

STATE OF COLORADO
JOINT BUDGET COMMITTEE



Fiscal Year 2005-06

APPROPRIATIONS REPORT

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FISCAL YEAR 2005-06 APPROPRIATIONS REPORT

TABLE OF CONTENTS

INTRODUCTION	1
PART I: OVERVIEW OF REVENUES AND EXPENDITURES	
A. General Fund Overview	3
B. Article X, Section 20 (TABOR) Overview	9
C. Overview Charts:	
Sources of General Fund Revenue for FY 2005-06	12
Ten-Year History of Appropriations by Funding Source	13
Comparison of FY 1995-96 and FY 2005-06 Appropriations by Program:	
Total Funds	14
General Fund	15
PART II: SUMMARY TABLES	
A. Appropriations for FY 2005-06 by Department and Fund Source	16
B. Four-Year Summary of Expenditures/Appropriations:	
Total Funds	17
General Fund	18
Cash Funds	19
Cash Funds Exempt	20
Federal Funds	21
FTE	22
PART III: EXPENDITURE/APPROPRIATION DETAIL BY DEPARTMENT	
Agriculture	23
Corrections	35
Education	59
Governor-Lt. Governor-State Planning and Budgeting	87
Health Care Policy and Financing	95
Higher Education	127
Human Services	156

TABLE OF CONTENTS (CONTINUED)

PART III: EXPENDITURE/APPROPRIATION DETAIL BY DEPARTMENT (CONTINUED)

Judicial Branch	214
Labor and Employment	235
Law (Attorney General's Office)	247
Legislative Branch	260
Local Affairs	271
Military and Veterans Affairs	281
Natural Resources	291
Personnel and Administration	319
Public Health and Environment	339
Public Safety	367
Regulatory Agencies	382
Revenue	400
State	421
Transportation	430
Treasury	441
Capital Construction	450

APPENDICES

A. Glossary of Terms	469
B. Common Policies	470
C. 2005 Session Supplemental Adjustments to FY 2000-01, FY 2002-03 and FY 2003-04 Appropriations	475
D. Appropriations from the State Education Fund	479
E. Highway Users Tax Fund Off-the-top Appropriations	483
F. Appropriations to Implement Amendment 35	484

INDEX	491
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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 2005 Regular Session. This report provides an overview of state general tax revenues and expenditures, comparative and historical information regarding appropriations made during the 2005 Regular Session, and a detailed explanation of major funding changes for each state department. The FY 2005-06 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, 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 2005-06 appropriations and FTE authorizations by department and funding source. Tables in subsection B provide comparable data for the previous three fiscal years.

Part III: 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 for FY 2004-05 and FY 2005-06. The format reflects appropriations by bill and by division or program area. Narrative sections describe major changes in funding from FY 2004-05 to FY 2005-06, factors affecting departmental budgets, fund sources for each division, and division activities. This section also includes brief summaries of bills adopted in the 2004 and 2005 Regular Sessions that contained an appropriation or implemented a major policy change.

The footnotes to the 2005 Long Bill (S.B. 05-209) can be found at the end of each departmental section in the 2005 Session Laws, or they can be accessed via the internet at the following address:

<http://www.leg.state.co.us/CLICS2005A/csl.nsf/lbcontainer/sB05-209?OpenDocument>

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 2005 Session adjustments to operating and capital construction appropriations for years prior to FY 2004-05; (D) a table summarizing appropriations from the State Education Fund; (E) a table summarizing appropriations from the Highway Users Tax Fund; and (F) a table summarizing appropriations related to the implementation of Amendment 35 to the Colorado Constitution (which increased the tax on tobacco products).

Index

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 2005 revenue estimate. The Legislative Council March 2005 revenue estimate was used to prepare the FY 2005-06 budget. A summary of actions taken by the General Assembly to balance the state budgets in FY 2004-05 and FY 2005-06 is also provided. Table 1 provides an overview of General Fund revenues, spending obligations, and ending reserves for both FY 2004-05 and FY 2005-06. Table 2 provides an overview of the statutory General Fund appropriations limit for FY 2005-06.

Summary of Actions Taken to Balance the FY 2004-05 Budget:

Based on the March 2005 revenue estimates and JBC actions during budget preparations, there was approximately \$185.6 million General Fund in excess of the 4.0 percent statutory reserve in FY 2004-05. Separate legislation (S.B. 05-210) appropriated \$130.6 million General Fund to the Controlled Maintenance Trust Fund (subject to the six percent limit) and transferred \$55.0 million (not subject to the six percent limit) from the General Fund to the Controlled Maintenance Trust Fund in FY 2004-05. The \$185.6 million balance in the Controlled Maintenance Trust Fund will be transferred to the General Fund in FY 2005-06 to help support the level of appropriations recommended for FY 2005-06.

Summary of Actions Taken to Balance the FY 2005-06 Budget:

A combination of five bills passed by the General Assembly in the 2005 session accomplished the following to help balance the state budget:

- A total of \$194.7 million cash funds will be transferred to the General Fund in FY 2005-06. This includes \$185.6 million transferred from the Controlled Maintenance Trust Fund to the General Fund (S.B. 05-210). The remaining \$9.1 million relates to H.B. 05-1262 and S.B. 05-211 concerning the implementation of the tobacco tax authorized by Amendment 35 and H.B. 05-1349 concerning a transfer of interest from the Controlled Maintenance Trust Fund.
- House Bill 05-1208 changed the method for calculating the Unemployment Insurance solvency tax for the 2006 through 2010 calendar years. This change will reduce the TABOR refund by \$50.8 million in FY 2005-06.

Table 1 provides an overview of General Fund revenues, spending obligations, and ending reserves for both FY 2004-05 and FY 2005-06.

Table 1		
General Fund Overview (In Millions)		
Description	FY 2004-05	FY 2005-06
<u>General Fund Available</u>		
Beginning General Fund Reserve	\$346.4	\$237.5
Gross General Fund Revenues	6,052.9	6,445.9
Transfer to Older Coloradans Fund	(1.5)	(2.0)
Transfers from/(to) Other Funds	65.9	228.0
Excess Article X, Section 20 Revenues	<u>0.0</u>	<u>(342.4)</u>
Total General Fund Available	\$6,463.7	\$6,567.0
<u>General Fund Obligations</u>		
Capital Construction Transfer	\$0.0	\$0.1
Rebates and Expenditures	113.6	140.7
Excess Reserve to HUTF	81.6	0.0
Excess Reserve to Capital Construction	40.8	0.0
Reimbursement for Senior Property Tax Cut	0.0	0.0
Controlled Maintenance Trust Fund Transfer	55.0	0.0
General Fund Appropriations	<u>5,935.2</u>	<u>6,178.3</u>
Total General Fund Obligations	\$6,226.2	\$6,319.1
Ending General Fund Reserve (Available Funds Less Obligations)	\$237.5	\$247.9
<u>General Fund Reserve Information</u>		
Statutorily Required General Fund Reserve	\$237.4	\$247.1
General Fund Reserve in Excess of Statutory Requirement	\$0.1	\$0.8

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. House Bill 05-1330 permits the Governor to direct the executive director of the Department of

Personnel and Administration to attempt to sell a legal interest in one or more eligible state facilities if the revenue estimate prepared by the Office of State Planning and Budgeting in June, September, or December of 2005 indicates that General Fund expenditures for FY 2005-06 will result in the use of one-half or more of the statutory General Fund reserve, based on appropriations then in effect.

Gross General Fund Revenues

These figures represent estimates of the total General Fund revenues as reflected in Legislative Council's March 2005 revenue estimate. 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.

Transfer to Older Coloradans Fund

Moneys are transferred to this fund pursuant to Section 39-26-123 (4), C.R.S.

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 2005 revenue estimate, there is not sufficient General Fund revenue for transfers to occur in either FY 2004-05 or FY 2005-06.

Transfers from/(to) Other Funds

This line item identifies miscellaneous transfers to or from the General Fund. The amount shown in FY 2005-06 is primarily due to S.B. 05-210 that transfers \$185.6 million from the Controlled Maintenance Trust Fund back into the General Fund. The remainder of the amount is derived from smaller transfers of Tobacco moneys (H.B. 05-1262 and S.B. 05-211) and interest from the Controlled Maintenance Trust Fund (H.B. 05-1349) into the General Fund.

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 2005 revenue estimate, the State will not meet the allowable amount of total General Fund and cash funds that can be retained by the State in FY 2004-05. It is estimated that \$342.4 million will need to be returned to tax payers in FY 2005-06. This amount is based on the Legislative Council's March 2005 revenue estimate of \$393.8 million adjusted for changes in two special bills (H.B. 05-1208 and H.B. 05-1264) that decrease the estimated amount of refund by \$51.4 million.

Capital Construction Transfer

Section 24-75-302 (2), C.R.S., provides for transfers of General Fund to the Capital Construction Fund. 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. House Bill 04-1412 eliminated the

required transfers in FY 2004-05 (a reduction of \$101.8 million) and decreased them by \$100.7 million in FY 2005-06.

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. These statutory obligations are exempt from the calculation of the statutory General Fund spending limit.

Excess Reserve to HUTF and Excess Reserve to Capital Construction

Section 24-75-218, C.R.S., provides that any General Fund reserve in excess of the four percent statutory reserve be transferred two thirds to the Highway Users Tax Fund and one third to the capital construction fund. Amounts shown in this line item reflect those transfers.

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 cost of the exemption is 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, 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 2004-05 or FY 2005-06.

Controlled Maintenance Trust Fund Transfer

Section 24-75-302.5, C.R.S., established the Controlled Maintenance Trust Fund to help address capital upkeep needs.

In order to balance the FY 2003-04 budget, H.B. 04-1222 eliminated the transfer of \$40.0 million that was made in S.B. 03-242 for the cash flow reserve. This resulted in an increase to the General Fund of \$41.9 million including interest accrued on the \$40.0 million. Additionally, H.B. 04-1267 eliminated the required payback from the General Fund to the Controlled Maintenance Trust Fund of \$138.2 million in FY 2004-05 and \$138.2 million in FY 2005-06.

In order to hold funds available for the FY 2005-06 budget, S.B. 05-210 appropriated \$130.6 million General Fund (subject to the statutory six percent limit) and transferred \$55.0 million General Fund (not subject to the statutory six percent limit) to the Controlled Maintenance Trust Fund in FY 2004-05 when excess moneys were estimated to be available. These funds are then transferred back to the General Fund in FY 2005-06 when they can be used to support the appropriated level of spending in that year.

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.

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. House Bill 05-1330 permits the Governor to direct the executive director of the Department of Personnel and Administration to attempt to sell a legal interest in one or more eligible state facilities if the revenue estimate prepared by the Office of State Planning and Budgeting in June, September, or December of 2005 indicates that General Fund expenditures for FY 2005-06 will result in the use of one-half or more of the statutory General Fund reserve, based on appropriations then in effect.

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 shows the FY 2004-05 General Fund appropriations base used to calculate the allowable General Fund appropriations in FY 2005-06. The table also shows the General Fund appropriations that are exempt from the limit in FY 2005-06, and the amount of General Fund appropriations that could be made within the limit for FY 2005-06 if revenues become available.

Table 2	
Section 24-75-201.1, C.R.S., Statutory Appropriations Limit (In Millions)	
FY 2004-05 General Fund Appropriations Base	\$5,935.2
Multiplied by: Allowable Growth of Six Percent	<u>1.06</u>
FY 2005-06 General Fund Appropriations Limit	\$6,291.3
FY 2005-06 General Fund Appropriations	\$6,233.9
Less: General Fund Appropriations Exempt from Statutory Limitation	<u>(55.6)</u>
FY 2005-06 General Fund Appropriations Subject to Limit	\$6,178.3
Over/(Under) FY 2005-06 General Fund Limit	(\$113.0)

B. ARTICLE X, SECTION 20 (TABOR) OVERVIEW

Description of TABOR

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 (TABOR) 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 2005 revenue estimate makes adjustments to the calculation of the allowable increase of revenues that the State may retain in FY 2004-05.

Referred Measures regarding TABOR

During the 2005 Session, the General Assembly passed legislation referring two measures to the voters regarding TABOR. The following excerpts from the Digest of Bills prepared by Legislative Legal Services describe the bills associated with the referred measures:

H.B. 05-1194 (Referendum C): Refers to the registered electors of the State at the November 2005 election a measure that would authorize the State to retain and spend moneys in excess of the constitutional limitation on state fiscal year spending as follows:

- For the 2005-06 fiscal year through 2009-10 fiscal year, authorizes the State to retain and spend all state revenues in excess of the limitation on state fiscal year spending; and
- For the fiscal year 2010-11 and each succeeding year, authorizes the State to retain and spend all state revenues in excess of the limitation on state fiscal year spending, but less than the excess state revenues cap for the given fiscal year.

Within the State General Fund, establishes the General Fund exempt account, which consists of an amount of moneys equal to the amount of state revenues in excess of the limitation on state fiscal year spending that the State retains for a given fiscal year. Establishes that moneys in the account shall be appropriated or transferred for the following purposes:

- To fund health care;
- To fund education, including any capital construction projects related thereto;
- To fund retirement plans for firefighters and police officers, so long as the General Assembly determines that such funding is necessary; and
- To pay for strategic transportation projects included in the department of transportation's strategic transportation project investment program.

Clarifies that the statutory limitation on General Fund appropriations, and the exceptions or exclusions thereto, shall apply to the moneys in the General Fund exempt account.

Defines "education", "excess state revenues cap", and "state revenues".

Requires the Director of Research of the Legislative Council to prepare an excess state revenues legislative report that includes the amount of excess state revenues that the State retained and a description of how the excess state revenues were expended.

H.B. 05-1333 and H.J.R. 05-1057 (Referendum D): Creates the Critical Needs Financing Corporation (Corporation) as an independent public body politic and corporate. Specifies that the governing body of the Corporation is a board consisting of the Director of the Office of State Planning and Budgeting, the State Controller, the State Treasurer, a member of the Joint Budget Committee of the General Assembly selected by the members of the Committee, and the Chair of the Capital Development Committee of the General Assembly. Allows a board member to designate an official or employee of the member's agency or committee to represent the member on the Board. Allows board members reimbursement for actual expenses but no other compensation. Specifies the general powers and duties of the Corporation.

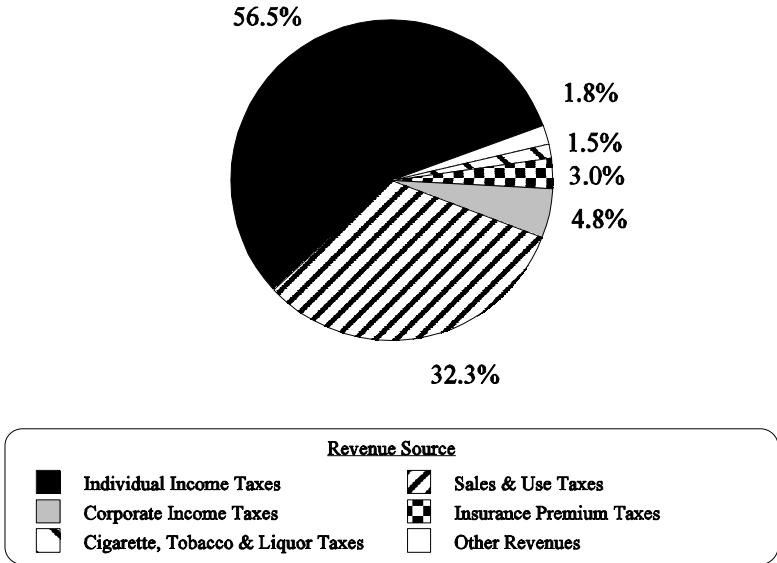
Contingent upon the approval by the voters of the State of H.B. 05-1194, which if approved will allow the State to retain and spend excess state revenues, at the November 2005 statewide election, authorizes the issuance of Critical Needs Notes (Notes) approved by voters of the State voting on a ballot issue submitted as required by a joint resolution of the General Assembly at a statewide election for the purposes, under the terms, and up to the maximum amounts approved by the voters by the Department of Transportation (Department) for transportation purposes and by the Corporation for other purposes. Specifies that if such a voter-approved ballot issue authorizes the crediting of note proceeds to the Fire and Police Members' Benefit Fund, the State contribution to the Fund required by current law shall be satisfied to the extent of the actuarial equivalency of the proceeds from the Notes. Under specified conditions, allows the General Assembly to act by joint resolution to limit the scheduled annual payments of principal and interest on notes issued after the date of passage of the joint resolution and to remove or modify the limit by passage of a subsequent joint resolution.

Creates the Critical Needs Fund (Fund), authorizes the General Assembly to make annual appropriations that are exempt from the statutory limitation on State General Fund appropriations from the State General Fund and from other legally available sources to the Fund, and authorizes the use of the Fund to pay the principal, interest, and necessary costs of notes and to pay for strategic transportation projects. Specifies that the repayment of notes and the deposit of moneys to the Fund are subject to annual appropriation by the General Assembly, and requires notes and associated contracts to state that they do not create any constitutional or statutory indebtedness of the State.

Requires the Corporation and the Department to annually report to the Joint Budget Committee and Legislative Audit Committee of the General Assembly specified information regarding the Notes, the Fund, and the distribution of note proceeds and moneys in the Fund.

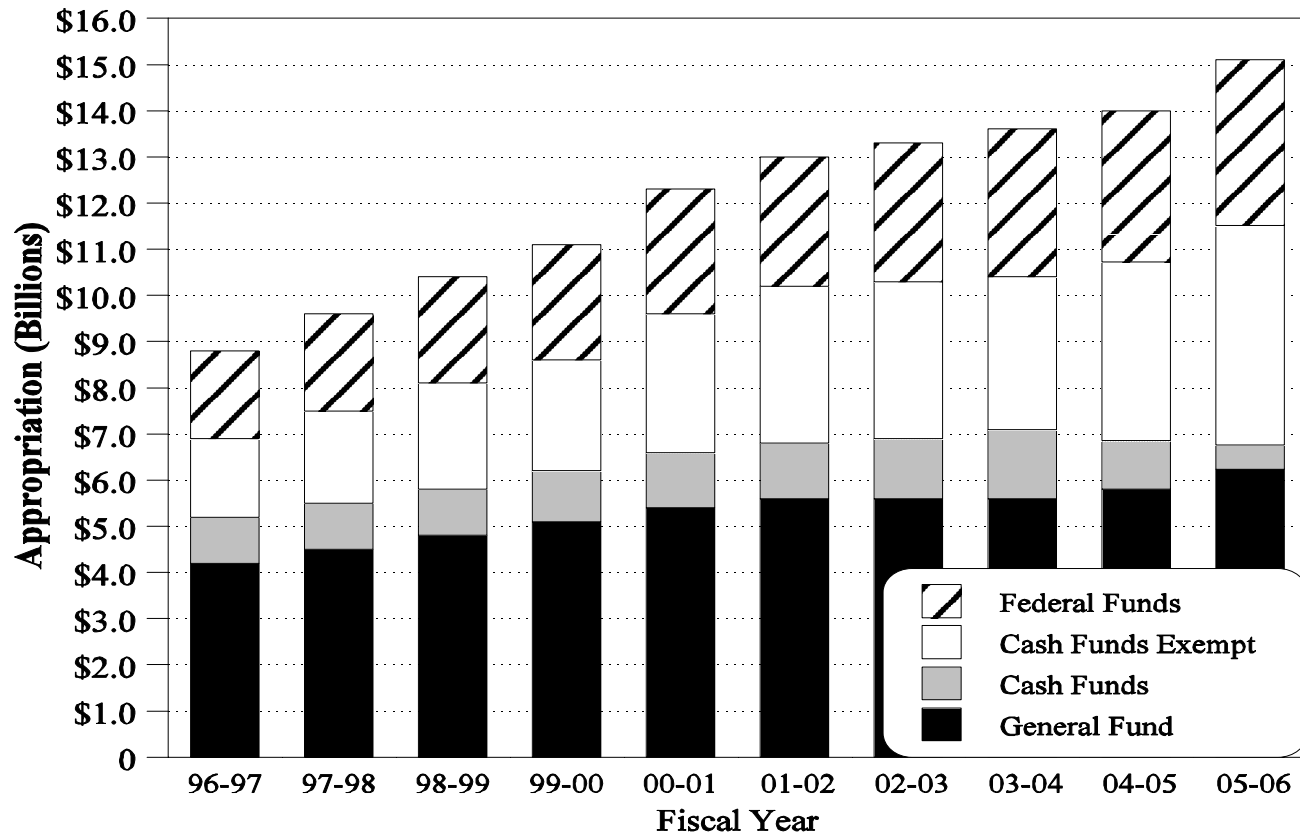
**COLORADO STATE BUDGET
SOURCES OF GENERAL FUND REVENUE
(Fiscal Year 2005-06)**

Estimated Gross General Fund Revenues = \$6.446 Billion*



* Source: Colorado Legislative Council Staff's March 2005 Economic and Revenue Forecast. These percentages are net of income tax receipts that are transferred to the State Education Fund.

**COLORADO STATE OPERATING BUDGET
HISTORY OF APPROPRIATIONS BY FUNDING SOURCE
(Fiscal Years 1996-97 through 2005-06)**

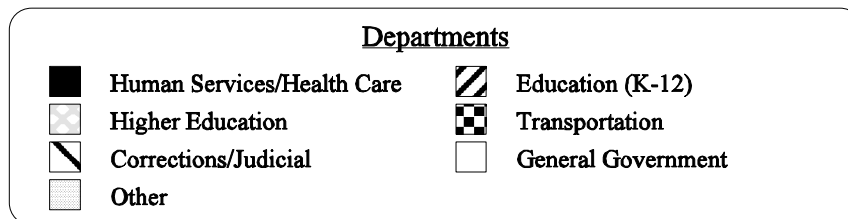
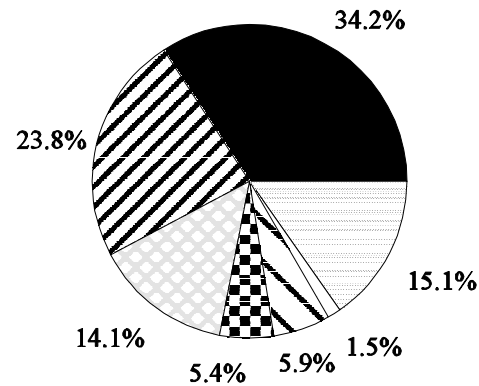
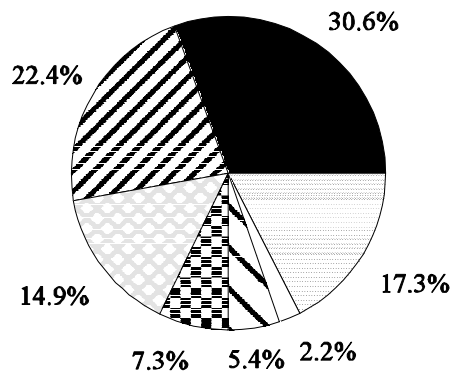


NOTE: Appropriated amounts have not been adjusted for inflation.

COLORADO STATE OPERATING BUDGET COMPARISON OF TOTAL APPROPRIATIONS BY PROGRAM

FY 1995-96 = \$8.27 billion

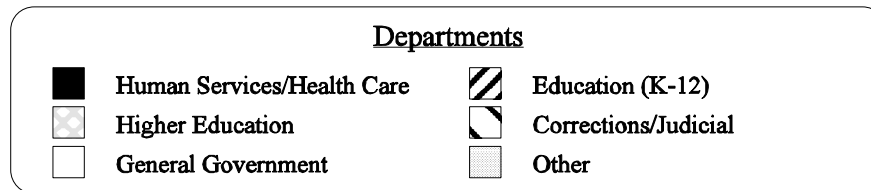
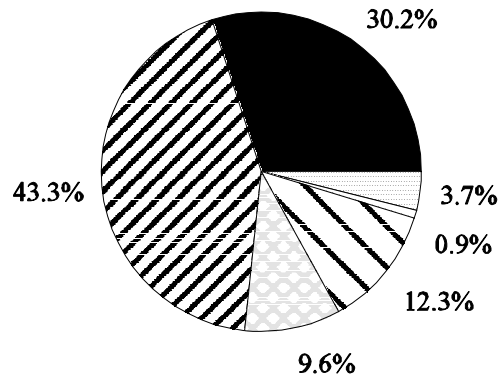
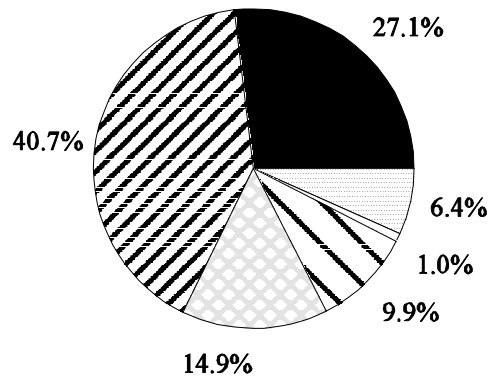
FY 2005-06 = \$15.11 billion



COLORADO STATE OPERATING BUDGET COMPARISON OF GENERAL FUND APPROPRIATIONS BY PROGRAM

FY 1995-96 = \$3.91 billion

FY 2005-06 = \$6.23 billion



PART II: SUMMARY TABLES

A. FY 2005-06 APPROPRIATIONS BY DEPARTMENT AND FUND SOURCE

Department	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	TOTAL
Agriculture	\$4,345,264	\$10,534,460	\$13,760,159	\$1,726,530	\$30,366,413
Corrections	533,079,141	2,024,865	54,773,458	1,398,233	591,275,697
Education	2,698,318,712	15,308,970	386,898,611	498,839,917	3,599,366,210
Governor	16,065,909	147,586	1,843,906	14,299,827	32,357,228
Health Care Policy and Financing	1,381,954,743	11,491,183	361,540,284	1,621,580,650	3,376,566,860
Higher Education	597,922,758	20,658,633	1,487,419,931	20,362,183	2,126,363,505
Human Services	500,180,914	87,862,004	665,329,093	532,552,929	1,785,924,940
Judicial	236,697,656	60,340,845	8,801,096	1,158,526	306,998,123
Labor and Employment	0	27,496,475	18,867,302	103,052,769	149,416,546
Law	7,130,521	3,298,387	24,221,351	849,420	35,499,679
Legislature	29,705,352	90,000	1,166,367	0	30,961,719
Local Affairs	8,592,473	25,854,596	100,171,381	85,300,829	219,919,279
Military and Veterans Affairs	4,137,728	26,316	2,475,177	124,832,959	131,472,180
Natural Resources	22,829,206	39,399,507	103,729,451	16,030,410	181,988,574
Personnel and Administration	8,447,233	11,363,479	140,899,790	121,000	160,831,502
Public Health and Environment	15,312,378	31,369,812	135,478,251	200,851,725	383,012,166
Public Safety	59,412,207	10,858,937	115,048,688	35,493,271	220,813,103
Regulatory Agencies	1,096,392	52,022,519	7,799,241	1,789,036	62,707,188
Revenue	82,655,186	44,171,603	391,135,292	1,674,459	519,636,540
State	0	16,633,814	15,203,349	0	31,837,163
Transportation	0	54,570,492	433,417,395	334,332,742	822,320,629
Treasury	<u>26,071,018</u>	<u>2,492,488</u>	<u>279,615,432</u>	<u>0</u>	<u>308,178,938</u>
OPERATING TOTAL	\$6,233,954,791	\$528,016,971	\$4,749,595,005	\$3,596,247,415	\$15,107,814,182
Capital Construction a/	<u>51,803,611</u>	<u>19,750,000</u>	<u>222,859,642</u>	<u>8,979,866</u>	<u>303,393,119</u>
GRAND TOTAL	\$6,285,758,402	\$547,766,971	\$4,972,454,647	\$3,605,227,281	\$15,411,207,301

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

B. FOUR-YEAR SUMMARY OF APPROPRIATIONS:

TOTAL FUNDS

Department	FY 2002-03 Appropriation	FY 2003-04 Appropriation	FY 2004-05 Appropriation	FY 2005-06 Appropriation
Agriculture	\$29,920,338	\$29,133,822	\$29,678,109	\$30,366,413
Corrections	522,543,558	535,582,436	555,957,871	591,275,697
Education	3,138,282,490	3,274,916,027	3,433,794,459	3,599,366,210
Governor	54,473,973	34,132,084	35,350,689	32,357,228
Health Care Policy and Financing	2,545,314,168	2,952,247,054	3,071,903,029	3,376,566,860
Higher Education	1,630,904,512	1,648,148,926	1,699,546,796	2,126,363,505
Human Services	1,836,757,795	1,850,706,233	1,742,832,697	1,785,924,940
Judicial	263,552,772	275,986,626	287,263,345	306,998,123
Labor and Employment	137,972,313	116,114,543	131,727,188	149,416,546
Law	33,903,991	33,513,110	69,507,020	35,499,679
Legislature	30,290,444	28,587,781	29,478,646	30,961,719
Local Affairs	179,422,405	180,117,570	181,789,450	219,919,279
Military and Veterans Affairs	127,682,550	128,165,287	128,566,783	131,472,180
Natural Resources	175,716,766	168,989,587	176,233,344	181,988,574
Personnel and Administration	147,014,162	162,436,435	162,214,467	160,831,502
Public Health and Environment	269,531,584	258,253,057	279,366,806	383,012,166
Public Safety	189,335,114	194,975,820	218,578,891	220,813,103
Regulatory Agencies	76,380,051	67,218,961	64,616,218	62,707,188
Revenue	529,493,400	517,151,105	522,672,938	519,636,540
State	12,897,545	51,905,823	25,402,378	31,837,163
Transportation	983,896,415	846,500,558	916,199,700	822,320,629
Treasury	<u>354,084,660</u>	<u>261,771,989</u>	<u>264,677,777</u>	<u>308,178,938</u>
TOTAL	\$13,269,371,006	\$13,616,554,834	\$14,027,358,601	\$15,107,814,182

FOUR-YEAR SUMMARY OF APPROPRIATIONS:

GENERAL FUND

Department	FY 2002-03 Appropriation	FY 2003-04 Appropriation	FY 2004-05 Appropriation	FY 2005-06 Appropriation
Agriculture	\$8,299,256	\$4,112,471	\$4,192,206	\$4,345,264
Corrections	455,100,120	468,896,060	496,830,470	533,079,141
Education	2,312,835,511	2,417,670,435	2,514,557,579	2,698,318,712
Governor	31,167,824	13,380,007	15,890,879	16,065,909
Health Care Policy and Financing	1,043,838,880	1,240,343,033	1,279,471,063	1,381,954,743
Higher Education	685,529,236	591,409,402	587,972,772	597,922,758
Human Services	469,352,059	458,630,015	484,945,495	500,180,914
Judicial	200,628,757	208,617,893	219,004,745	236,697,656
Labor and Employment	0	0	0	0
Law	7,983,548	6,543,957	6,818,152	7,130,521
Legislature	28,601,460	27,063,281	28,628,519	29,705,352
Local Affairs	7,224,184	4,755,544	8,665,475	8,592,473
Military and Veterans Affairs	4,176,878	3,897,319	3,884,923	4,137,728
Natural Resources	22,351,948	19,710,055	22,356,999	22,829,206
Personnel and Administration	11,613,711	7,986,986	7,863,549	8,447,233
Public Health and Environment	16,274,247	12,500,105	13,106,464	15,312,378
Public Safety	53,759,065	54,171,145	56,498,955	59,412,207
Regulatory Agencies	1,499,339	1,051,133	1,029,665	1,096,392
Revenue	98,975,438	90,654,825	87,137,300	82,655,186
State	0	0	0	0
Transportation	0	0	0	0
Treasury	<u>92,006,317</u>	<u>4,353,913</u>	<u>749,822</u>	<u>26,071,018</u>
TOTAL	\$5,551,217,778	\$5,635,747,579	\$5,839,605,032	\$6,233,954,791
LESS:				
Amount Exempt From Statutory Limit	(133,732,982)	(36,419,836)	(35,190,894)	(55,621,588)
GRAND TOTAL	\$5,417,484,796	\$5,599,327,743	\$5,804,414,138	\$6,178,333,203

FOUR-YEAR SUMMARY OF APPROPRIATIONS:

CASH FUNDS

Department	FY 2002-03 Appropriation	FY 2003-04 Appropriation	FY 2004-05 Appropriation	FY 2005-06 Appropriation
Agriculture	\$18,249,778	\$22,334,351	\$10,460,257	\$10,534,460
Corrections	2,898,073	2,912,102	2,371,727	2,024,865
Education	13,517,813	15,233,415	14,762,022	15,308,970
Governor	169,420	144,950	225,779	147,586
Health Care Policy and Financing	1,184,532	12,181,611	11,448,429	11,491,183
Higher Education	841,241,965	959,399,101	537,034,995	20,658,633
Human Services	88,702,239	85,815,234	95,417,676	87,862,004
Judicial	54,185,280	59,134,676	60,208,406	60,340,845
Labor and Employment	20,500,058	26,134,315	27,064,568	27,496,475
Law	1,059,195	2,413,554	3,256,881	3,298,387
Legislature	90,000	188,743	90,000	90,000
Local Affairs	23,770,882	25,100,161	25,438,627	25,854,596
Military and Veterans Affairs	25,113	25,117	26,244	26,316
Natural Resources	33,451,378	37,884,274	36,791,001	39,399,507
Personnel and Administration	9,736,361	10,847,769	10,385,054	11,363,479
Public Health and Environment	26,842,124	30,914,921	32,135,179	31,369,812
Public Safety	7,655,434	9,948,119	10,374,569	10,858,937
Regulatory Agencies	50,303,616	50,941,141	51,095,062	52,022,519
Revenue	37,680,477	44,804,075	44,545,391	44,171,603
State	12,644,545	14,297,176	15,937,115	16,633,814
Transportation	56,591,376	64,902,123	64,501,672	54,570,492
Treasury	<u>587,116</u>	<u>2,205,076</u>	<u>2,300,955</u>	<u>2,492,488</u>
TOTAL	\$1,301,086,775	\$1,477,762,004	\$1,055,871,609	\$528,016,971

FOUR-YEAR SUMMARY OF APPROPRIATIONS:

CASH FUNDS EXEMPT

Department	FY 2002-03 Appropriation	FY 2003-04 Appropriation	FY 2004-05 Appropriation	FY 2005-06 Appropriation
Agriculture	\$2,355,340	\$1,517,498	\$13,300,999	\$13,760,159
Corrections	62,037,244	59,904,567	55,481,019	54,773,458
Education	439,940,659	461,334,608	491,370,395	386,898,611
Governor	4,006,869	1,889,010	1,706,447	1,843,906
Health Care Policy and Financing	238,170,788	236,020,640	281,735,151	361,540,284
Higher Education	84,659,603	77,938,125	554,733,876	1,487,419,931
Human Services	760,438,484	790,782,095	638,915,090	665,329,093
Judicial	6,804,189	6,475,448	6,760,504	8,801,096
Labor and Employment	15,707,223	15,252,400	15,812,355	18,867,302
Law	24,036,952	23,754,809	58,606,689	24,221,351
Legislature	1,598,984	1,335,757	760,127	1,166,367
Local Affairs	100,910,750	101,519,458	99,285,237	100,171,381
Military and Veterans Affairs	1,552,349	2,086,791	2,444,862	2,475,177
Natural Resources	104,258,373	94,995,569	100,625,808	103,729,451
Personnel and Administration	125,642,252	143,530,149	143,894,333	140,899,790
Public Health and Environment	64,260,683	55,108,546	64,460,031	135,478,251
Public Safety	88,899,811	87,771,436	109,623,522	115,048,688
Regulatory Agencies	23,660,629	14,136,326	11,404,339	7,799,241
Revenue	391,173,994	379,766,587	389,183,398	391,135,292
State	253,000	879,395	9,433,366	15,203,349
Transportation	624,097,986	469,487,824	551,952,803	433,417,395
Treasury	<u>261,491,227</u>	<u>255,213,000</u>	<u>261,627,000</u>	<u>279,615,432</u>
TOTAL	\$3,425,957,389	\$3,280,700,038	\$3,863,117,351	\$4,749,595,005

FOUR-YEAR SUMMARY OF APPROPRIATIONS:

FEDERAL FUNDS

Department	FY 2002-03 Appropriation	FY 2003-04 Appropriation	FY 2004-05 Appropriation	FY 2005-06 Appropriation
Agriculture	\$1,015,964	\$1,169,502	\$1,724,647	\$1,726,530
Corrections	2,508,121	3,869,707	1,274,655	1,398,233
Education	371,988,507	380,677,569	413,104,463	498,839,917
Governor	19,129,860	18,718,117	17,527,584	14,299,827
Health Care Policy and Financing	1,262,119,968	1,463,701,770	1,499,248,386	1,621,580,650
Higher Education	19,473,708	19,402,298	19,805,153	20,362,183
Human Services	518,265,013	515,478,889	523,554,436	532,552,929
Judicial	1,934,546	1,758,609	1,289,690	1,158,526
Labor and Employment	101,765,032	74,727,828	88,850,265	103,052,769
Law	824,296	800,790	825,298	849,420
Legislature	0	0	0	0
Local Affairs	47,516,589	48,742,407	48,400,111	85,300,829
Military and Veterans Affairs	121,928,210	122,156,060	122,210,754	124,832,959
Natural Resources	15,655,067	16,399,689	16,459,536	16,030,410
Personnel and Administration	21,838	71,531	71,531	121,000
Public Health and Environment	162,154,530	159,729,485	169,665,132	200,851,725
Public Safety	39,020,804	43,085,120	42,081,845	35,493,271
Regulatory Agencies	916,467	1,090,361	1,087,152	1,789,036
Revenue	1,663,491	1,925,618	1,806,849	1,674,459
State	0	36,729,252	31,897	0
Transportation	303,207,053	312,110,611	299,745,225	334,332,742
Treasury	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL	\$2,991,109,064	\$3,222,345,213	\$3,268,764,609	\$3,596,247,415

FOUR-YEAR SUMMARY OF APPROPRIATIONS:

FTE

Department	FY 2002-03 Appropriation	FY 2003-04 Appropriation	FY 2004-05 Appropriation	FY 2005-06 Appropriation
Agriculture	285.0	271.2	278.2	275.2
Corrections	6,122.6	5,825.6	5,880.5	5,901.8
Education	430.9	419.7	435.7	444.4
Governor	120.4	106.9	106.9	106.9
Health Care Policy and Financing	189.1	200.4	202.8	214.4
Higher Education	18,489.7	18,501.9	18,281.3	18,080.4
Human Services	4,622.4	4,514.4	5,186.3	5,198.1
Judicial	3,228.3	3,197.4	3,260.9	3,365.0
Labor and Employment	1,072.0	1,076.4	1,119.8	1,102.0
Law	341.2	335.7	337.3	338.7
Legislature	272.8	272.8	273.2	274.0
Local Affairs	174.9	172.1	175.1	180.1
Military and Veterans Affairs	1,157.3	1,156.8	1,184.8	1,184.8
Natural Resources	1,537.7	1,532.2	1,537.2	1,546.4
Personnel and Administration	585.3	570.1	571.8	542.3
Public Health and Environment	1,103.7	1,094.6	1,115.5	1,144.6
Public Safety	1,253.5	1,247.4	1,265.7	1,259.3
Regulatory Agencies	527.4	518.2	520.1	525.3
Revenue	1,518.3	1,455.7	1,444.6	1,430.2
State	103.1	113.6	128.3	129.0
Transportation	3,299.2	3,297.2	3,301.2	3,307.2
Treasury	<u>25.0</u>	<u>25.5</u>	<u>25.5</u>	<u>26.0</u>
TOTAL	46,459.8	45,905.8	46,632.7	46,576.1

PART III: EXPENDITURE AND APPROPRIATION DETAIL BY DEPARTMENT

DEPARTMENT OF AGRICULTURE

The Department of Agriculture regulates, promotes and supports various agricultural activities throughout Colorado. Employees perform a wide range of services including policy analysis, program inspection, 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, the Agricultural Services Division, the Agricultural Markets Division, the Brand Board, Special Purpose, Colorado State Fair, and the Conservation Board.

Department Budget: Recent Appropriations

Funding Source	FY 2002-03	FY 2003-04	FY 2004-05	FY 2005-06
General Fund	\$8,299,256	\$4,112,471	\$4,192,206	\$4,345,264
Cash Funds	18,249,778	22,334,351	10,460,257	10,534,460
Cash Funds Exempt	2,355,340	1,517,498	13,300,999	13,760,159
Federal Funds	<u>1,015,964</u>	<u>1,169,502</u>	<u>1,724,647</u>	<u>1,726,530</u>
Total Funds	\$29,920,338	\$29,133,822	\$29,678,109	\$30,366,413
Full Time Equivalents	285.0	271.2	278.2	275.2

General Factors Driving the Budget

Funding for this department in FY 2005-06 consists of 14.3 percent General Fund, 34.7 percent cash funds, 45.3 percent cash funds exempt, and 5.7 percent federal funds. Some of the most important factors driving the budget are reviewed below.

Agricultural Services Division

For FY 2005-06, the Agricultural Services Division is appropriated 35.9 percent of the Department's total budget and 51.5 percent of the Department's total General Fund appropriation. The passage of S.B. 03-297, which refinanced the Inspection and Consumer Services program, reduced the Department's total General Fund appropriation by \$3.4 million beginning in FY 2003-04. Senate Bill 05-176 extends these fees through the end of FY 2006-07.

Although not reflected in the Long Bill, this division is organized into Inspection and Consumer Services, Plant Industry, and Animal Industry. Historically, a large majority of the Department's funding requests are generated by programs within this division.

Cash Funds and Cash Funds Exempt

Eighty percent of the Department's total funding is generated 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. House Bill 04-1351 designated the Brand Board an enterprise under the provisions of Article X, Section 20 of the Colorado Constitution. Due to statewide reductions in capital construction spending, the Colorado State Fair qualified as an enterprise in FY 2004-05 and will do so again in FY 2005-06. The Fair collects the majority of its revenue during the 16-day Colorado State Fair held during August each year. Enterprises are exempt from TABOR revenue calculations; however, they are typically supported through fees and assessments.

Summary of FY 2004-05 and FY 2005-06 Appropriations

Department of Agriculture						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2004-05 Total Appropriation:	\$29,678,109	\$4,192,206	\$10,460,257	\$13,300,999	\$1,724,647	278.2
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Commissioner's Office and Administrative Services	4,734,466	956,623	1,604,856	1,355,606	817,381	26.7
Agricultural Services Division	10,647,250	2,183,149	8,016,835	40,000	407,266	145.6
Agricultural Markets Division	583,174	388,000	75,337	119,837	0	5.2
Brand Board	3,781,302	0	109,574	3,671,728	0	66.3
Special Purpose	578,026	0	543,376	34,650	0	1.0
Colorado State Fair	8,079,178	0	0	8,079,178	0	26.9
Conservation Board	1,274,713	664,434	110,279	0	500,000	6.5
<u>Breakdown of Total Appropriation by Bill</u>						
HB 04-1261	15,343	0	15,343	0	0	0.0
HB 04-1358	501	0	0	501	0	0.0
HB 04-1422	29,754,336	4,227,529	22,266,389	1,535,265	1,725,153	278.2
SB 05-108	(92,071)	(35,323)	(11,821,475)	11,765,233	(506)	0.0
FY 2005-06 Total Appropriation:	\$30,366,413	\$4,345,264	\$10,534,460	\$13,760,159	\$1,726,530	275.2
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Commissioner's Office and Administrative Services	4,993,353	1,033,421	1,576,172	1,571,007	812,753	26.7
Agricultural Services Division	10,915,110	2,236,889	8,224,444	40,000	413,777	145.6
Agricultural Markets Division	597,939	402,765	75,337	119,837	0	5.2

Department of Agriculture						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
Brand Board	4,008,074	0	112,007	3,896,067	0	66.3
Special Purpose	581,150	0	546,500	34,650	0	1.0
Colorado State Fair	8,098,598	0	0	8,098,598	0	26.9
Conservation Board	1,172,189	672,189	0	0	500,000	3.5
<u>Breakdown of Total Appropriation by Bill</u>						
SB 05-209	30,086,138	7,920,555	6,959,169	13,479,884	1,726,530	275.2
SB 05-176	280,275	(3,575,291)	3,575,291	280,275	0	0.0
Increase/(Decrease)	\$688,304	\$153,058	\$74,203	\$459,160	\$1,883	(3.0)
Percentage Change	2.3%	3.7%	0.7%	3.5%	0.1%	-1.1%

FY 2005-06 Appropriation Highlights:

1. Includes salary survey of \$187,148 and performance-based pay of \$121,289 distributed in FY 2004-05 across all funding sources.
2. Includes \$148,152 cash funds exempt to replace 13 vehicles in the Brand Board.
3. Reflects the elimination of \$129,165 cash funds for the Irrigation/Conservation Program in the Conservation Board. These functions are paid from fees collected in the Yuma and Washington conservation districts and previously counted against the State's TABOR limit.
4. Designates the Brand Board and the Colorado State Fair as cash funds exempt since both will qualify as enterprises in FY 2005-06.

JBC Budget Package Legislation:

S.B. 05-176: This legislation extends the current fee structure for programs administered by Inspection and Consumer Services, which have been completely cash-funded since FY 2003-04. The Department's Long Bill appropriation for FY 2005-06 reflects the sunset of S.B. 03-297, which was current law at that time.

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 implementation of agricultural policies throughout Colorado. The Administrative Services section provides administrative and technical support for various programs within the Department, such as accounting, budgeting, human resources, and computer programming. Cash funds and cash funds exempt

comprise 63.0 percent of funding for the Commissioner's Office and are generated from fees collected by various cash funded programs within the Department.

Commissioner's Office and Administrative Services						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2004-05 Appropriation:						
HB 04-1422	\$4,826,537	\$991,946	\$1,675,926	\$1,340,778	\$817,887	26.7
SB 05-108	<u>(92,071)</u>	<u>(35,323)</u>	<u>(71,070)</u>	<u>14,828</u>	<u>(506)</u>	<u>0.0</u>
TOTAL	\$4,734,466	\$956,623	\$1,604,856	\$1,355,606	\$817,381	26.7
FY 2005-06 Appropriation:						
FY 2004-05 Appropriation	\$4,734,466	\$956,623	\$1,604,856	\$1,355,606	\$817,381	26.7
Health, Life, and Dental	112,830	30,518	50,695	41,347	(9,730)	0.0
Other 'POTS' adjustments	108,986	256,295	(283,084)	129,675	6,100	0.0
Salary and benefits adjustments	40,959	40,959	0	0	0	0.0
Sunset of S.B. 03-297	0	483,822	(203,615)	(280,207)	0	0.0
Other changes	(3,888)	(37,576)	(9,625)	44,311	(998)	0.0
SB 05-209	\$4,993,353	\$1,730,641	\$1,159,227	\$1,290,732	\$812,753	26.7
SB 05-176	<u>0</u>	<u>(697,220)</u>	<u>416,945</u>	<u>280,275</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$4,993,353	\$1,033,421	\$1,576,172	\$1,571,007	\$812,753	26.7
Increase/(Decrease)	\$258,887	\$76,798	(\$28,684)	\$215,401	(\$4,628)	0.0
Percentage Change	5.5%	8.0%	-1.8%	15.9%	-0.6%	0.0%

SB 05-209 (Long Bill) Issue Descriptions

Health, Life, and Dental: These amounts reflect the JBC common policy to increase contributions between 6.2 percent and 9.6 percent depending on the tier of elected coverage.

Other 'POTS' adjustments: These amounts summarize changes to other centrally-appropriated line items ('POTS') through common policies approved by the JBC. Such line items include short-term disability, amortization equalization disbursement for S.B. 04-257, workers' compensation, purchase of services from the computer center, payments to risk management and property funds, and vehicle lease payments.

Salary and benefits adjustments: These amounts reflect salary survey of \$24,421 and performance-based pay of \$16,538 distributed in FY 2004-05.

Sunset of S.B. 03-297: These amounts show funding changes pursuant to the sunset of S.B. 03-297 at the end of FY 2004-05. General Fund includes the refinance of centrally-appropriated line items from cash funds, as

well as the elimination of indirect cost recoveries to offset personal services expenditures. This adjustment was essentially reversed by adoption of S.B. 05-176.

Other changes: These include a net decrease of \$2,890 cash funds exempt to the Department's indirect cost recovery plan for FY 2005-06, which fluctuates according to various cash sources that can be charged for departmental overhead. This indirect cost recovery adjustment also includes a decrease of \$998 from federal sources.

Additional legislation: For more information regarding S.B. 05-176, see the "Recent Legislation" section at the end of the Department of Agriculture. This bill extends the sunset of fees originally enacted by S.B. 03-297 as described above.

Agricultural Services Division

The Agricultural Services Division administers the bulk of the Department's major programs and various statutory responsibilities. Pursuant to the implementation of fees for Inspection and Consumer Services, the major source of funding for this division is now cash funds (75.3 percent) rather than General Fund (20.5 percent).

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 and 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 related issues; and the Measurement Standards Section, which tests and inspects all commercial measuring devices within the State.

Animal Industry

The Animal Health Program helps protect the economic viability of livestock producers and oversees various statewide issues related to 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 Facilities Program.

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 and disease. 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.

Agricultural Services Division						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2004-05 Appropriation:						
HB 04-1261	\$15,343	\$0	\$15,343	\$0	\$0	0.0
HB 04-1422	<u>10,631,907</u>	<u>2,183,149</u>	<u>8,001,492</u>	<u>40,000</u>	<u>407,266</u>	<u>145.6</u>
TOTAL	\$10,647,250	\$2,183,149	\$8,016,835	\$40,000	\$407,266	145.6
FY 2005-06 Appropriation:						
FY 2004-05 Appropriation	\$10,647,250	\$2,183,149	\$8,016,835	\$40,000	\$407,266	145.6
Salary and benefits adjustments	243,712	57,918	181,311	0	4,483	0.0
Indirect Cost Assessment adjustment	41,952	0	39,266	0	2,686	0.0
Sunset of S.B. 03-297	(280,207)	2,878,071	(3,158,278)	0	0	0.0
JBC Personal Services reduction	(17,872)	(4,178)	(13,036)	0	(658)	0.0
SB 05-209	\$10,634,835	\$5,114,960	\$5,066,098	\$40,000	\$413,777	145.6
SB 05-176	<u>280,275</u>	<u>(2,878,071)</u>	<u>3,158,346</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$10,915,110	\$2,236,889	\$8,224,444	\$40,000	\$413,777	145.6
Increase/(Decrease)	\$267,860	\$53,740	\$207,609	\$0	\$6,511	0.0
Percentage Change	2.5%	2.5%	2.6%	0.0%	1.6%	0.0%

SB 05-209 (Long Bill) Issue Descriptions

Salary and benefits adjustments: These amounts reflect salary survey of \$147,501 and performance-based pay of \$96,211 distributed in FY 2004-05.

Indirect Cost Assessment adjustment: Where applicable, these recoveries offset General Fund expenses in the Commissioner's Office.

Sunset of S.B. 03-297: The sunset of this legislation at the end of FY 2004-05 means that personal services and operating expenses related to Inspection and Consumer Services that were refinanced through increased fees must be back-filled with General Fund. The higher cash funds decrease represents reduced indirect cost recoveries to offset personal services expenditures in the Commissioner's Office. The adoption of S.B. 05-176 extended these fees through the end of FY 2006-07.

JBC Personal Services reduction: This amount represents a common policy approved by the Joint Budget Committee to reduce the personal services base appropriation for all programs by 0.2 percent.

Additional legislation: For more information regarding S.B. 05-176, see the "Recent Legislation" section at the end of the Department of Agriculture. This bill extends the sunset of fees originally enacted by S.B. 03-297 as described above.

