Statutory HUTF Off-the-Top Appropriations Limit
Section 43-4-201, C.R.S.

Total FY 2003-04 HUTF Off-the-Top Appropriations	\$84,819,643
Over / (Under) FY 2003-04 HUTF Off-the-Top Appropriations Limit	\$0

* Includes \$1,250,097 for Frisco Troop Office Construction (Colorado State Patrol), \$349,000 for the Ft. Morgan Port-of-Entry (Lane Improvements), \$220,000 for the Limon Port-of-Entry (Fixed Scale and Pit Replacement), and \$134,000 for Ports-of-Entry Mobile Scale Replacement.

†The Department of Revenue's operating appropriation in S.B. 03-258 includes an HUTF appropriation of \$3,096,923 for license plates; however, only part of this total, \$1,188,942, was appropriated within "off-the-top" limit pursuant to S.B. 03-228. Therefore, while S.B. 03-272 refinanced the entire \$3.1 million HUTF license plate appropriation in S.B. 03-258 using cash funds from the License Plate Cash Fund, it reduced "off-the-top" appropriations by only \$1,188,942.

††Includes reductions of \$1,728,326 for the Department of Public Safety and \$198,332 for the Department of Revenue.

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