Agricultural Markets Division

This division provides marketing assistance and related support to Colorado agricultural-based businesses competing in local, national, and international arenas. It also coordinates various market orders, promotes Colorado agricultural products, and works to assist start-up or expanding food processing companies within the State. Beginning in FY 2003-04, the majority of funding for personal services and operating expenses is directly appropriated to the Division rather than transferred from economic development programs within the Governor's Office. Cash funds comprise 12.6 percent of the Division's total appropriation and are derived from aquaculture licensing fees.

Agricultural Markets Division						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2004-05 Appropriation:						
HB 04-1422	<u>\$583,174</u>	<u>\$388,000</u>	<u>\$75,337</u>	<u>\$119,837</u>	<u>\$0</u>	<u>5.2</u>
TOTAL	\$583,174	\$388,000	\$75,337	\$119,837	\$0	5.2
FY 2005-06 Appropriation:						
FY 2004-05 Appropriation	\$583,174	\$388,000	\$75,337	\$119,837	\$0	5.2
Salary and benefits adjustments	15,513	15,513	0	0	0	0.0
JBC Personal Services reduction	(748)	(748)	0	0	0	0.0
SB 05-209	<u>\$597,939</u>	<u>\$402,765</u>	<u>\$75,337</u>	<u>\$119,837</u>	<u>\$0</u>	<u>5.2</u>
TOTAL	\$597,939	\$402,765	\$75,337	\$119,837	\$0	5.2
Increase/(Decrease)	\$14,765	\$14,765	\$0	\$0	\$0	0.0
Percentage Change	2.5%	3.8%	0.0%	0.0%	n/a	0.0%

SB 05-209 (Long Bill) Issue Descriptions

Salary and benefits adjustments: These amounts reflect salary survey of \$10,933 and performance-based pay of \$4,580 distributed in FY 2004-05.

JBC Personal Services reduction: This amount represents a common policy approved by the Joint Budget Committee to reduce the personal services base appropriation for all programs by 0.2 percent.

Brand Board

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

Brand Board						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2004-05 Appropriation:						
HB 04-1422	\$3,781,302	\$0	\$3,781,302	\$0	\$0	66.3
SB 05-108	<u>0</u>	<u>0</u>	<u>(3,671,728)</u>	<u>3,671,728</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$3,781,302	\$0	\$109,574	\$3,671,728	\$0	66.3
FY 2005-06 Appropriation:						
FY 2004-05 Appropriation	\$3,781,302	\$0	\$109,574	\$3,671,728	\$0	66.3
Replacement of vehicles	148,152	0	0	148,152	0	0.0
Salary and benefits adjustments	92,446	0	0	92,446	0	0.0
Indirect Cost Assessment adjustment	(7,192)	0	2,433	(9,625)	0	0.0
JBC Personal Services reduction	(6,634)	0	0	(6,634)	0	0.0
SB 05-209	<u>\$4,008,074</u>	<u>\$0</u>	<u>\$112,007</u>	<u>\$3,896,067</u>	<u>\$0</u>	<u>66.3</u>
TOTAL	\$4,008,074	\$0	\$112,007	\$3,896,067	\$0	66.3
Increase/(Decrease)	\$226,772	\$0	\$2,433	\$224,339	\$0	0.0
Percentage Change	6.0%	n/a	2.2%	6.1%	n/a	0.0%

SB 05-209 (Long Bill) Issue Descriptions

Replacement of vehicles: The Brand Board is exempt from mandatory participation in the statewide fleet because it has demonstrated an ability to manage vehicle acquisitions at a lower cost. This appropriation represents the replacement of 13 vehicles at an estimated cost of approximately \$11,396 per vehicle.

Salary and benefits adjustments: These amounts reflect salary survey of \$59,584 and performance-based pay of \$32,862 distributed in FY 2004-05.

Indirect Cost Assessment adjustment: Where applicable, these recoveries offset General Fund expenses in the Commissioner's Office. Adjustments to this calculation vary according to the FTE in both individual programs and the Department as a whole.

JBC Personal Services reduction: This amount represents a common policy approved by the Joint Budget Committee to reduce the personal services base appropriation for all programs by 0.2 percent.

Special Purpose

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

Special Purpose						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2004-05 Appropriation:						
HB 04-1422	<u>\$578,026</u>	<u>\$0</u>	<u>\$543,376</u>	<u>\$34,650</u>	<u>\$0</u>	<u>1.0</u>
TOTAL	\$578,026	\$0	\$543,376	\$34,650	\$0	1.0
FY 2005-06 Appropriation:						
FY 2004-05 Appropriation	\$578,026	\$0	\$543,376	\$34,650	\$0	1.0
Salary and benefits adjustments	2,355	0	2,355	0	0	0.0
Indirect Cost Assessment adjustment	769	0	769	0	0	0.0
SB 05-209	<u>\$581,150</u>	<u>\$0</u>	<u>\$546,500</u>	<u>\$34,650</u>	<u>\$0</u>	<u>1.0</u>
TOTAL	\$581,150	\$0	\$546,500	\$34,650	\$0	1.0
Increase/(Decrease)	\$3,124	\$0	\$3,124	\$0	\$0	0.0
Percentage Change	0.5%	n/a	0.6%	0.0%	n/a	0.0%

SB 05-209 (Long Bill) Issue Descriptions

Salary and benefits adjustments: These amounts reflect salary survey of \$1,500 and performance-based pay of \$855 distributed in FY 2004-05.

Indirect Cost Assessment adjustment: Where applicable, these recoveries offset General Fund expenses in the Commissioner's Office. Adjustments to this calculation vary according to the FTE in both individual programs and the Department as a whole. This also includes a common policy approved by the Joint Budget Committee to reduce the personal services base appropriation for all programs by 0.2 percent.

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 pursuant to Section 35-65-401, C.R.S. Between FY 1999-2000 and FY 2003-04, local grants and controlled maintenance funds received by the State Fair exceeded the ten percent threshold for enterprise status as defined under Article X, Section 20 of the Colorado Constitution. This resulted in a cash funds designation for the State Fair's Long Bill appropriation, which counts against the State's TABOR revenue limit. However, due to reduced capital construction expenditures, the Colorado State Fair qualified as an enterprise beginning in FY 2004-05. The appropriation is supported by fees collected during the Colorado State Fair's 16-day run each August and from non-fair events held at the fairgrounds throughout the remainder of the year.

Colorado State Fair						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2004-05 Appropriation:						
HB 04-1358	\$501	\$0	\$0	\$501	\$0	0.0
HB 04-1422	8,078,677	0	8,078,677	0	0	26.9
SB 05-108	<u>0</u>	<u>0</u>	<u>(8,078,677)</u>	<u>8,078,677</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$8,079,178	\$0	\$0	\$8,079,178	\$0	26.9
FY 2005-06 Appropriation:						
FY 2005-06 Appropriation	\$8,079,178	\$0	\$0	\$8,079,178	\$0	26.9
Salary and benefits adjustments	28,238	0	0	28,238	0	0.0
JBC Personal Services reduction	(8,317)	0	0	(8,317)	0	0.0
Elimination of special bills	(501)	0	0	(501)	0	0.0
SB 05-209	<u>\$8,098,598</u>	<u>\$0</u>	<u>\$0</u>	<u>\$8,098,598</u>	<u>\$0</u>	<u>26.9</u>
TOTAL	\$8,098,598	\$0	\$0	\$8,098,598	\$0	26.9
Increase/(Decrease)	\$19,420	\$0	\$0	\$19,420	\$0	0.0
Percentage Change	0.2%	n/a	n/a	0.2%	n/a	0.0%

SB 05-209 (Long Bill) Issue Descriptions

Salary and benefits adjustments: These amounts reflect salary survey of \$19,955 and performance-based pay of \$8,283 distributed in FY 2004-05.

JBC Personal Services reduction: This amount represents a common policy approved by the Joint Budget Committee to reduce the personal services base appropriation for all programs by 0.2 percent.

Conservation Board

The Conservation Board is responsible for providing administrative and fiscal oversight 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 assists farmers and ranchers in implementing a variety of water and energy efficiency practices. In FY 2000-01, the Soil Conservation Board was transferred from the Department of Natural Resources to the Department of Agriculture and renamed the Conservation Board. Federal funds comprise 42.7 percent of the Board's total appropriation and are provided by the Bureau of Reclamation to assist land owners with conservation practices along the Colorado River.

Conservation Board						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2004-05 Appropriation:						
HB 04-1422	<u>\$1,274,713</u>	<u>\$664,434</u>	<u>\$110,279</u>	<u>\$0</u>	<u>\$500,000</u>	<u>6.5</u>
TOTAL	\$1,274,713	\$664,434	\$110,279	\$0	\$500,000	6.5
FY 2005-06 Appropriation:						
FY 2004-05 Appropriation	\$1,274,713	\$664,434	\$110,279	\$0	\$500,000	6.5
Salary and benefits adjustments	8,251	8,251	0	0	0	0.0
Elimination of Irrigation/Conservation Program	(110,279)	0	(110,279)	0	0	(3.0)
JBC Personal Services reduction	(496)	(496)	0	0	0	0.0
SB 05-209	<u>\$1,172,189</u>	<u>\$672,189</u>	<u>\$0</u>	<u>\$0</u>	<u>\$500,000</u>	<u>3.5</u>
TOTAL	\$1,172,189	\$672,189	\$0	\$0	\$500,000	3.5
Increase/(Decrease)	(\$102,524)	\$7,755	(\$110,279)	\$0	\$0	(3.0)
Percentage Change	-8.0%	1.2%	-100.0%	n/a	0.0%	-46.2%

SB 05-209 (Long Bill) Issue Descriptions

Salary and benefits adjustments: These amounts reflect salary survey of \$4,291 and performance-based pay of \$3,960 distributed in FY 2004-05.

Elimination of Irrigation/Conservation Program: Since FY 2003-04, this program has been entirely funded through fees collected by the Washington and Yuma conservation districts. This change does not discontinue the program, but ensures that these cash funds will not count against the State's revenue limit under the provisions of TABOR.

JBC Personal Services reduction: This amount represents a common policy approved by the Joint Budget Committee to reduce the personal services base appropriation for all programs by 0.2 percent.

Recent Legislation

2004 Session Bills

H.B. 04-1261: Requires dangerous dog owners to have a microchip implanted in their pets and pay the State a non-refundable fee of \$50 per animal. Creates a dangerous dog registry to track ownership of these animals. Expands requirements that a court may place on a dangerous dog owner pursuant to violations of applicable statutes. Appropriates \$15,343 cash funds to the Department of Agriculture to implement and enforce this legislation.

H.B. 04-1316: Supplemental appropriation for FY 2003-04.

H.B. 04-1358: Requires that a voluntary contribution designation line to support the Colorado State Fair appear on individual tax returns for a period of three years beginning on January 1, 2004. Provides additional funding to the Colorado State Fair after programming costs have been paid to the Department of Revenue. Makes an appropriation to the Department of Revenue for operating expenses.

H.B. 04-1422: General appropriations act for FY 2004-05.

2005 Session Bills

S.B. 05-108: Supplemental appropriation for FY 2004-05.

S.B. 05-176: Re-authorizes the Commissioner of Agriculture, in conjunction with the Colorado Agricultural Commission, to adjust licensing and testing fees for seven programs related to Inspection and Consumer Services in the Agricultural Services Division. Sunsets applicable program fees on July 1, 2007, and resumes the previous fee structure and corresponding subsidy from the General Fund.

S.B. 05-209: General appropriations act for FY 2005-06.

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 Appropriations

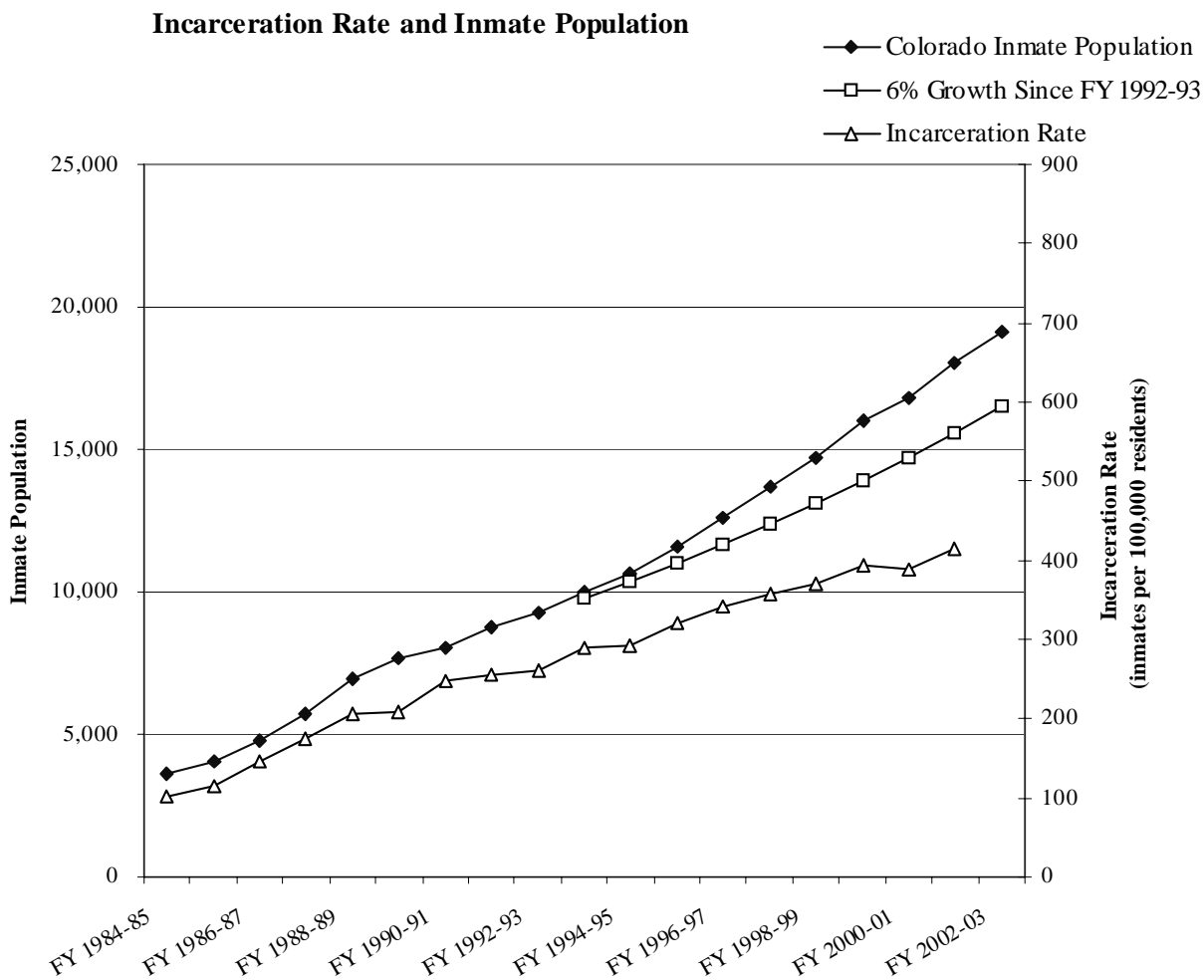
Funding Source	FY 2002-03	FY 2003-04	FY 2004-05	FY 2005-06
General Fund	\$455,100,120	\$468,896,060	\$496,830,470	\$533,079,141
Cash Funds	2,898,073	2,912,102	2,371,727	2,024,865
Cash Funds Exempt	62,037,244	59,904,567	55,481,019	54,773,458
Federal Funds	<u>2,508,121</u>	<u>3,869,707</u>	<u>1,274,655</u>	<u>1,398,233</u>
Total Funds	\$522,543,558	\$535,582,436	\$555,957,871	\$591,275,697
Full Time Equiv. Staff	6,122.6	5,825.6	5,880.5	5,901.8

General Factors Driving the Budget

Funding for this department includes 90.2 percent General Fund, 0.3 percent cash funds, 9.3 percent cash funds exempt, and 0.2 percent federal funds. Factors driving the budget are reviewed below.

Population Increase - Impact on Operating

The growth in the jurisdictional population is the primary factor driving the Department of Corrections' (DOC's) budget. This population includes the following: (1) inmates including those who are in a transition community corrections placement; and (2) inmates who have been placed on parole. The inmate population growth rate has exceeded 6.0 percent, the statutory limit on annual increases in General Fund appropriations. Furthermore, the incarceration rate has increased significantly over the past 18 years — a higher percent of Colorado's residents are incarcerated than in prior years.



Inmate Population Data: Legislative Council Staff.

Incarceration Rate Data Sources: FBI, Uniform Crime Reports, prepared by the National Archive of Criminal Justice Data.

Population Impacts – 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 is required to reimburse the counties for holding these inmates, subject to available appropriations. The following information highlights the jail backlog history for the past five years.

	FY 00-01 Actual	FY 01-02 Actual	FY 02-03 Actual	FY 03-04 Actual	FY 04-05 Approp.	FY 05-06 Approp.
Average County Jail Backlog	287	316	433	462	573	302
Cost of Jail Backlog	\$5,284,233	\$5,951,969	\$8,169,693	\$7,861,908	\$9,716,573	\$5,227,107
Daily Reimbursement Rate	\$50.39	\$51.65	\$51.65	\$46.49	\$46.49	\$47.42
Percent Rate Increase/(Decrease)	n/a	2.5%	0.0%	-10.0%	0.0%	2.0%

Population Impacts – Private Contract Prisons

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. In FY 2005-06, it is estimated that 4,311 inmates (on average) will be in private prisons. In response to the shortage of high custody prison beds, the Department of Corrections began sending inmates out of state in April 2004 to a county jail in Texas. In May 2004, these inmates were transferred to a private prison in Mississippi. The following information highlights the private contracts over the past five years.

	FY 00-01 Actual	FY 01-02 Actual	FY 02-03 Actual	FY 03-04 Actual	FY 04-05 Approp.	FY 05-06 Approp.
Average Daily Population	1,995	2,271	2,447	2,893	3,108	4,311
Cost of Private Contracts	\$38,832,679	\$45,301,729	\$46,854,454	\$53,190,046	\$54,028,032	\$79,124,399
Daily Reimbursement Rate	\$53.33	\$54.66	\$52.47	\$50.37	\$47.63	\$50.28
Percent Rate Increase/(Decrease)	n/a	2.5%	-4.0%	-4.0%	-5.4%	5.6%

* In FY 2004-05, an average daily population of 2,987 inmates were funded for in-state private prisons at a cost of \$49.56 per inmate per day. In addition to these inmates, 121 inmates were funded for placement in out-of-state private prisons at a cost of \$51.00 per inmate per day. The daily reimbursement rate of \$47.63 per inmate shown in this table reflects a weighted average of these two rates. These reimbursement rates for FY 2004-05 and FY 2005-06 also reflect the impact of H.B. 04-1419, which eliminated a requirement for private prisons to pay the state for the cost of monitoring private prisons (see the Recent Legislation summary at the end of this section).

Population Impacts – 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 99-00 Approp.	FY 00-01 Approp.	FY 01-02 Approp.	FY 02-03 Approp.	FY 03-04 COP Authorization	FY 04-05 Approp.	FY 05-06 Approp.
Capital Appropriation	\$0	\$2,088,700	\$12,824,368	\$0	\$102,800,000	\$0	\$0

In 1999, the capital construction requests for new prisons were withdrawn. This was done to give the Owens 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 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 shortfall of state revenues, no capital construction funding was provided for prison expansion for FY 2002-03 through FY 2005-06.

In the 2003 session, H.B. 03-1256 was enacted. This bill authorized the Department of Corrections to enter into a 15-year, lease-purchase agreement (Certificate of Participation) 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 Cañon City Complex.

Parole Population Increase

The parole population also has an impact on the Department of Corrections' budget. Over the past ten years, the population has grown at a compound annual rate of 10.5 percent.

	FY 00-01 Actual	FY 01-02 Actual	FY 02-03 Actual	FY 03-04 Actual	FY 04-05 Estimate	FY 05-06 Estimate
Year End Parole Population	4,192	4,037	4,858	5,244	5,505	5,926
Percent Change	n/a	-3.7%	20.3%	7.9%	5.0%	7.6%

Inmate and Parole Population Impacts – 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). The Department of Corrections is responsible for supervision of these offenders.

Pursuant to the provisions of S.B. 03-252, parolees can be revoked to the DOC for 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. These offenders are placed in "community return to custody" beds, which are funded with appropriations to the Department of Corrections. Other community corrections programs are funded with appropriations made to the Division of Criminal Justice in the Department of Public Safety.

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 00-01 Actual	FY 01-02 Actual	FY 02-03 Actual	FY 03-04 Actual	FY 04-05 Approp.	FY 05-06 Approp.
Community Corrections Supervision	\$8,822,768	\$9,230,269	\$9,076,660	\$9,163,004	\$10,385,397	\$11,216,698
Percent Change	n/a	4.6%	-1.7%	1.0%	13.3%	8.0%
Community Return to Custody Beds	n/a	n/a	n/a	\$592,696	\$2,213,348	\$3,865,450
Percentage Change	n/a	n/a	n/a	n/a	273.4%	74.6%
Parole Supervision	\$8,315,715	\$9,424,032	\$10,044,407	\$10,454,716	\$10,983,421	\$12,161,809
Percent Change	n/a	13.3%	6.6%	4.1%	5.1%	10.7%

Summary of FY 2004-05 and FY 2005-06 Appropriations

Department of Corrections						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2004-05 Total Appropriation:	\$555,957,871	\$496,830,470	\$2,371,727	\$55,481,019	\$1,274,655	5,880.5
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Management	114,771,457	109,836,728	103,315	4,573,994	257,420	72.8
Institutions	317,695,073	315,315,157	224,679	2,075,237	80,000	4,658.3
Support Services	21,776,049	21,001,808	640,672	133,569	0	283.2
Inmate Programs	34,469,641	28,365,041	1,403,061	3,765,263	936,276	419.4
Community Services	21,368,818	21,240,466	0	127,393	959	238.6
Parole Board	1,070,709	1,070,709	0	0	0	13.5
Correctional Industries	34,473,521	561	0	34,472,960	0	171.0
Canteen Operation	10,332,603	0	0	10,332,603	0	23.7
<u>Breakdown of Total Appropriation by Bill</u>						
HB 00-1107	449,151	449,151	0	0	0	0.0
HB 00-1111	134,251	134,251	0	0	0	0.0
HB 00-1158	346,342	346,342	0	0	0	0.0
HB 00-1201	635,069	635,069	0	0	0	0.0
HB 00-1214	409,313	409,313	0	0	0	0.0
HB 00-1247	67,782	67,782	0	0	0	0.0
SB 01-46	23,833	23,833	0	0	0	0.0
SB 01-210	176,013	176,013	0	0	0	0.0
HB 01-1204	10,058	10,058	0	0	0	0.0

Department of Corrections						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
HB 01-1242	213,512	213,512	0	0	0	0.0
HB 01-1344	26,689	26,689	0	0	0	0.0
SB 02-50	381,514	381,514	0	0	0	0.0
HB 02-1038	389,462	389,462	0	0	0	0.0
HB 02-1283	27,251	27,251	0	0	0	0.0
HB 02-1301	24,526	24,526	0	0	0	0.0
HB 02-1396	27,251	27,251	0	0	0	0.0
HB 03-1213	28,818	28,818	0	0	0	0.0
HB 04-1419	(1,064,340)	0	(1,064,340)	0	0	0.0
HB 04-1422	555,455,487	496,828,987	3,436,067	52,274,745	2,915,688	5,879.9
SB 05-109	(1,804,111)	(3,369,352)	0	101,849	1,463,392	0.6
HB 05-1278	0	0	0	3,104,425	(3,104,425)	0.0
FY 2005-06 Total Appropriation:	\$591,275,697	\$533,079,141	\$2,024,865	\$54,773,458	\$1,398,233	5,901.8
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Management	137,484,831	132,495,481	104,249	4,630,646	254,455	85.3
Institutions	327,270,613	326,006,397	224,679	959,537	80,000	4,653.8
Support Services	22,298,201	21,755,145	434,060	108,996	0	283.2
Inmate Programs	33,067,641	27,765,566	1,261,877	3,418,064	622,134	403.7
Community Services	25,146,452	23,931,897	0	772,911	441,644	267.6
Parole Board	1,124,655	1,124,655	0	0	0	13.5
Correctional Industries	34,512,535	0	0	34,512,535	0	171.0
Canteen Operation	10,370,769	0	0	10,370,769	0	23.7
<u>Breakdown of Total Appropriation by Bill</u>						
SB 01-210	176,013	176,013	0	0	0	0.0
HB 01-1204	7,215	7,215	0	0	0	0.0
HB 01-1242	244,204	244,204	0	0	0	0.0
HB 01-1344	26,689	26,689	0	0	0	0.0
SB 02-50	572,271	572,271	0	0	0	0.0
HB 02-1038	770,976	770,976	0	0	0	0.0
HB 02-1283	27,251	27,251	0	0	0	0.0

Department of Corrections						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
HB 02-1396	27,251	27,251	0	0	0	0.0
HB 02S1-1006	1,574	1,574	0	0	0	0.0
HB 03-1213	28,818	28,818	0	0	0	0.0
HB 03-1317	28,218	28,218	0	0	0	0.0
HB 04-1003	61,200	61,200	0	0	0	0.0
SB 05-209	589,304,017	531,107,461	2,024,865	51,669,033	4,502,658	5,901.8
HB 05-1278	0	0	0	3,104,425	(3,104,425)	0.0
Increase/(Decrease)	\$35,317,826	\$36,248,671	(\$346,862)	(\$707,561)	\$123,578	21.3
Percentage Change	6.4%	7.3%	-14.6%	-1.3%	9.7%	0.4%

FY 2005-06 Appropriation Highlights:

1. The appropriation provides \$19.3 million General Fund for private prisons and local jails based on a projected increase in the inmate population. The male inmate population is estimated to grow by 4.9 percent throughout FY 2005-06 (76 additional male inmates per month). The female inmate population is estimated to grow by 9.7 percent throughout FY 2005-06 (17 additional female inmates per month).
2. The appropriation provides \$10.7 million General Fund for benefits increases in FY 2005-06. Of this amount, \$8.5 million is for salary survey and \$2.2 million is for additional health, life, and dental insurance for employees.
3. The appropriation includes \$3.2 million General Fund for medical expenses based on an increase in the inmate population and increases in medical expenses.
4. The appropriation provides \$1.5 million General Fund and 18.0 FTE for additional parole and community corrections officers based on an increase in the population of offenders.
5. The appropriation includes \$1.1 million General Fund for provider rate increases and \$384,000 for food inflation.
6. The appropriation includes reductions of \$2.1 million General Fund associated with the elimination of one-time expenses in FY 2004-05.

Detail of Appropriation by Administrative Section

Management

The Management Division contains the main departmental management functions including the Executive Director's Office and the External Capacity Subprogram. Funding for the Management Division is 94.6 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.

Management						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2004-05 Appropriation:						
HB 04-1419	(\$1,064,340)	(\$19,001)	(\$1,045,339)	\$0	\$0	0.0
HB 04-1422	120,746,055	116,027,624	1,148,654	1,432,030	2,137,747	72.8
SB 05-109	(4,910,258)	(6,171,895)	0	37,539	1,224,098	0.0
HB 05-1278	<u>0</u>	<u>0</u>	<u>0</u>	<u>3,104,425</u>	<u>(3,104,425)</u>	<u>0.0</u>
TOTAL	\$114,771,457	\$109,836,728	\$103,315	\$4,573,994	\$257,420	72.8
FY 2005-06 Appropriation:						
FY 2004-05 Appropriation	\$114,771,457	\$109,836,728	\$103,315	\$4,573,994	\$257,420	72.8
Caseload increase for external capacity	18,909,441	18,909,441	0	0	0	0.0
Miscellaneous adjustments	2,797,954	2,746,902	(2,635)	56,652	(2,965)	0.0
2.0 percent provider rate increase	1,097,147	1,097,147	0	0	0	0.0
Transfers from other subprograms for Inspector General Subprogram	403,505	403,505	0	0	0	5.5
Additional inspectors and private prison monitors for private prisons	363,771	363,771	0	0	0	7.0
Annualize salary survey and performance- based pay	146,940	143,206	3,734	0	0	0.0
Leased space for additional parole and community corrections officers	102,850	102,850	0	0	0	0.0
Base financing for the State Criminal Alien Assistance Program	0	0	0	(3,104,425)	3,104,425	0.0
Reduction for one-time expenses for Trinidad lawsuit	(1,099,031)	(1,099,031)	0	0	0	0.0
Personal Services reduction	(9,203)	(9,038)	(165)	0	0	0.0
SB 05-209	\$137,484,831	\$132,495,481	\$104,249	\$1,526,221	\$3,358,880	85.3
HB 05-1278	<u>0</u>	<u>0</u>	<u>0</u>	<u>3,104,425</u>	<u>(3,104,425)</u>	<u>0.0</u>

Management						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
TOTAL	\$137,484,831	\$132,495,481	\$104,249	\$4,630,646	\$254,455	85.3
Increase/(Decrease)	\$22,713,374	\$22,658,753	\$934	\$56,652	(\$2,965)	12.5
Percentage Change	19.8%	20.6%	0.9%	1.2%	-1.2%	17.2%

SB 05-209 (Long Bill) Issue Descriptions

Caseload increase for external capacity: The appropriation provides funding adjustments for payments to local jails, payments to private prisons, payments to pre-release and parole revocation facilities, and payments to community corrections programs pursuant to S.B. 03-252. The adjustments are based on the December 2004 Legislative Council Staff (LCS) inmate population projections. The male inmate population is estimated to grow by 4.9 percent throughout FY 2005-06 (76 additional male inmates per month). The female inmate population is estimated to grow by 9.7 percent throughout FY 2005-06 (17 additional female inmates per month). The appropriation includes the elimination of a line item that was used in FY 2004-05 to pay for inmates who are placed out of state. The Department of Corrections has indicated its intent to return all Colorado inmates to the state for FY 2005-06. The appropriations for external capacity were reduced to fund two community corrections programs in the Division of Criminal Justice: (1) \$217,084 General Fund for 75 additional slots in the day reporting center; and (2) \$126,635 General Fund for 20 additional intensive residential treatment (IRT) slots. These programs are intended to reduce the prison population.

Miscellaneous adjustments: The appropriation provides a variety of miscellaneous increases related to the following line items: (1) \$2.6 million total funds for salary survey; (2) \$2.3 million total funds for health, life, and dental insurance; (3) \$1.4 million total funds for payments to risk management and property funds; (4) \$0.6 million total funds for the amortization equalization disbursement for the Public Employees Retirement Association (PERA); (5) \$77,000 total funds for an escalation in the leased space rates; (6) \$46,000 total funds for a legal services rate adjustment; and (7) \$38,000 total funds for short-term disability.

These amounts are partially offset by reductions in the following line items: (1) \$3.4 million total funds for performance-based pay; (2) \$720,000 total funds for shift differential; (3) \$233,000 total funds for workers' compensation; and (4) \$21,000 total funds for capitol complex leased space.

2.0 percent provider rate increase: The appropriation provides additional funds associated with a 2.0 percent increase in the provider rates for local jails, private prisons, pre-release parole revocation facilities, and community corrections programs authorized pursuant to S.B. 03-252.

Transfers from other subprograms for Inspector General Subprogram: The appropriation reflects the creation of a new subprogram for the Inspector General. This subprogram is responsible for investigating all criminal activity in the state. Currently, the functions of the inspector general are funded by five separate subprograms. There is no net impact on state appropriations associated with the creation of this subprogram. The increases reflected in this division are offset by equal reductions in other divisions.

Additional inspectors and private prison monitors for private prisons: The appropriation increases the funding for investigators and monitors to work in private prisons. The funding for investigators was increased by \$283,745 General Fund and 5.0 FTE. These staff will work in private prisons to investigate criminal activity that occurs in these prisons. The funding for the Private Prison Monitoring Unit was increased by \$80,026 General Fund and 2.0 FTE. This unit is responsible for monitoring private prisons to determine their compliance with contractual provisions. The appropriation includes a \$0.27 per inmate per day reduction in the private prison reimbursement rate to pay for these staff.

Annualize salary survey and performance-based pay: The appropriation provides increases to annualize salary survey and performance-based pay awarded to employees in FY 2004-05.

Leased space for additional parole and community corrections officers: The appropriation provides funding for leased space associated with 19.7 new FTE that were approved for parole and community corrections officers.

Base financing for the State Criminal Alien Assistance Program: Prior to the passage of H.B. 05-1278, base financing for the State Criminal Alien Assistance Program was entirely federal funds. House Bill 05-1278 refinanced the FY 2004-05 and FY 2005-06 appropriation eliminating the federal funds with a corresponding increase in cash funds exempt.

Reduction for one-time expenses for Trinidad lawsuit: The appropriations includes the elimination of one-time funds used in FY 2004-05 for a lawsuit related to the construction of the Trinidad prison. The lawsuit was settled in FY 2004-05. No funds are needed for this purpose in FY 2005-06.

Personal Services reduction: The appropriation reflects savings associated with the policy to reduce personal services line items by 0.2 percent.

Additional legislation: For information on HB 05-1278, see the "Recent Legislation" section at the end of the Department of Corrections. For information on additional legislation, see the "Recent Legislation" section at the end of this department.

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 99.2 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.

Institutions						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2004-05 Appropriation:						
HB 00-1107	\$449,151	\$449,151	\$0	\$0	\$0	0.0

	Institutions					
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
HB 00-1111	134,251	134,251	0	0	0	0.0
HB 00-1158	346,342	346,342	0	0	0	0.0
HB 00-1201	635,069	635,069	0	0	0	0.0
HB 00-1214	409,313	409,313	0	0	0	0.0
HB 00-1247	67,782	67,782	0	0	0	0.0
SB 01-46	23,833	23,833	0	0	0	0.0
SB 01-210	176,013	176,013	0	0	0	0.0
HB 01-1204	10,058	10,058	0	0	0	0.0
HB 01-1242	213,512	213,512	0	0	0	0.0
HB 01-1344	26,689	26,689	0	0	0	0.0
SB 02-50	381,514	381,514	0	0	0	0.0
HB 02-1038	389,462	389,462	0	0	0	0.0
HB 02-1283	27,251	27,251	0	0	0	0.0
HB 02-1301	24,526	24,526	0	0	0	0.0
HB 02-1396	27,251	27,251	0	0	0	0.0
HB 03-1213	28,818	28,818	0	0	0	0.0
HB 04-1422	311,736,679	309,371,064	224,679	2,060,936	80,000	4,658.3
SB 05-109	<u>2,587,559</u>	<u>2,573,258</u>	<u>0</u>	<u>14,301</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$317,695,073	\$315,315,157	\$224,679	\$2,075,237	\$80,000	4,658.3
FY 2005-06 Appropriation:						
FY 2004-05 Appropriation	\$317,695,073	\$315,315,157	\$224,679	\$2,075,237	\$80,000	4,658.3
Annualize salary survey and performance-based pay	6,982,426	6,982,426	0	0	0	0.0
Medical adjustments	3,134,677	3,134,677	0	0	0	0.0
Transfer from Community Reintegration Subprogram	518,585	518,585	0	0	0	0.0
Food inflation	383,890	383,890	0	0	0	0.0
Caseload impacts	89,112	89,112	0	0	0	0.0
Refinance utilities	0	1,115,700	0	(1,115,700)	0	0.0
Statutory appropriations	(1,971,680)	(1,971,680)	0	0	0	0.0
Eliminate one-time expenses	(721,172)	(721,172)	0	0	0	0.0

	Institutions					
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
Personal Services reduction	(473,572)	(473,572)	0	0	0	0.0
Transfer to Inspector General Subprogram	(338,406)	(338,406)	0	0	0	(4.5)
SB 05-209	\$325,298,933	\$324,034,717	\$224,679	\$959,537	\$80,000	4,653.8
SB 01-210	176,013	176,013	0	0	0	0.0
HB 01-1204	7,215	7,215	0	0	0	0.0
HB 01-1242	244,204	244,204	0	0	0	0.0
HB 01-1344	26,689	26,689	0	0	0	0.0
SB 02-50	572,271	572,271	0	0	0	0.0
HB 02-1038	770,976	770,976	0	0	0	0.0
HB 02-1283	27,251	27,251	0	0	0	0.0
HB 02-1396	27,251	27,251	0	0	0	0.0
HB 02S1-1006	1,574	1,574	0	0	0	0.0
HB 03-1213	28,818	28,818	0	0	0	0.0
HB 03-1317	28,218	28,218	0	0	0	0.0
HB 04-1003	<u>61,200</u>	<u>61,200</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$327,270,613	\$326,006,397	\$224,679	\$959,537	\$80,000	4,653.8
Increase/(Decrease)	\$9,575,540	\$10,691,240	\$0	(\$1,115,700)	\$0	(4.5)
Percentage Change	3.0%	3.4%	0.0%	-53.8%	0.0%	-0.1%

SB 05-209 (Long Bill) Issue Descriptions

Annualize salary survey and performance-based pay: The appropriation provides increases to annualize salary survey and performance-based pay awarded to employees in FY 2004-05.

Medical adjustments: The appropriation includes the following adjustments for the Medical Services Subprogram: (1) an increase of \$1,713,783 General Fund for changes in the caseload of inmates eligible to receive medical services; (2) an increase of \$884,533 General Fund associated with a common policy adjustment to increase medical expenses by 2.5 percent; and (3) a reduction of \$1,289,678 General Fund for catastrophic medical expenses. The appropriation also provides an additional \$1,789,850 General Fund associated with recent increases in other (non-catastrophic) medical expenses experienced by the Department of Corrections.

Transfer from Community Reintegration Subprogram: The appropriation includes a Long Bill reorganization to transfer the "Dress out" line item from the Community Reintegration Subprogram to the Superintendents Subprogram. This line item is used to provide inmates with clothing and a bus ticket. It is also used to provide qualifying inmates with \$100 upon their release. This function is administered by wardens in the

state-operated prison facilities. There is no net fiscal impact associated with this reorganization. There is a corresponding reduction to the Community Services Division.

Food inflation: The appropriation provides an increase of 2.9 percent for food expenses.

Caseload impacts: The appropriation includes additional funds for two items related to the increase in the inmate population. First, the appropriation provides \$62,512 for the "Dress out" line item, which is used for expenses associated with discharging inmates. These expenses includes clothing, a bus ticket, and \$100 for qualifying inmates. Second, the appropriation includes \$26,600 for inmate clothing.

Refinance utilities: The appropriation refinances the appropriation for utilities. It includes an increase of \$1,115,700 General Fund and an increase of \$55,602 cash funds exempt (Correctional Industries). These increases are offset by an equal reduction in cash funds exempt spending authority from transfers from personal services and operating expense line items within the Department of Corrections.

Statutory appropriations: The Long Bill appropriation includes an adjustment to the Long Bill to reflect the statutory appropriations that will be available to the Department in FY 2005-06.

Eliminate one-time expenses: The appropriation eliminates two one-time appropriations in FY 2004-05: (1) \$546,107 General Fund for expenses related to the settlement of a class action lawsuit against the Department regarding its compliance with the Americans with Disabilities Act; and (2) \$175,065 General Fund for expenses associated with the riot at the Crowley County Correctional Facility. The private prison operator for this facility reimbursed the General Fund for these expenses related to the riot.

Personal Services reduction: The appropriation reflects savings associated with the policy to reduce personal services line items by 0.2 percent.

Transfer to Inspector General Subprogram: The appropriation reflects a reduction for transfers to the newly created Inspector General Subprogram in the Management Division. This subprogram is responsible for investigating all criminal activity in the state. The reduction reflected in the Institutions Division is offset by a corresponding increase in the Management Division. As such, there is no net fiscal impact associated with this reorganization.

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 97.6 percent General Fund. The cash funds and cash funds exempt are primarily from sales from Canteen operations and Correctional Industries.

Support Services						
	Total Funds	General Funds	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2004-05 Appropriation:						
HB 04-1419	\$0	\$19,001	(\$19,001)	\$0	\$0	0.0
HB 04-1422	21,726,571	20,926,560	659,673	140,338	0	283.2
SB 05-109	<u>49,478</u>	<u>56,247</u>	<u>0</u>	<u>(6,769)</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$21,776,049	\$21,001,808	\$640,672	\$133,569	\$0	283.2
FY 2005-06 Appropriation:						
FY 2004-05 Appropriation	\$21,776,049	\$21,001,808	\$640,672	\$133,569	\$0	283.2
Annualize salary survey and performance-based pay	570,144	570,144	0	0	0	0.0
Miscellaneous adjustments	70,741	96,975	(1,069)	(25,165)	0	0.0
Communications and information technology impacts for new staff	20,043	20,043	0	0	0	0.0
Increased transportation costs	18,775	18,775	0	0	0	0.0
Indirect cost adjustments	0	204,951	(205,543)	592	0	0.0
Eliminate one-time expenses	(127,500)	(127,500)	0	0	0	0.0
Personal Services reduction	(30,051)	(30,051)	0	0	0	0.0
SB 05-209	<u>\$22,298,201</u>	<u>\$21,755,145</u>	<u>\$434,060</u>	<u>\$108,996</u>	<u>\$0</u>	<u>283.2</u>
TOTAL	\$22,298,201	\$21,755,145	\$434,060	\$108,996	\$0	283.2
Increase/(Decrease)	\$522,152	\$753,337	(\$206,612)	(\$24,573)	\$0	0.0
Percentage Change	2.4%	3.6%	-32.2%	-18.4%	n/a	0.0%

SB 05-209 (Long Bill) Issue Descriptions

Annualize salary survey and performance-based pay: The appropriation provides increases to annualize salary survey and performance-based pay awarded to employees in FY 2004-05.

Miscellaneous adjustments: The appropriation increases the appropriation for communications services payments by \$380,068 total funds. This amount is offset by the following reductions: (1) \$119,096 total funds for the Multiuse Network; (2) \$143,642 for vehicle lease payments; (3) \$45,004 for dispatch services; and (4) \$1,585 for the purchase of services from the state's computer center in the Department of Personnel and Administration.

Communications and information technology impacts for new staff: The appropriation provides resources to support 26.7 FTE included in the Long Bill: (1) 12.7 FTE for parole officers; (2) 7.0 FTE for community

corrections officers; (3) 5.0 FTE for investigators; and (4) 2.0 FTE for the private prison monitoring unit. Of the amount appropriated, \$15,030 General Fund is for communications expenses and \$5,013 General Fund is for information technology expenses.

Increased transportation costs: The appropriation provides \$18,775 for expenses associated with transporting inmates throughout the prison system. The Department is responsible for moving inmates among the facilities, to an from medical appointments, and to and from court appointments. The increase is in response to the growing inmate population.

Indirect cost assessment: The appropriation refinances the Business Operations Subprogram to reflect lower indirect cost collections from Correctional Industries and the Canteen Operation. Because cash funds and cash funds exempt for this subprogram will be reduced, additional General Fund dollars were included.

Eliminate one-time expenses: The appropriation eliminates one-time appropriations in FY 2004-05 for expenses related to the settlement of a class action lawsuit against the Department regarding Americans with Disabilities Act compliance.

Personal Services reduction: The appropriation reflects savings associated with the policy to reduce personal services line items by 0.2 percent.

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 Subprogram and Drug and Alcohol Treatment Subprogram. Funding for the Inmate Programs is 84 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.

Inmate Programs						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2004-05 Appropriation:						
HB 04-1422	\$34,221,768	\$28,354,365	\$1,403,061	\$3,766,401	\$697,941	419.4
SB 05-109	<u>247,873</u>	<u>10,676</u>	<u>0</u>	<u>(1,138)</u>	<u>238,335</u>	<u>0.0</u>
TOTAL	\$34,469,641	\$28,365,041	\$1,403,061	\$3,765,263	\$936,276	419.4
FY 2005-06 Appropriation:						
FY 2004-05 Appropriation	\$34,469,641	\$28,365,041	\$1,403,061	\$3,765,263	\$936,276	419.4
Annualize salary survey and performance-based pay	587,318	573,692	0	13,626	0	0.0
Miscellaneous adjustments	386,439	0	0	276,529	109,910	0.0
Drug and alcohol services for growth in parole population	71,748	71,748	0	0	0	0.0

Inmate Programs						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
Medical inflation	71,411	71,411	0	0	0	0.0
Change in indirect cost assessment	592	0	0	0	592	0.0
Transfers to other divisions	(2,217,444)	(1,156,366)	0	(636,434)	(424,644)	(12.0)
Base reductions	(258,830)	(117,646)	(141,184)	0	0	(3.7)
Personal Services reduction	(43,234)	(42,314)	0	(920)	0	0.0
SB 05-209	<u>\$33,067,641</u>	<u>\$27,765,566</u>	<u>\$1,261,877</u>	<u>\$3,418,064</u>	<u>\$622,134</u>	<u>403.7</u>
TOTAL	\$33,067,641	\$27,765,566	\$1,261,877	\$3,418,064	\$622,134	403.7
Increase/(Decrease)	(\$1,402,000)	(\$599,475)	(\$141,184)	(\$347,199)	(\$314,142)	(15.7)
Percentage Change	-4.1%	-2.1%	-10.1%	-9.2%	-33.6%	-3.7%

SB 05-209 (Long Bill) Issue Descriptions

Annualize salary survey and performance-based pay: The appropriation provides increases to annualize salary survey and performance-based pay awarded to employees in FY 2004-05.

Miscellaneous adjustments: The appropriation makes the following technical adjustments related to federal funds: (1) an increase of \$296,628 cash funds exempt to reflect increased federal drug and alcohol treatment grants transferred from the Division of Criminal Justice; (2) an increase of \$109,910 federal funds for sex offender treatment grants; and (3) a reduction of \$20,099 cash funds exempt to reflect a lower amount of federal funds transferred from the Department of Education for education grants.

Drug and alcohol services for growth in parole population: The appropriation provides additional resources for drug and alcohol treatment for parolees. The parole population is estimated to increase by 610 parolees (an 11.4 percent increase over the estimated parole population at the time the Long Bill was enacted for FY 2004-05).

Medical inflation: The appropriation provides a 2.5 percent increase for eligible medical expenses related to drug and alcohol treatment and sex offender treatment.

Change in indirect cost assessment: The appropriation reflects an increase in indirect cost recoveries from federal funds in the Education Subprogram based on the statewide indirect cost plan for FY 2005-06.

Transfers to other divisions: The appropriation includes two reductions related to transfers to other divisions. First, it reflects a reduction \$2,152,345 total funds and 11.0 FTE associated with transferring the Community Reintegration Subprogram to the Community Services Division. Of this amount, \$518,585 for "Dress out" was transferred to the Institutions Division. There is no net fiscal impact associated with this transfer.

Second, the appropriation reflects a reduction of \$65,099 General Fund and 1.0 FTE associated with a transfer to the newly created Inspector General Subprogram in the Management Division. This subprogram is responsible for investigating all criminal activity in the state. The reduction reflected in the Inmate Programs Division is offset by a corresponding increase in the Management Division. As such, there is no net fiscal impact associated with this transfer.

Base reductions: The appropriation reflects two base reductions. First, it includes a reduction of \$117,646 and 3.7 FTE in the Recreation Subprogram to eliminate administrative positions that were charged to this line in FY 2003-04. Second, the appropriation includes a reduction of \$141,184 cash funds from the Drug Offender Surcharge Fund. This reduction is necessary to prevent the fund from having a negative fund balance.

Personal Services reduction: The appropriation reflects savings associated with the policy to reduce personal services line items by 0.2 percent.

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 95.2 percent General Fund. The cash funds exempt are moneys transferred from the Division of Criminal Justice in the Department of Public Safety.

Community Services						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2004-05 Appropriation:						
HB 04-1422	\$21,148,142	\$21,078,665	\$0	\$69,477	\$0	238.0
SB 05-109	<u>220,676</u>	<u>161,801</u>	<u>0</u>	<u>57,916</u>	<u>959</u>	<u>0.6</u>
TOTAL	\$21,368,818	\$21,240,466	\$0	\$127,393	\$959	238.6
FY 2005-06 Appropriation:						
FY 2004-05 Appropriation	\$21,368,818	\$21,240,466	\$0	\$127,393	\$959	238.6
Transfer Community Re-entry Subprogram from Inmate Programs Division	1,633,760	572,682	0	636,434	424,644	11.0
Additional parole and parole ISP officers	831,081	831,081	0	0	0	12.7
Annualize salary survey and performance- based pay	800,177	800,177	0	0	0	0.0
Additional community corrections and community ISP officers	516,468	516,468	0	0	0	5.3

Community Services						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
General Fund Appropriation for Offender Re-employment Center	100,000	100,000	0	0	0	0.0
Miscellaneous adjustments	27,788	2,663	0	9,084	16,041	0.0
Eliminate one-time expenses	(104,537)	(104,537)	0	0	0	0.0
Personal Services reduction	(27,103)	(27,103)	0	0	0	0.0
SB 05-209	<u>\$25,146,452</u>	<u>\$23,931,897</u>	<u>\$0</u>	<u>\$772,911</u>	<u>\$441,644</u>	<u>267.6</u>
TOTAL	<u>\$25,146,452</u>	<u>\$23,931,897</u>	<u>\$0</u>	<u>\$772,911</u>	<u>\$441,644</u>	<u>267.6</u>
Increase/(Decrease)	\$3,777,634	\$2,691,431	\$0	\$645,518	\$440,685	29.0
Percentage Change	17.7%	12.7%	n/a	506.7%	45952.6%	12.2%

SB 05-209 (Long Bill) Issue Descriptions

Transfer Community Re-entry Subprogram from Inmate Programs Division: The appropriation reflects an increase associated with transferring the Community Reintegration Subprogram to the Community Services Division. There is no net fiscal impact associated with this reorganization.

Additional parole and parole ISP officers: The appropriation provides additional resources to supervise and provide services to parolees. The parole population is estimated to increase by 610 parolees (an 11.4 percent increase over the estimated parole population at the time the Long Bill was enacted for FY 2004-05).

Annualize salary survey and performance-based pay: The appropriation provides increases to annualize salary survey and performance-based pay awarded to employees in FY 2004-05.

Additional community corrections and community ISP officers: The appropriation provides additional resources to supervise and provide services to inmates in community corrections. The community corrections population is estimated to increase by 239 inmates (a 10.1 percent increase over the estimated community corrections inmate population at the time the Long Bill was enacted for FY 2004-05).

General Fund Appropriation for Offender Re-employment Center: The appropriation provides \$100,000 General Fund for a center to provide services to inmates upon their release from an institutional setting. In prior years, no General Fund appropriations were made to the center.

Miscellaneous adjustments: The appropriation reflects miscellaneous adjustments to federal funds associated with parole grants and the offender re-employment center. It also includes an adjustment for a change in the funds for administrative law judges from the Department of Personnel and Administration.

Eliminate one-time expenses: The appropriation reflects the elimination of one-time expenses associated with hiring parole officers and community corrections officers in FY 2004-05. These expenses include furniture,

computers, guns, hand cuffs, mobile radios, phones, search gloves, bullet proof vests, vehicle cages, cassette recorders, digital cameras, uniform / officer clothing, and basic training.

Personal Services reduction: The appropriation reflects savings associated with the policy to reduce personal services line items by 0.2 percent.

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.

Parole Board						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2004-05 Appropriation:						
HB 04-1422	<u>\$1,070,709</u>	<u>\$1,070,709</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>13.5</u>
TOTAL	\$1,070,709	\$1,070,709	\$0	\$0	\$0	13.5
FY 2005-06 Appropriation:						
FY 2004-05 Appropriation	\$1,070,709	\$1,070,709	\$0	\$0	\$0	13.5
Additional contract parole hearing officer	28,500	28,500	0	0	0	0.0
Annualize salary survey and performance-based pay	27,339	27,339	0	0	0	0.0
Personal Services reduction	(1,893)	(1,893)	0	0	0	0.0
SB 05-209	<u>\$1,124,655</u>	<u>\$1,124,655</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>13.5</u>
TOTAL	\$1,124,655	\$1,124,655	\$0	\$0	\$0	13.5
Increase/(Decrease)	\$53,946	\$53,946	\$0	\$0	\$0	0.0
Percentage Change	5.0%	5.0%	n/a	n/a	n/a	0.0%

SB 05-209 (Long Bill) Issue Descriptions

Additional contract parole hearing officer: The appropriation provides funds for an additional contract hearing officers in response to an increase in the number of parole hearings that need to be conducted by the Parole Board.

Annualize salary survey and performance-based pay: The appropriation provides increases to annualize salary survey and performance-based pay awarded to employees in FY 2004-05.

Personal Services reduction: The appropriation reflects savings associated with the policy to reduce personal services line items by 0.2 percent.

Correctional Industries

Correctional Industries 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 100.0 percent cash funds exempt from sales of Correctional Industries products and services. Because Correctional Industries is an enterprise for the purposes of Section 20 of Article X of the State Constitution, appropriations in this area are categorized as cash funds exempt (Section 17-24-104, C.R.S.).

Correctional Industries						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2004-05 Appropriation:						
HB 04-1422	\$34,472,960	\$0	\$0	\$34,472,960	\$0	171.0
SB 05-109	<u>561</u>	<u>561</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$34,473,521	\$561	\$0	\$34,472,960	\$0	171.0
FY 2005-06 Appropriation:						
FY 2004-05 Appropriation	\$34,473,521	\$561	\$0	\$34,472,960	\$0	171.0
Annualize salary survey and performance-based pay	238,120	0	0	238,120	0	0.0
Change in indirect cost assessment	(180,523)	0	0	(180,523)	0	0.0
Personal Services reduction	(18,022)	0	0	(18,022)	0	0.0
Eliminate one-time appropriation	(561)	(561)	0	0	0	0.0
SB 05-209	<u>\$34,512,535</u>	<u>\$0</u>	<u>\$0</u>	<u>\$34,512,535</u>	<u>\$0</u>	<u>171.0</u>
TOTAL	\$34,512,535	\$0	\$0	\$34,512,535	\$0	171.0
Increase/(Decrease)	\$39,014	(\$561)	\$0	\$39,575	\$0	0.0
Percentage Change	0.1%	-100.0%	n/a	0.1%	n/a	0.0%

SB 05-209 (Long Bill) Issue Descriptions

Annualize salary survey and performance-based pay: The appropriation provides increases to annualize salary survey and performance-based pay awarded to employees in FY 2004-05.

Change in indirect cost assessment: The appropriation reflects a reduction in indirect cost recoveries based on the indirect cost plan for FY 2005-06.

Personal Services reduction: The appropriation reflects savings associated with the policy to reduce personal services line items by 0.2 percent.

Eliminate one-time appropriation: The appropriation eliminates a one-time General Fund appropriation in FY 2004-05 related to the riot at the Crowley County Correctional Facility. The private prison operator for this facility reimbursed the General Fund for expenses related to the riot.

Canteen Operation

The Canteen Operation 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. Because the Canteen Operation is an enterprise for the purposes of Section 20 of Article X of the State Constitution, appropriations are categorized as cash funds exempt (Section 17-24-126, C.R.S.).

Canteen Operation						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2004-05 Appropriation:						
HB 04-1422	<u>\$10,332,603</u>	<u>\$0</u>	<u>\$0</u>	<u>\$10,332,603</u>	<u>\$0</u>	<u>23.7</u>
TOTAL	\$10,332,603	\$0	\$0	\$10,332,603	\$0	23.7
FY 2005-06 Appropriation:						
FY 2004-05 Appropriation	\$10,332,603	\$0	\$0	\$10,332,603	\$0	23.7
Annualize salary survey and performance-based pay	65,407	0	0	65,407	0	0.0
Change in indirect cost assessment	(25,020)	0	0	(25,020)	0	0.0
Personal Services reduction	(2,221)	0	0	(2,221)	0	0.0
SB 05-209	<u>\$10,370,769</u>	<u>\$0</u>	<u>\$0</u>	<u>\$10,370,769</u>	<u>\$0</u>	<u>23.7</u>
TOTAL	\$10,370,769	\$0	\$0	\$10,370,769	\$0	23.7
Increase/(Decrease)	\$38,166	\$0	\$0	\$38,166	\$0	0.0
Percentage Change	0.4%	n/a	n/a	0.4%	n/a	0.0%

SB 05-209 (Long Bill) Issue Descriptions

Annualize salary survey and performance-based pay: The appropriation provides increases to annualize salary survey and performance-based pay awarded to employees in FY 2004-05.

Change in indirect cost assessment: The appropriation reflects a reduction in indirect cost recoveries based on the indirect cost plan for FY 2005-06.

Personal Services reduction: The appropriation reflects savings associated with the policy to reduce personal services line items by 0.2 percent.

Recent Legislation

2004 Session Bills

H.B. 04-1003: Increases the penalty for impersonating a peace officer to a class 6 felony. Makes the use or possession of red or blue lights that may be affixed to a vehicle a class 1 misdemeanor. Provides an affirmative defense to peace officers, persons specifically authorized by a chief of police or sheriff, a permitted volunteer firefighter, ambulance personnel, or a vendor of red and blue lights. Requires volunteer firefighters and ambulance attendants to obtain a permit prior to using special lights and alarm systems on their personal vehicles. Includes a five-year statutory appropriation pursuant to Section 2-2-703, C.R.S., for the following fiscal years:

- FY 2004-05: Appropriates \$152,800 from the Capital Construction Fund to the Corrections Expansion Reserve Fund;
- FY 2005-06: Appropriates \$61,200 General Fund to the Department of Corrections;
- FY 2006-07: Appropriates \$61,200 General Fund to the Department of Corrections;
- FY 2007-08: Appropriates \$61,200 General Fund to the Department of Corrections; and
- FY 2008-09: Appropriates \$61,200 General Fund to the Department of Corrections.

H.B. 04-1016: Adds wholesale promotion of obscenity to a minor and promotion of obscenity to a minor to the list of offenses requiring sex offender registration after conviction of the offense. Includes a five-year statutory appropriation pursuant to Section 2-2-703, C.R.S., for the following fiscal years:

- FY 2006-07: Appropriates \$69,467 from the Capital Construction Fund to the Corrections Expansion Reserve Fund; and
- FY 2007-08: Appropriates \$27,824 General Fund to the Department of Corrections.

H.B. 04-1021: Lowers the blood alcohol content level to 0.08 grams of alcohol per 100 milliliters of blood or per 210 liters of breath for the purposes of determining whether a person is driving under the influence of alcohol. Permits a county, city and county, or municipality to adopt an ordinance or resolution that authorizes

"tastings" subject to certain limitations. Defines "tastings" to mean the sampling of malt, vinous, or spiritous liquors on the premises of certain liquor licensees. Increases to \$1,000 the amount of malt, vinous, and spiritous liquors that a hotel and restaurant licensee may annually purchase from a retail liquor store. Authorizes a hotel or restaurant licensee to permit a customer to reseal and remove from the premises one opened container of partially consumed vinous liquor under certain circumstances.

For FY 2004-05, appropriates \$83,950 cash funds exempt and 0.4 FTE from the Driver's License Administration Revocation Account in the Highway Users Tax Fund to the Department of Revenue, and appropriates \$8,377 General Fund and 0.2 FTE to the Judicial Department. Includes a five- year statutory appropriation pursuant to Section 2-2-703, C.R.S., for the following fiscal years:

- FY 2005-06: Appropriates \$76,414 from the Capital Construction Fund to the Corrections Expansion Reserve Fund;
- FY 2006-07: Appropriates \$90,307 from the Capital Construction Fund to the Corrections Expansion Reserve Fund and appropriates \$19,445 General Fund to the Department of Corrections;
- FY 2007-08: Appropriates \$13,893 from the Capital Construction Fund to the Corrections Expansion Reserve Fund and appropriates \$42,245 General Fund to the Department of Corrections; and
- FY 2008-09: Appropriates \$69,497 from the Capital Construction Fund to the Corrections Expansion Reserve Fund and appropriates \$45,960 General Fund to the Department of Corrections.

H.B. 04-1317: Supplemental appropriation to the Department of Corrections to modify the appropriation included in the FY 2003-04 Long Bill.

H.B. 04-1419: Reduces the private prison reimbursement rate by \$0.81 per inmate per day in FY 2004-05 from \$50.37 to \$49.56. Eliminates the statutory requirement for private prisons to reimburse the Department of Corrections for the cost of monitoring Colorado inmates in private prisons. Reduces the cash fund revenue and cash fund appropriation to the Department of Corrections by \$1,064,340 (private prison monitoring fees). Increases the appropriation for the private prison monitoring unit by \$1,064,340 General Fund and reduces the appropriation for payments to private prisons by an equal amount. Requires private prisons to continue reimbursing the state for the costs associated with monitoring inmates from other states.

H.B. 04-1422: General appropriations act for FY 2004-05.

2005 Session Bills

S.B. 05-109: Supplemental appropriation to the Department of Corrections to modify appropriations included in the FY 2004-05 Long Bill (H.B. 04-1422).

S.B. 05-209: General appropriations act for FY 2005-06.

H.B. 05-1278: Creates the State Criminal Alien Assistance Program Cash Fund. Credits federal funds from the State Criminal Alien Assistance Program to the cash fund created by the bill. Specifies that the cash fund created by the bill shall be subject to appropriation by the General Assembly. Specifies that investment earnings from the cash fund created by the bill shall be credited to the cash fund. Specifies that any unexpended fund balance

at year end shall remain in the fund and shall not be transferred or credited to the General Fund or another fund. Reduces the appropriation by \$3,104,425 federal funds and increases the appropriation by an equal amount of cash funds exempt for FY 2004-05 and FY 2005-06.

DEPARTMENT OF EDUCATION

The State Board of Education is responsible for the general supervision of public schools throughout Colorado. 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 supports the Board in its duties by:

- accrediting public schools and school districts;
- developing and maintaining state model academic content standards in several subject areas for kindergarten through twelfth grade;
- administering assessments (CSAPs) for students at various grade levels in four subject areas; and
- issuing annual accountability reports for every public school in the state.

In addition, the Department administers the following: educator licensure and professional development programs; the School Finance Act and the distribution of state and federal funds to school districts; and a variety of education-related programs, including special education for children with disabilities, English language proficiency programs, the Colorado preschool program, adult basic education programs, and various state and federal grant programs. The Department includes two "type one" agencies: (1) the State Charter School Institute Board, which is responsible for authorizing and monitoring the operations of "institute charter schools" located within certain school districts; and (2) the Board of Trustees that is responsible for managing the Colorado School for the Deaf and the Blind, located in Colorado Springs.

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.

Department Budget: Recent Appropriations

Funding Source	FY 2002-03	FY 2003-04	FY 2004-05	FY 2005-06
General Fund	\$2,312,835,511	\$2,417,670,435	\$2,514,557,579	\$2,698,318,712
Cash Funds	13,517,813	15,233,415	14,762,022	15,308,970
Cash Funds Exempt	439,940,659	461,334,608	491,370,395	386,898,611
Federal Funds	<u>371,988,507</u>	<u>380,677,569</u>	<u>413,104,463</u>	<u>498,839,917</u>
Total Funds	\$3,138,282,490	\$3,274,916,027	\$3,433,794,459	\$3,599,366,210
Full Time Equiv. Staff	430.9	419.7	435.7	444.4

General Factors Driving the Budget

Although local government revenues provide a significant source of funding for K-12 education in Colorado, local funds are not reflected in annual appropriations to the Department of Education. Appropriations to the Department of Education for FY 2005-06 consist of 75.0 percent General Fund, 13.9 percent federal funds, 10.8 percent cash funds exempt, 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 General Assembly has established a statutory public school finance formula under which all public school districts operate. The school finance formula takes into consideration the individual characteristics of each school district in order to equalize funding among the various school districts and provide thorough and uniform educational opportunities throughout the state. The school finance formula allocates state and local funds to school districts by calculating 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 (\$4,718 per pupil for FY 2005-06). The formula then increases base per pupil funding for each district based on factors that affect districts' costs of providing educational services. Thus, per pupil funding allocations vary for each district. For FY 2005-06, per pupil funding allocations are estimated to range from \$5,689 to \$13,393, with a statewide average allocation of \$6,164 per pupil. Each district's per pupil funding allocation is multiplied by its funded pupil count to determine its "total program" funding. For FY 2005-06, a total of \$4.5 billion in state and local funds will be allocated among school districts based on the public school finance formula.

Constitutional Inflationary Requirement (Amendment 23). Pursuant to Section 17 of Article IX of the Colorado Constitution, the General Assembly is 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 2005-06, base per pupil funding increased from \$4,666 to \$4,718 (1.1 percent), based on the actual inflation rate of 0.1 percent experienced in calendar year 2004. Given an estimated funded pupil count of 738,014, the General Assembly is thus required to provide a minimum of \$3.5 billion in state and local funds for FY 2005-06 -- 76.6 percent of the \$4.5 billion in total funding.

Factors Considered in Public School Finance Formula. The remaining 23.4 percent of state and local funds that will be allocated among school districts in FY 2005-06 is driven by other factors in the school finance formula that increase the base per pupil funding for each district by varying amounts to account for individual district characteristics. The table at the top of the next page summarizes the three primary factors.

Factors Used to Differentiate Per Pupil Funding for Each District		
Factor	Description	Portion of Total Program Funding Attributable
Cost of Living Factor	Recognizes differences in the cost of living among districts. Provides greater per pupil funding for higher cost districts.	14.6%
Size Factor	Recognizes economies of scale experienced by larger school districts. Provides greater per pupil funding for districts with low enrollment.	4.6%
At-risk Factor	Provides additional funding for districts serving students who may be at risk of failing or dropping out of school (determined based on the number and concentration of students eligible for free lunches under the federal National School Lunch Program)	4.2%

Determining the State and Local Shares of Public School Funding. Once the total program funding amount is determined for each district, the state and local share of such funding is calculated for each district. Local property and specific ownership taxes provide the first source of revenue for each district's total program funding, and the remainder is covered by state funds. Property taxes are based on each district's mill levy and the assessed (taxable) value of property in each district. Specific ownership taxes are paid on motor vehicles. For FY 2005-06, local taxes are expected to contribute about \$1.7 billion toward public school finance. Thus, the General Assembly appropriated \$2.8 billion in state funding to provide a total of \$4.5 billion for school district operations.

In summary, the following factors affect the amount of state funding appropriated for public school finance:

- ✓ 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;
- ✓ changes in the relative cost-of-living in various regions of the state;
- ✓ the number of at-risk students enrolled in public schools;
- ✓ changes in statutory definitions, procedures, or mathematical factors that impact the calculation of per-pupil funding or state aid for each district; and
- ✓ fluctuations in local property and specific ownership tax revenues.

The table on the following page provides key data related to school finance funding for the last four fiscal years, as well as appropriations for FY 2004-05 and FY 2005-06.

School Finance Funding						
Description	FY 00-01 Actual	FY 01-02 Actual	FY 02-03 Actual	FY 03-04 Actual	FY 04-05 Approp.	FY 05-06 Approp.
Funded Pupil Count	693,644	707,202	717,465	722,980	729,417	738,014
<i>Annual Percent Change</i>	<i>1.7%</i>	<i>2.0%</i>	<i>1.5%</i>	<i>0.8%</i>	<i>0.9%</i>	<i>1.2%</i>
<i>Denver-Boulder Inflation Rate for Previous Calendar Year</i>	<i>2.9%</i>	<i>4.0%</i>	<i>4.7%</i>	<i>1.9%</i>	<i>1.1%</i>	<i>0.1%</i>
Statewide <u>Base</u> Per Pupil Funding	\$4,002	\$4,202	\$4,442	\$4,570	\$4,666	\$4,718
<i>Annual Percent Change</i>	<i>3.2%</i>	<i>5.0%</i>	<i>5.7%</i>	<i>2.9%</i>	<i>2.1%</i>	<i>1.1%</i>
Statewide <u>Average</u> Per Pupil Funding	\$5,168	\$5,451	\$5,796	\$5,943	\$6,074	\$6,164
<i>Annual Percent Change</i>	<i>3.5%</i>	<i>5.5%</i>	<i>6.3%</i>	<i>2.5%</i>	<i>2.2%</i>	<i>1.5%</i>
Districts' Total Program Funding	\$3,584,664,712	\$3,854,831,914	\$4,158,114,214	\$4,296,674,752	\$4,430,339,724	\$4,549,112,090
<i>Annual Percent Change</i>	<i>5.3%</i>	<i>7.5%</i>	<i>7.9%</i>	<i>3.3%</i>	<i>3.1%</i>	<i>2.7%</i>
<u>Local Share</u> of Districts' Total Program Funding	\$1,536,809,148	\$1,624,795,679	\$1,674,010,828	\$1,671,170,411	\$1,686,434,918	\$1,710,682,912
<i>Annual Percent Change</i>	<i>4.2%</i>	<i>5.7%</i>	<i>3.0%</i>	<i>-0.2%</i>	<i>0.9%</i>	<i>1.4%</i>
<u>State Share</u> of Districts' Total Program Funding	\$2,047,855,564	\$2,230,036,235	\$2,484,103,386	\$2,625,504,341	\$2,743,904,806	\$2,838,429,178
<i>Annual Percent Change</i>	<i>6.1%</i>	<i>8.9%</i>	<i>11.4%</i>	<i>5.7%</i>	<i>4.5%</i>	<i>3.4%</i>
<i>State Share as Percent of Districts' Total Program Funding</i>	<i>57.1%</i>	<i>57.9%</i>	<i>59.7%</i>	<i>61.1%</i>	<i>61.9%</i>	<i>62.4%</i>
General Fund Portion of State Share Appropriation	\$1,974,673,211	\$2,073,406,872	\$2,137,582,405	\$2,247,917,791	\$2,342,782,148	\$2,521,730,137
<i>Annual Percent Change</i>	<i>4.6%</i>	<i>5.0%</i>	<i>3.1%</i>	<i>5.2%</i>	<i>4.2%</i>	<i>7.6%</i>

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. Unlike public school finance funding, there is no legal requirement that the General Assembly increase funding commensurate with the number of students eligible for any particular categorical program. However, 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. For example, based on the actual inflation rate for calendar year 2004 (0.1 percent), the General Assembly is required to increase state funding for categorical programs by at least \$1.8 million (1.1 percent) for FY 2005-06. The General Assembly elected, however, to increase state funding for categorical programs by a total of \$4.1 million -- \$2.3 million more than the minimum required by the Colorado Constitution.

The General Assembly determines on an annual basis how to allocate the required increase among the various categorical programs. The following table details increases in the annual appropriation of state funds since FY 2000-01, by program area.

Increases in State Funding for Categorical Programs			
Long Bill Line Item	FY 2005-06 Appropriation	Change in Annual Appropriation of State Funds Since FY 2000-01	
Special education - children with disabilities	\$90,233,326	\$18,722,553	26.2%
English Language Proficiency Program	4,043,555	941,957	30.4%
Public school transportation	41,609,133	4,686,906	12.7%
Colorado Vocational Act distributions	19,996,048	2,203,198	12.4%
Special education - gifted and talented children	6,258,744	758,744	13.8%
Expelled and at-risk student services grant program	6,285,171	496,364	8.6%
Small attendance center aid*	843,781	(104,359)	-11.0%
Comprehensive health education	600,000	0	0.0%
Total	\$169,869,758	\$27,705,363	19.5%

* Although funding provided for small attendance center aid has declined since FY 2000-01, the amount appropriated for FY 2005-06 is estimated to be sufficient to fully fund the program.

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 assist school districts with capital improvements. The \$190.0 million is to be split between two funds:

- ✓ A total of \$105.0 million is to be appropriated to the *School Capital Construction Expenditures Reserve* for capital expenditures of school districts that: (1) address immediate safety hazards or health concerns; (2) relieve excessive operating costs created by insufficient maintenance or construction spending; or (3) 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* to provide matching grants to districts for qualified capital construction projects.

Subsequently, the General Assembly created a new program to distribute State Education Fund moneys to charter schools for capital construction while also increasing the funding available to school districts through the existing Capital Construction Expenditures Reserve.

A provision was included in S.B. 00-181 [Section 24-75-201.1 (4) (c), C.R.S.] prohibiting the General Assembly from making the General Fund appropriations set forth in the act in a fiscal year in which General Fund revenues do not exceed certain annual obligations by more than \$80.0 million. Due to revenue shortfalls, the General Assembly has thus not been statutorily obligated to appropriate General Fund moneys for school capital construction since FY 2000-01. However, the General Assembly elected to waive this provision for FY 2001-02, and it has also appropriated moneys from the State Education Fund annually for capital construction purposes. In addition, lottery proceeds have been available for capital construction needs in each of the last three fiscal years. The following table provides a summary of funding required by S.B. 00-181 (given sufficient revenues) and funding made available to date for capital construction programs (excluding funding specifically for charter schools).

Fiscal Year	Appropriations Required Pursuant to S.B. 00-181 if General Fund Revenues are Sufficient	Funding Made Available To Date for Capital Construction			
		General Fund	State Education Fund	Lottery Proceeds	Total
00-01	\$5,000,000	\$5,000,000	\$0	\$0	\$5,000,000
01-02	10,000,000	10,000,000	6,471,052	0	16,471,052
02-03	15,000,000	0	6,500,060	8,499,940	15,000,000
03-04	20,000,000	0	10,000,000	3,690,377	13,690,377
04-05	20,000,000	0	5,000,000	2,396,438	7,396,438
05-06	<u>20,000,000</u>	<u>0</u>	<u>5,000,000</u>	0	<u>5,000,000</u>
Subtotal	90,000,000	15,000,000	32,971,112	14,586,755	62,557,867
06-07	20,000,000				n/a
07-08	20,000,000				n/a
08-09	20,000,000				n/a
09-10	20,000,000				n/a
10-11	<u>20,000,000</u>				n/a
Total	\$190,000,000	n/a	n/a	n/a	n/a

*The Department of Education will not learn until September 2005 whether or not lottery proceeds will be available for FY 2005-06.

Summary of FY 2004-05 and FY 2005-06 Appropriations

Department of Education						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2004-05 Total Appropriation:	\$3,433,794,459	\$2,514,557,579	\$14,762,022	\$491,370,395	\$413,104,463	435.7
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Management and Administration	33,636,283	21,038,614	2,602,022	2,598,594	7,397,053	110.9
Assistance to Public Schools	3,388,175,343	2,484,547,622	12,075,000	485,845,311	405,707,410	164.7
Library Programs	1,073,596	959,796	0	113,800	0	0.0
School for the Deaf and the Blind	10,909,237	8,011,547	85,000	2,812,690	0	160.1
<u>Breakdown of Total Appropriation by Bill</u>						
HB 04-1104	16,283	0	16,283	0	0	0.0
HB 04-1202	10,000	0	0	10,000	0	0.0
HB 04-1360	78,228	0	0	78,228	0	0.0
HB 04-1362	150,000	0	0	150,000	0	0.0
HB 04-1397	(18,056,244)	(16,091,207)	0	(1,965,037)	0	0.0
HB 04-1421*	0	0	0	0	0	0.0
HB 04-1422	3,440,543,910	2,555,671,589	14,743,794	457,019,405	413,109,122	433.8
HB 04-1464	0	0	0	0	0	1.0
SB 05-110	11,574,156	(22,803)	1,945	11,599,673	(4,659)	0.5
SB 05-209	(25,591,066)	(25,000,000)	0	(591,066)	0	0.4
SB 05-249	25,069,192	0	0	25,069,192	0	0.0
<hr/>						
FY 2005-06 Total Appropriation:	\$3,599,366,210	\$2,698,318,712	\$15,308,970	\$386,898,611	\$498,839,917	444.4
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Management and Administration	36,946,208	23,273,232	2,648,970	2,952,901	8,071,105	118.5
Assistance to Public Schools	3,549,867,782	2,665,725,640	12,575,000	380,798,330	490,768,812	165.8
Library Programs	1,169,796	959,796	0	210,000	0	0.0
School for the Deaf and the Blind	11,382,424	8,360,044	85,000	2,937,380	0	160.1
<u>Breakdown of Total Appropriation by Bill</u>						
SB 05-209	3,581,195,269	2,698,318,712	15,308,970	368,727,670	498,839,917	444.4
SB 05-200	16,785,753	0	0	16,785,753	0	0.0

Department of Education						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
HB 05-1217	0	0	0	0	0	0.0
HB 05-1262	1,385,188	0	0	1,385,188	0	0.0
Increase/(Decrease)	\$165,571,751	\$183,761,133	\$546,948	(\$104,471,784)	\$85,735,454	8.7
Percentage Change	4.8%	7.3%	3.7%	-21.3%	20.8%	2.0%

* House Bill 04-1421 reduced the FY 2004-05 appropriation of tobacco settlement funds to the Read-to-Achieve Cash Fund by \$12,728,215 and reduced the associated spending authority out of the Read-to-Achieve Cash Fund for the Read-to-Achieve Grant Program by \$12,728,215. However, the Governor vetoed the provisions making these reductions to Long Bill appropriations.

FY 2005-06 Appropriation Highlights:

1. The appropriation provides for a \$118.7 million increase in districts' total program funding (a 2.7 percent increase), based on the following assumptions:
 - ▶ The funded pupil count will increase by 1.2 percent, including an increase of 3,310 funded half-day slots for the Colorado Preschool Program.
 - ▶ The statewide base per pupil funding amount will increase by 1.1 percent, based on an actual inflation rate of 0.1 percent in CY 2004 plus an additional 1.0 percent as required by the Constitution.
 - ▶ Available local funds will increase by \$24.2 million (1.4 percent), thereby requiring a \$94.5 million (3.4 percent) increase in state funding.

With regard to sources of state funding, the appropriation includes a \$178.9 million (7.6 percent) increase in the General Fund portion of the appropriation, a \$75.6 million reduction in the appropriation from the State Education Fund, and an \$8.8 million reduction in appropriations from the State Public School Fund.

2. The appropriation reflects an \$85.7 million net increase in federal funds anticipated to be available for various education-related programs, including significant increases for three programs: (1) Title 1 programs, which are generally intended to improve education for children at risk of school failure who live in low-income communities; (2) meal reimbursements for the school lunch and school breakfast programs; and (3) special education programs for children with disabilities.
3. The appropriation includes a \$3.1 million increase (including \$2.5 million General Fund) for the Colorado Student Assessment Program to allow the Department to begin development of new federally required science assessments for 5th and 10th grade students and to cover inflationary increases in existing contracts.
4. The appropriation includes a \$4.1 million increase (2.5 percent) in state funding for categorical programs.

Detail of Appropriation by Administrative Section

Management and Administration

This section of the budget 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. This section also includes funding for administration of the Colorado Student Assessment Program (CSAP). The primary source of cash funds 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.

Management and Administration						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2004-05 Appropriation:						
HB 04-1104	\$16,283	\$0	\$16,283	\$0	\$0	0.0
HB 04-1360	78,228	0	0	78,228	0	0.0
HB 04-1362	150,000	0	0	150,000	0	0.0
HB 04-1422	33,364,220	21,017,070	2,583,794	2,361,644	7,401,712	110.0
SB 05-110	27,552	21,544	1,945	8,722	(4,659)	0.5
SB 05-209	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.4</u>
TOTAL	\$33,636,283	\$21,038,614	\$2,602,022	\$2,598,594	\$7,397,053	110.9
FY 2005-06 Appropriation:						
FY 2004-05 Appropriation	\$33,636,283	\$21,038,614	\$2,602,022	\$2,598,594	\$7,397,053	110.9
Increase for Colorado Student Assessment Program (CSAP)	3,058,918	2,546,108	0	0	512,810	0.0
FY 2005-06 salary and benefit adjustments	278,333	160,635	6,697	10,831	100,170	0.0
Reflect anticipated federal funds and associated staff	11,468	0	0	0	11,468	4.0
Increase FTE authorization for State Charter School Institute	0	0	0	0	0	1.6
Increase FTE authorization for Office of Professional Services	0	0	0	0	0	2.0
Other	283,657	50,326	40,251	143,476	49,604	0.0
Base reductions	(426,409)	(426,409)	0	0	0	0.0
Transfers to the Colorado School for the Deaf and the Blind	(96,042)	(96,042)	0	0	0	0.0

Management and Administration						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
SB 05-209	\$36,746,208	\$23,273,232	\$2,648,970	\$2,752,901	\$8,071,105	118.5
SB 05-200	200,000	0	0	200,000	0	0.0
HB 05-1217	<u>0</u>	0	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$36,946,208	\$23,273,232	\$2,648,970	\$2,952,901	\$8,071,105	118.5
Increase/(Decrease)	\$3,309,925	\$2,234,618	\$46,948	\$354,307	\$674,052	7.6
Percentage Change	9.8%	10.6%	1.8%	13.6%	9.1%	6.9%

SB 05-209 (Long Bill) Issue Descriptions

Increase for Colorado Student Assessment Program: The appropriation includes a total increase of \$3.1 million for the Colorado Student Assessment Program, including the following increases: (1) \$2,756,333 to begin development of new federally required science assessments for 5th and 10th grade students; (2) \$119,400 for administration of the new federally required mathematics assessments for 3rd and 4th grade students; (3) \$96,170 to cover increases required by the five-year contract with CTB - McGraw Hill for developing, printing, distributing, and scoring student assessments, as well as analyzing and reporting student results; and (4) \$87,015 to cover an anticipated increase in the cost of the contract related to the administration of the statewide ACT test for 11th grade students. The appropriation includes a \$2.5 million increase in the General Fund portion of the appropriation to cover items (3) and (4), described above, and to allow the Department to apply available federal funds to the development and administration of the math and science assessments required by federal law. A portion of these federal funds are currently used to support existing assessments that are required by federal law.

FY 2005-06 salary and benefit adjustments: The appropriation includes adjustments to centrally-appropriated line items for salary and benefits, including the following changes: an increase of \$279,381 for salary survey and senior executive service (based on a 3.0 percent increase); an increase of \$184,295 for health, life and dental benefits; \$57,186 for amortization equalization disbursement; and the elimination of \$242,529 for performance-based pay.

Reflect anticipated federal funds and associated staff: The appropriation reflects an anticipated increase in federal funds for state assessments and related activities, as well as an adjustment to the associated FTE authorization based on the Department's plan to respond to a recent federal audit related to the federal *No Child Left Behind Act*.

Increase FTE authorization for State Charter School Institute: The appropriation reflects anticipated increases in the staffing level for the State Charter School Institute.

Increase FTE authorization for Office of Professional Services: The appropriation includes an increase in the FTE authorization for the Office of Professional Services from 17.0 to 19.0 to allow the Department to replace temporary contract staff positions with permanent staff positions, thereby addressing workload increases and improving efficiency and timeliness.

Other: The appropriation reflects relatively small increases in a number of centrally-appropriated line items, including workers' compensation, payment to risk management and property funds, administrative law judge services, legal services, and multiuse network payments. These increases are partially offset by relatively small decreases in funding for emeritus retirement, capitol complex leased space, short-term disability, and purchase of services from the computer center.

Base reductions: Based on more recent estimates of necessary expenditures, the appropriations for two line items, the "School Accountability Reports and State Data Reporting System" and for "Longitudinal Analyses of Student Assessment Results", are reduced by \$371,060 and \$55,349, respectively.

Transfers to Colorado School for the Deaf and the Blind: The appropriation reflects the transfer of two line items to the Colorado School for the Deaf and the Blind, including the following: \$80,202 General Fund for shift differential, and \$15,840 General Fund for vehicle lease payments.

Additional legislation: For information on additional legislation, see the "Recent Legislation" section at the end of this department.

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's* share of districts' total program funding required under the School Finance Act (the local share of 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.

The changes in appropriation by subdivision and the factors driving such changes are included in tables for each subdivision.

Assistance to Public Schools						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2004-05 Appropriation:						
HB 04-1202	\$10,000	\$0	\$0	\$10,000	\$0	0.0
HB 04-1397	(18,056,244)	(16,091,207)	0	(1,965,037)	0	0.0
HB 04-1421*	0	0	0	0	0	0.0

Assistance to Public Schools						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
HB 04-1422	3,395,298,799	2,525,785,118	12,075,000	451,731,271	405,707,410	163.7
HB 04-1464	0	0	0	0	0	1.0
SB 05-110	11,444,662	(146,289)	0	11,590,951	0	0.0
SB 05-209	(25,591,066)	(25,000,000)	0	(591,066)	0	0.0
SB 05-249	<u>25,069,192</u>	<u>0</u>	<u>0</u>	<u>25,069,192</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$3,388,175,343	\$2,484,547,622	\$12,075,000	\$485,845,311	\$405,707,410	164.7
FY 2005-06 Appropriation:						
SB 05-209	\$3,531,896,841	\$2,665,725,640	\$12,575,000	\$362,827,389	\$490,768,812	165.8
SB 05-200	16,585,753	0	0	16,585,753	0	0.0
HB 05-1262	<u>1,385,188</u>	<u>0</u>	<u>0</u>	<u>1,385,188</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$3,549,867,782	\$2,665,725,640	\$12,575,000	\$380,798,330	\$490,768,812	165.8
Increase/(Decrease)	\$161,692,439	\$181,178,018	\$500,000	(\$105,046,981)	\$85,061,402	1.1
Percentage Change	4.8%	7.3%	4.1%	-21.6%	21.0%	0.7%

* House Bill 04-1421 reduces the FY 2004-05 appropriation of tobacco settlement funds to the Read-to-Achieve Cash Fund by \$12,728,215, and reduces the associated spending authority out of the Read-to-Achieve Cash Fund for the Read-to-Achieve Grant Program by the same amount. However, the Governor vetoed the provisions making these reductions to Long Bill appropriations.

Public School Finance

This subsection of Assistance to Public Schools consists of appropriations for the State's share of funding required under the School Finance Act of 1994, as amended. The local share of funding (37.6 percent of the amount required for FY 2005-06 or \$1.7 billion) is not reflected in appropriations to the Department. For FY 2005-06, 88.8 percent of the State's share is funded from the General Fund. Cash funds appropriations reflect anticipated rental income earned on public school lands, less the amount appropriated for other purposes. 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 D.

<i>Public School Finance</i>						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2004-05 Appropriation:						
TOTAL	\$2,743,904,806	\$2,342,782,148	\$11,500,000	\$389,622,658	\$0	0.0

Public School Finance						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Appropriation:						
FY 2004-05 Appropriation	\$2,743,904,806	\$2,342,782,148	\$11,500,000	\$389,622,658	\$0	0.0
Increase General Fund appropriation	180,000,786	180,000,786	0	0	0	0.0
Increase state aid related to business incentive agreements	1,227,232	1,227,232	0	0	0	0.0
Reduce State Education Fund appropriation	(92,009,002)	0	0	(92,009,002)	0	0.0
Adjust appropriations from State Public School Fund	(8,834,368)	0	(1,972,644)	(6,861,724)	0	0.0
SB 05-209	\$2,824,289,454	\$2,524,010,166	\$9,527,356	\$290,751,932	\$0	0.0
SB 05-200	<u>14,139,724</u>	<u>(2,280,029)</u>	<u>0</u>	<u>16,419,753</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$2,838,429,178	\$2,521,730,137	\$9,527,356	\$307,171,685	\$0	0.0
Increase/(Decrease)	\$94,524,372	\$178,947,989	(\$1,972,644)	(\$82,450,973)	\$0	0.0
Percentage Change	3.4%	7.6%	-17.2%	-21.2%	n/a	n/a

Overview: FY 2005-06 Funding for Public School Finance (including S.B. 05-209 and S.B. 05-200)

The appropriation provides for a *total* increase in state and local funding for schools pursuant to the School Finance Act of 1994, as amended, of \$118.7 million (2.7 percent) based on the following:

- a 1.5 percent average increase in per pupil funding, including: (a) a 1.1 percent increase in the statewide *base* per pupil funding amount (based on the actual 0.1 percent inflation rate for the Denver-Boulder area for calendar year 2004 plus an additional one percent as required by Section 17 of Article IX of the Colorado Constitution); and (b) an expansion in the definition of "at-risk" students and an increase in the at-risk factor from 11.2 percent to 12.0 percent of per pupil funding (\$66.5 million); and
- a 1.2 percent projected increase in the funded pupil count, including the addition of 3,310 funded slots for the Colorado Preschool Program and the addition of an estimated 135 funded full-day kindergarten slots for schools rated as "unsatisfactory" (\$52.2 million).

Although *total* funding will increase by 2.7 percent in FY 2005-06, it is anticipated that *local* property and specific ownership tax revenues (which are not reflected in the Long Bill) will increase by only 1.4 percent (\$24.2 million). The appropriation thus reflects a 3.4 percent (\$94.5 million) increase in the *State's* share of funding for districts' total program funding to provide the total required increase of \$118.7 million. The appropriation of state funds includes \$1.1 million to partially offset the \$2.3 million in local property tax revenues that are estimated to be foregone in FY 2005-06 due to locally-negotiated business incentive agreements.

The following table details the data and figures related to overall school finance funding.

School Finance: Total Program	FY 04-05 Amended Appropriation	FY 05-06 Appropriation	Change
Funded Pupil Count	729,416.5	738,014.1	8,597.6
<i>Annual Percent Change</i>	<i>0.9%</i>	<i>1.2%</i>	
Statewide <u>Base</u> Per Pupil Funding	\$4,666.29	\$4,717.62	\$51.33
<i>Annual Percent Change</i>	<i>2.1%</i>	<i>1.1%</i>	
Statewide <u>Average</u> Per Pupil Funding	\$6,073.81	\$6,163.99	\$90.18
<i>Annual Percent Change</i>	<i>1.9%</i>	<i>1.5%</i>	
Total Program Funding	\$4,430,339,724	\$4,549,112,090	\$118,772,366
<i>Annual Percent Change</i>	<i>3.1%</i>	<i>2.7%</i>	
<u>Local Share</u> of Districts' Total Program Funding (excluding appropriation related to BIAs)	\$1,686,434,918	\$1,710,682,911	\$24,247,993
<i>Annual Percent Change</i>	<i>0.9%</i>	<i>1.4%</i>	
<u>State Share</u> of Districts' Total Program Funding (including appropriation related to BIAs)	\$2,743,904,806	\$2,838,429,179	\$94,524,373
<i>Annual Percent Change</i>	<i>4.4%</i>	<i>3.4%</i>	
<i>State Share as % of Districts' Total Program</i>	<i>61.9%</i>	<i>62.4%</i>	

SB 05-209 (Long Bill) Issue Descriptions

Increase General Fund appropriation: Section 17 of Article IX of the Colorado Constitution (Amendment 23) requires the General Assembly to increase the statewide base per pupil funding amount by inflation plus one percent annually for FY 2001-02 through FY 2010-11, and by inflation annually thereafter. In addition, Amendment 23 includes a requirement related to the sources of funds the General Assembly uses to provide the required inflationary increases. Specifically, for FY 2001-02 through FY 2010-11, the General Assembly is required to annually increase the General Fund portion of the appropriation by at least five percent. This *five percent General Fund "maintenance of effort" requirement*, however, does not apply in any fiscal year in which Colorado personal income grows less than 4.5 percent between the previous two calendar years. Due to relatively small increases in Colorado personal income in 2001, 2002, and 2003, this General Fund maintenance of effort requirement has not applied for FY 2002-03, FY 2003-04, or FY 2004-05. However, it appears that this provision will apply for FY 2005-06 through FY 2010-11.

In order to provide the General Assembly with as much flexibility as possible for FY 2005-06, the Long Bill (S.B. 05-209) includes a \$25.0 million reduction in the General Fund portion of the FY 2004-05 appropriation for districts' total program funding, offset by increases in FY 2004-05 appropriations from the State Public School Fund (an increase of \$20.0 million) and the State Education Fund (an increase of \$5.0 million). This results in a lower General Fund "base" for purposes of calculating the required 5.0 percent General Fund increase for FY 2005-06. In order to mitigate the long-term impact of this adjustment on the General Assembly's ability to comply with Amendment 23 funding requirements in future fiscal years, the Long Bill includes a

relatively large increase in the General Fund appropriation for FY 2005-06. Thus, rather than providing General Fund increases of 5.3 percent for FY 2004-05 and 5.5 percent for FY 2005-06, as originally contemplated by the Joint Budget Committee, the Long Bill provides General Fund increases of 4.2 percent for FY 2004-05 and 7.7 percent for FY 2005-06. The adjustments do not affect the total amount of funds appropriated for districts' total program funding in either FY 2004-05 or FY 2005-06.

For purposes of providing a historical perspective, the following table summarizes annual appropriations for the *State's share* of school districts' total program funding since FY 1994-95 (when the current School Finance Act was adopted).

Appropriations for the State Share of Districts' Total Program Funding							
Fiscal Year	General Fund	Annual % Change	5.0% GF MOE Applies?	Cash /Cash Exempt Funds	Annual % Change	Total Funds	Annual % Change
1994-95	\$1,393,562,842		n/a	\$34,016,762	-36.87%	\$1,427,579,604	
1995-96	1,469,655,920	5.46%	n/a	56,613,541	66.43%	1,526,269,461	6.91%
1996-97	1,594,123,930	8.47%	n/a	53,580,360	-5.36%	1,647,704,290	7.96%
1997-98	1,689,946,178	6.01%	n/a	35,647,023	-33.47%	1,725,593,201	4.73%
1998-99	1,776,015,806	5.09%	n/a	74,830,202	109.92%	1,850,846,008	7.26%
1999-00	1,887,449,285	6.27%	n/a	42,685,306	-42.96%	1,930,134,591	4.28%
2000-01	1,974,673,211	4.62%	n/a	73,400,663	71.96%	2,048,073,874	6.11%
2001-02	2,073,406,872	5.00%	Yes	156,629,363	113.39%	2,230,036,235	8.88%
2002-03	2,137,582,405	3.10%	No	346,960,158	121.52%	2,484,542,563	11.41%
2003-04	2,247,917,791	5.16%	No	379,156,261	9.28%	2,627,074,052	5.74%
2004-05	2,342,782,148	4.22%	No	401,122,658	5.79%	2,743,904,806	4.45%
2005-06*	2,524,010,166	7.74%	Likely	314,419,012	-21.62%	2,838,429,178	3.44%

* Please note that S.B. 05-200 adjusted the FY 2005-06 Long Bill appropriation, reflected above, resulting in a General Fund appropriation for the State's share of \$2,521,730,137 (a 7.64 percent annual increase).

Increase state aid related to business incentive agreements: The Long Bill line item appropriation that provides state funding to "backfill" the property tax revenues that are anticipated to be foregone as a result of locally negotiated business incentive agreements reflects an increase of \$1,227,232. This increase includes two components. First, \$87,217 is added based on projections of the amount of backfill districts will be eligible to receive. Second, S.B. 05-200 (which was passed prior to the Long Bill) includes a provision that shifts \$2,280,029 General Fund appropriated in the FY 2005-06 Long Bill for additional state aid associated with locally negotiated business incentive agreements to increase the appropriation for special education programs for children with disabilities. To mitigate the impact of this provision in S.B. 05-200, the associated Long Bill appropriation was increased by \$1,140,015, thereby providing 50 percent of the amount that districts are anticipated to be eligible to receive.

Reduce State Education Fund appropriation: The Long Bill appropriation includes a \$92.0 million reduction in the appropriation from the State Education Fund based on amounts appropriated from the General Fund and

the State Public School Fund. With the adjustment to FY 2004-05 appropriations, total appropriations from the State Education Fund for the last three fiscal years will have exceeded Fund revenues by \$176.6 million. This has caused the Fund balance to decline significantly in recent years, falling from \$298.5 million at the end of FY 2001-02 to a projected balance of \$120.6 million at the end of FY 2004-05. [See Table 2 in Appendix D for a summary of changes in the State Education Fund balance.] If expenditures continue to exceed revenues, significant "spikes" in General Fund appropriations will be required in future fiscal years to comply with constitutional funding requirements. The decrease in the State Education Fund appropriation for FY 2005-06 will mitigate the long-term impact of actions taken in recent years.

Adjust appropriations from State Public School Fund: The cash and cash exempt appropriations from the State Public School Fund for the State's share of districts' total program funding are reduced based on projected fund revenues and expenditures. The following table provides a summary of the assumptions related to the appropriations from this fund.

Projections of Moneys Available in the State Public School Fund: FY 2005-06	
Description	Amount
Projected year-end fund balance, FY 04-05	\$958,058
FY 05-06 Interest earnings (capped statutorily)	19,000,000
FY 05-06 Federal mineral lease revenues	47,400,000
FY 05-06 Rental income earned on public school lands	12,000,000
FY 05-06 District audit recoveries	<u>2,000,000</u>
Total funds projected to be available	81,358,058
Amount required to public school laws [pursuant to Section 22-2-112 (1) (i), C.R.S.]	(35,480)
State match for School Lunch Program [pursuant to Section 22-54-123, C.R.S.]	<u>(2,472,644)</u>
Subtotal: Expenditures for purposes other than the School Finance Act	(2,508,124)
Appropriation from State Public School Fund for the State Share of Districts' Total Program Funding for FY 05-06	<u>78,849,934</u>
Cash funds portion	9,527,356
Cash funds exempt portion	69,322,578

Additional legislation: For information on additional legislation, see the "Recent Legislation" section at the end of this department.

Categorical Programs

This subsection of Assistance to Public Schools 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 defines "categorical programs", and 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.

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.

<i>Categorical Programs</i>						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2004-05 Appropriation:						
TOTAL	\$297,721,870	\$141,765,474	\$0	\$24,516,827	\$131,439,569	58.9
FY 2005-06 Appropriation:						
FY 2004-05 Appropriation	\$297,721,870	\$141,765,474	\$0	\$24,516,827	\$131,439,569	58.9
Reflect anticipated federal funds	33,369,140	0	0	0	33,369,140	0.7
Increase state funding by 1.1 percent	1,823,429	0	0	1,823,429	0	0.0
Reflect anticipated transfers	1,249	0	0	1,249	0	(0.5)
Temporarily refinance Comprehensive Health Education program	0	(300,000)	0	300,000	0	0.0
Discontinue reflecting local funds	(155,250)	0	0	(155,250)	0	0.0
SB 05-209	\$332,760,438	\$141,465,474	\$0	\$26,486,255	\$164,808,709	59.1
SB 05-200	<u>2,280,029</u>	<u>2,280,029</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$335,040,467	\$143,745,503	\$0	\$26,486,255	\$164,808,709	59.1
Increase/(Decrease)	\$37,318,597	\$1,980,029	\$0	\$1,969,428	\$33,369,140	0.2
Percentage Change	12.5%	1.4%	n/a	8.0%	25.4%	0.3%

SB 05-209 (Long Bill) Issue Descriptions

Reflect anticipated federal funds: The appropriation reflects an increase based on federal funds anticipated to be available, and adjusts the associated FTE authorizations, including the following changes: an increase of \$30,748,601 and 0.3 FTE for special education for children with disabilities; an increase of \$1,790,827 and 0.9 FTE for English language proficiency programs; and, an increase of \$829,712 and a reduction of 0.5 FTE for special education for infants and toddlers with disabilities, and their families.

Increase state funding by 1.1 percent: As required by Amendment 23, the appropriation includes a 1.1 percent increase in *state funding* for categorical programs (based on the actual inflation rate for CY 2004). Consistent with the last four fiscal years, this increase is appropriated from the State Education Fund. The increase is allocated among categorical programs based on the relative size of the "gap" between the amount that districts are eligible to receive and the current level of state funding. In addition, S.B. 05-200 included a provision that shifts \$2,280,029 General Fund appropriated in the FY 2005-06 Long Bill for additional state aid associated with locally negotiated business incentive agreements to increase the appropriation for special education programs for children with disabilities. Thus, the overall increase in state funding for categorical

programs exceeds the amount required by the constitution. The following table details the appropriation of state funds by program for fiscal years 2004-05 and 2005-06 (including the adjustment included in S.B. 05-200).

Increase in State Funding for Categorical Programs for FY 2005-06				
Long Bill Line Item	FY 2004-05 Appropriation of State Funds	Allocation of FY 2005-06 Increase in State Funds*		FY 2005-06 Appropriation of State Funds
Special education - children with disabilities	\$86,634,025	\$3,599,301	4.2%	\$90,233,326
English Language Proficiency Program	3,766,630	276,925	7.4%	4,043,555
Public school transportation	41,418,393	190,740	0.5%	41,609,133
Colorado Vocational Act distributions	19,959,556	36,492	0.2%	19,996,048
Special education - gifted and talented children	6,258,744	0	0.0%	6,258,744
Expelled and at-risk student services grant program	6,285,171	0	0.0%	6,285,171
Small attendance center aid	843,781	0	0.0%	843,781
Comprehensive health education	600,000	0	0.0%	600,000
Total	\$165,766,300	\$4,103,458	2.5%	\$169,869,758

* For FY 2005-06, the General Assembly elected to increase state funding for categorical programs by a greater amount than that required by Amendment 23, adding the required \$1,823,429 for four categorical programs, plus an additional \$2,280,029 General Fund for special education services for children with disabilities.

Reflect anticipated transfers: The appropriation reflects an increase in transfers anticipated from other state agencies, as well as adjustments to the associated FTE authorizations, including the following changes: an increase of \$43,000 for special education for children with disabilities; and a reduction of \$41,751 and 0.5 FTE for English language proficiency programs.

Temporarily refinance Comprehensive Health Education program: The appropriation temporarily eliminates the \$300,000 General Fund appropriation for the Comprehensive Health Education program, and increases the appropriation from the Colorado Comprehensive Health Education Fund by \$300,000.

Discontinue reflecting local funds: The appropriation eliminates the cash funds exempt appropriation that reflects the amount of property taxes certain districts will collect in excess of their required share of district total program funding costs. It appears unlikely that any district will collect excess revenues that would be required to be used to "buy out" categorical programs.

Additional legislation: For information on additional legislation, see the "Recent Legislation" section at the end of this department.

Grant Programs and Other Distributions

This subsection of Assistance to Public Schools includes funding for a variety of state and federal grant 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 2005-06, \$4.4 million from tobacco settlement funds is appropriated to the Read-to-Achieve Cash Fund, and a \$4.4 million cash funds exempt appropriation is also provided to authorize the Department to spend moneys in the Read-to-Achieve Cash Fund to award grants to schools. 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.

<i>Grant Programs and Other Distributions</i>						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2004-05 Appropriation:						
TOTAL	\$77,967,855	\$0	\$0	\$68,317,797	\$9,650,058	12.2
FY 2005-06 Appropriation:						
FY 2004-05 Appropriation	\$77,967,855	\$0	\$0	\$68,317,797	\$9,650,058	12.2
Reflect anticipated federal funds	1,947,664	0	0	0	1,947,664	(0.3)
Reduce appropriations associated with the Read-to-Achieve Grant Program	(23,785,668)	0	0	(23,785,668)	0	0.0
Restore funding for the school breakfast program	250,000	250,000	0	0	0	0.0
Reflect amount potentially available in Contingency Reserve	181,505	0	0	181,505	0	0.0
Adjust fund sources for school lunch	0	0	2,472,644	(2,472,644)	0	0.0
SB 05-209	\$56,561,356	\$250,000	\$2,472,644	\$42,240,990	\$11,597,722	11.9
SB 05-200	166,000	0	0	166,000	0	0.0
HB 05-1262	<u>1,385,188</u>	<u>0</u>	<u>0</u>	<u>1,385,188</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$58,112,544	\$250,000	\$2,472,644	\$43,792,178	\$11,597,722	11.9
Increase/(Decrease)	(\$19,855,311)	\$250,000	\$2,472,644	(\$24,525,619)	\$1,947,664	(0.3)
Percentage Change	-25.5%	n/a	n/a	-35.9%	20.2%	-2.5%

SB 05-209 (Long Bill) Issue Descriptions

Reflect anticipated federal funds: The appropriation reflects an increase in the anticipated amount of federal Title 1 funds available for the Reading First Grant Program, and reduces the associated FTE authorization based on the Department's planned use of these funds.

Reduce appropriations associated with the Read-to-Achieve Grant Program: The appropriation reflects a decrease in the appropriation of tobacco settlement funds to the Read-to-Achieve Cash Fund, as well as the corresponding spending authority out of the Read-to-Achieve Cash Fund, based on statutory allocations and projected settlement payments.

Restore funding for the school breakfast program: The appropriation restores the General Fund appropriation for the federal school breakfast program.

Reflect amount potentially available in Contingency Reserve: The appropriation includes an increase from the State Public School Fund, Contingency Reserve, to reflect the full amount that may be available if school districts reimburse the State for amounts previously received.

Adjust fund sources for school lunch: The appropriation reflects the appropriation for the state match for the federal school lunch program as cash funds, rather than cash exempt funds, based on the specific revenue source identified in the associated letter notation.

Additional legislation: For information on additional legislation, see the "Recent Legislation" section at the end of this department.

Appropriated Sponsored Programs

This subsection of Assistance to Public Schools 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 state agencies. The vast majority 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 to improve education for children at risk of school failure, including those who live in low income communities, migrant children, and those who are neglected and delinquent;
- 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 for a variety of activities designed to improve teacher/principal quality.

<i>Appropriated Sponsored Programs</i>						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2004-05 Appropriation:						
TOTAL	\$268,580,812	\$0	\$575,000	\$3,388,029	\$264,617,783	93.6

<i>Appropriated Sponsored Programs</i>						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Appropriation:						
FY 2004-05 Appropriation	\$268,580,812	\$0	\$575,000	\$3,388,029	\$264,617,783	93.6
Reflect anticipated federal funds	49,744,598	0	0	0	49,744,598	2.1
Reflect anticipated transfers	350,000	0	0	350,000	0	0.0
Reflect anticipated grants and donations	(389,817)	0	0	(389,817)	0	(0.9)
SB 05-209	<u>\$318,285,593</u>	<u>\$0</u>	<u>\$575,000</u>	<u>\$3,348,212</u>	<u>\$314,362,381</u>	<u>94.8</u>
TOTAL	\$318,285,593	\$0	\$575,000	\$3,348,212	\$314,362,381	94.8
Increase/(Decrease)	\$49,704,781	\$0	\$0	(\$39,817)	\$49,744,598	1.2
Percentage Change	18.5%	n/a	0.0%	-1.2%	18.8%	1.3%

SB 05-209 (Long Bill) Issue Descriptions

Reflect anticipated federal funds: The appropriation reflects an anticipated net increase in the federal funds that are reflected in this subsection, as well as associated staffing level adjustments. The most significant increases are anticipated in two areas: Title 1 and the school lunch and school breakfast programs.

Reflect anticipated transfers: The appropriation reflects a net increase in cash funds exempt spending authority, primarily due to an anticipated increase in the amount of federal child care funds that are transferred from the Department of Human Services.

Reflect anticipated grants and donations: The appropriation reflects a net decrease in the amount of grants and donations the Department anticipates receiving.

Library Programs

This section contains appropriations for all library-related programs, with the exception of department staff, who have historically been funded through two other line items. Specifically, library program staff supported by state funds (13.7 FTE) are included in the consolidated General Department and Program Administration line item in the Management and Administration section; library program staff supported by federal funds (20.8 FTE) are included in the Appropriated Sponsored Programs line item in the Assistance to Public Schools section. Library programs reflected in this section are primarily supported by General Fund. Cash funds exempt sources include transfers from the Colorado Disabled Telephone Users Fund to support privately operated reading services for the blind, as well as grants and donations.

Library Programs						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2004-05 Appropriation:						
HB 04-1422	<u>\$1,073,596</u>	<u>\$959,796</u>	<u>\$0</u>	<u>\$113,800</u>	<u>\$0</u>	<u>0.0</u>
TOTAL	\$1,073,596	\$959,796	\$0	\$113,800	\$0	0.0
FY 2005-06 Appropriation:						
FY 2004-05 Appropriation	\$1,073,596	\$959,796	\$0	\$113,800	\$0	0.0
Increase funding for reading services	96,200	0	0	96,200	0	0.0
SB 05-209	<u>\$1,169,796</u>	<u>\$959,796</u>	<u>\$0</u>	<u>\$210,000</u>	<u>\$0</u>	<u>0.0</u>
TOTAL	\$1,169,796	\$959,796	\$0	\$210,000	\$0	0.0
Increase/(Decrease)	\$96,200	\$0	\$0	\$96,200	\$0	0.0
Percentage Change	9.0%	0.0%	n/a	84.5%	n/a	n/a

SB 05-209 (Long Bill) Issue Descriptions

Increase funding for reading services: The appropriation includes a \$96,200 increase in spending authority out of the Reading Services for the Blind Cash Fund commensurate with the increase in the annual transfer to this fund from the Disabled Telephone Users Fund in the Department of Regulatory Agencies.

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), which is located in Colorado Springs. The CSDB provides educational services for children throughout the state who are deaf, hard-of-hearing, blind, or visually-impaired. In FY 2003-04, the CSDB had a total enrollment of 441 children, including 229 infants and toddlers and 212 students (ages 3 to 21) who received services on-campus. The on-campus enrollment included 114 residential students (who return home on weekends and for the Summer) and 98 students who only attended classes during the day. The majority of children who receive services through the CSDB (81.9 percent in FY 2003-04) are deaf or hearing impaired.

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 200 students for FY 2005-06)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 (which excludes capital and insurance reserve allocations), estimated at \$5,874 per pupil for FY 2005-06. The Department effects such transfers by withholding funds appropriated for the State's 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 State Share of

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

Districts' Total Program Funding line item. In addition, the appropriation includes other cash funds exempt transfers from the Assistance to Public Schools section of the Long Bill, including state and federal funding for special education services, federal Medicaid funds, federal child nutrition funds, and various federal grants. Cash funds appropriations consist of fees paid by individuals for workshops and conferences and housing reimbursements.

School for the Deaf and Blind						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2004-05 Appropriation:						
HB 04-1422	\$10,807,295	\$7,909,605	\$85,000	\$2,812,690	\$0	160.1
SB 05-110	<u>101,942</u>	<u>101,942</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$10,909,237	\$8,011,547	\$85,000	\$2,812,690	\$0	160.1
FY 2005-06 Appropriation:						
FY 2004-05 Appropriation	\$10,909,237	\$8,011,547	\$85,000	\$2,812,690	\$0	160.1
Annualize salary increases	259,447	249,913	0	9,534	0	0.0
Increase spending authority for grants	115,156	0	0	115,156	0	0.0
Transfers from Management and Administration section	95,154	95,154	0	0	0	0.0
Increase funding for utilities, food, and medical expenses	19,855	19,855	0	0	0	0.0
Communication services payments	914	914	0	0	0	0.0
Personal services base reduction	(17,339)	(17,339)	0	0	0	0.0
SB 05-209	<u>\$11,382,424</u>	<u>\$8,360,044</u>	<u>\$85,000</u>	<u>\$2,937,380</u>	<u>\$0</u>	<u>160.1</u>
TOTAL	\$11,382,424	\$8,360,044	\$85,000	\$2,937,380	\$0	160.1
Increase/(Decrease)	\$473,187	\$348,497	\$0	\$124,690	\$0	0.0
Percentage Change	4.3%	4.4%	0.0%	4.4%	n/a	0.0%

SB 05-209 (Long Bill) Issue Descriptions

Annualize salary increases: The appropriation includes \$208,439 to annualize salary survey increases awarded in FY 2004-05, and \$51,008 to annualize performance-based pay awarded in FY 2004-05.

Increase spending authority for grants: The appropriation includes an increase in cash funds exempt spending authority associated with federal grants that are anticipated to be made available to the School from other line items in the Department's budget.

Transfers from Management and Administration section: The appropriation reflects the transfer of two line items that were previously included in the Management and Administration section: Shift Differential, and

Vehicle Lease Payments. The appropriation includes an increase of \$6,996 for the School to replace, in the Spring of 2006, five of twelve vehicles utilized at the School. This increase is offset by a decrease of \$7,884 for shift differential.

Increase funding for utilities, food, and medical expenses: The appropriation includes an increase of \$17,197 for utilities (4.0 percent increase compared to the FY 2004-05 appropriation), \$2,623 for food expenses (2.9 percent increase compared to FY 2003-04 expenses), and \$35 for medical expenses (2.5 percent increase compared to FY 2003-04 expenses).

Communications services payments: The appropriation includes a small increase in funding for communications services payments.

Personal services base reduction: The appropriation includes a reduction of \$17,339 associated with a 0.2 percent reduction in funding for personal services.

Recent Legislation

2004 Session Bills

S.B. 04-144: Requires the State Auditor to conduct a review of up to three school districts to identify administrative savings that may be realized through implementation of best practices in organization, service delivery, and non-instructional expenditures. Allows school districts to participate in the efficiency reviews on a voluntary basis. Requires the State Auditor's Office to submit its findings, conclusions, and recommendations to participating school districts and to members of the Legislative Audit Committee and the Education Committees by August 31, 2005. Authorizes the State Auditor's Office to accept gifts, grants, or donations for the purpose of conducting the reviews and authorizes the Office to spend up to \$100,000 in donations received and credited to the School District Pilot Efficiency Review Fund for such purpose. Repeals the language added by the act in the event that no donations are received.

H.B. 04-1104: Repeals and reenacts the statutory provision for issuance of teaching authorizations, renaming and amending criteria for existing authorizations and creating several new authorizations. Modifies requirements related to alternative teacher licensure and teacher in residence programs, and authorizes school districts to implement alternative principal programs for persons employed under the principal authorization. Repeals the Educator Professional Standards Board, as well as the annual survey of educators who are in their first and third years of employment as teachers. Directs the Department of Education to provide information annually to the Department of Higher Education concerning individuals who receive or hold educator licenses. For FY 2004-05, appropriates \$16,283 from the Educator Licensure Cash Fund to the Department of Education for implementation of provisions related to the issuance of teaching authorizations and appropriates \$7,703 of such amount to the Department of Public Safety, Colorado Bureau of Investigation, for related fingerprint card processing services.

H.B. 04-1202: Requires the Department of Education to assist school districts in developing and promoting programs that engage students in the process of discovery and interpretation of historical topics. Appropriates \$10,000 cash funds exempt from the State Education Fund for FY 2004-05 and authorizes the Department to accept gifts, grants, and donations for such purpose.

H.B. 04-1318: Supplemental appropriation to the Department of Education to modify FY 2003-04 appropriations included in the FY 2003-04 Long Bill (as amended by S.B. 03-248).

H.B. 04-1331: Supplemental appropriation to the Department of Public Health and Environment. With regard to the Department of Education, increases the FY 2003-04 appropriation of tobacco settlement funds to the Read-to-Achieve Cash Fund by \$2,471, and increases the associated spending authority out of the Read-to-Achieve Cash Fund for the Read-to-Achieve Grant Program by \$2,471. For more information, refer to bill description in the Department of Public Health and Environment.

H.B. 04-1360: Requires the State Board of Education to create and maintain a resource bank of materials pertaining to financial literacy, and to make such materials available to school districts. Requires the Department to provide technical assistance related to curriculum design upon the request of a school district or a charter school. Authorizes the Department to accept and expend any gifts, grants, or donations for purposes of implementing the act, and requires that any such moneys be credited to the Financial Literacy Cash Fund. Authorizes the Department to spend up to \$39,114 cash funds exempt from the Financial Literacy Cash Fund in FY 2004-05. Further, in the event that insufficient moneys are credited to the Financial Literacy Cash Fund, appropriates up to \$39,114 cash funds exempt from the State Education Fund to the Department of Education for FY 2004-05.

H.B. 04-1362: Creates the State Charter School Institute ("Institute") as an independent agency in the Department of Education. Permits the Institute to authorize "institute charter schools" located within a school district's boundaries under certain circumstances. Creates a board to oversee the operations of the Institute, and permits the Institute to hire staff and contract for services. Authorizes the Institute to receive gifts, grants, and donations and creates the State Charter School Institute Fund. Specifies that the Institute does not have to receive applications until there is \$50,000 in the Fund and does not have to review applications until there is \$150,000 in the Fund. Appropriates \$150,000 cash funds exempt from the Institute from the State Charter School Institute Fund for FY 2004-05, and further appropriates \$5,000 of such amount to the Department of Law for the provision of legal services to the State Board.

Directs the Department to withhold a portion of the State's share of districts' total program funding from the school district where an institute charter school is located and to forward the withheld amount to the Institute. Permits the Department to retain up to 2.0 percent of the amount for administrative costs, and permits the Institute to retain up to 3.0 percent of the amount for oversight and management costs. Creates a graduated reimbursement to school districts that have retained exclusive authority to authorize charter schools of the direct costs of authorizing charter schools based on the percentage of the district's funded pupil count that is enrolled in charter schools.

H.B. 04-1397 (annual "school finance act"): Amends the Public School Finance Act of 1994, as amended, to provide funding for school districts for FY 2004-05, making the following changes:

- Increases the statewide *base* per pupil funding from \$4,570.31 to \$4,666.29 (2.1 percent);
- Reduces the *at-risk factor* in the total program funding formula from 11.5 percent to 11.2 percent for three fiscal years (FY 2004-05 through FY 2006-07);
- Allows an adjustment to the *cost of living factor* in the total program funding formula based on the increase in teacher income rather than on inflation; and

- Specifies that a school district shall only count and receive funding for preschool, kindergarten, and first-grade pupils who reach a specified age (e.g., age five for kindergarten) on or before October 1 of the applicable school year. This provision becomes effective beginning in FY 2005-06.

Reduces the FY 2004-05 Long Bill appropriation for the State's share of districts' total program funding by \$18,056,244 (including \$16,091,207 General Fund and \$1,965,037 State Education Fund).

Administration of the School Finance Act. Allows the Department to transfer a portion of the amount appropriated annually in the Long Bill for the State's share of districts' total program funding to offset the direct and indirect administrative costs incurred by the Department in implementing the provisions of the finance act. Requires the state aid of each district to be reduced proportionately.

School District Capital Construction. Acknowledges that, for FY 2003-04, a total of \$3,690,377 in lottery proceeds was made available to school districts for capital expenditures to address immediate safety hazards or health concerns within school facilities. For FY 2004-05, requires the General Assembly to appropriate a total of \$5.0 million from the State Education Fund for public school capital construction, including \$2.5 million to the School Construction and Renovation Fund and \$2.5 million to the School Capital Construction Expenditures Reserve. Adjusts the FY 2004-05 Long Bill (H.B. 04-1422) appropriation accordingly.

H.B. 04-1421: Changes the allocation formula for the state's annual tobacco settlement payment, beginning in FY 2004-05. Adjusts FY 2004-05 Long Bill appropriations accordingly. With regard to the Department of Education, H.B. 04-1421 reduces the appropriation to the Read-to-Achieve Cash Fund and the associated spending authority out of the Read-to-Achieve Cash Fund from \$16,592,664 to \$3,864,449 (a reduction of \$12,728,215). However, the Governor lined through the provisions making these reductions to Long Bill appropriations. For more information refer to the bill description in the Department of Public Health and Environment.

H.B. 04-1422: General appropriations act for FY 2004-05. Also includes a supplemental adjustment to the FY 2003-04 Long Bill appropriation to the Department of Education, School for the Deaf and the Blind.

H.B. 04-1433: Repeals the existing Academic Growth Pilot Program and school improvement measurement. Requires the Department to choose a public or private entity to develop a model to calculate students' annual academic growth for diagnostic purposes and convene a technical advisory panel of experts to review the model. Requires the State Board to adopt a statistical model to calculate diagnostically annual academic growth. Directs the Department to calculate annually the amount of each student's and each school's academic growth in reading, writing, and mathematics over the periods between the administration of the CSAP assessments, and to provide diagnostic academic growth information for each public school and each student. Adds the academic growth of students rating to the school accountability reports.

H.B. 04-1464: Amends an appropriation to the Department of Education in the FY 2004-05 Long Bill (H.B. 04-1422), increasing the FTE authorization associated with the "State Public School Fund, School Capital Construction Expenditures Reserve" line item from 1.0 FTE to 2.0 FTE. Adds a corresponding footnote stating the purpose of increasing the FTE authorization and requesting that the Department provide information to the Joint Budget Committee concerning any recommended statutory changes that may enhance the Department's ability to provide technical consultation to school districts or to ensure the efficient administration of the School District Capital Construction Program and the School Capital Construction Expenditures Reserve. [The Governor vetoed this footnote.]

2005 Session Bills

S.B. 05-32: Beginning with the 2005-06 school year, allows school districts to use a November 1 count date *or* the current October 1 count date to determine the number of three- and four-year-old pupils enrolled and receiving educational programs under the "Exceptional Children's Educational Act" and the Colorado Preschool Program.

S.B. 05-110: Supplemental appropriation to the Department of Education to modify FY 2004-05 appropriations included in the FY 2004-05 Long Bill (H.B. 04-1422).

S.B. 05-196: Creates the State Board of Land Commissioners Investment and Development Fund in the Department of Natural Resources. With respect to the Department of Education, limits the amount of rental income earned on public school lands that may be credited to the Public School Income Fund each fiscal year to \$12 million and requires any amount in excess of \$12 million to be credited to the Permanent School Fund. For more information refer to the bill description in the Department of Natural Resources.

S.B. 05-200 (annual "school finance act"): Amends the Public School Finance Act of 1994, to provide funding for school districts for FY 2005-06, making the following changes:

- Increases the statewide *base* per pupil funding from \$4,666.29 to \$4,717.62 (1.1 percent);
- Increases the *at-risk factor* in the total program funding formula from 11.2 percent to 12.0 percent and adds English language learners to the at-risk student count;
- Adds 1,310 funded slots for the *Colorado Preschool Program* (in addition to the 2,000 added under existing law), and authorizes districts to utilize 1,500 Colorado Preschool Program slots to provide full-day kindergarten programs; and
- Authorizes *full-day kindergarten* (versus half-day) funding for students who attend a school that receives an academic performance rating of "unsatisfactory" for the previous school year.

Increases the FY 2005-06 Long Bill appropriation from the State Education Fund for the state share of districts' total program funding by \$16,419,754.

School District Capital Construction. Beginning with FY 2006-07, eliminates the requirement that the General Assembly annually appropriate \$5,000,000 from the State Education Fund to the School Capital Construction Expenditures Reserve.

Business Incentive Agreements. Beginning with FY 2005-06, specifies that if the General Assembly does not appropriate an amount sufficient to fully fund the amount of additional state aid needed for locally-negotiated business incentive agreements (BIAs), the reduction in state aid shall only affect those districts that have entered into such a BIA and are receiving additional state aid. Shifts \$2,280,029 General Fund appropriated in the FY 2005-06 Long Bill for additional state aid associated with BIAs to increase the appropriation for special education programs for children with disabilities. [Please note that this Long Bill appropriation was subsequently increased to provide \$1,140,015 General Fund for FY 2005-06 to fund approximately half of the amount of additional state aid that districts are eligible to receive.]

Civics Education. Requires the Department to assist school districts in developing and promoting programs that address the state model content standards for civics and promote best practices in civic education. Appropriates \$200,000 from the State Education Fund for such purpose.

National Credential Fee Assistance. Appropriates \$83,000 from the State Education Fund to the National Credential Fund, and authorizes the Department to spend such sum to provide fee assistance for FY 2005-06.

Federal Funds. Requires the Department to submit a report to the Education Committees annually detailing the total amount of federal funds received in the prior fiscal year and the use of such funds.

S.B. 05-209: General appropriations act for FY 2005-06. Also includes supplemental adjustments to modify appropriations to the Department of Education included in the FY 2004-05 Long Bill (H.B. 04-1422).

S.B. 05-249: For FY 2004-05, increases the statutory allocation of tobacco settlement moneys to the Read-to-Achieve Grant Program from 5.0 percent to 19.0 percent. Adjusts FY 2004-05 appropriations for the Read-to-Achieve Grant Program in the FY 2004-05 Long Bill (H.B. 04-1422), as amended by the FY 2005-06 Long Bill (S.B. 05-209), to reflect the change in the allocation. Increases FY 2004-05 appropriations of tobacco settlement moneys to various other programs, based on the change in the statutory allocation of tobacco settlement moneys, to ensure that each program pays a proportionate share of the costs incurred by the State Auditor's Office to conduct statutorily-required performance reviews of various tobacco-funded programs.

H.B. 05-1024: Creates the Dropout Prevention Activity Grant Program to fund before- and after-school arts-based and vocational activity programs for students enrolled in grades six through twelve. Requires the Department of Education to administer the program and to award grants in any fiscal year for which individual income tax check-off donations, or any other gifts, grants, or donations, are received for such purpose.

H.B. 05-1217: Repeals the requirement that the Department annually contract for an audit of school accountability reports, and eliminates a \$150,000 General Fund appropriation for FY 2005-06 for this purpose. Appropriates \$150,000 General Fund to the Department for FY 2005-06 for longitudinal analyses of student assessment results.

H.B. 05-1262: Implements Section 21 of Article X of the State Constitution (the tobacco tax). With respect to the Department of Education, the bill eliminates the waiting list for the Children's Extensive Support waiver program for developmentally disabled children, thereby increase the number of children eligible for Medicaid. The bill thus includes a provision that increases the FY 2005-06 cash funds exempt appropriation for S.B. 97-101 school health services by \$1,385,188. For more information refer to the bill description in the Department of Health Care Policy and Financing.

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 Appropriations

Funding Source	FY 2002-03	FY 2003-04	FY 2004-05	FY 2005-06
General Fund	\$31,167,824	\$13,380,007	\$15,890,879	\$16,065,909
Cash Funds	169,420	144,950	225,779	147,586
Cash Funds Exempt	4,006,869	1,889,010	1,706,447	1,843,906
Federal Funds	<u>19,129,860</u>	<u>18,718,117</u>	<u>17,527,584</u>	<u>14,299,827</u>
Total Funds	\$54,473,973	\$34,132,084	\$35,350,689	\$32,357,228
Full Time Equiv. Staff	120.4	106.9	106.9	106.9

General Factors Driving the Budget

Funding for this department consists of 49.7 percent General Fund, 0.4 percent cash funds, 5.7 percent cash funds exempt, and 44.2 percent federal funds.

Federal Funds

Federally-funded programs comprised 50 percent of the Governor's Office's budget in FY 2004-05 and 44 percent of the Office's budget in FY 2005-06. 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 2004-05 and FY 2005-06 Appropriations

Governor - Lieutenant Governor - Office of State Planning and Budgeting						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2004-05 Total Appropriation:	\$35,350,689	\$15,890,879	\$225,779	\$1,706,447	\$17,527,584	106.9
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Office of the Governor	19,592,193	2,986,052	81,359	198,703	16,326,079	35.4
Office of the Lieutenant Governor	269,968	268,468	0	1,500	0	5.0
Office of State Planning and Budgeting	1,285,245	0	0	1,285,245	0	19.5

Governor - Lieutenant Governor - Office of State Planning and Budgeting

	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
Economic Development Programs	13,303,723	11,736,799	144,420	220,999	1,201,505	37.0
Office of Innovation and Technology	899,560	899,560	0	0	0	10.0
<u>Breakdown of Total Appropriation by Bill</u>						
HB 04-1422	35,298,168	15,838,358	225,779	1,706,447	17,527,584	106.9
SB 05-111	52,521	52,521	0	0	0	0.0
FY 2005-06 Total Appropriation:	\$32,357,228	\$16,065,909	\$147,586	\$1,843,906	\$14,299,827	106.9
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Office of the Governor	16,498,091	3,111,159	77,570	208,747	13,100,615	35.4
Office of the Lieutenant Governor	280,990	279,490	0	1,500	0	5.0
Office of State Planning and Budgeting	1,323,711	0	0	1,323,711	0	19.5
Economic Development Programs	13,338,626	11,759,450	70,016	309,948	1,199,212	37.0
Office of Innovation and Technology	915,810	915,810	0	0	0	10.0
<u>Breakdown of Total Appropriation by Bill</u>						
SB 05-209	32,282,228	16,065,909	147,586	1,768,906	14,299,827	106.9
SB 05-66	75,000	0	0	75,000	0	0.0
Increase/(Decrease)	(\$2,993,461)	\$175,030	(\$78,193)	\$137,459	(\$3,227,757)	0.0
Percentage Change	-8.5%	1.1%	-34.6%	8.1%	-18.4%	0.0%

FY 2005-06 Appropriation Highlights:

1. Federal program funding in the Office of the Governor is reduced by \$3.2 million from FY 2004-05 funding, a decrease of 19.8 percent. This amount reflects an estimate by the Governor's Office of federal funds to be received for various discretionary grants.

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 primarily 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.

Office of the Governor						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2004-05 Appropriation:						
HB 04-1422	\$19,542,952	\$2,936,811	\$81,359	\$198,703	\$16,326,079	35.4
SB 05-111	<u>49,241</u>	<u>49,241</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$19,592,193	\$2,986,052	\$81,359	\$198,703	\$16,326,079	35.4
FY 2005-06 Appropriation:						
FY 2004-05 Appropriation	\$19,592,193	\$2,986,052	\$81,359	\$198,703	\$16,326,079	35.4
FY 2005-06 salary and benefits adjustments	59,068	46,805	(3,789)	18,308	(2,256)	0.0
Annualize salary and benefits adjustments	58,935	142,199	0	(83,264)	0	0.0
Federal programs	(3,223,208)		0	0	(3,223,208)	0.0
Operating adjustments	(63,897)	(63,897)	0	0	0	0.0
SB 05-209	\$16,423,091	\$3,111,159	\$77,570	\$133,747	\$13,100,615	35.4
SB 05-66	<u>75,000</u>	<u>0</u>	<u>0</u>	<u>75,000</u>	<u>0</u>	<u>0</u>
TOTAL	\$16,498,091	\$3,111,159	\$77,570	\$208,747	\$13,100,615	35.4
Increase/(Decrease)	(\$3,094,102)	\$125,107	(\$3,789)	\$10,044	(\$3,225,464)	0.0
Percentage Change	-15.8%	4.2%	-4.7%	5.1%	-19.8%	0.0%

SB 05-209 (Long Bill) Issue Descriptions

FY 2005-06 salary and benefits adjustments: The appropriation includes adjustments to centrally-appropriated line items for salary survey, performance-based pay awards, state contributions to health, life, and dental benefits, shift differential, and state contributions to the Public Employees' Retirement Association (PERA) pension fund. All salary survey and performance based pay increases are funded through centrally-appropriated line items in the Executive Director's Office in the year of the award and are incorporated into base funding for each division in the subsequent year. The appropriation includes a 3.0 percent salary survey increase but does not fund performance-based pay for FY 2005-06. The appropriation for Health, Life, and Dental includes increases between 6.2 percent and 9.58 percent, depending on the tier of coverage elected. Beginning January 1, 2006, the State will contribute an additional 0.5 percent of base salary to PERA pursuant to S.B. 04-257 (Amortization Equalization Disbursement); the appropriation includes six months of funding for this new policy.

Annualize salary and benefits adjustments: The appropriation includes \$58,935 for salary increases and performance-based pay allocated to staff in the Governor's Office in FY 2004-05.

Federal programs: The appropriation reflects a reduction in the amount of federal grants the office expects to receive.

Operating adjustments: These amounts reflect the rates approved for various centrally appropriated line items. Such line items include the following: capital complex leased space, multiuse network payments, purchased services from computer center, workers' compensation, risk management and property, vehicle lease payments, and legal services. Operating adjustments are largely a function of recoverable overhead in the Department of Personnel and Administration or the Department of Law, as is the case with legal services, that are allocated to other departments based on a proportionate share of risk or utilization.

Additional legislation: For information on SB 05-66, see the "Recent Legislation" section at the end of this department.

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.

Office of the Lieutenant Governor						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2004-05 Appropriation:						
HB 04-1422	<u>\$269,968</u>	<u>\$268,468</u>	<u>\$0</u>	<u>\$1,500</u>	<u>\$0</u>	<u>5.0</u>
TOTAL	\$269,968	\$268,468	\$0	\$1,500	\$0	5.0
FY 2005-06 Appropriation:						
FY 2004-05 Appropriation	\$269,968	\$268,468	\$0	\$1,500	\$0	5.0
Annualize salary and benefits adjustments	11,022	11,022	0	0	0	0.0
SB 05-209	<u>\$280,990</u>	<u>\$279,490</u>	<u>\$0</u>	<u>\$1,500</u>	<u>\$0</u>	<u>5.0</u>
TOTAL	\$280,990	\$279,490	\$0	\$1,500	\$0	5.0
Increase/(Decrease)	\$11,022	\$11,022	\$0	\$0	\$0	0.0
Percentage Change	4.1%	4.1%	n/a	0.0%	n/a	0.0%

SB 05-209 (Long Bill) Issue Descriptions

Annualize salary and benefits adjustments: The appropriation includes \$11,022 that represents the salary increases and performance awards allocated to the division in FY 2004-05. Salary survey and performance based pay increases are funded through centrally-appropriated line items in the Executive Director's Office in the year of the award and are incorporated into base funding for each division in the subsequent year.

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 primarily from the State Highway Fund in the Department of Transportation pursuant to Section 43-1-113 (8) (a), C.R.S.

Office of State Planning and Budgeting						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2004-05 Appropriation:						
HB 04-1422	<u>\$1,285,245</u>	<u>\$0</u>	<u>\$0</u>	<u>\$1,285,245</u>	<u>\$0</u>	<u>19.5</u>
TOTAL	\$1,285,245	\$0	\$0	\$1,285,245	\$0	19.5
FY 2005-06 Appropriation:						
FY 2004-05 Appropriation	\$1,285,245	\$0	\$0	\$1,285,245	\$0	19.5
Annualize salary and benefits adjustments	38,466	0	0	38,466	0	0.0
HB 05-209	<u>\$1,323,711</u>	<u>\$0</u>	<u>\$0</u>	<u>\$1,323,711</u>	<u>\$0</u>	<u>19.5</u>
TOTAL	\$1,323,711	\$0	\$0	\$1,323,711	\$0	19.5
Increase/(Decrease)	\$38,466	\$0	\$0	\$38,466	\$0	0.0
Percentage Change	3.0%	n/a	n/a	3.0%	n/a	0.0%

SB 05-209 (Long Bill) Issue Descriptions

Annualize salary and benefits adjustments: The appropriation includes \$38,466 that represents the salary increases and performance awards allocated to the division in FY 2004-05. Salary survey and performance based pay increases are funded through centrally-appropriated line items in the Executive Director's Office in the year of the award and are incorporated into base funding for each division in the subsequent year.

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 and fees. 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.

Economic Development Programs						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2004-05 Appropriation:						
HB 04-1422	\$13,300,443	\$11,733,519	\$144,420	\$220,999	\$1,201,505	37.0
SB 05-111	<u>3,280</u>	<u>3,280</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$13,303,723	\$11,736,799	\$144,420	\$220,999	\$1,201,505	37.0
FY 2005-06 Appropriation:						
FY 2004-05 Appropriation	\$13,303,723	\$11,736,799	\$144,420	\$220,999	\$1,201,505	37.0
Annualize salary and benefits adjustments	36,452	24,111	(74,315)	88,949	(2,293)	0.0
Vehicle Lease Payments	(1,460)	(1,460)	0	0	0	0.0
Indirect costs	(89)	0	(89)	0	0	0.0
SB 05-209	<u>\$13,338,626</u>	<u>\$11,759,450</u>	<u>\$70,016</u>	<u>\$309,948</u>	<u>\$1,199,212</u>	<u>37.0</u>
TOTAL	\$13,338,626	\$11,759,450	\$70,016	\$309,948	\$1,199,212	37.0
Increase/(Decrease)	\$34,903	\$22,651	(\$74,404)	\$88,949	(\$2,293)	0.0
Percentage Change	0.3%	0.2%	-51.5%	40.2%	-0.2%	0.0%

SB 05-209 (Long Bill) Issue Descriptions

Annualize salary and benefits adjustments: The appropriation includes \$36,452 that represents the salary increases and performance awards allocated to the division in FY 2004-05. Salary survey and performance based pay increases are funded through centrally-appropriated line items in the Executive Director's Office in the year of the award and are incorporated into base funding for each division in the subsequent year.

Vehicle Lease Payments: This amount reflects an adjustment for anticipated vehicle lease expenses in FY 2005-06.

Indirect costs: The appropriation reflects a decrease in the indirect cost assessment to the Office of Economic Development pursuant to the Statewide Indirect Cost Allocation Plan. The appropriation includes adjustments required to properly offset General Fund elsewhere in the Department.

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).

Office of Innovation and Technology

	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2004-05 Appropriation:						
HB 04-1422	<u>\$899,560</u>	<u>\$899,560</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>10.0</u>
TOTAL	\$899,560	\$899,560	\$0	\$0	\$0	10.0
FY 2005-06 Appropriation:						
FY 2004-05 Appropriation	\$899,560	\$899,560	\$0	\$0	\$0	10.0
Annualize salary and benefits adjustments	16,176	16,176	0	0	0	0.0
Legal Services	74	74	0	0	0	0.0
SB 05-209	<u>\$915,810</u>	<u>\$915,810</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>10.0</u>
TOTAL	\$915,810	\$915,810	\$0	\$0	\$0	10.0
Increase/(Decrease)	\$16,250	\$16,250	\$0	\$0	\$0	0.0
Percentage Change	1.8%	1.8%	n/a	n/a	n/a	0.0%

SB 05-209 (Long Bill) Issue Descriptions

Annualize salary and benefits adjustments: The appropriation includes \$16,250 that represents the salary increases and performance awards allocated to the division in FY 2004-05. Salary survey and performance based pay increases are funded through centrally-appropriated line items in the Executive Director's Office in the year of the award and are incorporated into base funding for each division in the subsequent year.

Legal Services: This amount is based on an increase in the common policy rate for legal services.

Recent Legislation

2004 Session Bills

S.B. 04-11: Enacts reforms to the Certified Capital Company (CAPCO) program based on the October 2003 audit report. Prohibits the use of CAPCO money for taxes or lobbying and litigation related to CAPCO regulation.

S.B. 04-106: Creates the Venture Capital Authority and gives the Authority the ability to grant tax credits. Replaces the Certified Capital Company program with the Venture Capital Authority as an available tax credit as of January 31, 2004.

S.B. 04-244: Creates the Statewide Internet Portal Authority. Authorizes the Authority to oversee the development, management, and operations of a centralized service agency for web-based information systems and electronic business. Authorizes funding from a variety of sources, including public and private grants, as well as through services contracts with public and private entities.

S.B. 04-247: Reforms the definition of a "qualified business" prospectively under the current CAPCO program and strengthens certain ownership requirements.

S.B. 04-256: Directs the state Treasury to liquidate securities held in the Unclaimed Property Fund. Includes provisions to protect the owner who discovers and reclaims unclaimed securities after their sale by the state. Directs proceeds from the sale of unclaimed securities to tourism promotion funding beginning in FY 2005-06.

H.B. 04-1190: Reforms the first pool of CAPCO investments, including provisions regarding the use of distributions to pay certain taxes. Specifies the use of state portions of distributions, including increased state funding for low income housing developments.

H.B. 04-1228: Repeals statutory language creating the Office of the Coordinator of Environmental Problems.

H.B. 04-1319: Authorizes supplemental appropriations for the Governor - Lieutenant Governor - State Planning and Budgeting FY 2004-05 budget.

H.B. 04-1422: General appropriations act for FY 2004-05.

2005 Session Bills

S.B. 05-66: Requires the Department of Higher Education, Colorado School of Miners, Colorado Energy Research Institute to conduct specific research on the oil and gas sector. Authorizes expenditures from the Oil and Gas Conservation and Environmental Response Fund for this purpose and for specific other purposes outlined in the legislation related to research and information dissemination on the energy sector. Among other appropriations, includes an appropriation of \$75,000 in FY 2005-06 from the Oil and Gas Conservation and Environmental Response Fund to provide grants through the Governor's Office of Energy Management and Conservation for the development of a central resource for building trade professionals regarding energy-efficient design and construction. Authorizes expenditure of an additional \$50,000 from the Fund for this purpose in FY 2006-07, contingent upon an adequate fund balance. For additional information on this legislation, see the bill description in the Department of Natural Resources.

S.B. 05-111: Supplemental appropriation to the Governor-Lieutenant Governor-State Planning and Budgeting to modify appropriations included in the FY 2004-05 Long Bill (H.B. 04-1422).

S.B. 05-209: General appropriations act for FY 2005-06.

DEPARTMENT OF HEALTH CARE POLICY AND FINANCING

The Department of Health Care Policy and Financing provides health care services to approximately 660,000 Colorado residents through six health care programs (1) the State's Medicaid medical and mental health programs; (2) the Colorado Indigent Care program (CICP); (3) the Children's Basic Health Plan (CBHP); (4) the Old Age Pensioner Medical program; (5) the Home Care Allowance program; and (6) the Adult Foster Care program. In addition to these programs, the Department also administers the Comprehensive Primary and Preventive Care Grant program to increase access to health care services for medically under-served populations and areas. The Medicaid, CICP, and CBHP programs are federal and state partnerships; therefore, the State receives approximately \$1.6 billion in federal matching funds for these programs. The Department transfers approximately 12.8 percent of its appropriation to other state agencies that administer programs eligible for Medicaid funding, the majority of which goes to the Department of Human Services.

The Department's budget is comprised of the following sections: (1) Executive Director's Office; (2) Medical Services Premiums; (3) Medicaid Mental Health Community Programs; (4) Indigent Care Program; (5) Other Medical Services; and (6) Department of Human Services Medicaid-Funded Programs.

Department Budget: Recent Appropriations

Funding Source	FY 2002-03	FY 2003-04	FY 2004-05	FY 2005-06
General Fund	\$1,043,838,880	\$1,240,343,033	\$1,279,471,063	\$1,381,954,743
Cash Funds	1,184,532	12,181,611	11,448,429	11,491,183
Cash Funds Exempt	238,170,788	236,020,640	281,735,151	361,540,284
Federal Funds	<u>1,262,119,968</u>	<u>1,463,701,770</u>	<u>1,499,248,386</u>	<u>1,621,580,650</u>
Total Funds	\$2,545,314,168	\$2,952,247,054	\$3,071,903,029	\$3,376,566,860
Full Time Equiv. Staff	189.1	200.4	202.8	214.4

General Factors Driving the Budget

Funding for this department consists of 40.9 percent General Fund, 48.0 percent federal funds, 10.7 percent cash funds exempt, and 0.3 percent cash funds. Some of the most important factors driving the budget are reviewed below.

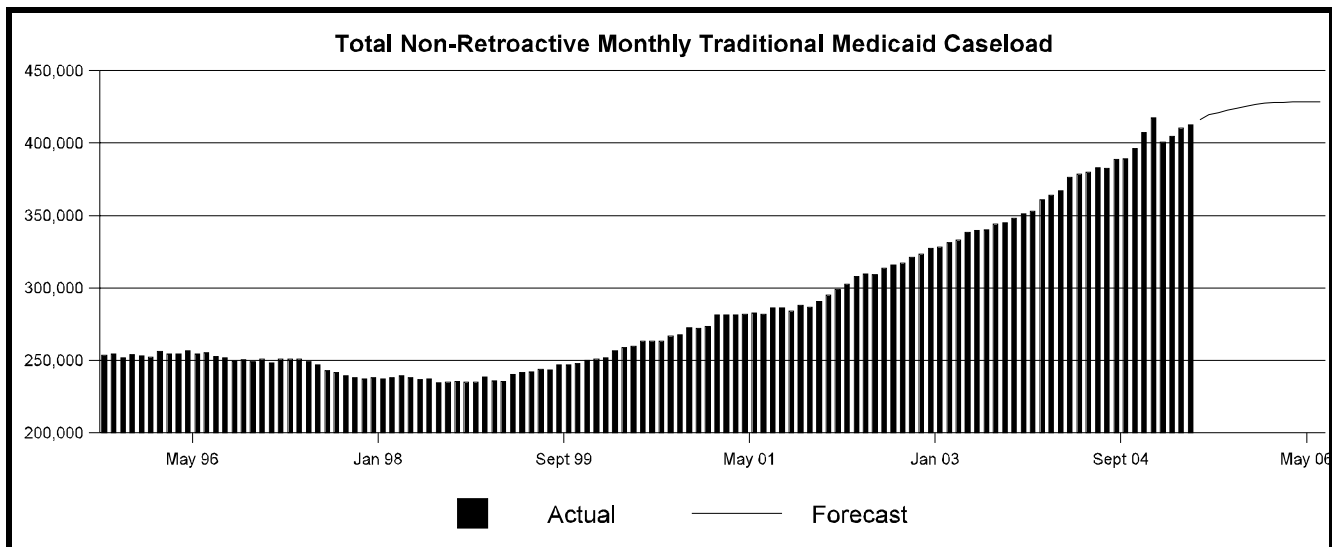
Medical Services Premiums

The medical services premiums section provides funding for the health care services for individuals qualifying for the Medicaid program. Health care services include both acute care services (such as physician visits, prescription drugs, and hospital visits) and long-term care services (provided both within nursing facilities and community alternatives). The Department contracts with health care providers in both fee-for-service and health maintenance organization (HMO) arrangements in order to provide these services to eligible clients. Total costs

for the program result from the number of clients, the costs of providing health care services, and utilization of health care services.

Traditional Medicaid Caseload Growth

The following factors impact the number of clients participating in the Medicaid program: (1) general population growth; (2) policy changes at the state and federal level regarding who is eligible for services; and (3) economic cycles. During the late 1990s, the Medicaid caseload declined due to the impacts of federal welfare reform and the strong economic expansion. However, since early 1999 the Medicaid caseload has increased sharply. This increase is partly due to federal legislation authorizing new populations to become eligible (mainly children) and the economic recession in the early 2000s. The following chart shows the monthly Medicaid caseload growth from FY 1995-96 through the forecast period for FY 2005-06 for the traditional Medicaid population (does not include the Amendment 35 expansion populations).



For FY 2005-06, the caseload is forecasted to grow by approximately 23,243 clients, or 5.8 percent. This growth rate is significantly lower than the growth rates in the last three years. In FY 2002-03, FY 2003-04, and FY 2004-05 caseload had double digit growth rates of 10.8 percent, 10.7 percent, and 11.4 percent, respectively. The majority of the caseload growth has been in the low-income children and adult populations. These populations are most affected by economic conditions. The following table shows a caseload history and the FY 2005-06 caseload projection for the traditional Medicaid caseload by aid category.

Traditional Medicaid Caseload¹	FY 00-01 Actual	FY 01-02 Actual	FY 02-03 Actual	FY 03-04 Actual	FY 04-05 Approp.	FY 05-06 Approp.
<i>Elderly Populations</i>						
Suppl. Security Income (SSI) Ages 65+	33,649	33,916	34,485	34,149	34,799	35,308
Suppl. Security Income (SSI) Ages 60 - 64	5,157	5,184	5,456	5,528	5,904	5,943

Traditional Medicaid Caseload¹	FY 00-01 Actual	FY 01-02 Actual	FY 02-03 Actual	FY 03-04 Actual	FY 04-05 Approp.	FY 05-06 Approp.
Qualified Medicare Beneficiaries/Special Low-income Medicare Beneficiaries	<u>8,157</u>	<u>8,428</u>	<u>8,949</u>	<u>9,787</u>	<u>10,151</u>	<u>11,355</u>
Subtotal Elderly	46,963	47,528	48,890	49,464	50,854	52,606
Disabled	46,046	46,349	46,378	46,565	48,225	48,673
Low-Income Adult						
Categorical Eligible	27,081	33,347	40,021	46,754	54,951	58,784
Baby Care Adults	<u>6,561</u>	<u>7,131</u>	<u>7,579</u>	<u>8,203</u>	<u>6,971</u>	<u>8,100</u>
Subtotal Low-Income Adults	33,642	40,478	47,600	54,957	61,922	66,884
Breast and Cervical Cancer Treatment	0	0	46	103	158	219
Children						
Children	123,221	143,909	166,537	192,048	221,849	236,841
Foster Children	<u>13,076</u>	<u>13,121</u>	<u>13,843</u>	<u>14,790</u>	<u>15,669</u>	<u>16,303</u>
Subtotal Children	136,297	157,030	180,380	206,838	237,518	253,144
Non-Citizens	12,451	4,028	4,101	4,604	5,227	5,621
Total Traditional Caseload	275,399	295,413	327,395	362,531	403,904	427,147
Percent Change	8.74%	7.27%	10.83%	10.73%	11.41%	5.75%

¹ Includes the caseload funded through S.B. 05-209, the General Appropriation Act of 2005. This includes caseload figures for optional legal immigrants and for women eligible for presumptive eligibility. Beginning in FY 2005-06, the state match funding for optional legal immigrants and the presumptive eligibility program will be funded through Amendment 35 tobacco tax monies. Therefore, in the future, the caseload for these groups will be divided out from the "traditional Medicaid caseload." However, because these populations were included in the S.B. 05-209 appropriations, the chart above includes these populations in the caseload figures above.

Amendment 35 Caseload Growth

In November 2004 the voters passed Amendment 35 to the Colorado Constitution, which increased the taxes on tobacco products in order to expand several health care programs. During the 2005 Legislative Session, the General Assembly passed H.B. 05-1262 to implement the provisions of Amendment 35. The changes to Medicaid programs in H.B. 05-1262 are projected to expand the Medicaid eligible population as follows:

H.B. 05-1262 Medicaid Eligibility Expansion Populations	SSI Disabled	Categorical Eligible Adults	Breast and Cervical Cancer Treatment	Children	Total New Medicaid Caseload
Remove Medicaid Asset Test	0	3,440	0	14,332	17,772
Increased Marketing for Children's Basic Health Plan (Medicaid Impact)	0	0	0	803	803
Eliminate Waiting List for the Children's Extensive Support Program and the Children's Home- and Community-Based Service Waiver Program	527	0	0	0	527
Increase eligibility for Breast and Cervical Cancer Treatment program to patients up to 250% of the federal poverty level	<u>0</u>	<u>0</u>	<u>91</u>	<u>0</u>	<u>91</u>
Total Caseload Added by H.B. 05-1262	527	3,440	91	15,135	19,193

Medical Cost Increases

In addition to increased costs due to caseload growth, the Medicaid budget also grows as a result of higher medical costs and greater utilization of medical services. Recent budget increases for medical services are primarily related to nursing home rate increases and utilization increases in the areas of community long-term care and pharmaceuticals. However, because of recent budget reduction initiatives and the fact that the majority of the new caseload has been in the lower-risk low-income children and adult categories, the average cost per Medicaid client for FY 2005-06 is actually lower than it was in FY 2001-02. The following table provides a five-year history of average cost-per-client.

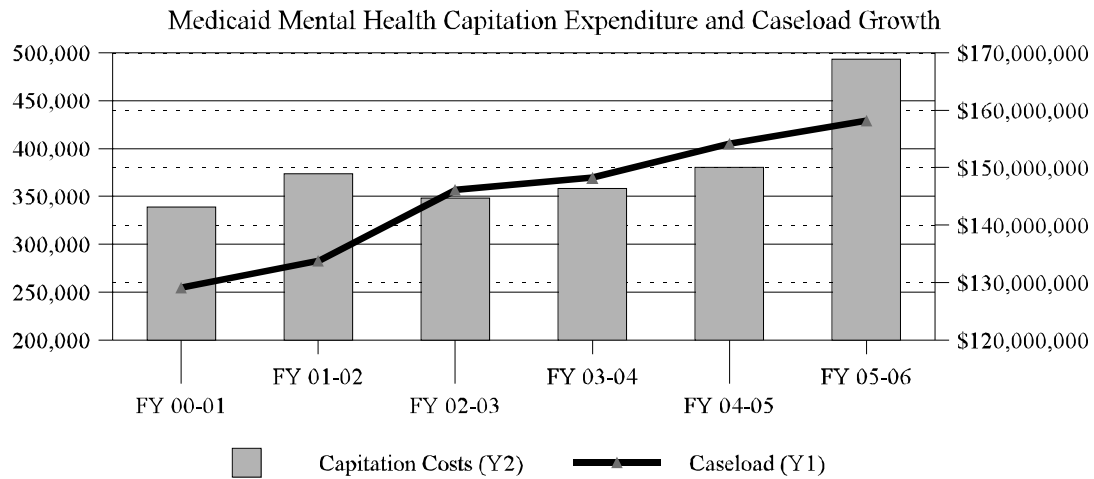
	FY 01-02 Actual	FY 02-03 Actual	FY 03-04 Actual	FY 04-05 Approp.	FY 05-06 Approp.
<i>Medical Service Cost Per Capita</i>	\$5,202.22	\$5,044.88	\$5,080.22	\$4,869.87	\$5,010.54
<i>Percent Change</i>	<i>n/a</i>	(3.0)%	0.7%	(4.1)%	2.9%

Medicaid Mental Health Capitation

Pursuant to H.B. 04-1265, responsibility for the Medicaid-funded mental health community programs (except for the Goebel lawsuit) has been transferred to the Department of Health Care Policy and Financing from the Department of Human Services. Medicaid mental health services throughout Colorado are delivered through a managed care "capitated" program. Under the capitation program, the State pays a regional entity—a Behavioral Health Organization (BHO)—a contracted amount for each Medicaid-eligible person in the entity's geographic area; the BHO is then required to provide appropriate mental health services to all Medicaid-eligible persons needing such services. The rate paid to each BHO for each class of Medicaid-eligible person (*e.g.*, children in foster care, children, elderly, disabled) in each geographic region is established through a competitive bid process. 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 were reduced significantly in FY 2002-03 and FY 2003-04 compared to FY 2001-02 levels, leading to associated service reductions. These reductions did

not result in a decrease in total funding because of increases in the Medicaid caseload and a new initiative that provided funding for community alternatives to inpatient hospitalization at the state mental health institutes.

The following chart and graph provide information on the recent expenditures and caseload for the Medicaid mental health capitation to provide a historical sense of the changes in the program. Please note, the Medicaid mental health caseload used was converted in FY 2005-06 to mirror the overall Medicaid caseload's retroactivity methodology. As such, FY 2005-06 is not readily comparable to prior years.



	FY 00-01 Actual	FY 01-02 Actual	FY 02-03 Actual	FY 03-04 Actual	FY 04-05 Approp.	FY 05-06 Approp.
Medicaid Mental Health Capitation Funding ^{1/}	\$143,193,225	\$148,906,860	\$144,704,276	\$146,347,218	\$150,058,806	\$168,915,966
Annual Dollar Change	\$8,479,920	\$5,713,635	(\$4,202,584)	\$1,642,942	\$3,711,588	\$18,857,160
Annual Dollar Percent Change	5.9%	4.0%	-2.8%	1.1%	2.5%	12.6%
Individuals Eligible for Medicaid Mental Health Services (Caseload) ^{2/}	254,791	282,957	356,962	369,472	405,200	429,364
Annual Caseload Change	18,199	28,166	74,005	12,510	35,728	24,164
Annual Caseload Percent Change	N/A	11.1%	26.2%	3.5%	9.7%	6.0%

1/ The annual dollar totals and change are a function of the rates times the caseload increase. As such, past reductions in rates are not directly evident in this chart.

2/ Please note, the Medicaid caseload estimate for FY 2005-06 reflects the transition to a per capita means of appropriation using the Medicaid premiums caseload instead of a unique Medicaid mental health caseload. Thus, for a one-year period, the comparison of growth in caseload between FY 2004-05 and FY 2005-06 caseload will not directly translate because of the conversion.

Indigent Care Program

The Safety Net Provider Payment, the Children's Hospital Clinic Based Indigent Care, and the Pediatric Speciality Hospital line items provide direct or indirect funding to hospitals and clinics that have uncompensated costs from treating approximately 160,000 under-insured or uninsured Coloradans through the Indigent Care Program. The Indigent Care Program is not an insurance program, nor an entitlement program. Because this

is not an entitlement program, funding for this program is based on policy decisions passed at the state and federal level and is not directly dependent on the number of individuals served or the cost of the services provided. The majority of the funding for this program is from federal funding. State funds for the program come through General Fund appropriations and through certifying qualifying expenditures at public hospitals (these are cash fund exempt appropriations).

In FY 2003-04, through the Medicare Upper Payment Limit (UPL) financing mechanisms, the state was able to increase funding for the program by approximately \$22.6 million (\$11.3 million in federal funds and \$11.3 million in public hospital certified funds). In FY 2004-05, funding for private hospitals participating in the program was cut by \$6.2 million total funds. However, because the state received approval from the Center for Medicare and Medicaid Services (CMS) to change the methodology on which the UPL financing was calculated, the total fund appropriation for the program actually increased by \$8.0 million by recouping prior year payments. In FY 2005-06, funding was decreased for the program by a total of \$8.7 million due to the one-time nature of the recoupments that were available only in FY 2004-05. However, this decrease was offset by an increase of \$6.2 million to restore the budget reductions for private hospital payments that were taken in FY 2004-05 (see H.B. 05-1349 in the recent Legislation Section). Additionally, the General Assembly approved an increase of \$5.4 million to increase funding for pediatric speciality hospitals that participate in the program. The following table provides a five-year funding history for the Indigent Care Program.

	FY 01-02 Actual	FY 02-03 Actual	FY 03-04 Actual	FY 04-05 Approp.	FY 05-06 Approp.
Safety Net Provider Payments ¹	\$234,821,857	\$233,394,276	\$255,976,646	\$264,013,206	\$261,570,348
Children's Hospital Clinic Based Indigent Care	5,595,482	6,119,760	6,119,760	6,119,760	6,119,760
Pediatric Speciality Hospital	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>5,452,134</u>
Total	\$240,417,339	\$239,514,036	\$262,096,406	\$270,132,966	\$273,142,242
General Fund	16,888,013	14,663,540	13,555,006	12,492,364	18,362,593
Cash Fund Exempt	106,118,397	104,535,651	115,400,000	122,574,119	118,208,528
Federal Funds	117,410,929	120,314,845	133,141,400	135,066,483	136,571,121

¹ Prior to FY 2003-04, the safety net provider payments were contained in several line items in the Long Bill. These line items were consolidated in FY 2003-04 into the "safety net provider payment" line item in order to simplify appropriations and the methodology used to distribute the funding. For purposes of this table, the FY 2001-02 and FY 2002-03 appropriations have been consolidated to match the new methodology used beginning in FY 2003-04.

New Programs Under Amendment 35

In November 2004, the voters passed Amendment 35 to the Colorado Constitution which increased the taxes on tobacco products in order to expand several health care programs. During the 2005 Legislative Session, the General Assembly passed H.B. 05-1262 to implement the provisions of Amendment 35. Specifically, H.B. 05-1262 created the Comprehensive Primary Care program. This program will provide additional funding to qualifying providers with patients caseloads that are at least 50 percent uninsured, indigent, or enrolled in the Medicaid or Children's Basic Health Plan programs. For FY 2005-06, the amount of funding available for this program is \$44,099,000. This funding is totally from the increase in tobacco taxes. There is no federal match available for this program.

Children's Basic Health Plan

The Children's Basic Health Plan (CBHP) was originally implemented in 1997 to provide health care insurance to children from families at or below 185 percent of the federal poverty level (currently \$34,872.50 for a family of four). A 65 percent federal match is available for the program. Since its passage in 1997, a number of expansions to the program have occurred. In FY 2002-03, the program was expanded to include adult pregnant women up to 185 percent of the federal poverty level. However, due to budget constraints in FY 2003-04, the adult prenatal program was suspended for the entire year and no new enrollment was accepted into the children's program beginning in November 2003. In FY 2004-05, the cap was lifted on the children's caseload and the adult prenatal program was reinstated.

In November 2004 the voters approved Amendment 35 to the Colorado Constitution, which increased the taxes on tobacco products in order to expand several health care programs. During the 2005 Legislative Session, the General Assembly passed H.B. 05-1262 to implement the provisions of Amendment 35. Among other changes, H.B. 05-1262 increased eligibility for the Children's Basic Health Plan for both children and women covered under the program up to 200 percent of the federal poverty level. Additionally, H.B. 05-1262 allowed caseload growth over the FY 2003-04 level to be funded through Amendment 35 monies and allowed for increased marketing activities to further expand caseload enrollment. The following table provides a five-year funding history for the Children's Basic Health Plan medical and dental costs.

	FY 01-02 Actual	FY 02-03 Actual	FY 03-04 Actual	FY 04-05 Approp.	FY 05-06 Approp.
Medical Services	\$36,116,890	\$51,548,754	\$51,777,408	\$58,569,692	\$72,716,881
Dental Services	<u>1,997,674</u>	<u>5,649,083</u>	<u>5,405,336</u>	<u>5,606,150</u>	<u>5,517,815</u>
Total Service Costs	\$38,114,564	\$57,197,837	\$57,182,744	\$64,175,842	\$78,234,696
Cash Fund Exempt	13,410,315	20,167,514	20,114,345	22,461,545	27,787,214
Federal Funds	24,704,249	37,030,323	37,068,399	41,714,297	50,447,482

The following table provides a five year history of the caseload served by the Children's Basic Health Plan.

	FY 01-02 Actual	FY 02-03 Actual	FY 03-04 Actual	FY 04-05 Approp.	FY 05-06 Approp.
Children's Caseload Up to 185% FPL	39,843	49,216	47,125	47,884	50,395
H.B. 05-1262 CBHP Caseload Impact from removing the Medicaid Asset Test	n/a	n/a	n/a	n/a	(15,063)
H.B. 05-1262 CBHP Caseload Impact from expanding population to 200% FPL	n/a	n/a	n/a	n/a	4,246
H.B. 05-1262 CBHP Caseload Impact from increased marketing activities	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>	<u>3,516</u>
Total CBHP Children Average Monthly Caseload	39,843	49,216	47,125	47,884	43,094

	FY 01-02 Actual	FY 02-03 Actual	FY 03-04 Actual	FY 04-05 Approp.	FY 05-06 Approp.
Estimated Number of Adult Prenatal Member Months Up to 185% FPL	n/a	3,726	n/a	9,565	19,176
H.B. 05-1262 CBHP Caseload Impact from expanding population to 200% FPL	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>	<u>3,684</u>
Total Adult Prenatal Member Months	0	3,726	0	9,565	22,860
Average Adult Monthly Enrollment	0	311	0	797	1,905

Department of Human Services Medicaid-Funded Programs

Many programs in the Department of Human Services (DHS) qualify for Medicaid funding. The federal government requires that one state agency receive all federal Medicaid funding. Therefore, the state and federal funding for all DHS programs that qualify for Medicaid funding is first appropriated in the Department of Health Care Policy and Financing and then transferred to the Department of Human Services (as cash funds exempt).

	FY 01-02 Actual	FY 02-03 Actual	FY 03-04 Actual	FY 04-05 ¹ Approp.	FY 05-06 Approp.
Expenditures	\$532,132,957	\$529,215,363	\$567,683,764	\$418,774,286	\$431,686,840
Percent Increase	n/a	-0.5%	7.3%	-26.2%	3.1%

¹The majority of this decrease relates to the transfer of Medicaid mental health services from this section to the newly created Medicaid Mental Health Community Programs section.

Summary of FY 2004-05 and FY 2005-06 Appropriations

Department of Health Care Policy and Financing						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2004-05 Total Appropriation:	\$3,071,903,029	\$1,279,471,063	\$11,448,429	\$281,735,151	\$1,499,248,386	202.8
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Executive Director's Office	61,969,042	21,893,252	417,366	637,872	39,020,552	202.8
Medical Services Premiums	1,966,958,051	957,699,084	72,180	31,131,226	978,055,561	0.0
Medicaid Mental Health Community Programs	200,120,121	75,631,475	0	48,845,841	75,642,805	0.0
Indigent Care Program	367,927,875	15,788,710	210,400	172,820,152	179,108,613	0.0
Other Medical Services	56,153,654	11,261,881	10,748,483	17,188,199	16,955,091	0.0
Department of Human Services Medicaid-Funded Programs	418,774,286	197,196,661	0	11,111,861	210,465,764	0.0

Department of Health Care Policy and Financing

	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
<u>Breakdown of Total Appropriation by Bill</u>						
SB 04-028	43,482	0	0	21,741	21,741	0.0
SB 04-138	(46,352)	385,431	(817,216)	0	385,433	(1.0)
SB 04-206	44,000	0	0	22,000	22,000	0.0
HB 04-1075	95,805	0	0	47,902	47,903	0.0
HB 04-1219	(57,725)	(28,863)	0	0	(28,862)	0.4
HB 04-1415	838,528	838,528	0	0	0	0.0
HB 04-1416	0	(1,015,048)	0	1,015,048	0	0.0
HB 04-1421	(1,351,150)	0	0	(1,560,216)	209,066	0.0
HB 04-1422	3,014,504,655	1,258,466,091	12,265,645	265,610,328	1,478,162,591	205.1
HB 04-1447	354,854	0	0	124,200	230,654	0.0
SB 05-112	1,203,904	(1,322,616)	0	1,854,434	672,086	(2.0)
SB 05-209	47,975,245	21,092,626	0	11,929,683	14,952,936	0.0
SB 05-249	9,829	0	0	9,717	112	0.0
HB 05-1086	3,802,332	(838,528)	0	2,462,937	2,177,923	0.0
HB 05-1262	49,855	0	0	23,381	26,474	0.3
HB 05-1315	4,435,767	1,893,442	0	173,996	2,368,329	0.0
FY 2005-06 Total Appropriation:	\$3,376,566,860	\$1,381,954,743	\$11,491,183	\$361,540,284	\$1,621,580,650	214.4
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Executive Director's Office	66,910,805	23,343,391	420,446	1,200,890	41,946,078	213.4
Medical Services Premiums	2,178,221,370	1,042,362,634	76,512	66,065,603	1,069,716,621	0.0
Medicaid Mental Health Community Programs	213,710,216	83,119,904	0	45,522,078	85,068,234	0.0
Indigent Care Program	427,979,223	18,362,593	245,742	219,022,233	190,348,655	1.0
Other Medical Services	58,058,406	11,325,410	10,748,483	18,275,936	17,708,577	0.0
Department of Human Services Medicaid-Funded Programs	431,686,840	203,440,811	0	11,453,544	216,792,485	0.0
<u>Breakdown of Total Appropriation by Bill</u>						
SB 05-209	3,271,672,981	1,384,833,668	11,405,697	285,329,027	1,590,104,589	206.1
HB 05-1066	291,589	0	0	137,857	153,732	0.5
HB 05-1131	(733,970)	(366,985)	0	0	(366,985)	0.0

Department of Health Care Policy and Financing

	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
HB 05-1243	(803,395)	(444,369)	0	0	(359,026)	0.5
HB 05-1262	99,851,331	(5,211,733)	85,486	76,073,400	28,904,178	7.3
HB 05-1349	6,288,324	3,144,162	0	0	3,144,162	0.0
Increase/(Decrease)	\$304,663,831	\$102,483,680	\$42,754	\$79,805,133	\$122,332,264	11.6
Percentage Change	9.9%	8.0%	0.4%	28.3%	8.2%	5.7%

FY 2005-06 Appropriation Highlights:

1. The appropriation includes an increase of \$169.7 million total funds, of which \$78.3 million is General Fund, for caseload and cost-per-client increases in the Medicaid medical program. The base appropriation (before policy changes) provides funding for an estimated 426,430 clients at an average annual cost of \$5,010.54 per client.
2. The appropriation includes an increase of \$99.9 million total funds for H.B. 05-1262. In November 2004 the voters approved Amendment 35 to the Colorado Constitution, which increased taxes on tobacco products in order to expand a number of health care programs. House Bill 05-1262 provides the necessary statutory and appropriations authority in order to implement Amendment 35. Of this amount, \$61.6 million is for expanded eligibility for the Medicaid and Children's Basic Health Plan (CBHP). This funding will allow an additional 19,193 Colorado residents to receive health care services through these programs. The other \$38.3 million is to expand funding for primary care services provided by community health centers and other qualifying entities. Additional information on H.B. 05-1262 can be found in the "Recent Legislation" section at the end of this Department.
3. The appropriation includes a total increase of \$18.9 million, of which half is from the General Fund, for a two percent increase in Medicaid rates paid to inpatient hospitals, primary care physicians, and home- and community-based service providers.
4. The appropriation adds \$12.9 million total funds, of which \$6.2 million is from the General Fund, for programs administered by the Department of Human Services that are eligible to receive Medicaid funding.
5. The appropriation adds \$8.5 million total funds, of which \$4.2 million is from the General Fund, for Long Bill mental health base caseload changes. The Long Bill base appropriation funds 410,171 clients.
6. The appropriation adds \$6.3 million total funds, of which \$3.1 million is from the General Fund, to the indigent care program to eliminate a budget reduction to private hospital funding that was enacted in FY 2004-05.
7. The appropriation adds \$5.2 million total funds, half of which is General Fund, for a cost-of-living increase of 3.25 percent for capitated mental health providers (behavioral health organizations).

8. The appropriation reinstates \$474,546 total funds for behavioral health organizations, which was reduced in FY 2004-05. This sum was reduced based on a FY 2002-03 federal Centers for Medicare and Medicaid Services (CMS) disallowance of state expenditures in the Alternatives to Institutionalization program. Half of the sum is from the General Fund.
9. The appropriation contains a net reduction of \$28.8 million due to the implementation of the Medicare Modernization Act of 2003. This reduction includes a decrease of \$29.7 million federal funds and an increase of \$951,564 General Fund.
10. The appropriation includes a reduction of \$2.3 million total funds, which is the estimated recoupment for the capitated mental health program for FY 2003-04 overpayments based on eligible client counts. Half of this sum is from the General Fund.
11. The appropriation reflects \$6,149,084 of Child Placement Agency (CPA) program funding provided to the Behavioral Health Organizations; this program was disallowed by the federal CMS on November 30, 2004. This information is shown for informational purposes.

Detail of Appropriation by Administrative Section

Executive Director's Office

The appropriation for the Executive Director's Office (EDO) contains the administrative funding for the Department. Specifically, the funding in this division supports the Department's personnel, operation of the Medicaid Management Information System, implementation of the Health Insurance Portability and Accountability Act (HIPAA) of 1996, provider audits, and the operating funds associated with the Department's Executive Director's Office, Medical Assistance Office, and Operations and Finance Office.

Executive Director's Office						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2004-05 Appropriation:						
SB 04-028	\$43,482	\$0	\$0	\$21,741	\$21,741	0.0
SB 04-138	(46,352)	(23,177)	0	0	(23,175)	(1.0)
SB 04-206	44,000	0	0	22,000	22,000	0.0
HB 04-1219	21,924	10,962	0	0	10,962	0.4
HB 04-1422	57,432,032	20,029,677	417,366	348,678	36,636,311	196.1
SB 05-112	4,399,101	1,863,290	0	222,072	2,313,739	7.0
SB 05-209	25,000	12,500	0	0	12,500	0.0
HB 05-1262	<u>49,855</u>	<u>0</u>	<u>0</u>	<u>23,381</u>	<u>26,474</u>	<u>0.3</u>
TOTAL	\$61,969,042	\$21,893,252	\$417,366	\$637,872	\$39,020,552	202.8

Executive Director's Office						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Appropriation:						
FY 2004-05 Appropriation	\$61,969,042	\$21,893,252	\$417,366	\$637,872	\$39,020,552	202.8
Medicare Modernization Act of 2003 implementation	1,348,561	637,641	0	0	710,920	1.5
Payment error rate measurements	1,230,549	565,748	0	0	664,801	1.0
Salary and benefits adjustments	427,760	41,368	0	94,221	292,171	0.0
Medicaid Management Information System contract increase	166,575	33,094	0	(13,746)	147,227	0.0
Hospital and Federally Qualifying Health Centers audit increase	100,000	50,000	0	0	50,000	0.0
Mental Health transfer to State Auditor's Office	100,000	50,000	0	0	50,000	0.0
Operating adjustments	97,282	45,200	3,080	253	48,749	0.0
Medicaid management information system substance abuse system changes	44,450	11,113	0	0	33,337	0.0
Medicaid cards caseload adjustment	6,984	3,492	0	0	3,492	0.0
Annualize prior year funding	(172,238)	(35,243)	0	(18,868)	(118,127)	0.8
Legal costs for nursing home quality assessments	(26,954)	(6,738)	0	0	(20,216)	0.0
Single Entry Point administration	(6,311)	(3,155)	0	0	(3,156)	0.0
SB 05-209	<u>\$65,285,700</u>	<u>\$23,285,772</u>	<u>\$420,446</u>	<u>\$699,732</u>	<u>\$40,879,750</u>	<u>206.1</u>
HB 05-1066	68,766	0	0	26,445	42,321	0.5
HB 05-1243	201,020	57,838	0	0	143,182	0.5
HB 05-1262	<u>1,355,319</u>	<u>(219)</u>	<u>0</u>	<u>474,713</u>	<u>880,825</u>	<u>6.3</u>
TOTAL	\$66,910,805	\$23,343,391	\$420,446	\$1,200,890	\$41,946,078	213.4
Increase/(Decrease)	\$4,941,763	\$1,450,139	\$3,080	\$563,018	\$2,925,526	10.6
Percentage Change	8.0%	6.6%	0.7%	88.3%	7.5%	5.2%

SB 05-209 (Long Bill) Issue Descriptions

Medicare Modernization Act of 2003 implementation: In January 2006, pursuant to the Medicare Modernization Act (MMA) of 2003, individuals who are dual eligible for both the Medicare and Medicaid programs will begin to receive their prescription drug benefits through the Medicare program. Under the MMA, the Department will have additional responsibilities including tracking dual eligibles, new reporting requirements to the Social Security Administration, identifying low-income individuals who may qualify for assistance

programs under the MMA, and assisting seniors as they transition from the Medicaid program to the Medicare program. In order to implement the MMA, the appropriation includes the following items: (1) \$635,710 for personal services for 1.5 permanent FTE and 15.0 contract personnel; (2) \$151,572 for operating expenses and rent; (3) \$488,000 for system changes to the Colorado Benefits Management System; and (4) \$73,279 for system changes to the Medicaid Management Information System.

Payment error rate measurement: The appropriation includes an increase of \$1,230,549 to establish a payment error rate measurement (PERM) project as required by the Centers for Medicare and Medicaid Services and recommended by two recent state audits (Prescription Drug Audit September 2004 and Medicaid Claims Performance Audit November 2004). This project will develop a statistical sampling of Medicaid claims to test the accuracy of billing payments. The appropriation assumes that the Department will save at least \$796,710 in lower claim payments after identifying payment errors. Therefore, a corresponding reduction of \$796,710 is made in the Medical Services Premiums Division.

Salary and benefits adjustments: The appropriation includes the following total fund adjustments for employee salaries and benefits: (1) \$394,534 for a 3.0 percent pay raise for state employees; and (2) a total of \$60,726 for adjustments to health, life, and dental benefits, short-term disability, workers' compensation, and amortization of equalization disbursements for PERA. These increases are offset by a 0.2 percent personal services base reduction of \$27,500. In addition, the appropriation adjusts funding splits and applies statewide indirect costs savings which decreases the General Fund by \$140,209 while providing a corresponding increase of \$140,209 to the cash funds exempt and federal funds appropriations.

Medicaid Management Information System contract increase: The appropriation includes an increase of \$909,076 for additional costs under the Medicaid Management Information System contract for Medicaid claims processing. This increase is partially offset by eliminating one-time FY 2004-05 expenses of \$469,740 and decreasing funding for prior authorizations for prescription drugs by \$272,761 due to the implementation of the Medicare Modernization Act of 2003.

Hospital and Federally Qualifying Health Centers audit increase: The appropriation includes an increase of \$100,000 for additional cost report audits for hospitals and Federal Qualifying Health Centers (FQHCs). The appropriation anticipates that increased audits will result in more accurate rate setting data and will reduce erroneous over-payments to hospitals and FQHCs. Therefore, a corresponding reduction of \$100,000 is made in the Medical Services Premiums Division.

Mental Health transfer to State Auditor's Office: The appropriation includes an increase of \$100,000 to pay the State Auditor's Office for its actuarial costs associated with audits of mental health capitation rates.

Operating adjustments: The appropriation includes an increase of \$97,282 for operating expenses related to legal services, administrative law judges, central computer system costs, risk management, and Capitol complex leased space.

Medicaid management information system substance abuse system changes: The appropriation includes \$44,450 for modifications to the Medicaid management information system in order to implement an optional outpatient substance abuse treatment program for Medicaid clients.

Medicaid cards caseload adjustment: The appropriation includes an increase of \$6,984 to mail an additional 22,526 clients Medicaid identification cards.

Annualize prior year funding: The appropriation includes a net decrease of \$172,238 to: (1) eliminate one-time expenses that occurred in FY 2004-05; (2) annualize funding requirements added in FY 2004-05; and (3) provide funding for S.B. 04-177 (Home- and Community-Based Services for Children with Autism). The appropriation adds 0.8 FTE associated with these issues.

Legal costs for nursing home quality assessments: The appropriation eliminates funding for the legal costs associated with nursing home quality assessments. During the last two years, the Department has not expended from this line item.

Single Entry Point administration: The appropriation adjusts the funding to the Single Entry Point administration line item to reflect the actual expenditure patterns for the last two years.

Additional legislation: For information on additional legislation listed in this division, see the "Recent Legislation" section at the end of this Department.

Medical Services Premiums

This division provides the health care funding for an estimated 446,341 Medicaid clients (includes the traditional caseload and the expansion caseload under Amendment 35). Medical services provided include acute care services (i.e. physician visits, prescription drugs, hospitalization) and long-term care services (i.e. nursing home care and community-based services). In general, Medicaid health care services are funded with 50 percent state funds (General Fund, cash funds, or cash funds exempt) and 50 percent federal funds.

Medical Services Premiums						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2004-05 Appropriation:						
SB 04-138	\$0	\$370,448	(\$740,896)	\$0	\$370,448	0.0
HB 04-1219	(79,649)	(39,825)	0	0	(39,824)	0.0
HB 04-1416	0	(1,015,048)	0	1,015,048	0	0.0
HB 04-1422	1,934,724,208	937,325,584	813,076	29,166,690	967,418,858	0.0
SB 05-112	3,403,268	1,701,634	0	0	1,701,634	0.0
SB 05-209	23,768,207	19,356,291	0	(1,688,855)	6,100,771	0.0
HB 05-1086	<u>5,142,017</u>	<u>0</u>	<u>0</u>	<u>2,638,343</u>	<u>2,503,674</u>	<u>0.0</u>
TOTAL	\$1,966,958,051	\$957,699,084	\$72,180	\$31,131,226	\$978,055,561	0.0
FY 2005-06 Appropriation:						
FY 2004-05 Appropriation	\$1,966,958,051	\$957,699,084	\$72,180	\$31,131,226	\$978,055,561	0.0
Base increase for caseload and cost-per-client adjustments	169,687,611	78,332,070	4,332	5,373,838	85,977,371	0.0

Medical Services Premiums						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
Medicare Modernization Act of 2003 maintenance of effort payment	30,984,982	30,984,982	0	0	0	0.0
Two percent increase for inpatient hospital rates	7,365,778	3,682,889	0	0	3,682,889	0.0
Two percent increase for physician rates	6,831,446	3,415,723	0	0	3,415,723	0.0
Two percent increase of home- and community-based services rates	4,669,275	2,334,638	0	0	2,334,637	0.0
Substance abuse treatment program	3,202,700	1,601,350	0	0	1,601,350	0.0
New enrollment from Medicare Modernization Act of 2003	1,259,650	629,825	0	0	629,825	0.0
Prescription drug savings from Medicare Modernization Act of 2003	(62,394,409)	(31,197,204)	0	0	(31,197,205)	0.0
Payment error rate measurement project savings	(796,711)	(398,355)	0	0	(398,356)	0.0
Hospital and Federally Qualifying Health Centers audit savings	(100,000)	(50,000)	0	0	(50,000)	0.0
SB 05-209	\$2,127,668,373	\$1,047,035,002	\$76,512	\$36,505,064	\$1,044,051,795	0.0
HB 05-1066	222,823	0	0	111,412	111,411	0.0
HB 05-1131	(733,970)	(366,985)	0	0	(366,985)	0.0
HB 05-1243	(1,004,415)	(502,207)	0	0	(502,208)	0.0
HB 05-1262	<u>52,068,559</u>	<u>(3,803,176)</u>	<u>0</u>	<u>29,449,127</u>	<u>26,422,608</u>	<u>0.0</u>
TOTAL	\$2,178,221,370	\$1,042,362,634	\$76,512	\$66,065,603	\$1,069,716,621	0.0
Increase/(Decrease)	\$211,263,319	\$84,663,550	\$4,332	\$34,934,377	\$91,661,060	0.0
Percentage Change	10.7%	8.8%	6.0%	112.2%	9.4%	n/a

SB 05-209 (Long Bill) Issue Descriptions

Base increase for caseload and cost-per-client adjustments: The appropriation supports medical services for an estimated 426,431 Medicaid clients. The caseload forecast for FY 2005-06 anticipates overall caseload growth of 22,526 or 5.6 percent over the FY 2004-05 adjusted caseload (prior to policy changes and new legislation). As in previous years, the caseload growth is primarily in the low-income adult and children categories. The following table shows the projected growth for the traditional Medicaid populations from FY 2004-05 to FY 2005-06.

Eligibility Category	FY 2004-05 ^{1/}	FY 2005-06 ^{2/}	# Change	%
Supplemental Security Income 65 +	34,799	35,132	333	1.0
Supplemental Security Income 60 to 64	5,904	5,943	39	0.7
Qualified Medicare Beneficiaries and Special Low-income Medicare Beneficiaries	10,151	10,814	663	6.5
Supplemental Security Income Disabled	48,225	48,673	448	0.9
Categorically Eligible Low Income Adults	54,951	58,784	3,833	7.0
Baby Care-Adult	6,971	8,100	1,129	16.2
Breast and Cervical Cancer Treatment Clients	158	219	61	38.6
Eligible Children	221,849	236,841	14,992	6.8
Foster Care Children	15,669	16,303	634	4.0
Non-Citizens	5,227	5,621	394	7.5
Total Annual Caseload Forecast	403,904	426,430	22,526	5.6

^{1/} Final caseload estimate for FY 2004-05.

^{2/} This is the base forecast, before policy changes. Implementation of the Medicare Modernization Act of 2003 adds another 717 clients to this base forecast (176 clients in SSI 65+ and 541 clients in QMB/SLMB). In addition, H.B. 05-1262 adds another 19,193 individuals to the Medicaid caseload.

The base service costs are the amounts needed to fund requirements under current law. The base service costs are a function of both cost and utilization projections calculation using prior years' experience, as adjusted by initiatives to increase the type, range, or cost of services. The base service costs are calculated using: (1) the cost of 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 following table compares the final FY 2004-05 estimated costs with the FY 2005-06 base service cost appropriated for each service category.

Service Category	FY 2004-05	FY 2005-06	\$ Change	%
Acute Care Services	\$1,238,190,613	\$1,352,337,929	\$114,147,316	9.2
Community Long-Term Care Services	\$163,682,141	\$178,822,278	\$15,140,137	9.3
Institutional Long-Term & Insurance	\$535,512,787	\$576,289,295	\$40,776,508	7.6
Other (Medicare Upper Payment Limit and one-time payments)	\$29,572,510	\$29,196,160	(\$376,350)	(1.3)
Total Service Costs	\$1,966,958,051	\$2,136,645,662	\$169,687,611	8.6%

Based on the overall forecasted caseload and costs for services, the appropriation includes an overall increase in cost-per-client of approximately \$140.68 or 2.9 percent as shown in the following table.

	FY 2004-05	FY 2005-06	Difference
FY 2004-05 compared to base funding for FY 2005-06	\$1,966,958,051	\$2,136,645,662	\$169,687,611
Caseload	403,904	426,430	22,526
Cost-Per-Client	\$4,869.87	\$5,010.54	\$140.68
Impact Associated with Caseload Growth			\$109,698,584
Impact Associated with Cost-per-Client Growth			\$59,989,027
Total Increase			\$169,687,611

As explained above, the base *increase* for caseload and cost-per-client cost changes is \$169.7 million. This increase represents a continuation of the Medicaid program without any policy changes. The funding increase needed due to caseload growth is forecasted at \$109.7 million and the funding increase needed due to cost-per-client growth is \$60.0 million. Of the total increase of \$169.7 million, \$78.3 million is General Fund, \$4,332 is Cash Funds, \$5.4 million is Cash Fund Exempt, and \$86.0 million is matching federal funds.

Medicare Modernization Act of 2003 maintenance of effort payment: The appropriation includes a new line item in the Long Bill to show the amount of funding that the Department will pay to the federal government for the maintenance of effort requirement under the Medicare Modernization Act (MMA) of 2003. For FY 2005-06, this amount is estimated at \$31.0 million General Fund.

Two percent increase for inpatient hospital rates: The appropriation includes an increase of \$7.4 million for a two percent rate increase for inpatient hospital services.

Two percent increase for physician rates: The appropriation includes an increase of \$6.8 million to increase primary care physician rates.

Two percent increase for home- and community-based services rates: The appropriation includes an increase of \$4.7 million for a provider rate increase for home- and community-based services. Senate Bill 05-209 contains a footnote requesting the Department to report on the rules adopted by the Medical Services Board to implement this appropriation.

Substance abuse treatment program: The appropriation includes funding for an optional outpatient substance abuse treatment program for Medicaid clients.

New enrollment from Medicare Modernization Act of 2003: The appropriation assumes that there will be additional Medicaid caseload that results from the implementation of the MMA. The MMA provides that low-income Medicare recipients may receive co-pay and deductible assistance for their prescription drugs. When these Medicare clients apply for the low-income assistance benefit, the client will be screened for Medicaid eligibility. The appropriation assumes an increase in caseload of 717 clients, resulting in additional costs to the Department of \$1.3 million.

Prescription drug savings from Medicare Modernization Act of 2003: Under the MMA, individuals with dual eligibility will receive their prescription drug coverage from the Medicare program rather than the Medicaid program. This law change will result in a decrease in prescription drug costs in the Medicaid program of approximately \$62.4 million. Of this amount, \$31.2 million is General Fund. However, the General Fund savings will be more than offset by the MMA Maintenance of Effort payment, the estimated increase in caseload, and the added administrative costs in the Executive Director's Office.

Payment error rate measurement project savings: The appropriation contains a reduction of \$796,711 to account for over payments to Medicaid providers that will be recouped due to the implementation of the payment error rate measurement project.

Hospital and Federally Qualifying Health Centers audit savings: The appropriation contains a reduction of \$100,000 to account for projected savings from increased audits of hospitals and Federally Qualifying Health Centers cost reports.

Additional legislation: For information on additional legislation in this division, see the "Recent Legislation" section at the end of this department.

Medicaid Mental Health Community Programs

Medicaid Mental Health Community Programs is a new division established in the FY 2004-05 Long Bill appropriation (H.B. 04-1422). Pursuant to H.B. 04-1265, Medicaid funded mental health community programs (except for those related to the Goebel lawsuit) were transferred from the Department of Human Services to the Department of Health Care Policy and Financing. This section provides for mental health services through the purchase of services from Behavioral Health Organizations (BHOs), which coordinate mental health services for Medicaid recipients and fee-for-service payments.

Medicaid Mental Health Community Programs						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2004-05 Appropriation:						
HB 04-1422	\$191,571,304	\$74,678,287	\$0	\$41,992,061	\$74,900,956	9.0
SB 05-112	(2,694,900)	(1,259,248)	0	0	(1,435,652)	(9.0)
SB 05-209	<u>11,243,717</u>	<u>2,212,436</u>	<u>0</u>	<u>6,853,780</u>	<u>2,177,501</u>	<u>0.0</u>
TOTAL	\$200,120,121	\$75,631,475	\$0	\$48,845,841	\$75,642,805	0.0
FY 2005-06 Appropriation:						
FY 2004-05 Appropriation	\$200,120,121	\$75,631,475	\$0	\$48,845,841	\$75,642,805	0.0
Caseload and base rates adjustment	8,462,430	4,229,647	0	845	4,231,938	0.0
3.25 percent COLA	5,167,363	2,583,446	0	127	2,583,790	0.0
Reinstatement of funding for FY 2002-03 recoupment taken in FY 2004-05	3,131,775	1,565,888	0	0	1,565,887	0.0
Reinstatement of moneys associated with one-time funding reduction in FY 2004-05 capitation	474,546	237,273	0	0	237,273	0.0
Child Placement Agency (CPA) Program	300,400	0	0	300,400	0	0.0
Refinancing of Breast and Cervical Cancer Program	0	3,050	0	(3,050)	0	0.0
Estimate of anti-psychotic pharmaceutical costs	(5,555,715)	0	0	(5,555,715)	0	0.0
Estimate of FY 2003-04 capitation recoupment	(2,250,000)	(1,125,000)	0	0	(1,125,000)	0.0
Adjustment to fee-for-service program	(11,751)	(5,875)	0	0	(5,876)	0.0
SB 05-209	\$209,839,169	\$83,119,904	\$0	\$43,588,448	\$83,130,817	0.0
HB 05-1262	<u>3,871,047</u>	<u>0</u>	<u>0</u>	<u>1,933,630</u>	<u>1,937,417</u>	<u>0.0</u>
TOTAL	\$213,710,216	\$83,119,904	\$0	\$45,522,078	\$85,068,234	0.0

Medicaid Mental Health Community Programs

	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
Increase/(Decrease)	\$13,590,095	\$7,488,429	\$0	(\$3,323,763)	\$9,425,429	0.0
Percentage Change	6.8%	9.9%	n/a	-6.8%	12.5%	n/a

Capitation Program

As noted earlier, Medicaid mental health care services are largely delivered through the capitation program, administered by Behavioral Health Organizations (BHOs). Given that the cost per client is established by bid and other adjustments, caseload (i.e., Medicaid clients eligible for mental health services) is the primary driver of the changes in the appropriation. The following table shows the total number of clients eligible caseload for Medicaid mental health services; not all eligible clients will seek mental health services.

Medicaid Clients Eligible for Mental Health Services

Medicaid Mental Health Eligible Category	FY 2002-03 Actual	FY 2003-04 Actual	FY 2004-05 Approp.	FY 2005-06 Approp. ^{1/2/}
Elderly	34,952	34,222	35,663	35,308
Disabled	52,550	52,883	56,149	55,143
Adults	47,408	58,599	64,547	70,324
Children	177,997	208,541	232,870	251,976
Children in Foster Care	14,545	15,133	15,832	16,303
Breast and Cervical Cancer	n/a	94	139	310
Total	327,452	369,472	405,200	429,364
<i>Annual caseload change</i>	<i>n/a</i>	<i>42,020</i>	<i>35,728</i>	<i>24,164</i>
<i>Percent annual caseload change</i>	<i>n/a</i>	<i>12.8%</i>	<i>9.7%</i>	<i>6.0%</i>
<i>For information only: Amendment 35 clients (included above within the total caseload figure):</i>				<i>19,193</i>

^{1/} Please note, this caseload is based on: (1) the Medicaid populations that are eligible for mental health services that are included in the capitation program (e.g., QMB and non-citizens for instance are excluded); and (2) the FY 2002-03 known Medicaid mental health caseload adjusted using the Medicaid projected growth rates for the respective populations. The caseload for FY 2005-06 (and forward) is adjusted for retroactivity and therefore mirrors the overall Medicaid caseload for these categories.

^{2/} Please note, this sum includes an increase of 19,193 clients attributable to the passage of H.B. 05-1262 (Amendment 35). This increase is comprised of the following populations: 527 disabled clients, 3,440 adult clients, 91 breast-cervical cancer adults, and 15,135 children.

SB 05-209 (Long Bill) Issue Descriptions

Caseload and base rates adjustment: The Long Bill base increase reflects rates effective for the new January 1, 2005, capitation contract and an estimated 410,171 Medicaid clients that are eligible for mental health services, excluding those made eligible through Amendment 35 funding (e.g., H.B. 05-1262).

3.25 percent cost-of-living adjustment (COLA): The appropriation adds \$5.2 million for a 3.25 percent cost-of-living increase for capitated mental health providers (behavioral health organizations).

Reinstatement of funding for FY 2002-03 recoupment taken in FY 2004-05: The appropriation reinstates the funding associated with a one-time reduction taken in FY 2004-05 to recoup capitation payments made in FY 2002-03 for clients who were later found to not be eligible for Medicaid.

Reinstatement of moneys associated with one-time funding reduction in FY 2004-05 capitation: The appropriation reinstates funding reduced in FY 2004-05 associated with a FY 2002-03 federal Centers for Medicare and Medicaid Services (CMS) disallowance in the Alternatives to Institutionalization program.

Child Placement Agency (CPA) Program: The appropriation reflects the funding estimate in the Child Welfare budget in the Department of Human Services, shown for informational purposes only. The appropriation continues to reflect the CPA program funding for Behavioral Health Organizations despite the CMS disallowance of that program.

Refinancing of Breast and Cervical Cancer Program: The appropriation reflects the statutorily required financing change pursuant to Section 26-4-532 (7.5) (a), C.R.S. This change modifies the fund mix between tobacco cash funds and the General Fund.

Estimate of anti-psychotic pharmaceutical costs: The appropriation reflects the funding estimate in the Medical Services Premiums budget in this Department and is shown for informational purposes only.

Estimate of FY 2003-04 capitation recoupment: The appropriation reflects the estimate of the FY 2003-04 recoupment. The reduction recoups capitation payments made in FY 2003-04 for clients who were later found to not be eligible for Medicaid.

Adjustment to fee-for-service program: The reduction reflects the estimate for fee-for-service utilization for FY 2005-06 and is net of a 2.0 percent cost-of-living increase.

Additional legislation: For information on HB 05-1262, see the "Recent Legislation" section at the end of the Department of Health Care Policy and Financing.

Indigent Care Program

This division contains funding for the Safety Net Provider Payment Program, the Children's Basic Health Plan, and the Comprehensive Primary and Preventive Care Grant Program.

The Safety Net Provider Payment Program provides reimbursement to participating hospitals and clinics that serve uninsured or under-insured people using funding from the disproportionate share, major teaching hospital, and Medicare Upper Payment Limit payments made through the Colorado Indigent Care 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 through the Medicaid program.

The Children's Basic Health Plan (CBHP) provides health care insurance to otherwise uninsured children from families at or below 200 percent of the federal poverty level. The program also provides health insurance to eligible adult women between 133 percent and 200 percent of the federal poverty level. In FY 2005-06, the

CBHP is estimated to provide health insurance to an estimated 43,094 children and an average monthly caseload of 1,905 adult pregnant women.

The Comprehensive Primary and Preventive Care Grant Program provides grants to medical providers that serve a designated medically under-served area or population. The grants are used to expand services to these areas and populations. This program is funded with tobacco settlement funds.

Indigent Care Program						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2004-05 Appropriation:						
HB 04-1421	(\$1,769,282)	\$0	\$0	(\$1,769,282)	\$0	0.0
HB 04-1422	355,918,332	15,788,710	210,400	167,866,277	172,052,945	0.0
HB 04-1447	354,854	0	0	124,200	230,654	0.0
SB 05-209	13,915,523	0	0	6,764,758	7,150,765	0.0
SB 05-249	9,605	0	0	9,605	0	0.0
HB 05-1086	<u>(501,157)</u>	<u>0</u>	<u>0</u>	<u>(175,406)</u>	<u>(325,751)</u>	<u>0.0</u>
TOTAL	\$367,927,875	\$15,788,710	\$210,400	\$172,820,152	\$179,108,613	0.0
FY 2005-06 Appropriation:						
FY 2004-05 Appropriation	\$367,927,875	\$15,788,710	\$210,400	\$172,820,152	\$179,108,613	0.0
CBHP children's caseload and cost-per-client increase	9,543,339	0	0	3,444,335	6,099,004	0.0
CBHP adult pregnant women caseload and cost-per-client increase	8,893,092	0	0	3,112,582	5,780,510	0.0
Pediatric speciality hospital	5,452,134	2,726,067	0	0	2,726,067	0.0
CBHP dental program increase	612,633	0	0	214,421	398,212	0.0
Comprehensive Primary and Preventive Care Fund	89,340	0	0	89,340	0	0.0
Comprehensive Primary and Preventive Care Grant Program	89,340	0	0	89,340	0	0.0
Safety Net Provider Program one-time funding adjustment	(8,731,182)	0	0	(4,365,591)	(4,365,591)	0.0
CBHP Trust Fund adjustments	(376,770)	(1,041,346)	(50,144)	714,720	0	0.0
CBHP administrative funding decrease	(144,178)	0	0	(50,463)	(93,715)	0.0
SB 05-209	\$383,355,623	\$17,473,431	\$160,256	\$176,068,836	\$189,653,100	0.0
HB 05-1262	38,335,276	(2,255,000)	85,486	42,953,397	(2,448,607)	1.0
HB 05-1349	<u>6,288,324</u>	<u>3,144,162</u>	<u>0</u>	<u>0</u>	<u>3,144,162</u>	<u>0.0</u>
TOTAL	\$427,979,223	\$18,362,593	\$245,742	\$219,022,233	\$190,348,655	1.0

Indigent Care Program						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
Increase/(Decrease)	\$60,051,348	\$2,573,883	\$35,342	\$46,202,081	\$11,240,042	1.0
Percentage Change	16.3%	16.3%	16.8%	26.7%	6.3%	n/a

SB 05-209 (Long Bill) Issue Descriptions

CBHP children's caseload and cost-per-client increase: The appropriation includes an increase of \$9.5 million for the forecasted caseload growth and increase in premium costs for the children's population in the Children's Basic Health Plan (CBHP). In FY 2005-06, the Long Bill appropriation is based on a forecast of serving 50,395 children at an average cost of \$1,217.28 per child. This is the estimated costs for the children's medical program without any policy changes. However, H.B. 05-1262 significantly changes the CBHP forecast by the following: (1) eliminating the asset test in the Medicaid program; (2) increasing eligibility for CBHP up to 200% of the federal poverty level; and (3) increasing marketing activities for the CBHP to encourage additional enrollment. After these changes are taken into account, the final caseload estimate for the CBHP program is 43,094 average monthly enrollment.

CBHP adult pregnant women caseload and cost-per-client increase: The appropriation includes an increase of approximately \$8.9 million for adult pregnant women enrolled in the CBHP. The appropriation will provide 19,176 prenatal member months of insurance coverage at an average cost of \$317.36 per month. The appropriation will also cover the births for an estimated 2,140 children at an average cost of \$4,475.47 per birth. This is the estimated cost for the adult prenatal program before the passage of H.B. 05-1262. The passage of H.B. 05-1262 will add an additional 3,684 prenatal member months and will cover the births of an additional 430 children.

Pediatric speciality hospital: The appropriation includes an increase of \$5.5 million to offset some of the costs incurred by specialized pediatric hospitals that serve a large number of Medicaid and indigent care clients.

CBHP dental program increase: Due to the increase in caseload forecasted for the CBHP children population, the appropriation also includes a corresponding increase to the CBHP dental benefit. Because children receive their dental benefits approximately one month after they begin medical coverage, the caseload served in the dental program is less than the amount served under the medical program and is forecasted at 43,844. The annual cost of providing the dental benefit is estimated at \$141.84 per child. This is the estimated cost for the CBHP dental program before the passage of H.B. 05-1262. With the passage of H.B. 05-1262, the caseload estimate for the dental program is reduced to 37,492.

Comprehensive Primary and Preventive Care Fund: The appropriation includes an increase from the Tobacco Litigation Settlement Cash Fund to the Comprehensive Primary and Preventive Care Fund based on the latest estimate of Tobacco Litigation receipts from Legislative Council staff.

Comprehensive Primary and Preventive Care Grant Program: The appropriation makes a corresponding increase to the expenditure authority for the Comprehensive Primary and Preventive Care Grant Program based on the increased revenues into the Fund described above.

Safety Net Provider Program one-time funding adjustment: The appropriation decreases the total fund appropriation for Safety Net Provider Payments to eliminate one-time funding that is appropriated in FY 2004-05. For FY 2003-04 and FY 2004-05, a new methodology for calculating the Medicare Upper Payment Limit (UPL) allowed the Department to "certify" an additional \$7.2 million in public expenditures that was used to draw down an additional \$7.2 million in federal matching funds. However, due to the one-time nature of the FY 2003-04 recoupment increase, the FY 2005-06 appropriation is adjusted downward to reflect only the ongoing adjustments to Medicare UPL calculations.

CBHP Trust Fund adjustments: The appropriation reduces the General Fund appropriation into the CBHP Trust Fund because of the additional funding that is now appropriated into the CBHP Trust Fund pursuant to H.B. 04-1421. The appropriation reduces the cash fund appropriation to more accurately reflect estimated enrollment fee collections from participating families. Lastly, the appropriation increases the cash fund exempt appropriation to reflect the latest estimate from Legislative Council staff on the amount of Tobacco Settlement Litigation Cash Funds that will be deposited into the CBHP Trust Fund.

CBHP administrative funding decrease: The appropriation reduces the funding for CBHP administration costs to eliminate one-time funding in FY 2004-05 associated with restarting the adult prenatal program.

Additional legislation: For information on additional legislation, see the "Recent Legislation" section at the end of this department.

Other Medical Services

This section 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. 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.

Other Medical Services						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2004-05 Appropriation:						
HB 04-1415	\$838,528	\$838,528	\$0	\$0	\$0	0.0
HB 04-1422	56,065,353	11,261,881	10,748,483	17,188,199	16,866,790	0.0
SB 05-112	88,301	0	0	0	88,301	0.0
HB 05-1086	<u>(838,528)</u>	<u>(838,528)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>

Other Medical Services						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
TOTAL	\$56,153,654	\$11,261,881	\$10,748,483	\$17,188,199	\$16,955,091	0.0
FY 2005-06 Appropriation:						
FY 2004-05 Appropriation	\$56,153,654	\$11,261,881	\$10,748,483	\$17,188,199	\$16,955,091	0.0
Colorado Autism Treatment Fund	395,143	0	0	395,143	0	0.0
Redistribute Colorado Springs residency program funding	127,058	63,529	0	0	63,529	0.0
Medicaid Management Information System claim volume for school-based services	(2,637)	0	0	0	(2,637)	0.0
SB 05-209	\$56,673,218	\$11,325,410	\$10,748,483	\$17,583,342	\$17,015,983	0.0
HB 05-1262	<u>1,385,188</u>	<u>0</u>	<u>0</u>	<u>692,594</u>	<u>692,594</u>	<u>0.0</u>
TOTAL	\$58,058,406	\$11,325,410	\$10,748,483	\$18,275,936	\$17,708,577	0.0
Increase/(Decrease)	\$1,904,752	\$63,529	\$0	\$1,087,737	\$753,486	0.0
Percentage Change	3.4%	0.6%	0.0%	6.3%	4.4%	n/a

SB 05-209 (Long Bill) Issue Descriptions

Colorado Autism Treatment Fund: The appropriation contains a new Long Bill line item to account for the funding that the State Treasurer needs to transfer at the end of FY 2004-05 from the Tobacco Litigation Settlement Cash Fund to the Colorado Autism Treatment Fund to fund the FY 2005-06 State-share of expenditures under the Home- and Community-Based Services for Children with Autism Act.

Redistribute Colorado Springs residency program funding: In June 2005, the Colorado Springs family medicine residency program will close. Currently, that residency program receives \$127,058 in cash fund exempt funding from the Department of Higher Education through indirect cost recoveries. The appropriation reallocates \$63,429 of the state funding that will be saved when the Colorado Springs residency program closes to the other nine family residency programs. Because these family residency programs qualify for Medicaid, the \$63,429 will be matched by \$63,429 in federal funds.

Medicaid Management Information System claim volume for school-based services: The appropriation includes a technical adjustment to the federal funds allocation to reflect an increase in the administrative costs for the claims volume processed through the Medicaid Management Information System. The increase in administrative costs in the Executive Director's Office has the impact of decreasing the amount of federal funds available for this line item.

Additional legislation: For information on HB 05-1262, see the "Recent Legislation" section at the end of the this department.

Department of Human Services Medicaid-Funded Programs

This section contains funding for programs administered by the Department of Human Services that are funded with Medicaid dollars. General Fund is appropriated in this section, matched with anticipated federal funds, and is then transferred to the Department of Human Services as Medicaid cash funds exempt. Pursuant to H.B. 04-1265, the FY 2004-05 appropriation reflects the transfer of funding for Medicaid mental health community programs appropriations from this section to a new section under the administration of the Department of Health Care Policy and Financing.

Department of Human Services Medicaid-Funded Programs						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2004-05 Appropriation:						
SB 04-138	\$0	\$38,160	(\$76,320)	\$0	\$38,160	0.0
HB 04-1075	95,805	0	0	47,902	47,903	0.0
HB 04-1421	418,132	0	0	209,066	209,066	0.0
HB 04-1422	418,793,426	199,381,952	76,320	9,048,423	210,286,731	0.0
SB 05-112	(3,991,866)	(3,628,292)	0	1,632,362	(1,995,936)	0.0
SB 05-209	(977,202)	(488,601)	0	0	(488,601)	0.0
SB 05-249	224	0	0	112	112	0.0
HB 05-1315	<u>4,435,767</u>	<u>1,893,442</u>	<u>0</u>	<u>173,996</u>	<u>2,368,329</u>	<u>0.0</u>
TOTAL	\$418,774,286	\$197,196,661	\$0	\$11,111,861	\$210,465,764	0.0
FY 2005-06 Appropriation:						
FY 2004-05 Appropriation	\$418,774,286	\$197,196,661	\$0	\$11,111,861	\$210,465,764	0.0
Services for People with Developmental Disabilities	9,061,668	4,537,474	0	(6,641)	4,530,835	0.0
Division of Child Welfare	3,337,933	1,668,968	0	0	1,668,965	0.0
Division of Youth Corrections	1,458,846	729,423	0	0	729,423	0.0
Executive Director's Office	385,259	192,629	0	0	192,630	0.0
Mental Health and Alcohol and Drug Abuse Services Division	80,489	88,243	0	(47,997)	40,243	0.0
Office of Operations	66,586	33,293	0	0	33,293	0.0
Office of Information Technology Services	(2,959,349)	(1,153,570)	0	(173,618)	(1,632,161)	0.0
County Administration	(1,354,820)	(698,972)	0	0	(655,848)	0.0
SB 05-209	\$428,850,898	\$202,594,149	\$0	\$10,883,605	\$215,373,144	0.0
HB 05-1262	<u>2,835,942</u>	<u>846,662</u>	<u>0</u>	<u>569,939</u>	<u>1,419,341</u>	<u>0.0</u>
TOTAL	\$431,686,840	\$203,440,811	\$0	\$11,453,544	\$216,792,485	0.0

Department of Human Services Medicaid-Funded Programs

	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
Increase/(Decrease)	\$12,912,554	\$6,244,150	\$0	\$341,683	\$6,326,721	0.0
Percentage Change	3.1%	3.2%	n/a	3.1%	3.0%	n/a

SB 05-209 (Long Bill) Issue Descriptions

Services for People with Developmental Disabilities: The increase includes: (1) \$4.9 million for a 2.0 percent community provider cost-of-living increase; (2) \$2.4 million for new comprehensive residential, supported living, and children's extensive support resources for persons with developmental disabilities (funding is for six months only); (3) \$1.3 million to annualize comprehensive residential resources added in FY 2004-05; and (4) \$1.0 million for salary and benefits adjustments. These increases are partially offset by reductions of \$0.6 million associated with the annualization of a federal requirement to move certain developmental disability waiver costs into Medicaid State Plan services.

Division of Child Welfare: The appropriation includes a \$3.3 million increase for child welfare services, including: (1) \$1,847,563 to cover incremental costs associated with projected changes in the child/adolescent population of each county; (2) \$1,489,107 for a 2.0 percent community provider cost-of-living increase; and (3) \$1,260 to annualize salary survey and performance-based pay awards in FY 2004-05.

Division of Youth Corrections: The appropriation includes a \$1.5 million increase for the Division of Youth Corrections: (1) \$1,123,965 for costs associated with projected changes in the caseload of committed youths; (2) \$295,124 for costs associated with a 2.0 percent provider cost-of-living increase to residential treatment centers; and (3) \$39,757 for costs associated with refinancing a case management position that previously had been funded entirely with General Fund appropriations to the Division of Youth Corrections.

Executive Director's Office: The appropriation reflects increases associated with salary and benefit adjustments and the annualization of salary and performance awards in FY 2004-05. It also includes decreases associated with the implementation of the Health Insurance Portability and Accountability Act of 1996 security rule.

Mental Health and Alcohol and Drug Abuse Services Division: The appropriation includes: (1) a 2.0 percent community provider cost-of-living increase for Medicaid-funded programs in the Division; (2) a change in the cash fund exempt financing methodology for the High Risk Pregnant Women Program in the Alcohol and Drug Abuse Services Division; (3) a slight adjustment in the tobacco cash funds exempt allocation for the Residential Treatment for Youth (H.B. 99-1116) Program; (4) changes in estimated Medicaid patient revenues at the mental health institutes; (5) an increase for additional licensing costs associated with providing a Medicaid substance abuse treatment program; and (6) a slight decrease (\$224) to reflect the discontinuation of one-time financing changes in SB 05-249.

Office of Operations: The appropriation reflects various common policy adjustments, including adjustments to personal services to reflect salary increases awarded in FY 2004-05, a 0.2 percent personal services base reduction, and changes in centrally appropriated line items, including vehicle lease payments and capitol complex leased space.

County Administration: The appropriation eliminates the one-time supplemental funding of \$1.5 million that was provided in FY 2004-05 to address additional county administrative expenses related to the implementation of the Colorado Benefits Management System (CBMS). This decrease is offset by an increase of \$172,498 for a 2.0 percent cost-of-living adjustment granted to providers.

Office of Information Technology Services: The appropriation includes: (1) a decrease associated with eliminating the one-time supplemental funding provided in FY 2004-05 for the implementation of CBMS; (2) a transfer of an appropriation from this division to others in the Department of Human Services; (3) an increase for funding for the CBMS contract; and (4) a fund mix adjustment.

Additional legislation: For information on HB 05-1262, see the "Recent Legislation" section at the end of this department and at the end of the Department of Human Services.

Recent Legislation

2004 Session Bills

S.B. 04-28: Required the Department of Health Care Policy and Financing to seek a state plan amendment to include a substance abuse treatment benefit for Native Americans. Provided an appropriation of \$43,482 for administrative expenses related to requesting the state plan amendment. Of this amount, \$21,741 was from gifts, grants, and donations, and \$21,741 shall be federal funds. If the gifts, grants, and donations do not materialize, then the Department does not need to submit the state plan amendment.

S.B. 04-65: Extended the H.B. 99-1116 Child Mental Health Treatment Act to July 1, 2009.

S.B. 04-138: Repealed statutory changes included in S.B. 03-259, which required the Department of Health Care Policy and Financing to collect a monthly premium fee from families to pay a portion of the direct and indirect costs of the Medicaid Children's Home and Community-Based Services (CHCBS) Program and the Children's Extensive Support (CES) waiver program. For FY 2003-04, appropriated, to the Department of Health Care Policy and Financing, \$192,714 General Fund and \$192,716 federal funds, and reduced the appropriation to the Department by \$434,107 cash funds and 0.6 FTE. For FY 2004-05, appropriated, to the Department of Health Care Policy and Financing, \$385,431 General Fund and \$385,433 federal funds, and reduces the appropriation to the Department by \$817,216 cash funds and 1.0 FTE. Also reduces the appropriation to the Department of Personnel and Administration by \$25,499 in FY 2003-04 and FY 2004-05.

S.B. 04-177: Established the "Home- and Community-based Services (HCBS) for Children with Autism Act" and requires the Department of Health Care Policy and Financing to seek the federal authorization necessary to implement the act. The fiscal note for the bill assumed that the waiver application would be written using existing staff resources. If the waiver is approved, then it is anticipated that the bill will have a fiscal impact of \$851,181 and 1.0 FTE in FY 2005-06. Of this amount, \$394,191 will be cash funds exempt (tobacco settlement funds) and \$456,990 will be federal matching funds.

S.B. 04-206: Required the Department of Health Care Policy and Financing to submit a federal waiver to add a hospice care benefit to the Medicaid program for children. The bill provided an appropriation of \$44,000 for administrative expenses associated with submitting a waiver application. Of this amount, \$22,000 shall be from

gifts, grants, and donations, and \$22,000 shall be federal funds. If the gifts, grants, and donations do not materialize, then the Department does not need to submit the waiver.

H.B. 04-1075: Authorized the Department of Health Care Policy and Financing to seek a state plan amendment to expand substance abuse treatment services to Medicaid eligible women from two months to 12 months following a pregnancy. It is anticipated that the expanded services will begin in October 2004 and increase expenditures by \$95,805 in FY 2004-05. The bill authorized a transfer from the state funds within the substance abuse block grant program to be used as the state match for the program expansion.

H.B. 04-1219: Added community transition services to the Home- and Community-Based Services for the Elderly, Blind, and Disabled program, and provides that such services shall not exceed \$2,000 per eligible person per year unless authorized by the Department of Health Care Policy and Financing. The bill authorizes the Department to seek the necessary federal authorization for the program. The bill reduced the Department's FY 2004-05 appropriation by \$57,725, including \$28,863 in General Fund and \$28,862 in matching federal funds. The reduction in funding resulted from the lower costs of serving clients in a community-setting rather than a traditional nursing home setting.

H.B. 04-1220: Provided that non-emergency transportation shall be an administrative expense rather than an optional medical benefit under the State Medicaid Plan. The conforms statute to budget reductions that began in FY 2003-04. As an administrative expense, the state has additional flexibility in managing and controlling the costs for non-emergency transportation.

H.B. 04-1265: Transferred the administration of the Medicaid mental health community program from the Department of Human Services to the Department of Health Care Policy and Financing, except for the Goebel lawsuit settlement program. Adjusts the FY 2003-04 Long Bill appropriation in the following manner: (1) increases the appropriation to the Department of Health Care Policy and Financing, Executive Director's Office, by \$259,274 (including \$112,415 General Fund and \$146,859 federal funds) and 2.3 FTE; decreased the appropriation to the Department of Health Care Policy and Financing, Department of Human Services Medicaid-funded Programs by \$259,274 (including \$112,415 General Fund and \$146,859 federal funds); and (3) decreased the appropriation to the Department of Human Services, Mental Health and Alcohol and Drug Abuse Services, Administration by \$259,274 Medicaid cash funds exempt and 2.3 FTE. Please note, for FY 2004-05, the associated administrative and programmatic appropriations changes were incorporated in the 2004 Long Bill (H.B. 04-1422).

H.B. 04-1320: Supplemental appropriation to the Department of Health Care Policy and Financing to modify the appropriation included in the FY 2003-04 Long Bill.

H.B. 04-1415: Repealed H.B. 03-266 which established the Nursing Home Provider Fee Program. This program was repealed because the State did not receive the necessary federal approval to implement the program. The bill also contained an appropriation of \$838,528 to fund the State-Only Nursing Home Program established in S.B. 03-176. This program provided nursing home care to legal immigrants who were in a nursing home when S.B. 03-176 was enacted.

H.B. 04-1416: Delayed by one year the phase-in of General Fund support for the Breast and Cervical Cancer Treatment Program. Increases the appropriation from the Breast and Cervical Cancer Prevention Treatment Fund by \$1,015,048 and reduced the General Fund support for this program by \$1,015,048. The bill did not affect the later year phase-in schedule for General Fund support for this program.

H.B. 04-1421: Changed the allocation formula for the state's annual tobacco settlement payment, beginning in FY 2004-05. Adjusts FY 2004-05 Long Bill appropriations accordingly. With regard to the Department of Health Care Policy and Financing, increased the appropriation to the Children's Basic Health Plan Trust by \$3,472,958 cash funds exempt. Decreased the appropriation to the Comprehensive Primary and Preventive Care Fund and the subsequent appropriation to the Comprehensive Primary and Preventive Care Grants Program by \$2,621,120 cash funds exempt. Increased the appropriation to Mental Health, Residential Treatment for Youth by \$209,066 cash funds exempt – this increase was expected to generate an additional \$209,066 in federal matching funds. For more information, refer to the bill description in the Department of Public Health and Environment.

H.B. 04-1422: General appropriations act for FY 2004-05. Also included supplemental adjustments to the FY 2003-04 Long Bill appropriation to the Department of Health Care Policy and Financing, as amended by H.B. 04-1320.

H.B. 04-1447: Required the Department of Health Care Policy and Financing to notify the families of legal immigrant children losing coverage under the Medicaid program pursuant to S.B. 03-176 that they are eligible for coverage under the Children's Basic Health Plan (CBHP). Appropriated \$124,200 from the CBHP Trust Fund and \$230,654 in matching federal funds for an additional 568 children anticipated to be enrolled in CBHP program from January 2004 through June 2004 due to the provisions of this bill.

2005 Session Bills

S.B. 05-112: Supplemental appropriation to the Department of Health Care Policy and Financing to modify the appropriations included in the FY 2004-05 Long Bill.

S.B. 05-209: General appropriations act for FY 2005-06. Also included supplemental adjustments to the FY 2004-05 Long Bill appropriation to the Department of Health Care Policy and Financing, as amended by S.B. 05-112.

S.B. 05-249: Increases the statutory allocation of tobacco settlement moneys to the Read-to-Achieve Grant Program for FY 2004-05. Makes the conforming increases in the FY 2004-05 appropriation of the tobacco settlement moneys for the Children's Basic Health and Plan and the Comprehensive Primary Care Grant Program based on a proportionate share of the costs incurred by the State's Auditor's Office to conduct statutorily-required performance reviews of various tobacco-funded programs. For more information on this bill, refer to the bill description contained in the Department of Education.

H.B. 05-1066: Creates an Obesity Treatment Pilot Program to treat Medicaid recipients with a body mass index (BMI) that is equal to or greater than 30 and who have comorbidity related to their obesity, including but not limited to diabetes, hypertension, and coronary heart disease. In FY 2005-06, appropriates a total of \$291,589 and 0.5 FTE to administer and implement the pilot program. Of this amount, \$137,857 is from cash funds exempt and \$153,732 is federal funds. The cash funds exempt appropriation is from gifts, grants, and donations that the Department of Health Care Policy and Financing is anticipated to receive for the program. House Bill 05-1066 specifies that if the Department does not receive sufficient gifts, grants, and donations for the pilot program, then the Department shall implement the program. The bill prohibits the use of General Fund for this program through FY 2006-07.

H.B. 05-1086: Reinstates Medicaid eligibility for optional legal immigrants beginning January 1, 2005. During the 2003 Legislative Session, the General Assembly passed S.B. 03-176, which eliminated Medicaid coverage for legal immigrants considered "optional" under federal law. Due to legal challenges, S.B. 03-176 was not anticipated to be implemented until January 2005. However, with the passage of Amendment 35 to the Colorado Constitution in November 2004, additional funding became available to expand Medicaid eligibility to individuals not currently covered under the law. The General Assembly passed H.B. 05-1086 to repeal S.B. 03-176 and to fund the optional legal immigrant population with moneys from the new tobacco tax revenues authorized by Amendment 35. For FY 2004-05, House Bill 05-1086 appropriated \$3.8 million to the Department of Health Care Policy to fund legal immigrants from January 1, 2005 through June 30, 2005. This amount is net of a reduction of \$838,528 to the General Fund and increases of \$2.5 million from the Health Care Expansion Fund and \$2.2 million federal funds. Because this bill was passed before the 2005 Long Bill, the FY 2005-06 appropriation for legal immigrants is contained within the Long Bill (05-209) appropriations.

H.B. 05-1131: Allows a licensed facility, or the patient's family, to return unused, individually packaged medication to a pharmacist to be redispensed to another patient of the facility. House Bill 05-1131 also allows pharmacists to accept and distribute medications to nonprofit organizations that provided medical care. Finally, the bill requires that pharmacists reimburse the Department of Health Care Policy and Financing for the cost of medications that the Department has paid if the medications are available to be dispensed to another person. For FY 2005-06, the bill is anticipated to reduce prescription drug costs for the Medicaid program by \$733,970. Of this amount, \$366,985 is from the General Fund and \$366,985 is from federal funds.

H.B. 05-1243: Allows Medicaid recipients who are enrolled in a Home- and Community-based Services (HCBS) waiver to receive services through a consumer-directed care service model. Additionally, the bill specifies that certain professional licensing requirements do not apply to a person who is directly employed by an individual participating in the consumer-directed care service model and who is acting within the scope and course of such employment. House Bill 05-1243 is anticipated to reduce costs to the state Medicaid program in FY 2005-06 by \$803,395. Of this amount, \$444,369 is from the General Fund and \$359,026 is federal funds. The cost savings result from the assumption that consumer-directed care will be less expensive than care directed by medical professionals.

H.B. 05-1262: Implements Section 21 of Article X of the Colorado Constitution, concerning taxes on tobacco products, that was adopted by vote of the citizens of the State in November 2004. The Department of Health Care Policy will receive a total increase in program funding of \$49,855 in FY 2004-05 and \$99,851,331 in FY 2005-06. The majority of the increase in program funding is related to expanding eligibility for the Medicaid and Children's Basic Health Plan programs. The total number of new clients anticipated to be added to the Medicaid program is 19,193. The Children's Basic Health Plan will have a decrease of 15,063 clients due to eliminating the asset test in Medicaid (i.e. children will transfer from CBHP coverage to Medicaid coverage). However, this decrease will be offset with an increase in caseload of 7,762 clients from expanding eligibility from 185 percent to 200 percent of the federal poverty level and from increased marketing activities. The bill will also increase the average monthly enrollment in the adult prenatal program by 307 women a month. In addition to expanding eligibility for Medicaid and CBHP programs, the bill expands services available for primary care services for indigent individuals by establishing a primary care grant program. Specifically, the bill contains the following appropriations for the Department of Health Care Policy and Financing.

Summary of H.B. 05-1262 FY 2004-05 Appropriations for Department of Health Care Policy and Financing			
	Health Expansion Fund	Federal Funds	Total Funds
Executive Director's Office -- Implementing Costs (0.3 FTE)	\$23,381	\$26,474	\$49,855

Summary of H.B. 05-1262 FY 2005-06 Appropriations for Department of Health Care Policy and Financing Medicaid and CBHP Expansion Provisions							
	General Fund	Cash Funds	CBHP Trust Fund (CFE)	Health Expansion Fund (CFE)	Certified School Funds (CFE)	Federal Funds	Total Funds
Remove Medicaid Asset Test	\$0	\$0	(\$7,068,146)	\$18,447,517	\$0	\$5,861,379	\$17,240,750
Increase CBHP up to 200% FLP	0	0	74,305	3,049,490	0	5,663,339	8,787,134
Increase CBHP Marketing Efforts	0	0	1,627,193	1,101,339	0	4,403,973	7,132,505
Fund CBHP enrollment above FY 2003-04 enrollment with Tobacco Tax Funding	0	0	(4,874,843)	4,874,843	0	0	0
Children's Extensive Support and Home- and Community-Based waiver expansion	846,662	0	0	6,527,418	692,594	8,066,674	16,133,348
Parents to 60% FPL ^{/1}	0	0	0	251,652	0	251,652	503,304
Fund Presumptive Eligibility with Tobacco Tax Funding	(3,803,176)	0	0	3,803,176	0	0	0
CBHP Trust Fund Offset	(2,255,000)	85,486	0	0	0	0	(2,169,514)
Administration & System Costs (6.3 FTE)	0	0	0	557,556	0	966,593	1,524,149
Total Medicaid and CBHP Expansion Costs	(\$5,211,514)	\$85,486	(\$10,241,491)	\$38,612,991	\$692,594	\$25,213,610	\$49,151,676

^{/1} The final version of H.B. 05-1262 delayed the expansion of the Medicaid program to parents up to 60% of FPL until FY 2006-07. However, the final appropriation clause neglected to adjust the Mental Health program line item to reflect the delay of the program for one year.

**Summary of H.B. 05-1262
FY 2005-06 Appropriations
for Department of Health Care Policy and Financing
Other Program Provisions**

	General Fund	Transfers from Department of Public Health and Environment	Primary Care Fund	Federal Funds	Total Funds
Breast and Cervical Cancer Treatment Program Expansion to 200% FPL	(\$219)	\$910,306	\$0	\$1,690,568	\$2,600,655
Disease Management Medicaid Grants	0	2,000,000	0	2,000,000	4,000,000
Primary Care Grant Program (1.0 FTE)	0	0	44,099,000	0	44,099,000
Total Other Programs	(\$219)	\$2,910,306	\$44,099,000	\$3,690,568	\$50,699,655

House Bill 05-1262 also contains appropriations for the following departments: The Department of Education, the Department of Human Services, the Department of Public Health and Environment, and the Department of Revenue. Please refer to those Departments regarding the specific appropriations contained therein.

H.B. 05-1315: Provides a second supplemental appropriation to the Department of Health Care Policy and Financing to modify the appropriations included in the FY 2004-05 Long Bill. Specifically, the bill adjusts Medicaid funding for the Colorado Benefits Management System (CBMS) and for county administrative costs associated with implementing the CBMS system.

H.B. 05-1349: Requires a transfer of \$3.1 million in FY 2005-06 from the interest earnings on the Controlled Maintenance Trust Fund to the General Fund for the purpose of increasing safety net provider payments for private hospitals under the Colorado Indigent Care Program. The bill, therefore, increases funding for the Safety Net Provider Payment line item by \$6.2 million. Of this amount, \$3.1 million is from the General Fund and \$3.1 million is federal funds.

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. The Commission is responsible for negotiating performance contracts with public higher education institutions. 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 in the College Opportunity Fund Program section, included for the first time for FY 2005-06, provide stipends for undergraduate resident students to attend public colleges and participating private colleges. The section also includes appropriations for fee-for-service contracts with public higher education institutions for graduate education and other educational services not covered by the stipends. Tuition, stipend, and fee-for-service spending authority for public higher education institutions is provided in the Governing Boards section.

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.

The Department also includes: state subsidies for Local District Junior Colleges; 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 and Health Sciences Center.

Department Budget: Recent Appropriations

Funding Source	FY 2002-03	FY 2003-04	FY 2004-05	FY 2005-06
General Fund	\$685,529,236	\$591,409,402	\$587,972,772	\$597,922,758
Cash Funds	841,241,965	959,399,101	537,034,995	20,658,633
Cash Funds Exempt	84,659,603	77,938,125	554,733,876	1,487,419,931
Federal Funds	<u>19,473,708</u>	<u>19,402,298</u>	<u>19,805,153</u>	<u>20,362,183</u>
Total Funds	\$1,630,904,512	\$1,648,148,926	\$1,699,546,796	\$2,126,363,505
Full Time Equiv. Staff	18,489.7	18,501.9	18,281.3	18,080.4

General Factors Driving the Budget

Funding for this department consists of 69.9 percent cash funds exempt, 28.1 percent General Fund, 0.9 percent cash funds, and 0.9 percent federal funds.

College Opportunity Fund - Higher Education Stipends (S.B. 04-189)

Pursuant to S.B. 04-189, direct General Fund appropriations for higher education institutions have been replaced by a combination of (1) stipends for students and (2) "fee-for-service" contracts for FY 2005-06. Stipends can be used by eligible undergraduate students to attend any of the twenty-six state-operated institutions. Students with significant financial need (those who qualify for the federal Pell Grant program) may receive half of the stipend amount to attend a participating private, non-sectarian, accredited, baccalaureate college. The amount of the flat-rate, per-credit-hour stipend is determined annually by the legislature through the budget process; for FY 2005-06 the rate is \$2,400 for 30 credit hours.

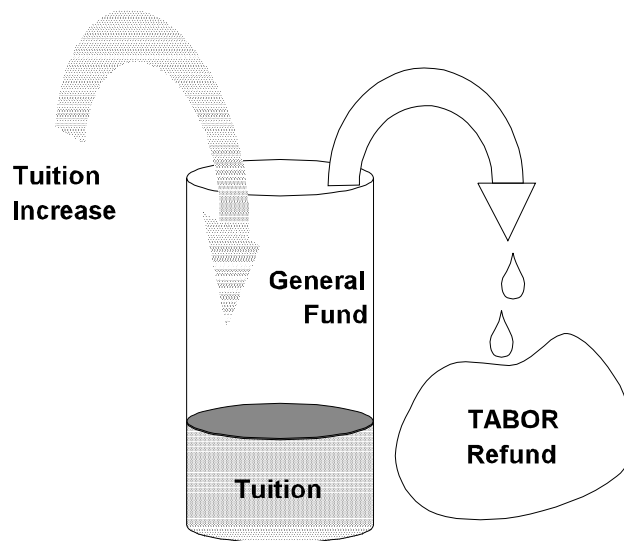
Fee-for-service contracts between the Colorado Commission on Higher Education and institutions provide for graduate, rural, professional, and other education services identified in statute. The legislature determines the level of funding for these contracts on an annual basis.

Senate Bill 04-189 also provided a mechanism for designating qualifying institutions as enterprises, so that tuition and other cash fund revenue used by the institutions is exempt from limitations imposed by Article X, Section 20 of the Colorado Constitution (TABOR). To achieve enterprise status under TABOR a program must: 1) be a government-owned business; 2) have authority to issue revenue bonds; and 3) receive less than 10 percent of annual revenue from state and local governments. The University of Colorado has already been designated as an enterprise under the provisions of S.B. 04-189. The FY 2005-06 appropriation assumes that all higher education institutions will be designated as enterprises in FY 2005-06 when stipends and fee-for-service contracts go into effect.

Tuition and TABOR

TABOR limits the growth of state government. Any funds generated in excess of the TABOR limit must be refunded to the taxpayers annually. Under current law, this refund is made from the General Fund, even though other funds, such as tuition, may contribute to the overage. If state revenues exceed the TABOR limit, an increase in tuition causes an increase in the amount of General Fund that must be refunded. Less General Fund is then available for state government operations.

The picture on the following page attempts to illustrate the concept. Imagine that the TABOR limit is a jar and General Fund and tuition are liquids with different weights, such as oil and vinegar in a salad dressing. Additional tuition revenue sinks to the bottom, causing General Fund revenues to spill over the side, producing a larger TABOR refund.



This illustrates the relationship between tuition and the General Fund when higher education institutions are NOT designated as enterprises. If higher education institutions are designated as enterprises, tuition increases have no bearing on the amount of General Fund available for expenditure under the TABOR limit.

The process provided in S.B. 04-189 for schools to be designated as enterprises thus changes the focus of debate about tuition increases. Potential consequences for the amount of General Fund necessary for the TABOR refund is no longer a factor in setting tuition spending authority. Senate Bill 04-189, however, requires that the General Assembly annually express its intent with regard to tuition rates in a footnote to the Long Bill. The act also states that the General Assembly retains the authority to approve tuition spending authority for the governing boards of the institutions.

Higher Education and the Statewide Budget

The biggest influence on the higher education budget over the last several years has been the status of the overall statewide budget. Higher education has been a significant component of efforts to bring expenditures in line with available revenues and to accommodate case load increases in other areas of the budget, as illustrated in the following table.

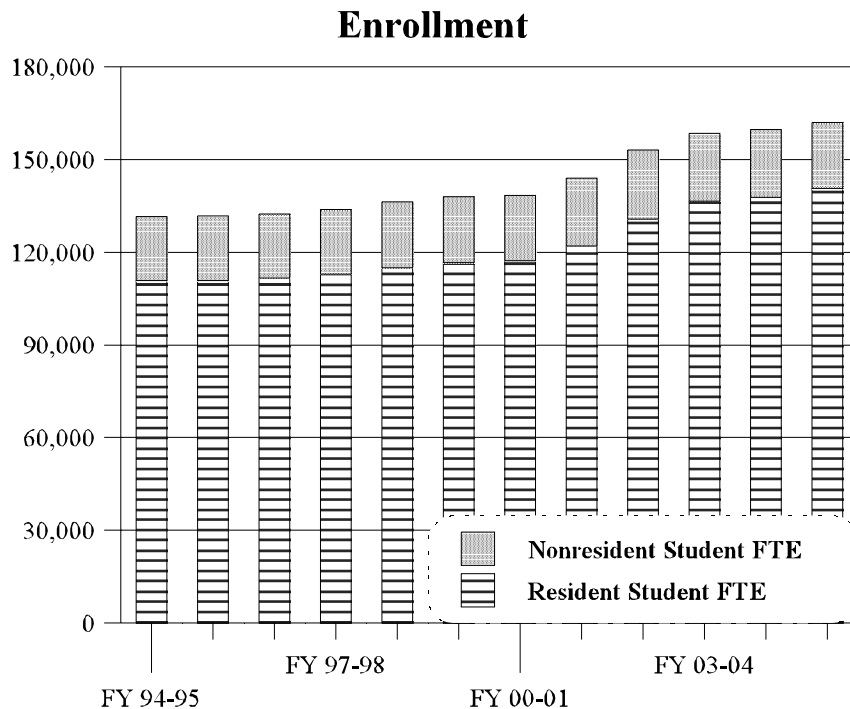
Change in General Fund Appropriations FY 2000-01 to FY 2004-05		
	Millions	Percent
Health Care	\$ 264.5	26.1%
K-12 Education	\$ 371.1	17.3%
Corrections	\$ 73.0	17.2%
Judicial	\$ 12.5	6.1%
Human Services	\$ (13.5)	-2.7%
Higher Education	\$ (159.6)	-21.3%
All Other	\$ (109.5)	-29.9%
Total	\$ 438.6	8.1%

These statistics reflect the relative flexibility of the General Assembly in determining higher education expenditures compared to funding other major spending priorities of state government. Unlike health care, federal matching funds are not jeopardized when higher education spending is reduced. Unlike K-12 education, there is no constitutional mandate to increase funding for higher education. As long as there are statutes declaring certain acts to be crimes, the State will have to pay to judge and incarcerate those individuals who violate the law. There are no similar mandates for the State to provide higher education to a certain population. Finally, higher education institutions have the ability to raise revenue from sources other than state government, mainly tuition. Albeit, the ability of schools to raise tuition has been limited in recent years, as discussed above, due to TABOR considerations.

Enrollment

Although state funding has not kept pace with enrollment the last few years, the number of students seeking higher education continues to be an important consideration in determining the funding level. Enrollment functions as a workload and performance measure for the campuses, and it affects tuition revenue. Implementation of the stipends authorized by S.B. 04-189 will increase the emphasis that the budget process places on enrollment, since the amount of money necessary for the stipends and the stipend rate will be influenced by enrollment. For a few schools, nonresident enrollment is important in terms of total revenues, since nonresident tuition helps subsidize resident education.

Enrollment tends to be counter-cyclical. In other words, when economy growth slows or declines higher education enrollment increases. The next table charts enrollment the last 10 years, illustrating the significant increase in recent years.



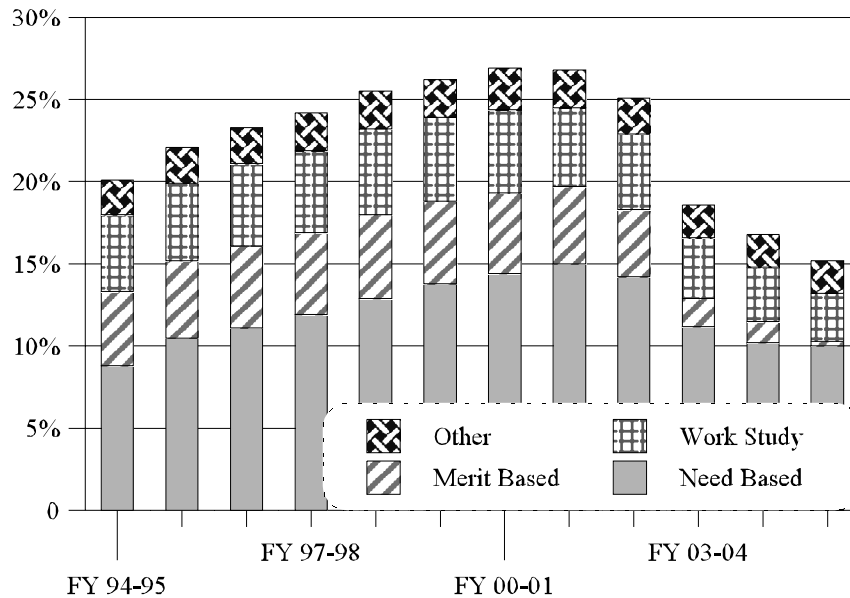
Financial Aid

Of the General Fund appropriation for higher education in FY 2005-06, \$77.1 million (12.9 percent) is for financial aid. The three major financial aid programs are (1) need based aid, (2) merit based aid, and (3) work

study. These funds are appropriated to CCHE and then allocated to the institutions based on financial need at the schools and student enrollment.

From FY 1992-93 to FY 2002-03 the compound average annual rate of increase in funding for financial aid was 9.4 percent, consistently outpacing the growth in the overall state budget. Most of these increases were for need based aid. In FY 2003-04 the General Assembly reduced financial aid by \$14.9 million (\$8.0 million of this came from merit based aid). In FY 2004-05 and FY 2005-06 there were minimal increases in financial aid, but enrollment and tuition rates continued to increase. As a result, state-funded financial aid has reached a decade low relative to tuition charges.

Financial Aid as a Percentage of Resident Tuition Revenue



State financial aid programs trail federal financial aid distributions in Colorado. The most recent year of data shows federal Pell Grants to the neediest students attending Colorado schools totaled \$126.6 million in FY 2002-03. Federal guaranteed loan programs provided another \$534.0 million for students and \$101.0 million for parents.

The final source of funding for financial aid, which is gaining increasing importance, is money set aside by the institutions. Some of the money comes from fund-raising, but the majority comes from the operating budgets of the schools. There is significant variation in the amount of money available by institution based on differences in school policies and fund raising. The total institutional financial aid available in the state in FY 2002-03 (the most recent year for which data is available) was \$148.4 million. Senate Bill 04-189 implemented a new requirement that higher education institutions increase need based institutional financial aid by an amount equal to 20 percent of any increase in tuition revenues in excess of inflation.

Summary of FY 2004-05 and FY 2005-06 Appropriations

Department of Higher Education						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2004-05 Total Appropriation:	\$1,699,546,796	\$587,972,772	\$537,034,995	\$554,733,876	\$19,805,153	18,281.3
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Department Administrative Office	1,136,559	0	186,977	945,125	4,457	0.0
Colorado Commission on Higher Education	34,093,741	0	30,692,236	3,401,505	0	36.7
Colorado Commission on Higher Education Financial Aid	77,462,976	76,140,754	0	22,222	1,300,000	0.0
Governing Boards	1,480,408,628	491,291,351	499,434,923	489,682,354	0	17,952.7
Local District Junior Colleges	11,038,334	11,038,334	0	0	0	0.0
Advisory Commission on Family Medicine	1,576,501	0	0	1,576,501	0	0.0
Division of Occupational Education	48,704,298	8,992,333	0	22,759,809	16,952,156	34.2
Auraria Higher Education Center	13,527,601	0	4,728,133	8,799,468	0	128.3
Council on the Arts	1,116,000	500,000	0	16,000	600,000	2.0
State Historical Society	30,482,158	10,000	1,992,726	27,530,892	948,540	127.4
<u>Breakdown of Total Appropriation by Bill</u>						
SB 04-189 ¹	0	(4,500,000)	4,500,000	0	0	0.0
SB 04-252 ²	0	0	0	0	0	0.0
HB 04-1347	0	0	0	0	0	0.0

¹ Both SB 04-189 and SB 04-252 reduced General Fund appropriations and increased tuition spending authority for the University of Colorado by \$4.5 million. However, the changes to appropriations in each bill were dependent on the University of Colorado being designated as an enterprise pursuant to the provisions of the respective bill. The University of Colorado was designated as an enterprise in FY 2004-05 pursuant to S.B. 04-189. Therefore, the changes to appropriations for the University of Colorado authorized in S.B. 04-189 took effect, but the changes to appropriations in S.B. 04-252 did not.

² See footnote #1.

Department of Higher Education						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
HB 04-1422 ³	1,666,284,824	592,472,772	955,312,693	98,694,206	19,805,153	18,281.3
SB 05-113	(24,140)	0	(395)	(23,745)	0	0.0
SB 05-209	33,286,112	0	(422,777,303)	456,063,415	0	0.0
FY 2005-06 Total Appropriation:	\$2,126,363,505	\$597,922,758	\$20,658,633	\$1,487,419,931	\$20,362,183	18,080.4
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Department Administrative Office	1,199,008	0	686,492	494,311	18,205	0.0
Colorado Commission on Higher Education	4,205,295	0	3,321,500	883,795	0	34.4
Colorado Commission on Higher Education Financial Aid	78,435,584	77,130,584	0	5,000	1,300,000	0.0
College Opportunity Fund Program	498,818,342	498,818,342	0	0	0	0.0
Governing Boards	1,435,269,424	0	0	1,435,269,424	0	17,754.1
Local District Junior College Grants	12,101,934	12,101,934	0	0	0	0.0
Advisory Commission on Family Medicine	1,576,502	0	0	1,576,502	0	0.0
Division of Occupational Education	49,664,864	9,161,898	243,630	22,721,070	17,538,266	34.2
Auraria Higher Education Center	14,372,136	0	14,372,136	0	0	128.3
Council on the Arts	1,416,000	700,000	0	16,000	700,000	2.0
State Historical Society	29,304,416	10,000	2,034,875	26,453,829	805,712	127.4
<u>Breakdown of Total Appropriation by Bill</u>						
SB 05-209	2,124,885,766	597,931,311	20,658,633	1,485,933,639	20,362,183	18,080.7
SB 05-66	1,675,000	0	0	1,675,000	0	0.0
SB 05-132	(8,553)	(8,553)	0	0	0	(0.3)
SB 05-158	(188,708)	0	0	(188,708)	0	0.0
Increase/(Decrease)	\$426,816,709	\$9,949,986	(\$516,376,362)	\$932,686,055	\$557,030	(200.9)
Percentage Change	25.1%	1.7%	-96.2%	168.1%	2.8%	-1.1%

³ Section 16 of H.B. 04-1422 (the Long Bill) included cash funds exempt spending authority for an 8.0 percent tuition rate increase for each governing board; the appropriations only took effect if a school was designated as an enterprise in FY 2004-05. Only the University of Colorado was designated as an enterprise. Thus, only 21,961,406 in cash funds exempt spending authority provided through this section is included above.

The large decrease in cash funds for this Department is primarily attributable to the assumption that all schools will be designated as enterprises for TABOR purposes in FY 2005-06 pursuant to S.B. 04-189. Enterprise revenue is exempt from TABOR, so spending authority for enterprises is designated as cash funds exempt in the Long Bill.

The large increase in cash funds exempt is partially attributable to the change in enterprise status for the schools and partially attributable to showing transfers of General Fund from the College Opportunity Fund Program to the governing boards as required by S.B. 04-189. Transfers are shown as cash funds exempt with a (T) notation in the Long Bill to indicate that the revenue has already been counted once for TABOR purposes. The total amount of the transfer, or double-count, created by implementing S.B. 04-189 is \$496.9 million. Showing the transfers also causes the total funds appropriated to the Department to increase by \$496.9 million.

FY 2005-06 Appropriation Highlights:

1. Replaces General Fund for the governing boards with stipends, at \$2,400 per student FTE, and with fee-for-service contracts, in order to implement S.B. 04-189.
2. Provides \$2.2 million new General Fund through stipends to bring funding at Metropolitan State College of Denver up to the \$2,400 stipend rate per student FTE.
3. Provides \$1.9 million new General Fund for students attending private schools through the College Opportunity Fund Program.
4. Provides \$3.7 million new General Fund through the fee-for-service contracts to provide half of the increase needed to meet the statutorily required minimum level of funding for the former State Colleges.
5. Increases tuition spending authority for the governing boards by 11.1 percent (\$90.4 million) overall based on various amounts requested by each institution.
6. Provides \$1.1 million new General Fund to increase the funding rate per student at the local district junior colleges by \$200 per student FTE, thus bringing it closer to the reimbursement rate for the community colleges.
7. Increases financial aid by just under \$1.0 million General Fund to match the percentage increase in General Fund support for the higher education institutions.
8. Eliminates 2.0 FTE vacant marketing positions from the Colorado Commission on Higher Education and reduces the associated General Fund appropriations by \$70,000.
9. Increases General Fund for the Council on the Arts by \$200,000 to match the full amount of federal funds available.
10. Increases cash funds exempt spending authority from the State Historical Fund by \$533,000 for the State Historical Society to address maintenance and security issues, improve exhibits, and comply with the Native American Graves Protection and Repatriation Act.

Detail of Appropriation by Administrative Section

Department Administrative Office

This division includes funding for centrally appropriated items for the Department, including salary survey, risk management, leased space, health benefits, and other miscellaneous expenses. The primary source of cash funds is indirect cost recoveries. The primary source of cash funds exempt is limited gaming moneys deposited in the State Historical Fund.

Department Administrative Office						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2004-05 Appropriation:						
HB 04-1422	\$1,160,699	\$0	\$187,372	\$968,870	\$4,457	0.0
SB 05-113	<u>(24,140)</u>	<u>0</u>	<u>(395)</u>	<u>(23,745)</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$1,136,559	\$0	\$186,977	\$945,125	\$4,457	0.0
FY 2005-06 Appropriation:						
FY 2004-05 Appropriation	\$1,136,559	\$0	\$186,977	\$945,125	\$4,457	0.0
Salary and benefit adjustments	53,288	0	6,379	33,835	13,074	0.0
Other	9,161	0	10,938	(2,451)	674	0.0
Fund source adjustment	0	0	482,198	(482,198)	0	0.0
SB 05-209	\$1,199,008	\$0	\$686,492	\$494,311	\$18,205	0.0
TOTAL	\$1,199,008	\$0	\$686,492	\$494,311	\$18,205	0.0
Increase/(Decrease)	\$62,449	\$0	\$499,515	(\$450,814)	\$13,748	0.0
Percentage Change	5.5%	n/a	267.2%	-47.7%	308.5%	n/a

SB 05-209 (Long Bill) Issue Descriptions

Salary and benefit adjustments: The appropriation includes a net increase for salary and benefit adjustments, including the following: an increase of \$89,568 for salary survey and senior executive service; an increase of \$44,379 for health, life and dental benefits; an increase of \$16,185 for the S.B. 04-257 amortization equalization disbursement; and the elimination of \$96,844 for performance-based pay.

Fund source adjustment: The \$482,198 reduction in cash funds exempt and commensurate increase in cash funds is attributable to the change in TABOR status of the higher education institutions as a result of S.B. 04-189. Indirect cost recoveries from enterprises are subject to TABOR and are therefore reflected as cash funds.

Colorado Commission on Higher Education

This section includes funding for the Commission's staff, the Division of Private Occupational Schools, and special purpose initiatives of the Department. Sources of cash funds include program and course review fees paid into the Private Occupational Schools Fund and indirect cost recoveries. The sources of cash funds exempt include waste tire fees deposited in the Advanced Technology Fund and indirect cost recoveries.

Colorado Commission on Higher Education						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2004-05 Appropriation:						
HB 04-1422	\$4,093,741	\$0	\$692,236	\$3,401,505	\$0	36.7
SB 05-209	<u>30,000,000</u>	<u>0</u>	<u>30,000,000</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$34,093,741	\$0	\$30,692,236	\$3,401,505	\$0	36.7
FY 2005-06 Appropriation:						
FY 2004-05 Appropriation	\$34,093,741	\$0	\$30,692,236	\$3,401,505	\$0	36.7
Annualize salary increases	70,379	0	12,822	57,557	0	0.0
Western interstate exchange	69,000	0	0	69,000	0	0.0
Advanced technology grants	50,000	0	0	50,000	0	0.0
Fund source adjustment	0	0	2,694,267	(2,694,267)	0	0.0
Eliminate one-time cash contingency	(30,000,000)	0	(30,000,000)	0	0	0.0
Eliminate vacant marketing positions	(69,272)	0	(69,272)	0	0	(2.0)
SB 05-209	\$4,213,848	\$0	\$3,330,053	\$883,795	\$0	34.7
SB 05-132	<u>(8,553)</u>	<u>0</u>	<u>(8,553)</u>	<u>0</u>	<u>0</u>	<u>(0.3)</u>
TOTAL	\$4,205,295	\$0	\$3,321,500	\$883,795	\$0	34.4
Increase/(Decrease)	(\$29,888,446)	\$0	(\$27,370,736)	(\$2,517,710)	\$0	(2.3)
Percentage Change	-87.7%	n/a	-89.2%	-74.0%	n/a	-6.3%

SB 05-209 (Long Bill) Issue Descriptions

Annualize salary increases: The appropriation includes \$57,557 for the Colorado Commission on Higher Education (CCHE) and \$12,822 for the Division of Private Occupational Schools to annualize salary survey increases and performance-based pay awarded in FY 2004-05. These figures are net of the 0.2 percent common policy base reduction.

Western interstate exchange: The appropriation includes the following: a \$66,000 increase in payments for Colorado students to attend optometry programs in other states at reduced tuition rates through the Western Interstate Commission on Higher Education (WICHE) exchange program, and a \$3,000 increase in WICHE membership dues.

Advanced technology grants: The appropriation includes a \$50,000 increase in the projection of waste tire fee revenue that will be deposited in the Advanced Technology Fund.

Fund source adjustment: The \$2.7 million reduction in cash funds exempt and commensurate increase in cash funds is attributable to the change in TABOR status of the higher education institutions as a result of S.B. 04-189. Indirect cost recoveries collected from enterprises are subject to TABOR and reflected as cash funds.

Eliminate one-time cash contingency: The FY 2004-05 appropriation included a one-time appropriation of cash funds spending authority that could be transferred to governing boards in the event that actual revenues exceed the appropriation. The appropriation does not continue this one-time contingency for FY 2005-06.

Eliminate vacant marketing positions: The appropriation eliminates the authorization for 2.0 FTE and \$69,272 cash funds from indirect cost recoveries. The Department intended these positions to work on marketing and access initiatives, primarily related to the College Opportunity Fund program authorized by S.B. 04-189.

Additional legislation: For information on S.B. 05-132 see the "Recent Legislation" section at the end of this department.

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.

Colorado Commission on Higher Education Financial Aid						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2004-05 Appropriation:						
HB 04-1347	\$0	\$0	\$0	\$0	\$0	0.0
HB 04-1422	<u>77,462,976</u>	<u>76,140,754</u>	<u>0</u>	<u>22,222</u>	<u>1,300,000</u>	<u>0.0</u>
TOTAL	\$77,462,976	\$76,140,754	\$0	\$22,222	\$1,300,000	0.0
FY 2005-06 Appropriation:						
FY 2004-05 Appropriation	\$77,462,976	\$76,140,754	\$0	\$22,222	\$1,300,000	0.0
Need based grants	4,691,886	4,691,886	0	0	0	0.0
Native American students	822,024	822,024	0	0	0	0.0
Merit based grants	(4,524,080)	(4,524,080)	0	0	0	0.0
Early childhood professional loan repayment	(17,222)	0	0	(17,222)	0	0.0
SB 05-209	<u>\$78,435,584</u>	<u>\$77,130,584</u>	<u>\$0</u>	<u>\$5,000</u>	<u>\$1,300,000</u>	<u>0.0</u>
TOTAL	\$78,435,584	\$77,130,584	\$0	\$5,000	\$1,300,000	0.0

Colorado Commission on Higher Education Financial Aid

	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
Increase/(Decrease)	\$972,608	\$989,830	\$0	(\$17,222)	\$0	0.0
Percentage Change	1.3%	1.3%	n/a	-77.5%	0.0%	n/a

SB 05-209 (Long Bill) Issue Descriptions

Need based grants: The appropriation includes a \$4.7 million General Fund increase in state need based financial aid.

Native American students: The appropriation includes an \$822,024 General Fund increase in payments to Fort Lewis College for Native American student tuition waivers pursuant to Section 23-52-105, C.R.S.

Merit based grants: The appropriation reduces General Fund support for merit based grants by \$4.5 million.

Early childhood professional loan repayment: The appropriation reflects a \$17,222 reduction in cash funds exempt transferred from the Department of Human Services for the early childhood professional loan repayment program.

College Opportunity Fund Program

This is a new section to reflect General Fund appropriations for student stipend payments and fee-for-service contracts to implement S.B. 04-189.

College Opportunity Fund Program

	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2004-05 Appropriation:						
HB 04-1422	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>0.0</u>
TOTAL	\$0	\$0	\$0	\$0	\$0	0.0
FY 2005-06 Appropriation:						
FY 2004-05 Appropriation	\$0	\$0	\$0	\$0	\$0	0.0
Stipends - state institutions	288,604,800	288,604,800	0	0	0	0.0
Stipends - private institutions	1,932,000	1,932,000	0	0	0	0.0
Fee-for-service contracts	208,281,542	208,281,542	0	0	0	0.0
SB 05-209	\$498,818,342	\$498,818,342	\$0	\$0	\$0	0.0
SB 05-158	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>

College Opportunity Fund Program						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
TOTAL	\$498,818,342	\$498,818,342	\$0	\$0	\$0	0.0
Increase/(Decrease)	\$498,818,342	\$498,818,342	\$0	\$0	\$0	0.0
Percentage Change	n/a	n/a	n/a	n/a	n/a	n/a

SB 05-209 (Long Bill) Issue Descriptions

Stipends - state institutions: The appropriation includes \$288.6 million General Fund for stipends for an estimated 120,252 eligible full-time equivalent students attending state institutions at \$2,400 per 30 credit hours. (See the Governing Boards section for the projected allocation of student stipend payments by institution.) The General Fund appropriation for student stipend payments replaces the direct General Fund subsidies to the governing boards that occurred in FY 2004-05. The only school projected to receive more through student stipend payments than the FY 2004-05 direct General Fund subsidy is Metropolitan State College of Denver (Metro). The appropriation includes an increase of \$2,232,955 General Fund for the projected stipend-eligible enrollment at Metro. *See the description of S.B. 05-158 in the Recent Legislation section for this department for a subsequent amendment to this Long Bill appropriation.*

Stipends - private institutions: The appropriation includes \$1.9 million General Fund for stipends for an estimated 1,610 eligible full-time equivalent students attending participating private institutions at \$1,200 per 30 credit hours. State funds were not appropriated for student stipend payments at private institutions in FY 2004-05. This \$1.9 million General Fund represents new funding.

Fee-for-service contracts: The appropriation includes \$208.3 million General Fund for fee-for-service contracts that pay for higher education needs of the state not addressed through the student stipend payments, such as graduate and specialized education, basic skills courses, rural education, and other education services identified in Section 23-5-130 (2), C.R.S. There are three components to the General Fund appropriation for fee-for-service contracts:

1. \$204,919,506 General Fund is provided to purchase the same amount of education services as the FY 2004-05 direct General Fund subsidy of the higher education institutions provided. Since this funding replaces the FY 2004-05 direct General Fund subsidy for the higher education governing boards, there is no net increase in General Fund appropriations.
2. An increase of \$3,700,000 General Fund to provide half of the \$7.4 million increase required to meet the minimum level of funding requirement for the former State Colleges in Section 23-1-104 (6), C.R.S. This represents an increase in General Fund of: 1) \$799,940 for Adams State College; 2) \$1,535,130 for Mesa State College; and 3) \$1,364,930 for Western State College.
3. A decrease of \$337,964 General Fund that is transferred from the fee-for-service contract with the Community Colleges to the Division of Occupational Education to demonstrate to federal auditors that the State is meeting matching requirements for federal Perkins vocational funding. This is a transfer to another line item that is administered by the Community College system, and thus does not decrease state funding for the Community Colleges.

See the description of S.B. 05-158 in the Recent Legislation section for this department for a subsequent amendment to this Long Bill appropriation.

Additional legislation: For information on S.B. 05-158 see the "Recent Legislation" section at the end of this department.

Governing Boards

This section includes funding for the higher education institutions. Cash funds exempt sources for FY 2005-06 include tuition, fees, student stipend payments, fee-for-service contracts, and grants from other state agencies.

Governing Boards						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2004-05 Appropriation:						
SB 04-189	\$0	(\$4,500,000)	\$4,500,000	\$0	\$0	0.0
SB 04-252	0	0	0	0	0	0.0
HB 04-1422	1,476,266,737	495,791,351	952,390,359	28,085,027	0	17,952.7
SB 05-209	<u>4,141,891</u>	<u>0</u>	<u>(457,455,436)</u>	<u>461,597,327</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$1,480,408,628	\$491,291,351	\$499,434,923	\$489,682,354	\$0	17,952.7
FY 2005-06 Appropriation:						
FY 2004-05 Appropriation	\$1,480,408,628	\$491,291,351	\$499,434,923	\$489,682,354	\$0	17,952.7
<i>Changes in State support for higher education:</i>						
Eliminate direct General Fund subsidy	(491,291,351)	(491,291,351)	0	0	0	0.0
Student stipend payments	288,604,800	0	0	288,604,800	0	0.0
Fee-for-service contracts	208,281,542	0	0	208,281,542	0	0.0
<i>Subtotal - Changes in State support for higher education</i>	<i>5,594,991</i>	<i>(491,291,351)</i>	<i>0</i>	<i>496,886,342</i>	<i>0</i>	<i>0.0</i>
<i>Changes in tuition:</i>						
Tuition adjustment for enrollment	(916,141)	0	0	(916,141)	0	0.0
Tuition rate adjustments	90,444,978	0	0	90,444,978	0	0.0
<i>Subtotal - Changes in tuition</i>	<i>89,528,837</i>	<i>0</i>	<i>0</i>	<i>89,528,837</i>	<i>0</i>	<i>0.0</i>

Governing Boards						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
<i>Other Changes:</i>						
Academic fees and facility fees	4,196,405	0	0	4,196,405	0	0.0
Enterprise status for schools	0	0	(499,434,923)	499,434,923	0	0.0
Funds no longer appropriated	(145,945,729)	0	0	(145,945,729)	0	0.0
Adjust FTE estimate	0	0	0	0	0	(198.6)
SB 05-209	\$1,433,783,132	\$0	\$0	\$1,433,783,132	\$0	17,754.1
SB 05-66	1,675,000	0	0	1,675,000	0	0.0
SB 05-158	<u>(188,708)</u>	<u>0</u>	<u>0</u>	<u>(188,708)</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$1,435,269,424	\$0	\$0	\$1,435,269,424	\$0	17,754.1
Increase/(Decrease)	(\$45,139,204)	(\$491,291,351)	(\$499,434,923)	\$945,587,070	\$0	(198.6)
Percentage Change	-3.0%	-100.0%	-100.0%	193.1%	n/a	-1.1%

SB 05-209 (Long Bill) Issue Descriptions

Changes in State Support for Higher Education:

Eliminate direct General Fund subsidy: Senate Bill 04-189 calls for replacing direct General Fund subsidies for higher education institutions with student stipend payments and fee-for-service contracts. General Fund appropriations that previously appeared in this section are now reflected in the College Opportunity Fund Program Section

Student stipend payments: The appropriation includes \$288.6 million General Fund in the College Opportunity Fund Program section of the Long Bill for stipends for students attending state institutions. The payment of stipends to the higher education institutions on behalf of students is shown in this section as cash funds exempt (a duplicate appropriation). *See the description of S.B. 05-158 in the Recent Legislation section for this department for a subsequent amendment to this Long Bill appropriation.*

Fee-for-service contracts: The appropriation includes \$208.3 million General Fund for fee-for-service contracts in the College Opportunity Fund Program section of the Long Bill. In this section, the transfer of the General Fund to purchase educational services from each governing board is shown as cash funds exempt. Similar to the General Fund appropriations in the previous section for fee-for-service contracts, there are three components to the cash funds exempt appropriations to each governing board for fee-for-service contracts:

1. \$204,919,506 for fee-for-service contracts to buy the same amount of education services as the FY 2004-05 direct General Fund subsidy of the higher education institutions provided.
2. An increase of \$3,700,000 to provide half of the \$7.4 million increase required to meet the minimum level of funding requirement for the former State Colleges in Section 23-1-104 (6), C.R.S. This

represents an increase in state funding of: 1) \$799,940 for Adams State College; 2) \$1,535,130 for Mesa State College; and 3) \$1,364,930 for Western State College.

3. A decrease of \$337,964 that is transferred from the fee-for-service contract with the Community Colleges to the Division of Occupational Education to demonstrate to federal auditors that the State is meeting matching requirements for federal Perkins vocational funding. This is a transfer to another line item that is administered by the Community College system, and thus does not decrease state funding for the Community Colleges.

See the description of S.B. 05-158 in the Recent Legislation section for this department for a subsequent amendment to this Long Bill appropriation.

In summary, the following table shows the changes in state support for higher education by governing board.

State Support for Public Higher Education							
	FY 2004-05 General Fund Appropriation	Eliminate Direct General Fund Subsidy	Stipends at \$2,400 per 30 Credit Hrs	Fee-for-service contracts	Total FY 2005-06 State Support	Dollar Change	Per- cent
Adams	\$10,316,691	(\$10,316,691)	\$3,508,800	\$7,607,831	\$11,116,631	\$799,940	7.8%
Mesa	15,775,165	(15,775,165)	10,173,600	7,136,695	17,310,295	1,535,130	9.7%
Metro	33,951,845	(33,951,845)	36,184,800	0	36,184,800	2,232,955	6.6%
Western	6,896,788	(6,896,788)	3,722,400	4,539,318	8,261,718	1,364,930	19.8%
CSU System	109,183,992	(109,183,992)	47,056,800	62,127,192	109,183,992	0	0.0%
Fort Lewis	7,435,161	(7,435,161)	6,216,000	1,219,161	7,435,161	0	0.0%
CU Regents	150,672,841	(150,672,841)	64,624,800	86,048,041	150,672,841	0	0.0%
Mines	17,187,980	(17,187,980)	5,949,600	11,238,380	17,187,980	0	0.0%
UNC	33,590,909	(33,590,909)	21,871,200	11,719,709	33,590,909	0	0.0%
Com. Colleges	106,279,979	(106,279,979)	89,296,800	16,645,215	105,942,015	(337,964)	-0.3%
TOTAL	\$491,291,351	(\$491,291,351)	\$288,604,800	\$208,281,542	\$496,886,342	\$5,594,991	1.1%

See the description of S.B. 05-158 in the Recent Legislation section for this department for a subsequent amendment to this Long Bill appropriation.

Changes in Tuition:

Tuition adjustment for enrollment: The appropriation for tuition includes a net reduction of \$916,141 based on enrollment changes projected in the Legislative Council Staff March 2005 forecast. The projected percentage change in resident and nonresident students by institution is summarized in the following table, along with the total spending authority adjustment based on these changes. Changes in resident and nonresident tuition rates (discussed below) are applied to the FY 2005-06 enrollment adjusted base.

Tuition Adjustment for Enrollment					
	FY 2004-05 Long Bill Tuition	Enrollment Change		Dollar Adjustment for Enrollment	FY 2005-06 Enrollment Adjusted Base
		Resident	Nonresident		
Adams	\$5,601,952	1.3%	1.9%	\$81,224	\$5,683,176
Mesa	12,254,915	3.0%	4.1%	396,728	12,651,643
Metro	40,153,966	3.2%	-1.8%	1,086,482	41,240,448
Western	7,943,641	0.6%	0.4%	38,399	7,982,040
CSU System	140,123,026	2.6%	-0.9%	1,330,674	141,453,700
Fort Lewis	21,375,841	0.4%	-0.3%	(16,783)	21,359,058
CU Regents	401,076,507	1.1%	-3.9%	(6,919,357)	394,157,150
Mines	33,107,353	3.4%	0.7%	698,080	33,805,433
UNC	42,369,586	2.7%	-0.6%	788,883	43,158,469
Com Colleges	109,729,739	1.8%	-0.3%	1,599,529	111,329,268
TOTAL	\$813,736,526	2.6%	-1.9%	(\$916,141)	\$812,820,385

Tuition rate adjustments: The appropriation includes an additional \$90.4 million tuition spending authority for rate adjustments based on the proposals submitted by the higher education institutions, as approved by CCHE, except that the spending authority for the University of Colorado includes an additional \$1,603,118 for investment in merit based aid. The table below summarizes the tuition spending authority increases by governing board. The percentage change reflects the change in total tuition revenue, and not necessarily the change in any individual tuition rate.

Spending Authority for Tuition Rate Adjustments				
	FY 2005-06 Enrollment Adjusted Base	Tuition Authority Increase	FY 2005-06 Appropriation	Percent Change
Adams	\$5,683,176	\$687,773	\$6,370,949	12.1%
Mesa	12,651,643	1,515,002	14,166,645	12.0%
Metro	41,240,448	3,259,139	44,499,587	7.9%
Western	7,982,040	868,252	8,850,292	10.9%
CSU System	141,453,700	16,715,307	158,169,007	11.8%
Fort Lewis	21,359,058	1,578,817	22,937,875	7.4%
CU Regents	394,157,150	43,560,111	437,717,261	11.1%
Mines	33,805,433	4,020,000	37,825,433	11.9%
UNC	43,158,469	5,112,316	48,270,785	11.8%
Com Colleges	111,329,268	13,128,261	124,457,529	11.8%
TOTAL	\$812,820,385	\$90,444,978	\$903,265,363	11.1%

See the description of S.B. 05-158 in the Recent Legislation section for this department for a subsequent amendment to this Long Bill appropriation.

Other Changes:

Academic fees and facility fees: The appropriation includes an increase of \$4.2 million for academic fees and academic facility fees. Academic fees and academic facility fees are a small subset of total fees charged by campuses. These fees directly support the academic mission of the institutions. Fees for auxiliary programs like housing, food services, parking, and student government are not appropriated in the Long Bill. This is the first year that the Long Bill reflects academic fees and academic facility fees separate from other cash funds. The total appropriation is based on estimates provided by the institutions, which are detailed in the table below. Of the \$3.9 million increase for the University of Colorado, \$2.9 million is attributable to the CU-Boulder facility fee previously approved by the General Assembly. The CU-Boulder facility fee begins at \$50 per semester (\$100 per year) and increases over the next four years to \$200 per semester (\$400 per year). The fee will not be charged until construction of the first facility paid for with the fee is complete, which may occur toward the end of FY 2005-06.

Academic Fees and Academic Facility Fees				
	FY 2004-05	FY 2005-06	Difference	Percent
Adams	\$70,400	\$70,400	\$0	0.0%
Mesa	135,000	150,000	15,000	11.1%
Metro	546,000	546,000	0	0.0%
Western	205,000	205,000	0	0.0%
CSU System	6,163,128	6,181,790	18,662	0.3%
Fort Lewis	1,115,000	1,150,000	35,000	3.1%
CU Regents	12,800,000	16,700,000	3,900,000	30.5%
Mines	133,000	139,000	6,000	4.5%
UNC	698,000	712,000	14,000	2.0%
Com Colleges	6,695,963	6,903,706	207,743	3.1%
TOTAL	\$28,561,491	\$32,757,896	4,196,405	14.7%

Enterprise status for schools: The appropriation assumes that all schools will be designated as enterprises for TABOR purposes in FY 2005-06 pursuant to S.B. 04-189. Enterprise revenue is exempt from TABOR and so spending authority for enterprises is designated as cash funds exempt, rather than cash funds, in the Long Bill.

Funds no longer appropriated: The FY 2005-06 appropriation discontinues the practice of providing spending authority in the Long Bill for "Other than Tuition Revenue" and "Auxiliary Revenue". "Other Than Tuition Revenue" includes such items as fees, charges for services, interest earnings, rental revenues and indirect cost recoveries. "Auxiliary Revenue" includes funds earned by programs that are ancillary to the academic mission of the institution. Prior to the passage of S.B. 04-189, these funds were included in the Long Bill because the General Assembly had an interest in controlling TABOR revenue collected by higher education institutions. With the designation of schools as enterprises pursuant to S.B. 04-189, these revenues are no

longer subject to TABOR and the General Assembly decided not to reflect these funds in the Long Bill, except for the portion of these funds related to academic fees and academic facility fees.

Adjust FTE Estimate: The FTE for the higher education institutions are included in the Long Bill for informational purposes only. Pursuant to statute, each governing board retains control over the number of employees hired. Projections submitted by the schools of employment in the current year, detailed in the table below, are used for purposes of estimating employment levels in FY 2005-06.

Adjustment to Higher Education FTE Estimate				
	FY 2004-05 Long Bill	FY 2005-06 Estimate	Difference	Percent
Adams	276.1	286.9	10.8	3.9%
Mesa	408.4	405.5	(2.9)	-0.7%
Metro	964.2	964.9	0.7	0.1%
Western	201.3	200.8	(0.5)	-0.2%
CSU System	3,636.5	3,417.9	(218.6)	-6.0%
Fort Lewis	389.3	413.3	24.0	6.2%
CU Regents	6,140.3	5,971.2	(169.1)	-2.8%
Mines	563.7	465.9	(97.8)	-17.4%
UNC	986.8	1,000.0	13.2	1.3%
Com Colleges	4,386.1	4,627.7	241.6	5.5%
TOTAL	17,952.7	17,754.1	(198.6)	-1.1%

Additional legislation: For information on S.B. 05-66 and S.B. 05-158 see the "Recent Legislation" section at the end of this department.

Local District Junior College Grants Pursuant to Section 23-71-301, C.R.S.

This section subsidizes the operations of the state's two local district junior colleges: Aims Community College and Colorado Mountain College. Institutions that are set up as local district junior colleges have special property tax districts that also support their operations. Students from the special property tax districts pay discounted tuition rates. Aims Community College is serving approximately 2,986 student FTE and Colorado Mountain College is serving approximately 2,332 student FTE, based on the Spring 2005 Census estimate of FY 2004-05 students.

Local District Junior Colleges						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2004-05 Appropriation:						
HB 04-1422	<u>\$11,038,334</u>	<u>\$11,038,334</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>0.0</u>
TOTAL	\$11,038,334	\$11,038,334	\$0	\$0	\$0	0.0

Local District Junior Colleges						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Appropriation:						
FY 2004-05 Appropriation	\$11,038,334	\$11,038,334	\$0	\$0	\$0	0.0
Increase funding per student by \$200	1,063,600	1,063,600	0	0	0	0.0
SB 05-209	<u>\$12,101,934</u>	<u>\$12,101,934</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>0.0</u>
TOTAL	\$12,101,934	\$12,101,934	\$0	\$0	\$0	0.0
Increase/(Decrease)	\$1,063,600	\$1,063,600	\$0	\$0	\$0	0.0
Percentage Change	9.6%	9.6%	n/a	n/a	n/a	n/a

SB 05-209 (Long Bill) Issue Descriptions

Increase funding per student by \$200: The appropriation includes funding to increase General Fund for the local district junior colleges by \$200 per student FTE, thus bringing it closer to the reimbursement rate for the community colleges.

Advisory Commission on Family Medicine

The Commission distributes funds for the support of ten family medicine residency programs throughout the state and assists in the recruitment of family medicine residents. All federal Medicaid dollars originate in the Department of Health Care Policy and Financing (DHCPF), 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 FY 2005-06 for this program are Medicaid dollars transferred from DHCPF.

Advisory Commission on Family Medicine						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2004-05 Appropriation:						
HB 04-1422	<u>\$1,576,501</u>	<u>\$0</u>	<u>\$0</u>	<u>\$1,576,501</u>	<u>\$0</u>	<u>0.0</u>
TOTAL	\$1,576,501	\$0	\$0	\$1,576,501	\$0	0.0
FY 2005-06 Appropriation:						
FY 2004-05 Appropriation	\$1,576,501	\$0	\$0	\$1,576,501	\$0	0.0

Advisory Commission on Family Medicine						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
Health Care Policy and Financing transfer	1	0	0	1	0	0.0
SB 05-209	<u>\$1,576,502</u>	<u>\$0</u>	<u>\$0</u>	<u>\$1,576,502</u>	<u>\$0</u>	<u>0.0</u>
TOTAL	\$1,576,502	\$0	\$0	\$1,576,502	\$0	0.0
Increase/(Decrease)	\$1	\$0	\$0	\$1	\$0	0.0
Percentage Change	0.0%	n/a	n/a	0.0%	n/a	n/a

SB 05-209 (Long Bill) Issue Descriptions

Health Care Policy and Financing transfer: The appropriation includes an increase of \$127,058 in Medicaid funding transferred from the Department of Health Care Policy and Financing and a decrease of \$127,057 in indirect cost recoveries from the Department of Higher Education. With the closure of the Colorado Springs residency program in June 2005, all remaining residency programs qualify for Medicaid funding. Therefore, the appropriation decreases the amount of funding that was allocated to the Colorado Springs residency program from the indirect cost recoveries within the Department of Higher Education and increases the amount of funding for the remaining nine residency programs by the same amount using Medicaid funding.

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 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. 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.

Division of Occupational Education						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2004-05 Appropriation:						
HB 04-1422	<u>\$48,704,298</u>	<u>\$8,992,333</u>	<u>\$0</u>	<u>\$22,759,809</u>	<u>\$16,952,156</u>	<u>34.2</u>
TOTAL	\$48,704,298	\$8,992,333	\$0	\$22,759,809	\$16,952,156	34.2

Division of Occupational Education						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Appropriation:						
FY 2004-05 Appropriation	\$48,704,298	\$8,992,333	\$0	\$22,759,809	\$16,952,156	34.2
Perkins funds	586,110	0	0	0	586,110	0.0
Transfer from community colleges fee- for-service	337,964	337,964	0	0	0	0.0
Colorado Vocational Act	36,492	0	0	36,492	0	0.0
Fund source adjustment	0	(159,846)	235,077	(75,231)	0	0.0
SB 05-209	\$49,664,864	\$9,170,451	\$235,077	\$22,721,070	\$17,538,266	34.2
SB 05-132	<u>0</u>	<u>(8,553)</u>	<u>8,553</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$49,664,864	\$9,161,898	\$243,630	\$22,721,070	\$17,538,266	34.2
Increase/(Decrease)	\$960,566	\$169,565	\$243,630	(\$38,739)	\$586,110	0.0
Percentage Change	2.0%	1.9%	n/a	-0.2%	3.5%	0.0%

SB 05-209 (Long Bill) Issue Descriptions

Perkins funds: The appropriation includes a \$586,110 increase in anticipated federal funds for vocational training through the Perkins program.

Transfer from community colleges fee-for-service: The appropriation reflects the transfer of \$337,964 General Fund from the fee-for-service allocation for the Community Colleges to this section to better demonstrate to federal auditors that the State is meeting matching requirements for federal Perkins vocational funding.

Colorado Vocational Act: The appropriation reflects a 0.2 percent increase in the amount appropriated to the Department of Education and transferred to this department for the Colorado Vocational Act.

Fund source adjustment: The appropriation includes using \$159,846 in indirect cost recoveries to replace General Fund support for this division. It also includes a reduction of \$75,231 cash funds exempt and a commensurate increase in cash funds attributable to the change in TABOR status of the higher education institutions as a result of S.B. 04-189. Indirect cost recoveries collected from enterprises are subject to TABOR and are thus reflected as cash funds.

Additional legislation: For information on S.B. 05-132 see the "Recent Legislation" section at the end of this department.

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.

Auraria Higher Education Center						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2004-05 Appropriation:						
HB 04-1422	\$14,383,380	\$0	\$50,000	\$14,333,380	\$0	128.3
HB 05-209	(855,779)	0	4,678,133	(5,533,912)	0	0.0
TOTAL	\$13,527,601	\$0	\$4,728,133	\$8,799,468	\$0	128.3
FY 2005-06 Appropriation:						
FY 2004-05 Appropriation	\$13,527,601	\$0	\$4,728,133	\$8,799,468	\$0	128.3
Increase in campus operating budget	844,535	0	844,535	0	0	0.0
Fund source adjustment	0	0	8,799,468	(8,799,468)	0	0.0
SB 05-209	<u>\$14,372,136</u>	<u>\$0</u>	<u>\$14,372,136</u>	<u>\$0</u>	<u>\$0</u>	<u>128.3</u>
TOTAL	\$14,372,136	\$0	\$14,372,136	\$0	\$0	128.3
Increase/(Decrease)	\$844,535	\$0	\$9,644,003	(\$8,799,468)	\$0	0.0
Percentage Change	6.2%	n/a	204.0%	-100.0%	n/a	0.0%

SB 05-209 (Long Bill) Issue Descriptions

Increase in campus operating budget: The board for the Auraria Higher Education Center, which includes representatives from the three tenant institutions, annually establishes the operating budget for the campus and bills the tenant institutions for the costs. The appropriation includes an increase of \$844,535 cash funds spending authority based on the requested operating budget, which allows for a maximum increase of 6.2 percent.

Fund source adjustment: The appropriation reflects the change in TABOR status of the higher education institutions as a result of S.B. 04-189. Payments to state agencies from enterprises are subject to TABOR and are thus reflected as cash funds.

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 funding to beautify state buildings and grounds. The source of cash funds exempt is gifts. Federal funds are from the National Endowment for the Arts.

Council on the Arts						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2004-05 Appropriation:						
HB 04-1422	<u>\$1,116,000</u>	<u>\$500,000</u>	<u>\$0</u>	<u>\$16,000</u>	<u>\$600,000</u>	<u>2.0</u>
TOTAL	\$1,116,000	\$500,000	\$0	\$16,000	\$600,000	2.0
FY 2005-06 Appropriation:						
FY 2004-05 Appropriation	\$1,116,000	\$500,000	\$0	\$16,000	\$600,000	2.0
Fully match available federal funds	300,000	200,000	0	0	100,000	0.0
SB 05-209	<u>\$1,416,000</u>	<u>\$700,000</u>	<u>\$0</u>	<u>\$16,000</u>	<u>\$700,000</u>	<u>2.0</u>
TOTAL	\$1,416,000	\$700,000	\$0	\$16,000	\$700,000	2.0
Increase/(Decrease)	\$300,000	\$200,000	\$0	\$0	\$100,000	0.0
Percentage Change	26.9%	40.0%	n/a	0.0%	16.7%	0.0%

SB 05-209 (Long Bill) Issue Descriptions

Fully match available federal funds: The appropriation includes an increase of \$200,000 General Fund to fully match available federal funds. In FY 2004-05 the state provided \$500,000 General Fund and the federal government agreed to provide \$600,000. However, the federal matching requirement is generally 1 for 1. With a total of \$700,000 General Fund in FY 2005-06, the state will be able to match \$700,000 in federal funds, or \$100,000 more than the amount matched in FY 2004-05.

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.

State Historical Society						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2004-05 Appropriation:						
HB 04-1422	<u>\$30,482,158</u>	<u>\$10,000</u>	<u>\$1,992,726</u>	<u>\$27,530,892</u>	<u>\$948,540</u>	<u>127.4</u>
TOTAL	\$30,482,158	\$10,000	\$1,992,726	\$27,530,892	\$948,540	127.4
FY 2005-06 Appropriation:						
FY 2004-05 Appropriation	\$30,482,158	\$10,000	\$1,992,726	\$27,530,892	\$948,540	127.4
Maintenance and security	378,271	0	0	378,271	0	0.0
Annualize salary increases	146,190	0	(1,396)	146,925	661	0.0
Exhibits	100,000	0	0	100,000	0	0.0
Native American Graves Protection and Repatriation Act	54,288	0	0	54,288	0	1.0
Statewide preservation grant program	(1,477,963)	0	0	(1,477,963)	0	0.0
Grant/earned revenue	(328,226)	0	43,545	(228,282)	(143,489)	(1.0)
Gaming cities distribution	(50,302)	0	0	(50,302)	0	0.0
SB 05-209	<u>\$29,304,416</u>	<u>\$10,000</u>	<u>\$2,034,875</u>	<u>\$26,453,829</u>	<u>\$805,712</u>	<u>127.4</u>
TOTAL	\$29,304,416	\$10,000	\$2,034,875	\$26,453,829	\$805,712	127.4
Increase/(Decrease)	(\$1,177,742)	\$0	\$42,149	(\$1,077,063)	(\$142,828)	0.0
Percentage Change	-3.9%	0.0%	2.1%	-3.9%	-15.1%	0.0%

SB 05-209 (Long Bill) Issue Descriptions

Maintenance and security: The appropriation includes a \$378,271 increase in spending authority from the State Historical Fund for the Society's share of maintenance and security costs of the Judicial/Heritage complex.

Annualize salary increases: The appropriation includes \$146,190 for the Society's museum and preservation operations to annualize salary survey increases and performance-based pay awarded in FY 2004-05. This figure is net of the 0.2 percent common policy base reduction.

Exhibits: The appropriation provides a \$100,000 increase in spending authority from the State Historical Fund for the Society to update standing exhibits and put on at least one temporary exhibit, such as the Pulitzer photos exhibit, each year.

Native American Graves Protection and Repatriation Act: The appropriation provides \$54,288 and 1.0 FTE spending authority from the State Historical Fund to ensure that Colorado meets requirements under the federal Native American Graves Protection and Repatriation Act. Prior to FY 2005-06, federal grants paid for

compliance with the legislation. In FY 2005-06, the federal grants are expected to be discontinued, a change which is reflected in the changes to grants/earned revenue.

Statewide preservation grant program: The appropriation includes a \$1.5 million decrease in statewide preservation grants. Of this decrease, \$679,484 is due to increased operating costs of the Society detailed above, and the remainder is due to updated estimates of gaming revenues that will be deposited in the State Historical Fund (the estimate of gaming revenues used for the appropriation in the FY 2004-05 Long Bill was too high).

Grants/earned revenue: The appropriation reflects a net decrease in projected grants and earned revenue.

Gaming cities distribution: The appropriation reflects an updated estimate of gaming revenues that will be deposited in the State Historical Fund and allocated for gaming cities pursuant to the constitutional distribution formula. The decrease from the FY 2004-05 appropriation is based on more recent estimates of gaming revenues.

Recent Legislation

2004 Session Bills

S.B. 04-7: Delegates authority from the Department of Personnel and Administration to higher education institutions to make decisions about exempting positions from the state classified personnel system.

S.B. 04-189: Replaces subsidies for higher education institutions with stipends for students and fee for service contracts beginning in FY 2005-06. Authorizes governing boards to designate institutions that receive less than 10 percent of their revenue from state and local grants as enterprises under TABOR beginning in FY 2004-05. Requires schools to set aside 20 percent of any increase in tuition rates above inflation for financial aid. Reduces General Fund appropriations and increases tuition appropriations for the University of Colorado by \$4.5 million, dependent on the institution being designated as an enterprise in FY 2004-05.

S.B. 04-252: Allows governing boards of state institutions designated as enterprises to pledge up to 10 percent of tuition revenues and revenues from a facilities construction fee toward the advancement of funds on behalf of capital projects at an institution. In the event of a civil action or court order staying the implementation of S.B. 04-189, the act authorizes governing boards to designate schools that receive less than 10 percent of their revenue from state and local grants as enterprises under TABOR. If the University of Colorado is designated as an enterprise pursuant to S.B. 04-252, reduces General Fund appropriations and increases tuition appropriations for the school by \$4.5 million. States that either the changes to the University of Colorado's appropriation in S.B. 04-189 will take effect, or the changes in S.B. 04-252 will take effect, but not both. (Those in S.B. 04-189 took effect.)

H.B. 04-1006: Expands the conditions under which a dependent of a member of the United States armed forces qualifies to pay in-state tuition rates. Although the act did not include an appropriations clause, the Legislative Council Staff fiscal note projected a \$405,334 decline in tuition revenue to higher education institutions.

H.B. 04-1009: Authorizes higher education institutions and the Colorado Commission on Higher Education to exempt themselves from the state motor vehicle fleet system, the Division of Risk Management, and the state procurement code as administered by the Department of Personnel and Administration. The fiscal impact will depend on which institutions exempt themselves from which programs.

H.B. 04-1039: Expands the teacher loan forgiveness pilot program to teachers not in their first year of teaching, so long as the teacher contracts for a qualified position between June 2004 and July 2006. The Legislative Council Staff fiscal note projects an increase of \$131,875 in expenditures by CollegeInvest from the borrower benefits program.

H.B. 04-1086: Requires the Community College Board to reduce administrative costs by 35 percent in FY 2004-05. Stipulates how the cost savings will be applied for information technology and other purposes with specific implementation dates. Requires the Board to develop a master plan for the use, development, or sale of the real property at the Lowry campus by June 30, 2005, except that used by the Aurora and Denver community colleges. Authorizes the Board to enter an agreement with a third party to carry out the plan. Allows net proceeds from the disposition to be maintained by the Board for capital construction-related projects of the system office or colleges.

H.B. 04-1166: Expands from 50 percent to 100 percent the amount of moneys appropriated that the Community College Board may transfer from the Colorado Customized Job Training Program to the Colorado Existing Industries Training Program.

H.B. 04-1321: Supplemental appropriation to the Department of Higher Education to modify the appropriation included in the FY 2003-04 Long Bill.

H.B. 04-1331: Supplemental appropriation to the Department of Public Health and Environment, which includes adjustments to appropriations from tobacco funds in the Department of Higher Education.

H.B. 04-1347: Creates a new priority for financial aid programs to first fund tuition assistance for members of the Colorado National Guard, up to a total of \$650,000. Reduces General Fund appropriations for financial aid programs by \$410,207, and appropriates this amount in the Department of Higher Education for tuition assistance for members of the Colorado National Guard. Appropriates \$410,207 cash funds exempt to the Department of Military Affairs to reflect a transfer from the Department of Higher Education for tuition assistance to members of the Colorado National Guard.

H.B. 04-1350: Changes the name of the Colorado Student Obligation Bond Authority to CollegeInvest, allows CollegeInvest to make loans to nonresidents, and makes other changes to the operations of the enterprise.

H.B. 04-1381: Allows Black Hawk, Central City, and Cripple Creek to make preservation grants from the State Historical Fund in excess of \$100,000 for a single property under certain conditions.

H.B. 04-1422: General appropriations act for FY 2004-05.

H.B. 04-1454: Second supplemental appropriation to the Department of Higher Education to modify the appropriation included in the FY 2003-04 Long Bill.

2005 Session Bills

S.B. 05-3: Authorizes CollegeInvest to implement the College Achievement Scholarship Program to promote pre-collegiate curriculum and increase access to post-secondary education. Creates the Colorado Achievement Scholarship Trust Fund consisting of any money appropriated by the General Assembly and any gifts, grants or donations received.

S.B. 05-66: Requires the Department of Higher Education, Colorado School of Mines, and the Colorado Energy Research Institute to conduct specific research on the oil and gas sector. Authorizes expenditures from the Oil and Gas Conservation and Environmental Response Fund for said research and establishes financial baseline parameters under which the expenditures will be made. Appropriates \$1,806,000 cash funds exempt from the Oil and Gas Conservation and Environmental Response Fund to the Department of Higher Education (\$1,675,000); the Governor's Office (\$75,000); and the Legislative Department (\$56,000) for FY 2005-06. Also requires the Colorado Oil and Gas Commission to ensure that, on and after July 1, 2007, the two-year average of the unobligated portion of the Fund does not exceed \$2.0 million at any time and that there is an adequate balance to address environmental response needs. For more information refer to the bill description in the Department of Natural Resources.

S.B. 05-113: Supplemental appropriation to the Department of Higher Education to modify the appropriation included in the FY 2004-05 Long Bill.

S.B. 05-191: Extends the existing Teacher Loan Forgiveness Pilot Program administered by CollegeInvest and amends the eligibility requirements.

S.B. 05-132: Specifies that a student who is eligible to receive a stipend may receive a stipend for graduate-level courses that apply toward the student's undergraduate degree. Requires the Colorado student loan program to reduce the amount of the stipend per credit hour for all students, subject to Joint Budget Committee approval, if moneys in the College Opportunity Fund in any fiscal year are not sufficient to pay the rate per credit hour established by the General Assembly. Effective July 1, 2006, allows an eligible student to receive a stipend payment for basic skills courses, courses taken under the "Postsecondary Enrollment Options Act", and high school fast-tracks courses. Correspondingly, repeals the ability of a governing board to receive fee-for-service contract payments for these courses. Allows the Colorado student loan program to charge a one-time fee to the State Board of Community Colleges and Occupational Education for the actual cost related to the computer system changes necessary to allow stipend payments for these courses.

Authorizes a governing board to approve and commence, without prior approval of the Colorado Commission on Higher Education (CCHE), capital construction projects that are constructed, operated, and maintained without state capital construction or General Fund moneys if the capital construction project costs less than \$1,000,000. Also, authorizes a governing board to approve and commence, without prior approval of the CCHE, capital construction projects that are not constructed with state moneys but may be operated and maintained with state moneys if the project costs less than \$500,000. For the 2004-05 fiscal year, changes the statutorily required reduction in state-funded administrative costs for the community college's system office (established by H.B. 04-1086) from 35 to 20 percent. Reduces the FY 2005-06 appropriation from indirect cost recoveries for the CCHE by \$8,553 and 0.3 FTE associated with the review of capital construction projects. The saved indirect cost recoveries are then used to offset the need for General Fund elsewhere in the budget (specifically the Division of Occupational Education).

S.B. 05-158: Specifies that a member of the armed forces is eligible for in-state tuition and, by extension, a student stipend payment if the member is domiciled in Colorado for 12 consecutive months prior to enlistment and returns within six months following discharge from the military. Appropriates \$60,000 General Fund to the College Opportunity Fund for FY 2005-06 student stipend payments for an estimated 25 student FTE, and provides \$60,000 cash funds exempt spending authority for the higher education institutions from the College Opportunity Fund in FY 2005-06. Reduces the General Fund appropriation for FY 2005-06 fee-for-service contracts by \$60,000, and reduces the associated cash funds exempt spending authority for the higher education institutions by the same amount. Finally, reduces the FY 2005-06 cash funds exempt appropriation for higher education institutions from the students' share of tuition by \$188,708.

S.B. 05-209: General appropriations act for FY 2005-06. Also includes supplemental adjustments to modify FY 2004-05 appropriations to the Department of Higher Education.

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 persons with developmental disabilities, and ten institutions for juvenile delinquents. The Department also provides funding for indigent mentally ill people, contracts with community centered boards for services for persons with developmental disabilities, and contracts for the supervision and treatment of delinquent juveniles.

Department Budget: Recent Appropriations

Funding Source	FY 2002-03	FY 2003-04	FY 2004-05	FY 2005-06
General Fund	\$469,352,059	\$458,630,015	\$484,945,495	\$500,180,914
Cash Funds	88,702,239	85,815,234	95,417,676	87,862,004
Cash Funds Exempt	760,438,484	790,782,095	638,915,090	665,329,093
Federal Funds	<u>518,265,013</u>	<u>515,478,889</u>	<u>523,554,436</u>	<u>532,552,929</u>
Total Funds	\$1,836,757,795	\$1,850,706,233	\$1,742,832,697	\$1,785,924,940
Full Time Equiv. Staff	4,622.4	4,514.4	5,186.3	5,198.1

General Factors Driving the Budget

Funding for this department consists of approximately 28.0 percent General Fund, 4.9 percent cash funds, 37.3 percent cash funds exempt, and 29.8 percent federal funds. Some of the most important factors driving the budget are reviewed below.

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. In the Department of Human Services, the following programs typically receive community provider rate increases: county administration, child welfare, child care, mental health community programs, developmental disability services, vocational rehabilitation, and community programs in youth corrections. A COLA of 2.0 percent was provided to these programs for FY 2005-06, resulting in an overall appropriations increase of \$16.8 million for the Department. No COLAs were provided in FY 2002-03, FY 2003-04, or FY 2004-05, due to statewide revenue constraints.

Child Welfare Services

County departments of social services receive and respond to reports of potential child abuse or neglect under the supervision of the Colorado Department of Human Services. In FY 2003-04, counties received over 62,000 reports of abuse or neglect. On average, counties conducted an assessment (investigation) in response to about one in three reports received. Following an assessment, a county is required to provide necessary and appropriate child welfare services to the child and the family. Less than one-third (31 percent) of county assessments result in the county providing child welfare services, which may include in-home support or court-ordered placement in a foster care home or 24-hour child care facility. Of the 39,931 children who received child welfare services in FY 2003-04: nearly two-thirds (65 percent) remained in their own home; 8,188 (21 percent) were children who had been adopted out of foster care but whose families continued to receive support from county departments; and 5,667 (14 percent) were in foster care.

Appropriations for child welfare programs for FY 2005-06 (\$386.4 million) consist of 48 percent General Fund, 35 percent federal funds, and 17 percent county funds and various cash fund sources. The vast majority of funds appropriated (about 97 percent) are made available to county departments for the provision of child welfare services. County expenditures are driven by:

- ✓ the number of reports of abuse or neglect received;
- ✓ the number of children and families requiring child welfare services;
- ✓ the number of children who are removed from the home and placed in residential care; and
- ✓ the cost of providing residential care and other services.

Each year, the General Assembly decides whether to increase child welfare funding to cover caseload increases and inflationary increases in the cost of providing services. A county that overspends its annual share of state and federal funds is required to cover the over expenditure with other funds. County child welfare expenditures have exceeded the annual appropriation in each of the last five fiscal years for which data is available.

	FY 99-00	FY 00-01	FY 01-02	FY 02-03	FY 03-04	FY 04-05	FY 05-06
Appropriation for Child Welfare Services and Family and Children's Programs line items (\$ millions)	\$283.8	\$305.6	\$323.0	\$332.0	\$341.9	\$343.2	\$359.3
<i>Percent Change</i>		7.7%	5.7%	2.8%	3.0%	0.4%	4.7%
County Expenditures In Excess of Capped Allocations (\$ millions)	\$20.6	\$21.4	\$33.4	\$24.4	\$12.4	n/a	n/a
<i>Shortfall as Percent of Capped Allocations</i>	8.6%	8.2%	12.4%	8.8%	4.2%	n/a	n/a

Note: For purposes of providing comparable information, the FY 2002-03 appropriation excludes one-time adjustments associated with the change in Medicaid accruals. Also, please note that the FY 2005-06 appropriation excludes \$4.5 million for training and administrative costs; this amount was previously included in the Family and Children's Programs line item but was transferred to other line items for FY 2005-06.

Developmental Disability Services

The State funds residential and family support services for persons with developmental disabilities who are unable to care for themselves without assistance. Most of these services are provided through contracts with 20 local non-profit agencies known as community centered boards (CCBs). The demand for state-funded services has grown significantly over time, reflecting the aging of family members who care for persons with disabilities and state population growth. Service costs have also risen over time based on inflation. The General

Assembly has responded to the increase in demand for services and funding, taking into consideration statewide revenue and spending constraints.

The State has had discretion over the growth of programs for persons with developmental disabilities, based on state and federal law. The vast majority of services are funded through federal Medicaid waivers for home and community based services. These Medicaid waivers enable the State to support services for persons with developmental disabilities using Medicaid funds that originate as 50 percent state General Fund and 50 percent federal funds. However, they differ from other parts of the Medicaid program in that the State may limit the total number of program participants. As a result, there are waiting lists for services.

All institutional funding and over 73 percent of funding for community-based services for persons with developmental disabilities is for residential services for adults with developmental disabilities. The table below reflects, for FY 2005-06, the total number of participant resources¹ funded, associated dollars, average cost per participant resource, and waiting list per resource for community programs for persons with disabilities. Adult Comprehensive Services, Adult Supported Living Services, and the Children's Extensive Support programs are funded primarily or entirely by Medicaid. Family Support Services are funded entirely with state General Fund and Early Intervention services are funded primarily by state General Fund.

Adult and Children's Community Programs¹	FY 05-06 Funding (millions)	# Resources Funded June 2006²	Avg. Cost per Full Year Resource	Waiting list March 2005³
Adult Comprehensive Services	\$207,518,170	3,659	\$58,654	912
Adult Supported Living Services	\$55,410,596	3,499	\$15,886	1,886
Early Intervention	\$8,367,441	1,459	\$5,735	826*
Children's Extensive Support	\$6,946,185	365	\$19,945	0*
Family Support Services	\$6,661,904	1,176	\$5,665	4,161*
Special Purpose	\$917,952	n/a		
Total	\$285,822,248	10,158		

¹Reflects funding in the Adult Program Costs and Services for Children and Families, Program Funding Long Bill line items and related funding in H.B. 05-1262. Does not include 403 adult residential resources at the regional centers or services funded with local dollars.

²Of the resources shown, 62 adult comprehensive resources, 22 adult supported living services, and 4 children's extensive support resources are funded for an average of six months in FY 2005-06.

³March 2005 count of the persons who request placement by the end of FY 2005-06.

*(1) Children reported on the early intervention waiting list are believed to be receiving services through local and federally-funded sources. (2) The waiting list for the Children's Extensive Support Program (originally estimated at 158) is now anticipated to be eliminated in FY 2005-06 based on funding provided through H.B. 05-1262, which is included in the funding shown above. (3) Current funding for the Family Support Services Program is generally spread to serve over 3,500 families, so that the majority of those on the waiting list are actually receiving some support from the dollars shown.

The following table reflects the overall growth in state funding for community services for persons with developmental disabilities.

¹ A program "resource" is the funding required to provide services to an individual for a year.

State Funding -- Community Services for Persons with Developmental Disabilities							
Adult and Children's Community Programs:	FY 99-00 Approp.	FY 00-01 Approp.	FY 01-02 Approp.	FY 02-03 Approp.*	FY 03-04 Approp.	FY 04-05 Approp.	FY 05-06 Approp.
Total Funding (\$ millions)	\$224.9	\$239.3	\$260.7	\$273.0	\$271.3	\$271.6	\$285.8
Total Funding Change (\$ millions)	n/a	\$14.4	\$21.4	\$12.3	(\$1.7)	\$0.3	\$14.2
Percent Change	n/a	6.4%	8.9%	4.7%	-0.6%	0.1%	5.2%

*Amount shown for FY 2002-03 does not include a reduction of \$6.7 million in one time savings associated with a switch from accrual to cash accounting for the Medicaid program. This accounting change provided savings for accounting purposes but did not affect programs.

As shown in the table above, funding for community-based programs for persons with developmental disabilities increased substantially each year through FY 2002-03. The increases shown were driven primarily by increases in the number of adult residential resources funded as well as rate increases provided to assist community providers in coping with payment levels that had not historically kept up with service cost increases. Due to statewide budget constraints, funding dropped between FY 2002-03 and FY 2003-04. Reductions included the elimination of rate increases provided in FY 2002-03, a 50 percent cut to the Family Support Services Program, and rate cuts in the adult supported living services program, among other reductions. Fiscal year 2005-06 reflects significant increases associated with a 2.0 percent community provider cost of living adjustment, restoration of funds for Family Support Service funds cut in FY 2003-04, additional children's extensive support resources added in H.B. 05-1262 (Tobacco Tax Implementation) and the Long Bill and additional adult comprehensive and supported living resources included in the Long Bill. Of the funding added for FY 2005-06, \$5.5 million is related to rate increases and \$8.7 million is related to increases in the number of persons receiving services.

Increases in Number of Participants

The table below reflects the growth in the number of participant resources available for persons with developmental disabilities. As reflected in the table, the FY 2005-06 appropriation includes a large increase in resources funded for the Children's Extensive Support (CES) program and modest increases in the Adult Comprehensive and Supported Living areas. House Bill 05-1262 (Tobacco Tax Implementation) funds a 148 increase in the number of participants in the CES Program. This increase, combined with a 4 resource increase in the Long Bill, increases the number of CES resources from 212 in FY 2004-05 to 365 in FY 2005-06 at a cost of \$2.6 million in the Department of Human Services.

	Persons Served					Resources Funded		
	FY 99-00 # Served June	FY 00-01 # Served June	FY 01-02 # Served June	FY 02-03 # Served June	FY 03-04 # Served June	FY 03-04 # Funded June	FY 04-05 # Funded June	FY 05-06 # Funded June
Adult Comprehensive Resources ¹	3,070	3,134	3,371	3,496	3,576	3,561	3,597	3,659
Percent Change	n/a	2.1%	7.6%	3.7%	2.3%	n/a	1.0%	1.7%

	Persons Served					Resources Funded		
	FY 99-00 # Served June	FY 00-01 # Served June	FY 01-02 # Served June	FY 02-03 # Served June	FY 03-04 # Served June	FY 03-04 # Funded June	FY 04-05 # Funded June	FY 05-06 # Funded June
Adult Supported Living Resources	3,465	3,474	3,529	3,598	3,661	3,477	3,477	3,499
Percent Change	n/a	0.3%	1.6%	2.0%	1.8%	n/a	0.0%	0.6%
Early Intervention ²	1,445	1,651	1,721	1,754	1,912	1,459	1,459	1,459
Percent Change	n/a	14.3%	4.2%	1.9%	9.0%	n/a	0.0%	0.0%
Children's Extensive Support	156	173	199	215	204	212	212	365
Percent Change	n/a	10.9%	15.0%	8.0%	-5.1%	n/a	0.0%	72.2%
Family Support Services ³	3,998	3,941	4,008	4,145	3,567	1,176	1,176	1,176
Percent Change	n/a	-1.4%	1.7%	3.4%	-13.9%	n/a	0.0%	0.0%

¹ Does not include 403 residential resources located at the state regional centers for the developmentally disabled.

² "# Served June" is based on the number served on average each month throughout the year.

³ "# Served June" is based on the unduplicated number served throughout the year.

When reviewing the table, note that: (1) The number of persons actually served can be larger (in some cases much larger) than the resources funded when providers "stretch" funds to additional persons. This is reflected in the number served versus funded data for FY 2003-04; (2) Most new resources are initially funded for a part of year and funding is then annualized in the subsequent year to cover a full year of services. The table reflects the number of persons receiving services and the number of funded resources *as of June* of each year. (3) The cost of new resources added is often considerably higher than the current average cost of resource based on the anticipated severity levels of the new clients. Thus, for FY 2005-06, the average cost for an existing adult comprehensive resources was \$58,654, but new comprehensive resources for clients transitioning from foster care or placed due to emergencies were added at an average cost of \$77,654.

Rate Increases

The table below reflects the impact of provider rate increases and base rate increases on the budget from FY 1999-00 through FY 2005-06. Provider rate increases are generally provided to qualified programs throughout state government based on a common policy. Base rate increases shown in the table below were provided exclusively for developmental disability programs. Rate increases were significant until statewide revenue constraints led rates to be returned to FY 2001-02 levels in FY 2003-04. No increase was provided in FY 2004-05 due to budget constraints, but a 2.0 percent provider rate increase was provided for FY 2005-06.

Rate Increases							
	FY 99-00	FY 00-01	FY 01-02	FY 02-03	FY 03-04	FY 04-05	FY 05-06
Provider Rate Increase	2.0%	2.0%	2.5%	0.0%	0.0%	0.0%	2.0%
Base Rate Increase	0.0%	0.0%	5.3%	2.0%	-2.0%	0.0%	0.0%
Total Impact on base of DD Community Programs (\$ millions)	\$4.3	\$4.7	\$11.6	\$3.5	(\$3.5)	\$0.0	\$5.5

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 00-01 Actual	FY 01-02 Actual	FY 02-03 Actual	FY 03-04 Actual	FY 04-05 Projection	FY 05-06 Projection
Detention*	529.1	538.6	545.0	n/a	n/a	n/a
<i>Percent Difference</i>	<i>n/a</i>	<i>1.8%</i>	<i>1.2%</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>
Commitment	1,277.7	1,290.0	1,327.8	1,377.4	1,446.1	1,497.9
<i>Percent Difference</i>	<i>n/a</i>	<i>1.0%</i>	<i>2.9%</i>	<i>3.7%</i>	<i>5.0%</i>	<i>3.6%</i>
Parole**	720.7	692.9	567.2	532.3	486.0	517.5
<i>Percent Difference</i>	<i>n/a</i>	<i>-3.9%</i>	<i>-18.1%</i>	<i>-6.2%</i>	<i>-8.7%</i>	<i>6.5%</i>

* Senate Bill 03-286 capped the population at 479.0.

** Senate Bill 03-284 reduced the period of mandatory parole from 9 months to 6 months.

The Mental Health Institutes

The Department of Human Services operates two hospitals for the severely mentally ill: the Fort Logan Mental Health Institute, located in Denver, and the Pueblo Mental Health Institute. The FY 2005-06 budget for the institutes is \$84.3 million to maintain 529 beds that will serve approximately 9,000 patients over the course of the year. Expenditures for the state mental health institutes have been affected by a loss of patient-based revenue, stemming from a decline in the number of patient hospitalizations over the last decade. The number of beds used at the institutes declined by about a third in the last decade, from 813 in FY 1994-95 to 526 in FY 2005-06. This declining level of patient hospitalization is attributable to two primary factors: (1) changes in the delivery of mental health services resulting from managed care; and (2) the "deinstitutionalization" of clients into a community setting. The use of managed care for mental health services has resulted in fewer hospitalizations in the institutes as mental health providers seek to provide lower cost alternative services in the community. The trend toward "deinstitutionalization" and community based care has resulted in shorter hospital stays as patients are moved more quickly to community settings for treatment, instead of being treated through lengthier stays in an institutional setting. Actual expenses per bed in FY 2003-04 (average for both institutes including all direct and indirect cost allocations) totaled \$157,419.

	FY 00-01 Actual	FY 01-02 Actual	FY 02-03 Actual	FY 03-04 Actual	FY 04-05 Approp.	FY 05-06 Approp.
Institute Budget	\$76,045,941	\$80,337,881	\$79,461,197	\$80,524,106	\$83,316,765	\$84,301,938
FTE	1,263.8	1,308.3	1,286.4	1,183.0	1,246.2	1,246.2
Ft. Logan Avg. Daily Census	196	188	171	146	151	151
Pueblo Avg. Daily Census	<u>502</u>	<u>494</u>	<u>439</u>	<u>390</u>	<u>378</u>	<u>378</u>
Total Avg. Daily Census	698	682	610	536	529	529
Change in Funding	\$0	\$4,291,940	(\$876,684)	\$1,062,909	\$2,792,659	\$985,173
Change in FTE	0.0	44.5	(21.9)	(103.4)	63.2	0.0
Change in Census	0	(17)	(72)	(74)	(7)	0

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. It is primarily funded through excise taxes. Revenues that 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 01-02 Actual	FY 02-03 Actual	FY 03-04 Actual	FY 04-05 Appropriation	FY 05-06 Appropriation
Total Non-Medical Costs*	\$59,465,177	\$59,515,177	\$64,042,654	\$71,380,186	\$71,380,186
<u>Ages 60-64:</u>					
Avg. Number of Persons	6,223	6,880	5,344	4,985	4,985
Avg. Mo. Payment/Person	\$280.11	\$259.32	\$290.25	\$297.00	\$297.00
<u>Age 65 and over:</u>					
Avg. Number of Persons	18,478	17,837	19,981	20,680	20,680
Avg. Mo. Payment/Person	\$152.76	\$138.72	\$181.52	\$191.15	\$191.15

*Total costs exclude the Old Age Pension State Medical Program, which is administered in the Department of Health Care Policy and Financing, and CBMS costs for the OAP program.

Aid to the Needy Disabled -Colorado Supplement (AND-CS)

This program provides supplemental income to individuals receiving Supplemental Security Income (SSI) payments. The federal SSI program is an entitlement program that provides financial assistance to persons with a disability that precludes them from securing or retaining employment for at least 12 months. The AND-CS program is one of a number of programs that provide additional state assistance to SSI recipients. The State

is subject to a federal maintenance-of-effort agreement with the Social Security Administration to provide at least as much assistance to SSI recipients in each calendar year as it did in the previous calendar year. In both 2003 and 2004, the state fell short of the required spending level. In order to make up for that shortfall (and to avoid federal sanctions that would be imposed if the shortfall were not made up), the AND-CS appropriation increased from \$2.2 million General Fund and cash funds exempt in FY 2002-03 to \$5.5 million in FY 2005-06. The grant standard for program participants was raised from \$513 per month to \$730 to increase expenditures.

Aid to Needy Disabled-Colorado Supplement	FY 01-02 Actual	FY 02-03 Actual	FY 03-04 Actual	FY 04-05 Appropriation	FY 05-06 Appropriation
Total Expenditure	\$2,776,731	\$2,242,503	\$1,322,774	\$7,264,039	\$5,474,781
Dollar Change	n.a.	(534,228)	(919,729)	5,941,265	(1,789,258)
Percentage Change	n.a.	-19.2%	-41.0%	449.2%	-24.6%

Salary Survey and Performance Based Pay 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, as well as an allocation for performance based pay. For FY 2005-06, a salary survey increase of 3.0 percent is included, but there is no provision for performance-based pay.

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), which became operational on September 1, 2004, replaced 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, as well as appropriations for ongoing operations and maintenance. Due to implementation issues that arose during FY 2004-05, the General Assembly provided supplemental appropriations for CBMS (also reflected in the table below) including \$8.4 million for system enhancements, client noticing, compliance with a court order, and litigation costs, as well as \$4.2 million in county assistance.

Colorado Benefits Management System Appropriations			
	FY 96-97 through FY 04-05	FY 05-06	TOTAL
Capital*	\$89,677,357	\$0	\$89,677,357
Operating*	88,484,788	15,471,573	103,956,361
Total	178,162,145	15,471,573	193,633,718
<i>General Fund Share</i>	47,740,935	5,237,565	52,978,500

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

Summary of FY 2004-05 and FY 2005-06 Appropriations

Department of Human Services						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2004-05 Total Appropriation:	\$1,742,832,697	\$484,945,495	\$95,417,676	\$638,915,090	\$523,554,436	5,186.3
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Executive Director's Office	43,598,923	23,391,120	917,156	11,382,141	7,908,506	123.7
Office of Information Technology Services	51,028,625	18,847,896	1,984,531	9,372,393	20,823,805	144.3
Office of Operations	36,091,512	17,917,554	713,437	13,005,152	4,455,369	481.0
County Administration	65,828,959	25,779,206	0	25,261,897	14,787,856	0.0
Division of Child Welfare	359,375,648	138,823,173	0	126,509,810	94,042,665	30.0
Division of Child Care	87,719,804	17,681,114	676,990	8,867,687	60,494,013	62.5
Office of Self Sufficiency	269,352,278	6,796,036	8,699,520	29,583,888	224,272,834	265.7
Mental Health and Alcohol and Drug Abuse Services	180,368,047	94,662,287	4,218,181	35,794,275	45,693,304	1,309.3
Services for People with Disabilities	411,110,791	27,431,455	3,951,691	343,766,139	35,961,506	1,826.5
Adult Assistance Programs	124,829,970	16,839,011	74,166,744	19,988,201	13,836,014	27.5
Division of Youth Corrections	113,528,140	96,776,643	89,426	15,383,507	1,278,564	915.8
<u>Breakdown of Total Appropriation by Bill</u>						
HB 04-1030	500,000	0	0	0	500,000	0.0
HB 04-1075	95,805	0	0	95,805	0	0.0
HB 04-1107	0	0	0	0	0	1.0
HB 04-1277	26,100	0	0	26,100	0	0.0
HB 04-1414	0	0	0	4,100,000	(4,100,000)	0.0
HB 04-1421	508,521	0	0	508,521	0	0.0
HB 04-1422	1,664,561,834	465,503,517	88,177,547	607,166,427	503,714,343	4,526.7
SB 05-114	12,233,622	6,324,257	(344,118)	(5,440,672)	11,694,155	(14.8)
SB 05-201	7,600,000	0	7,600,000	0	0	0.0
SB 05-209	44,707,233	9,997,892	(688,190)	28,022,918	7,374,613	673.4
SB 05-249	224	0	0	224	0	0.0
HB 05-1316	12,599,358	3,119,829	672,437	4,435,767	4,371,325	0.0

Department of Human Services						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Total Appropriation:	\$1,785,924,940	\$500,180,914	\$87,862,004	\$665,329,093	\$532,552,929	5,198.1
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Executive Director's Office	43,140,660	22,637,745	1,074,266	11,207,826	8,220,823	125.7
Office of Information Technology Services	41,087,696	16,851,660	1,313,077	6,716,038	16,206,921	166.3
Office of Operations	35,414,020	18,093,082	740,400	12,511,604	4,068,934	467.0
County Administration	60,797,541	24,232,611	0	23,631,975	12,932,955	0.0
Division of Child Welfare	384,306,395	147,331,730	0	139,464,639	97,510,026	31.0
Division of Child Care	88,500,170	18,046,688	704,073	9,214,519	60,534,890	63.3
Office of Self Sufficiency	271,458,885	6,614,337	616,708	29,138,856	235,088,984	265.1
Mental Health and Alcohol and Drug Abuse Services	185,691,117	98,709,345	5,247,230	35,134,968	46,599,574	1,308.6
Services for People with Disabilities	428,601,270	27,891,403	3,410,080	360,908,595	36,391,192	1,825.6
Adult Assistance Programs	125,970,148	17,013,201	74,666,744	20,570,137	13,720,066	27.5
Division of Youth Corrections	120,957,038	102,759,112	89,426	16,829,936	1,278,564	918.0
<u>Breakdown of Total Appropriation by Bill</u>						
SB 05-209	1,782,903,863	499,692,928	88,326,376	662,331,630	532,552,929	5,197.3
SB 05-202	0	487,986	(487,986)	0	0	0.0
HB 05-1227	23,614	0	23,614	0	0	0.3
HB 05-1238	0	0	0	0	0	0.5
HB 05-1262	2,962,513	0	0	2,962,513	0	0.0
HB 05-1336	34,950	0	0	34,950	0	0.0
Increase/(Decrease)	\$43,092,243	\$15,235,419	(\$7,555,672)	\$26,414,003	\$8,998,493	11.8
Percentage Change	2.5%	3.1%	-7.9%	4.1%	1.7%	0.2%

FY 2005-06 Appropriation Highlights:

1. Includes a total of \$16.8 million (including \$9.0 million "net" General Fund ²) for a 2.0 percent increase in provider rates and county staff salaries and benefits. These increases are reflected in the following program areas: County Administration, Child Welfare, Child Care, Mental Health and Alcohol and Drug Abuse Services, Services for People with Disabilities, and the Division of Youth Corrections.

²"Net" General Fund includes General Fund amounts appropriated directly to the Department of Human Services plus cash funds exempt transfer amounts that *originate* as General Fund appropriations in the Department of Health Care Policy and Financing.

2. Includes a \$13.7 million increase in funding (including \$6.8 million net General Fund) that is allocated to county departments of social services for the administration and provision of child welfare services.
3. Adds \$9.3 million federal funds for a one-time increase in Colorado Works Program county block grants.
4. Adds \$2.9 million, including \$2.3 million General Fund, for the Aid to the Needy Disabled - State Only program.
5. Consistent with H.B. 04-1451, includes \$2.2 million for the Department to pay incentives to eligible counties participating in the Integrated Care Management Program and eligible counties that elect to enter into a memorandum of understanding with various local agencies that provide services to children and families. The source of funding for these programs is docket fees paid for divorces and separations.
6. Adds \$3.4 million, including \$2.2 million General Fund for caseload increases for contract placements in the Division of Youth Corrections.
7. Adds \$2.8 million General Fund for the Family Support Services Program for families of children with developmental disabilities. This restores the program to the level that existed prior to FY 2003-04, when the program was cut by 50 percent due to revenue shortfalls.
8. Adds \$2.7 million (including \$0.8 million "net" General Fund) for the Children's Extensive Support Program for children with developmental disabilities pursuant to H.B. 05-1262. This is anticipated to add services for 148 children and eliminate the program's waiting list.
9. Includes \$2.6 million, including \$1.2 million "net" General Fund to expand services to additional persons with developmental disabilities. This includes creation of 48 new comprehensive residential resources for persons transitioning from foster care, 14 new comprehensive residential resources for persons requiring emergency placement, 22 new supported living resources for adults transitioning from the children's extensive support program, and 4 new children's extensive support resources. All new resources are funded for an average of six months in FY 2005-06. The appropriation annualizes to \$5.2 million, including \$2.4 million "net" General Fund in FY 2006-07.
10. Increases funding for the Short-Term Intensive Residential Remediation Treatment (STIRRT) program in the Alcohol and Drug Abuse Division by \$1.5 million General Fund.
11. Restores \$1.0 million General Fund for Senate Bill 91-94 programs.

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, and 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) funding for the State to comply with the federal Health Insurance Portability and Accountability Act of 1996 (HIPAA); and (4) 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.

Executive Director's Office						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2004-05 Appropriation:						
HB 04-1422	\$43,743,221	\$21,648,085	\$1,117,265	\$12,991,137	\$7,986,734	123.7
SB 05-114	(569,398)	1,317,935	(200,109)	(1,608,996)	(78,228)	0.0
SB 05-209	<u>425,100</u>	<u>425,100</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$43,598,923	\$23,391,120	\$917,156	\$11,382,141	\$7,908,506	123.7
FY 2005-06 Appropriation:						
FY 2004-05 Appropriation	\$43,598,923	\$23,391,120	\$917,156	\$11,382,141	\$7,908,506	123.7
Salary and benefit adjustments	1,374,507	701,521	128,819	275,277	268,890	0.0
Operating adjustments	427,229	370,768	9,128	(14,486)	61,819	0.0
Annualize FY 2004-05 salary survey and performance-based pay awards	417,809	126,588	18,192	232,098	40,931	0.0
Contract staff and audit FTE	234,418	182,176	0	0	52,242	2.0
One-time funding reductions	(2,765,007)	(2,129,713)	0	(502,533)	(132,761)	0.0
Base reductions	(149,374)	(4,715)	(1,184)	(164,671)	21,196	0.0
SB 05-209	\$43,138,505	\$22,637,745	\$1,072,111	\$11,207,826	\$8,220,823	125.7
HB 05-1227	<u>2,155</u>	<u>0</u>	<u>2,155</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$43,140,660	\$22,637,745	\$1,074,266	\$11,207,826	\$8,220,823	125.7

Executive Director's Office						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
Increase/(Decrease)	(\$458,263)	(\$753,375)	\$157,110	(\$174,315)	\$312,317	2.0
Percentage Change	-1.1%	-3.2%	17.1%	-1.5%	3.9%	1.6%

Salary and benefits adjustments: The appropriation adjusts various line items that contain salary and benefits funding. These centrally appropriated items include salary survey, performance-based pay awards, state contributions to health, life, and dental and others such as shift differential and S.B. 04-257 Amortization Equalization Disbursement. The appropriation does not fund performance-based pay for FY 2005-06, but it does include a 3.0 percent salary survey increase. The appropriation for Health, Life, and Dental includes increases between 6.2 percent and 9.58 percent, depending on the tier of selected coverage. Beginning January 1, 2006, the state will contribute an additional 0.5 percent of base salary to the Public Employees' Retirement Associated pursuant to S.B. 04-257; the appropriation includes six months of funding for this new policy.

Operating adjustments: The appropriation contains various changes in centrally appropriated line items. These centrally appropriated items include workers' compensation, risk management and property, vehicle lease payments, and legal services. Operating adjustments are a function of recoverable overhead in the Department of Personnel and Administration or the Department of Law, as is the case with legal services, that are allocated to other departments based on a proportionate share of risk or utilization.

Annualize FY 2004-05 salary survey and performance-based pay awards: The appropriation includes an additional \$417,809, which represents the salary increases and performance awards allocated to the division in FY 2004-05.

Contract staff and audit FTE: The appropriation includes: (1) \$120,000 total funds to allow the Department to hire contract staff to address the backlog of child welfare cases that has developed and ensure that all children in out-of-home care receive timely case reviews; and (2) \$114,000 total funds to allow the Department to hire 2.0 FTE for an internal audit presence within the Department.

One-time funding reductions: The FY 2004-05 appropriation contained funding for the Department's compliance with the Health Insurance Portability and Accountability Act of 1996 (HIPAA). Specifically, HIPAA's security rule affected the Department. The FY 2005-06 appropriation does not continue this one-time FY 2004-05 appropriation. Other funding reductions include the elimination of an appropriation used to pay for June 2004 salaries (FY 2003-04) in July 2004 (FY 2004-05) to account for S.B. 03-197, and \$425,100 associated with a lawsuit settlement against the Department.

Base reductions: The appropriation contains a 0.2 percent personal services base reduction, workload reductions for staff training, and an adjustment to account for higher than average performance awards allocated to the Executive Director's Office.

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 funds to purchase of services from the general government computer center. Collectively, the data systems managed by this section process case management files for approximately 634,000 Colorado citizens. Major systems funded through this section of the budget include the Colorado Benefits Management System (CBMS), 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 funds, cash funds exempt, and federal funds. The most important source of cash funds exempt 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 (TANF).

Office of Information Technology Services						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2004-05 Appropriation:						
HB 04-1422	\$42,154,668	\$17,242,453	\$1,307,774	\$6,425,078	\$17,179,363	144.3
SB 05-114	494,674	290,313	4,320	38,866	161,175	0.0
HB 05-1316	<u>8,379,283</u>	<u>1,315,130</u>	<u>672,437</u>	<u>2,908,449</u>	<u>3,483,267</u>	<u>0.0</u>
TOTAL	\$51,028,625	\$18,847,896	\$1,984,531	\$9,372,393	\$20,823,805	144.3
FY 2005-06 Appropriation:						
FY 2004-05 Appropriation	\$51,028,625	\$18,847,896	\$1,984,531	\$9,372,393	\$20,823,805	144.3
Annualize FY 2004-05 salary survey and performance-based pay awards	263,935	154,574	4,372	31,116	73,873	0.0
CBMS contractual increase	184,314	28,927	14,792	63,975	76,620	0.0
One-time funding reductions	(9,603,088)	(1,640,713)	(678,204)	(2,934,754)	(4,349,417)	(3.0)
Colorado Trails	(457,645)	(247,082)	0	0	(210,563)	25.0
Operating adjustments	(441,308)	(227,700)	(2,832)	(16,272)	(194,504)	0.0
Other adjustments	(153,326)	(51,712)	(7,391)	(94,598)	375	0.0
Base reductions	(38,319)	(12,530)	(2,191)	(10,330)	(13,268)	0.0
SB 05-209	\$40,783,188	\$16,851,660	\$1,313,077	\$6,411,530	\$16,206,921	166.3
HB 05-1262	<u>304,508</u>	<u>0</u>	<u>0</u>	<u>304,508</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$41,087,696	\$16,851,660	\$1,313,077	\$6,716,038	\$16,206,921	166.3

Office of Information Technology Services						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
Increase/(Decrease)	(\$9,940,929)	(\$1,996,236)	(\$671,454)	(\$2,656,355)	(\$4,616,884)	22.0
Percentage Change	-19.5%	-10.6%	-33.8%	-28.3%	-22.2%	15.2%

SB 05-209 (Long Bill) Issue Descriptions

Annualize FY 2004-05 salary survey and performance-based pay awards: The appropriation includes an additional \$263,935 that represents the salary increases and performance awards allocated to the division in FY 2004-05.

CBMS contractual increase: Pursuant to Contract Amendment #3 with Electronic Data Systems (EDS), the vendor responsible for programming the Colorado Benefits Management System (CBMS), the appropriation contains an increase of \$184,000 for contractual costs in FY 2005-06. The FY 2005-06 funding represents the first of four yearly funding changes to the contract.

One-time funding reductions: The appropriation includes decreases in a number of one-time funding initiatives in FY 2004-05. Included are decreases associated with Systems Network Architecture, a feasibility study to upgrade the County Financial Management System, and the shutdown of legacy systems replaced by CBMS. The legacy systems shutdown also included 3.0 FTE that are no longer needed. Finally, due to CBMS implementation issues, the General Assembly provided \$8.4 million to assist the Department with conversion, implementation, and legal issues. This funding was provided in FY 2004-05 and is no longer necessary.

Colorado Trails: The appropriation increases the FTE allocation by 25.0 but decreases the appropriation. The Department of Human Services currently uses contract staff retained on an hourly basis. The reduction ends this practice by converting the existing contract staff to less expensive state FTE.

Operating adjustments: The appropriation contains various changes in centrally appropriated line items. These centrally appropriated items include payments for the multiuse network, communications services, and computer services, risk management and property insurance, vehicle lease payments, and legal services. These operating adjustments are a function of recoverable overhead in the Department of Personnel and Administration that are allocated to other departments based on a proportionate share of risk or utilization.

Other adjustments: The appropriation refinances funding for telecommunications lease payments and transfers this appropriation to other divisions within the department (Regional Centers and the Mental Health Institutes). It also contains a fund mix adjustment.

Base reductions: The appropriation contains a base reduction of 0.2 percent of base salaries. For this division, the reduction is \$38,319.

Additional legislation: For information on HB 05-1262, see the "Recent Legislation" section at the end of the Department of Human Services.

Office of Operations

This section contains appropriations for central departmental functions such as accounting, auditing, contracting, purchasing, vehicle leases, and facility management.

Office of Operations						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2004-05 Appropriation:						
HB 04-1422	\$34,713,906	\$17,085,949	\$715,183	\$12,483,988	\$4,428,786	481.0
SB 05-114	<u>1,377,606</u>	<u>831,605</u>	<u>(1,746)</u>	<u>521,164</u>	<u>26,583</u>	<u>0.0</u>
TOTAL	\$36,091,512	\$17,917,554	\$713,437	\$13,005,152	\$4,455,369	481.0
FY 2005-06 Appropriation:						
FY 2004-05 Appropriation	\$36,091,512	\$17,917,554	\$713,437	\$13,005,152	\$4,455,369	481.0
Salary and benefits adjustments	594,890	298,422	16,329	237,807	42,332	0.0
Move funds for utility manager	0	0	0	0	0	1.0
Leased Space - reduce spending authority to conform to utilization	(500,000)	(68,000)	10,000	(10,000)	(432,000)	0.0
Utilities - annualize one-time supplemental	(349,627)	0	0	(349,627)	0	0.0
Utility Recovery Fund - adjust for use of Fund to date	(169,533)	0	0	(169,533)	0	0.0
Operating adjustments	(121,308)	(54,894)	634	(70,281)	3,233	0.0
State Garage Fund - reduce spending authority to conform to utilization	(100,000)	0	0	(100,000)	0	0.0
Reductions for headnote violations	(31,914)	0	0	(31,914)	0	0.0
FTE - reduce authority to conform to utilization	0	0	0	0	0	(15.0)
SB 05-209	<u>\$35,414,020</u>	<u>\$18,093,082</u>	<u>\$740,400</u>	<u>\$12,511,604</u>	<u>\$4,068,934</u>	<u>467.0</u>
TOTAL	\$35,414,020	\$18,093,082	\$740,400	\$12,511,604	\$4,068,934	467.0
Increase/(Decrease)	(\$677,492)	\$175,528	\$26,963	(\$493,548)	(\$386,435)	(14.0)
Percentage Change	-1.9%	1.0%	3.8%	-3.8%	-8.7%	-2.9%

SB 05-209 (Long Bill) Issue Descriptions

Salary and benefits adjustments: The appropriation includes common policy adjustments to personal services to reflect salary increases awarded in FY 2004-05, offset by the 0.2 percent base reduction.

Move funds for utility manager: Moves funding for the utility manager's office from the utilities line item, where spending for a manager was previously authorized through a footnote, to the personal services and

operating expenses line items. This change includes an increase of \$82,863 and 1.0 FTE for Personal Services and \$17,137 for Operating Expenses, offset by a reduction of \$100,000 in the Utilities line item. The appropriation results in a net 1.0 FTE increase, as the FTE authorization in the Utilities line item was not previously reflected, except through the footnote.

Leased Space - reduce spending authority to conform to utilization: The appropriation reduces the total funds and modifies fund sources to more accurately reflect anticipated utilization.

Utilities - annualize one-time supplemental: The appropriation eliminates spending authority provided for one-time adjustments in FY 2004-05. The spending authority enabled the Department to transfer funds to the Utilities line item to address a restriction associated with an FY 2003-04 over-expenditure.

Utility Recovery Fund - adjust for use of fund to date: The Utility Recovery Fund line item enables the Department to pay a contractor for correcting and collecting refunds from utilities companies for utilities tariff errors, rate adjustments, and omissions. The contractor is allowed to keep amounts collected from utilities companies for billing errors, up to the total appropriation for the line item. The reduction to the line item reflects projected use of the line item as of the end of FY 2004-05. Fiscal year 2005-06 spending authority is based on the unused balance of the contract.

Operating adjustments: The appropriation contains changes in centrally appropriated line items. In this section of the Long Bill, these centrally appropriated items include vehicle lease payments and capitol complex leased space. Operating adjustments are a function of recoverable overhead amounts in the Department of Personnel and Administration that are allocated to other departments based on a proportionate share of risk or utilization. Most of the adjustment is based on a reduction of \$111,642 for vehicle lease payments. This figure includes the replacement of 56 vehicles, the annualization of expenses for one new vehicle added in FY 2004-05, and the addition of another vehicle for part of the year for the Division of Youth Corrections.

State Garage Fund - reduce spending authority to conform to utilization: The Department of Human Services operates vehicle maintenance and fueling stations at three state facilities and is reimbursed by other departments for use of the facilities. The reduction eliminates the portion of spending authority for payments from other departments that is not anticipated to be used.

Reductions for head note violations: The reduction is based on FY 2004-05 expenditures of operating expenses from the Personal Services line item and of personal services from the Operating Expenses line item in violation of Long Bill head notes.

FTE - reduce authority to conform to utilization: The appropriation reduces FTE authorization, with no associated funding reductions, to more accurately reflect the Division's capacity to employ staff given current funding levels.

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 funds 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.

County Administration						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2004-05 Appropriation:						
HB 04-1422	\$60,388,454	\$23,974,507	\$0	\$23,734,579	\$12,679,368	0.0
SB 05-114	1,220,430	0	0	0	1,220,430	0.0
HB 05-1316	<u>4,220,075</u>	<u>1,804,699</u>	<u>0</u>	<u>1,527,318</u>	<u>888,058</u>	<u>0.0</u>
TOTAL	\$65,828,959	\$25,779,206	\$0	\$25,261,897	\$14,787,856	0.0
FY 2005-06 Appropriation:						
FY 2004-05 Appropriation	\$65,828,959	\$25,779,206	\$0	\$25,261,897	\$14,787,856	0.0
2.0 percent cost of living adjustment	856,536	258,104	0	344,845	253,587	0.0
Reduction in County Administration related to CBMS implementation	(4,220,075)	(1,804,699)	0	(1,527,318)	(888,058)	0.0
Reduction in federal performance award	(1,220,430)	0	0	0	(1,220,430)	0.0
County Incentive Payments	(447,449)	0	0	(447,449)	0	0.0
SB 05-209	<u>\$60,797,541</u>	<u>\$24,232,611</u>	<u>\$0</u>	<u>\$23,631,975</u>	<u>\$12,932,955</u>	<u>0.0</u>
TOTAL	\$60,797,541	\$24,232,611	\$0	\$23,631,975	\$12,932,955	0.0
Increase/(Decrease)	(\$5,031,418)	(\$1,546,595)	\$0	(\$1,629,922)	(\$1,854,901)	0.0
Percentage Change	-7.6%	-6.0%	n/a	-6.5%	-12.5%	n/a

SB 05-209 (Long Bill) Issue Descriptions

2.0 percent cost of living adjustment: The appropriation includes an \$856,000 increase for a 2.0 percent increase in provider rates and county staff salaries and benefits. This increase applies to all programs administered in this section of the department's budget and includes: Food Stamps, Adult Cash Assistance Programs (except Old Age Pension), Adult Protection, Low Income Energy Assistance, Child Support Enforcement, and Medicaid eligibility determination.

Reduction in County Administration related to CBMS implementation: Due to implementation issues associated with CBMS, the General Assembly provided an additional \$4.2 million to counties for costs incurred in FY 2004-05. The additional appropriation was only for one fiscal year, thus appropriations to the County

Administration will not require this additional funding for FY 2005-06. The FY 2005-06 appropriation decreases from FY 2004-05 levels as a result.

Reduction in federal performance award: The appropriation has been reduced to reflect the discontinuation of a one-time federal award in FY 2004-05 that resulted from the state's improved negative error rate for the Food Stamps program. A negative error rate identifies errors in denial, suspension, or termination of benefits.

County Incentive Payments: Based on historical trends, a reduction to the appropriation for county incentive payments occurred. Over the last few fiscal years, the amount of funding available from these collections has been decreasing and the FY 2005-06 appropriation reflects the amount anticipated to be available in FY 2004-05.

Division of Child Welfare

This section provides funding and state staff associated with the state supervision and county administration of programs that protect children from harm and assist families in caring for and protecting their children. Cash funds exempt sources include Medicaid funds transferred from the Department of Health Care Policy and Financing, county tax revenues, excess federal Title IV-E reimbursements to counties, docket fee revenues, and grants and donations. Federal fund sources include those available pursuant to Titles IV-B, IV-E, and XX of the Social Security Act, and the Child Abuse Prevention and Treatment Act.

Division of Child Welfare						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2004-05 Appropriation:						
HB 04-1414	\$0	\$0	\$0	\$4,100,000	(\$4,100,000)	0.0
HB 04-1422	362,528,678	135,794,176	0	131,170,796	95,563,706	30.0
SB 05-114	(4,514,783)	979,018	0	(8,072,760)	2,578,959	0.0
SB 05-209	<u>1,361,753</u>	<u>2,049,979</u>	<u>0</u>	<u>(688,226)</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$359,375,648	\$138,823,173	\$0	\$126,509,810	\$94,042,665	30.0
FY 2005-06 Appropriation:						
FY 2004-05 Appropriation	\$359,375,648	\$138,823,173	\$0	\$126,509,810	\$94,042,665	30.0
Increase based on projected increase in child/adolescent population	13,660,882	5,873,443	0	4,361,577	3,425,862	0.0
2.0 percent cost of living adjustment	6,847,056	2,822,948	0	2,678,883	1,345,225	0.0
Increase spending authority associated with excess federal Title IV-E earnings	3,700,000	0	0	3,700,000	0	0.0
Provide spending authority for the Department to pay county incentives	2,200,000	0	0	2,200,000	0	0.0
Reflect anticipated federal funds and associated local share	1,255,736	0	0	13,109	1,242,627	0.0

Division of Child Welfare						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
Increase funding for Department to monitor foster care programs	59,106	47,285	0	0	11,821	1.0
Salary and benefits adjustments	56,071	34,026	0	1,260	20,785	0.0
Eliminate one-time adjustments	(1,860,604)	718,355	0	0	(2,578,959)	0.0
Eliminate funding for the Expedited Permanency Planning Project	(987,500)	(987,500)	0	0	0	0.0
SB 05-209	<u>\$384,306,395</u>	<u>\$147,331,730</u>	<u>\$0</u>	<u>\$139,464,639</u>	<u>\$97,510,026</u>	<u>31.0</u>
TOTAL	<u>\$384,306,395</u>	<u>\$147,331,730</u>	<u>\$0</u>	<u>\$139,464,639</u>	<u>\$97,510,026</u>	<u>31.0</u>
Increase/(Decrease)	\$24,930,747	\$8,508,557	\$0	\$12,954,829	\$3,467,361	1.0
Percentage Change	6.9%	6.1%	n/a	10.2%	3.7%	3.3%

SB 05-209 (Long Bill) Issue Descriptions

Increase based on projected increase in child/adolescent population: The appropriation includes a \$13.7 million increase in funding that is allocated to county departments of social services for the administration and provision of child welfare services. This increase includes an estimated \$4.4 million to cover the incremental costs associated with projected changes in the child/adolescent population of each county, plus \$9.3 million to eliminate the existing shortfall in state and county funding of child welfare services.

2.0 percent cost of living adjustment: The appropriation includes a \$6.8 million increase for a 2.0 percent increase in community provider rates and county staff salaries and benefits. This increase includes the following: (1) \$5,994,814 for the Child Welfare Services line item; and (2) \$852,245 for the Family and Children's Programs line item.

Increase spending authority associated with excess federal Title IV-E earnings: The appropriation includes a \$3.7 million increase (from \$4.1 million to \$7.8 million) in appropriations associated with the distribution of excess federal Title IV-E earnings to counties. This increase is based on the actual amount earned in FY 2003-04 and estimates of amounts that will be earned in FY 2004-05.

Provide spending authority for the Department to pay county incentives: Consistent with H.B. 04-1451, appropriations totaling \$2.2 million are provided for the Department to pay incentives to eligible counties participating in the Integrated Care Management Program and to eligible counties that elect to enter into a memorandum of understanding with various local agencies that provide services to children and families. The source of funding for these programs is docket fees paid for divorces and separations.

Reflect anticipated federal funds and associated local share: The appropriation reflects additional federal funds that are anticipated to be available for child welfare programs for FY 2005-06, along with an associated increase in the required local matching funds.

Increase funding for Department to monitor foster care programs: The appropriation includes additional funds to support 1.0 FTE to monitor county departments of social services' foster care programs for compliance with licensing standards and quality of care.

Salary and benefits adjustments: The appropriation includes \$56,071 total funds to annualize the cost of providing salary survey in FY 2004-05, annualize the cost of providing performance-based pay awards in FY 2004-05, and reduce base funding for personal services by 0.2 percent.

Eliminate one-time adjustments: The FY 2004-05 supplemental bill (S.B. 05-114) included an adjustment to appropriate \$2,578,959 in federal Title IV-E funds that were earned as a result of a revenue maximization contract with an outside consultant. These moneys were used to refinance the same amount of General Fund for FY 2004-05. A portion of the General Fund savings (\$154,738) was then appropriated to pay a contingency fee associated with the contract. Another \$1,705,866 of the General Fund savings was appropriated (through a second supplemental that is part of the FY 2005-06 Long Bill) to provide a one-time offset to a loss of federal funds available for the Child Placement Agency Medicaid Transfer Program for seven months of FY 2004-05. These appropriations are eliminated and the fund source adjustment is reversed for FY 2005-06.

Eliminate funding for the Expedited Permanency Planning Project: Over the last ten years and pursuant to H.B. 94-1178, counties and courts have implemented expedited procedures for cases involving abused and neglected children under age six. Twenty-nine counties are currently in their fifth year of implementation and are receiving additional state funds in FY 2004-05 to offset costs associated with this project. The appropriation does not include any additional state funding for these 29 counties' sixth and final year of implementation.

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 (CCAP), through which counties provide child care subsidies to low income families and families transitioning from the Colorado Works Program. An estimated 19,497 children per month will receive CCAP assistance in FY 2005-06. 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. An estimated 7,106 child care homes and facilities will be licensed by the Division in FY 2005-06. Cash funds sources shown 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.

Division of Child Care						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2004-05 Appropriation:						
HB 04-1277	\$26,100	\$0	\$0	\$26,100	\$0	0.0
HB 04-1422	<u>87,693,704</u>	<u>17,681,114</u>	<u>676,990</u>	<u>8,841,587</u>	<u>60,494,013</u>	<u>62.5</u>
TOTAL	\$87,719,804	\$17,681,114	\$676,990	\$8,867,687	\$60,494,013	62.5

Division of Child Care						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Appropriation:						
FY 2004-05 Appropriation	\$87,719,804	\$17,681,114	\$676,990	\$8,867,687	\$60,494,013	62.5
2.0 percent cost of living adjustment	1,466,961	310,998	0	146,832	1,009,131	0.0
Child care licensing system upgrade	245,904	0	0	0	245,904	0.0
Change to estimated county share of CCAP administrative expenses	200,000	0	0	200,000	0	0.0
Salary and benefits adjustments	96,409	54,576	5,624	0	36,209	0.0
Child Care Fund earmarks - reduction in appropriation for open earmarks	(899,696)	0	0	0	(899,696)	0.0
Annualize one-time FY 2004-05 information technology appropriations	(333,449)	0	0	0	(333,449)	0.0
Early Childhood Professional Loan Repayment Program	(17,222)	0	0	0	(17,222)	0.0
SB 05-209	\$88,478,711	\$18,046,688	\$682,614	\$9,214,519	\$60,534,890	62.5
HB 05-1227	21,459	0	21,459	0	0	0.3
HB 05-1238	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.5</u>
TOTAL	\$88,500,170	\$18,046,688	\$704,073	\$9,214,519	\$60,534,890	63.3
Increase/(Decrease)	\$780,366	\$365,574	\$27,083	\$346,832	\$40,877	0.8
Percentage Change	0.9%	2.1%	4.0%	3.9%	0.1%	1.3%

SB 05-209 (Long Bill) Issue Descriptions

2.0 percent cost of living adjustment: The appropriation includes an increase for the Child Care Assistance Program (CCAP) that provides child-care subsidies for low-income families and an increase for child care licensing contracts. The federal funds increase consists of federal Child Care Development Funds; the cash funds exempt increase consists of county maintenance-of-effort expenditures required for the CCAP program.

Child care licensing system upgrade: The appropriation contains the third and final year of expenditures for upgrading the child care licensing information technology system using federal Child Care Development Funds.

Change to estimated county share of CCAP administrative expenses: Counties are required to pay 20 percent of administrative expenses for the Child Care Assistance Program (CCAP). The estimated county share of CCAP administrative expenses in FY 2005-06 is \$1.7 million, based on the portion of total county CCAP spending projected to be used for administrative costs, rather than child care subsidies. The appropriation reflects an increase over the \$1.5 million estimated county share of CCAP administrative expenses in FY 2004-05.

Salary and benefits adjustments: The appropriation includes common policy adjustments to personal services to reflect salary increases awarded in FY 2004-05, offset by a 0.2 percent base reduction.

Child Care Fund earmarks - reduction in appropriation for open earmarks: The appropriation is to reduce the line item for Federal Discretionary Child Care Funds Earmarked for Certain Purposes, which reflects the amount of federal child care funds that are required to be expended for specific purposes, including infant toddler programs, quality expansion, and school age or resource and referral programs. The Department failed to fully meet earmark requirements for several years and had, therefore, developed a backlog of "open" or incomplete earmarks. The reduction shown reflects successful efforts to eliminate a large portion of the backlog.

Annualize one-time FY 2004-05 information technology appropriations: The appropriation reflects elimination of FY 2004-05 appropriations of federal Child Care Development Funds for the Child Care Licensing System Upgrade Project (\$253,354) and the Child Care Assistance Program Automated System Feasibility Study (\$80,095).

Early Childhood Professional Loan Repayment Program: The appropriation reduces the federal Child Care Development Fund appropriation for this program due to lack of program use.

Additional legislation: For information on H.B.05-1227 (Licensing of Agencies for Intercountry Adoption Placements) and H.B. 05-1238 (School Readiness Quality Improvement) see the "Recent Legislation" section at the end of this department.

Office of Self Sufficiency

This section contains appropriations for cash assistance programs for specific populations, including the Colorado Works, Low-income Energy Assistance Program (LEAP), child support enforcement, and disability determination programs. Additional detail on funding changes in the Office of Self Sufficiency is reflected in the subsection tables and narratives below.

Office of Self Sufficiency						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2004-05 Appropriation:						
HB 04-1030	\$500,000	\$0	\$0	\$0	\$500,000	0.0
HB 04-1422	256,610,529	6,796,036	1,206,081	30,730,550	217,877,862	277.9
SB 05-114	4,641,749	0	(106,561)	(1,146,662)	5,894,972	(12.2)
SB 05-201	<u>7,600,000</u>	<u>0</u>	<u>7,600,000</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$269,352,278	\$6,796,036	\$8,699,520	\$29,583,888	\$224,272,834	265.7
FY 2005-06 Appropriation:						
SB 05-209	\$271,458,885	\$6,126,351	\$1,104,694	\$29,138,856	\$235,088,984	265.1
SB 05-202	<u>0</u>	<u>487,986</u>	<u>(487,986)</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$271,458,885	\$6,614,337	\$616,708	\$29,138,856	\$235,088,984	265.1

Office of Self Sufficiency						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
Increase/(Decrease)	\$2,106,607	(\$181,699)	(\$8,082,812)	(\$445,032)	\$10,816,150	(0.6)
Percentage Change	0.8%	-2.7%	-92.9%	-1.5%	4.8%	-0.2%

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 primary federal fund source is Temporary Assistance for Needy Families (TANF) funds.

Administration						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2004-05 Appropriation:						
TOTAL	\$2,344,146	\$488,301	\$0	\$0	\$1,855,845	29.6
FY 2005-06 Appropriation:						
FY 2004-05 Appropriation	\$2,344,146	\$488,301	\$0	\$0	\$1,855,845	29.6
Salary and benefits adjustments	67,357	8,743	0	0	58,614	0.0
Correct FTE appropriation	0	0	0	0	0	(0.6)
Reduce operating expenses based on past travel expenditures	(9,400)	(3,950)	0	0	(5,450)	0.0
SB 05-209	<u>\$2,402,103</u>	<u>\$493,094</u>	<u>\$0</u>	<u>\$0</u>	<u>\$1,909,009</u>	<u>29.0</u>
TOTAL	\$2,402,103	\$493,094	\$0	\$0	\$1,909,009	29.0
Increase/(Decrease)	\$57,957	\$4,793	\$0	\$0	\$53,164	(0.6)
Percentage Change	2.5%	1.0%	n/a	n/a	2.9%	-2.0%

SB 05-209 (Long Bill) Issue Descriptions

Salary and benefits adjustments: The appropriation includes common policy adjustments to personal services to reflect salary increases awarded in FY 2004-05 (based upon salary survey and pay for performance), offset by the 0.2 percent base personal services reduction.

Correct FTE appropriation: In the FY 2004-05 Long Bill, supplemental reductions for FY2003-04 and additional reductions for FY 2004-05 were combined incorrectly. This adjustment corrects the error.

Reduce operating expenses based on past travel expenditures: From FY 2002-03 to FY 2003-04, out-of-state travel expenses charged to this line item increased by approximately \$9,400. The appropriation reduces spending authority by this amount.

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.

<i>Colorado Works Program</i>						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2004-05 Appropriation:						
TOTAL	\$187,618,446	\$1,346,813	\$0	\$25,575,862	\$160,695,771	3.0
FY 2005-06 Appropriation:						
FY 2004-05 Appropriation	\$187,618,446	\$1,346,813	\$0	\$25,575,862	\$160,695,771	3.0
County Block Grant	8,178,094	(719,087)	0	(447,449)	9,344,630	0.0
Other changes	(326)	0	0	0	(326)	0.0
SB 05-209	<u>\$195,796,214</u>	<u>\$627,726</u>	<u>\$0</u>	<u>\$25,128,413</u>	<u>\$170,040,075</u>	<u>3.0</u>
TOTAL	\$195,796,214	\$627,726	\$0	\$25,128,413	\$170,040,075	3.0
Increase/(Decrease)	\$8,177,768	(\$719,087)	\$0	(\$447,449)	\$9,344,304	0.0
Percentage Change	4.4%	-53.4%	n/a	-1.7%	5.8%	0.0%

SB 05-209 (Long Bill) Issue Descriptions

County Block Grant: The appropriation reflects a General Fund reduction based on the amount anticipated to be necessary to comply with the federal maintenance of effort requirement (MOE) for Temporary Assistance for Needy Families (TANF) programs. The State expects to exceed the MOE requirement for federal FY 2004-05, which includes the first quarter of state FY 2005-06. As a result, less General Fund is needed for state FY 2005-06. The reduction in cash funds exempt reflects a projected decrease in the amount of the State's share of retained child support collections and refunds. The increase in federal funds represents a one-time increase in counties' block grants to reduce the long-term reserve of the TANF Block Grant to \$15.0 million. With this change, the long-term reserve is estimated to be sufficient to cover a 25.0 percent caseload increase for one year.

Other Changes: Other changes include a reduction of \$326 for the Domestic Violence Training program.

Special Purpose Welfare Programs

This subsection of the Office of Self Sufficiency contains appropriations for cash assistance programs for specific purposes, such as energy assistance, food stamp job search, food distribution, telephone assistance, income tax offset, and refugee assistance. This section also includes funding for Systematic Alien Verification for Eligibility (SAVE) and the electronic benefits transfer service (EBTS).

Cash fund sources are fees paid by agencies participating in the food distribution program and a \$1 monthly fee paid by individuals who receive benefits through EBTS cards. Cash fund exempt sources include: Energy Outreach Colorado Energy Assistance Foundation; county matching and other local funds; in-kind donations; and payments from HCPF for SAVE services. Federal fund sources include: the Office of Energy Assistance; the U.S. Department of Agriculture; Temporary Assistance to Needy Families; and various other sources.

<i>Special Purpose Welfare Programs</i>						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2004-05 Appropriation:						
TOTAL	\$50,363,513	\$604,716	\$8,554,510	\$3,726,537	\$37,477,750	36.2
FY 2005-06 Appropriation:						
FY 2004-05 Appropriation	\$50,363,513	\$604,716	\$8,554,510	\$3,726,537	\$37,477,750	36.2
Increase in federal LEAP payment	1,023,601	0	0	0	1,023,601	0.0
Salary and benefits adjustments	41,063	7,037	6,554	2,920	24,552	0.0
Eliminate one-time FY 2004-05 state LEAP appropriation	(7,600,000)	0	(7,600,000)	0	0	0.0
Reduce operating expenses based on past travel expenditures	(3,000)	0	(1,380)	0	(1,620)	0.0
Rounding donations projection	(503)	0	0	(503)	0	0.0
SB 05-209	\$43,824,674	\$611,753	\$959,684	\$3,728,954	\$38,524,283	36.2
SB 05-202	<u>0</u>	<u>487,986</u>	<u>(487,986)</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$43,824,674	\$1,099,739	\$471,698	\$3,728,954	\$38,524,283	36.2
Increase/(Decrease)	(\$6,538,839)	\$495,023	(\$8,082,812)	\$2,417	\$1,046,533	0.0
Percentage Change	-13.0%	81.9%	-94.5%	0.1%	2.8%	0.0%

SB 05-209 (Long Bill) Issue Descriptions

Increase in federal LEAP payment: The federal government has announced a \$1.0 million increase in the Low-income Energy Assistance Program (LEAP) grant to be provided to Colorado for FY 2005-06.

Salary and benefits adjustments: The appropriation includes common policy adjustments to personal services to reflect salary increases awarded in FY 2004-05 (based upon salary survey and pay for performance), offset by the 0.2 percent base personal services reduction.

Eliminate one-time FY 2004-05 state LEAP appropriation: The appropriation does not include a one-time \$7.6 million cash funds appropriation for the Low Income Energy Assistance Program from the Operational Account of the Severance Tax Trust Fund. The FY 2004-05 appropriation was provided through S.B. 05-201 (Concerning Provision of Additional Funding for the Low Income Energy Assistance Program).

Reduce operating expenses based on past travel expenditures: From FY 2002-03 to FY 2003-04, out-of-state travel expenses within this section increased by approximately \$3,000. The appropriation reduces spending authority by this amount.

Rounding donations projection: Donations from Energy Outreach Colorado to the LEAP program were projected to be slightly more than \$2.5 million for FY 2004-05. The projection for the cash funds exempt in this line item has been rounded to \$2.5 million for FY 2005-06.

Additional legislation: For information on SB 05-202, see the "Recent Legislation" section at the end of this department.

Child Support Enforcement

This subsection of the Office of Self Sufficiency 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 for the personnel and operating costs of several related administrative programs.

<i>Child Support Enforcement</i>						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2004-05 Appropriation:						
TOTAL	\$13,238,869	\$4,356,206	\$145,010	\$281,489	\$8,456,164	62.4
FY 2005-06 Appropriation:						
FY 2004-05 Appropriation	\$13,238,869	\$4,356,206	\$145,010	\$281,489	\$8,456,164	62.4
Salary and benefits adjustments	110,506	37,572	0	0	72,934	0.0
SB 05-209	<u>\$13,349,375</u>	<u>\$4,393,778</u>	<u>\$145,010</u>	<u>\$281,489</u>	<u>\$8,529,098</u>	<u>62.4</u>
TOTAL	\$13,349,375	\$4,393,778	\$145,010	\$281,489	\$8,529,098	62.4
Increase/(Decrease)	\$110,506	\$37,572	\$0	\$0	\$72,934	0.0
Percentage Change	0.8%	0.9%	0.0%	0.0%	0.9%	0.0%

SB 05-209 (Long Bill) Issue Descriptions

Salary and benefits adjustments: The appropriation includes common policy adjustments to personal services to reflect salary increases awarded in FY 2004-05 (based upon salary survey and pay for performance), offset by the 0.2 percent base personal services reduction.

Disability Determination Services

This subsection of the Office of Self Sufficiency provides the federal Social Security Administration with medical disability decisions for Colorado residents applying for Social Security Disability Insurance and Supplemental Security Income Programs. Federal funding for this program is from the Social Security Administration.

<i>Disability Determination Services</i>						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2004-05 Appropriation:						
TOTAL	\$15,787,304	\$0	\$0	\$0	\$15,787,304	134.5
FY 2005-06 Appropriation:						
FY 2004-05 Appropriation	\$15,787,304	\$0	\$0	\$0	\$15,787,304	134.5
Salary and benefits adjustments	299,215	0	0	0	299,215	0.0
SB 05-209	<u>\$16,086,519</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$16,086,519</u>	<u>134.5</u>
TOTAL	\$16,086,519	\$0	\$0	\$0	\$16,086,519	134.5
Increase/(Decrease)	\$299,215	\$0	\$0	\$0	\$299,215	0.0
Percentage Change	1.9%	n/a	n/a	n/a	1.9%	0.0%

SB 05-209 (Long Bill) Issue Descriptions

Salary and benefits adjustments: The appropriation includes common policy adjustments to personal services to reflect salary increases awarded in FY 2004-05 (based upon salary survey and pay for performance), offset by the 0.2 percent base personal services reduction.

Mental Health and Alcohol and Drug Abuse Services

This section includes largely non-Medicaid funded Mental Health Community Programs, the Mental Health Institutes, the Alcohol and Drug Abuse Division, Supportive Housing and Homelessness programs.

Mental Health and Alcohol and Drug Abuse Services

	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2004-05 Appropriation:						
HB 04-1075	\$95,805	\$0	\$0	\$95,805	\$0	0.0
HB 04-1107	0	0	0	0	0	1.0
HB 04-1421	508,521	0	0	508,521	0	0.0
HB 04-1422	176,555,108	92,338,792	4,906,371	33,616,641	45,693,304	1,308.3
SB 05-114	594,607	(560)	0	595,167	0	0.0
SB 05-209	2,613,782	2,324,055	(688,190)	977,917	0	0.0
SB 05-249	<u>224</u>	<u>0</u>	<u>0</u>	<u>224</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$180,368,047	\$94,662,287	\$4,218,181	\$35,794,275	\$45,693,304	1,309.3
FY 2005-06 Appropriation:						
SB 05-209	<u>\$185,691,117</u>	<u>\$98,709,345</u>	<u>\$5,247,230</u>	<u>\$35,134,968</u>	<u>\$46,599,574</u>	<u>1,308.6</u>
TOTAL	\$185,691,117	\$98,709,345	\$5,247,230	\$35,134,968	\$46,599,574	1,308.6
Increase/(Decrease)	\$5,323,070	\$4,047,058	\$1,029,049	(\$659,307)	\$906,270	(0.7)
Percentage Change	3.0%	4.3%	24.4%	-1.8%	2.0%	-0.1%

Administration

This subsection of Mental Health and Alcohol and Drug Abuse Services contains appropriations for the central administration of programs for adults and children. It also includes funding for federal housing programs for low income and indigent persons who require specialized care. In FY 2004-05, an estimated 2,800 Section 8 federal rental subsidies (also referred to as housing vouchers) were managed by the Department through 65 local service providers across the state. The source of the cash funds exempt in this section is Medicaid cash funds transferred from the Department of Health Care Policy and Financing and patient revenues from the mental health institutes. The primary source of the federal funds is the U.S. Department of Housing and Urban Development.

<i>Administration</i>						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2004-05 Appropriation:						
TOTAL	\$19,423,578	\$421,640	\$970,463	\$366,112	\$17,665,363	34.1

<i>Administration</i>						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Appropriation:						
FY 2004-05 Appropriation	\$19,423,578	\$421,640	\$970,463	\$366,112	\$17,665,363	34.1
Traumatic Brain Injury Trust Fund	996,657	0	534,959	461,698	0	0.0
Salary and benefits adjustments	81,311	10,808	0	23,959	46,544	0.0
Other	0	0	0	0	0	(1.0)
0.2 percent base reduction	(2,275)	(803)	0	(710)	(762)	0.0
Refinancing to reflect past use of federal block grant funds	0	(273,843)	0	0	273,843	0.0
SB 05-209	<u>\$20,499,271</u>	<u>\$157,802</u>	<u>\$1,505,422</u>	<u>\$851,059</u>	<u>\$17,984,988</u>	<u>33.1</u>
TOTAL	\$20,499,271	\$157,802	\$1,505,422	\$851,059	\$17,984,988	33.1
Increase/(Decrease)	\$1,075,693	(\$263,838)	\$534,959	\$484,947	\$319,625	(1.0)
Percentage Change	5.5%	-62.6%	55.1%	132.5%	1.8%	-2.9%

SB 05-209 (Long Bill) Issue Descriptions

Traumatic Brain Injury Trust Fund: The appropriation reflects an increase in the funding available for the program and an adjustment in the financing to reflect that some of the moneys are spent from prior year reserves. The increases provide more research and program funds.

Salary and benefits adjustments: The appropriation makes common policy adjustments to personal services to reflect salary increases awarded in FY 2004-05.

Other: The Department did not request to continue the 1.0 FTE authorized in H.B. 04-1107 (transfer of the Office of Homeless Youth). Therefore, the appropriation discontinues the FTE designation authorized by H.B. 04-1107.

0.2 percent base reduction: The appropriation makes a common policy adjustment to personal services to reflect estimated vacancy savings.

Refinancing to reflect past use of federal block grant funds: The appropriation includes a decrease of General Fund equal to the amount of additional federal mental health block grant dollars that the Department used to augment its salaries in FY 2003-04.

Mental Health Community Programs

Pursuant to H.B. 04-1265, administration of Medicaid mental health community programs (including capitation and fee-for-service) was moved to the Department of Health Care Policy and Financing. However, funding for indigent clients and for the Goebel Lawsuit Settlement remained in this section. The cash funds exempt are

primarily from Medicaid funds transferred from the Department of Health Care Policy and Financing (for Goebel clients). The federal funds are primarily from the Mental Health Services Block Grant.

<i>Mental Health Community Programs</i>						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2004-05 Appropriation:						
TOTAL	\$42,653,490	\$24,056,790	\$0	\$13,172,513	\$5,424,187	2.0
FY 2005-06 Appropriation:						
FY 2004-05 Appropriation	\$42,653,490	\$24,056,790	\$0	\$13,172,513	\$5,424,187	2.0
2.0 percent cost of living adjustment	734,935	475,147	0	259,788	0	0.0
Mental health for detained youth	477,500	477,500	0	0	0	0.0
Federal mental health block grant increase	273,901	0	0	0	273,901	0.0
Residential Treatment for Youth Program	178,982	200,000	0	(21,018)	0	0.0
Salary and benefits adjustments	1,906	1,906	0	0	0	0.0
Discontinuation of FY 2004-05 tobacco funding adjustment	(224)	0	0	(224)	0	0.0
SB 05-209	<u>\$44,320,490</u>	<u>\$25,211,343</u>	<u>\$0</u>	<u>\$13,411,059</u>	<u>\$5,698,088</u>	<u>2.0</u>
TOTAL	\$44,320,490	\$25,211,343	\$0	\$13,411,059	\$5,698,088	2.0
Increase/(Decrease)	\$1,667,000	\$1,154,553	\$0	\$238,546	\$273,901	0.0
Percentage Change	3.9%	4.8%	n/a	1.8%	5.1%	0.0%

SB 05-209 (Long Bill) Issue Descriptions

2.0 percent cost of living adjustment: The appropriation includes a 2.0 percent community provider rate increase for applicable mental health providers.

Mental health for detained youth: The appropriation reinstates funding reduced in FY 2003-04 from mental health services for youth that were detained in the Division of Youth Corrections (DYC) system. The reinstated program is anticipated to serve about 278 clients in FY 2005-06.

Federal mental health block grant increase: The appropriation reflects the FY 2005-06 estimate for program related expenditures. In prior years, the full amount of anticipated federal funds were not reflected in the Long Bill.

Residential Treatment for Youth Program: The appropriation reflects an increase of \$200,000 General Fund for community transition related services and a reduction of \$21,019 from the FY 2004-05 appropriation for costs which are not anticipated to continue.

Salary and benefits adjustments: The appropriation makes common policy adjustments to personal services to reflect salary increases awarded in FY 2004-05, offset by the 0.2 percent base reduction.

Mental Health Institutes

This subsection of Mental Health and Alcohol and Drug Abuse Services 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 Institute at Pueblo is expected to have an average daily census of 378 in FY 2005-06 and the Institute at Fort Logan is expected to have an average daily census of 141 in FY 2005-06. The actual FY 2003-04 expenses per bed (average for both institutes including all direct and indirect cost allocations) totaled \$157,419. 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.

<i>Mental Health Institutes</i>						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2004-05 Appropriation:						
TOTAL	\$83,316,765	\$62,302,901	\$1,409,889	\$19,603,975	\$0	1,246.2
FY 2005-06 Appropriation:						
FY 2004-05 Appropriation	\$83,316,765	\$62,302,901	\$1,409,889	\$19,603,975	\$0	1,246.2
Salary and benefits adjustments	1,904,938	1,385,438	65,172	454,328	0	0.0
Common policy inflationary increases	435,735	435,735	0	0	0	0.0
Patient revenue and other adjustments	143,300	986,495	384,828	(1,228,023)	0	0.0
Telecommunications lease payments	89,376	89,376	0	0	0	0.0
Discontinuation of FY 2004-05 funding corrections for prior year fiscal errors	(1,184,541)	(1,184,541)	0	0	0	0.0
Discontinuation of FY 2004-05 personal services shortfall funding	(403,635)	(403,635)	0	0	0	0.0
SB 05-209	<u>\$84,301,938</u>	<u>\$63,611,769</u>	<u>\$1,859,889</u>	<u>\$18,830,280</u>	<u>\$0</u>	<u>1,246.2</u>
TOTAL	\$84,301,938	\$63,611,769	\$1,859,889	\$18,830,280	\$0	1,246.2
Increase/(Decrease)	\$985,173	\$1,308,868	\$450,000	(\$773,695)	\$0	0.0
Percentage Change	1.2%	2.1%	31.9%	-3.9%	n/a	0.0%

SB 05-209 (Long Bill) Issue Descriptions

Salary and benefits adjustments: The appropriation makes common policy adjustments to personal services to reflect salary increases awarded in FY 2004-05, offset by the 0.2 percent base reduction.

Common policy inflationary increases: The appropriation reflects the impact of the application of common policy inflationary increases, including 2.5 percent for medical, laboratory, and pharmaceuticals, and 2.9 percent for food.

Patient revenue and other adjustments: The appropriation reflects the application of available patient revenues which offset General Fund. The most significant reduction is the elimination of a prior year \$0.9 million Medicare cost settlement that offset General Fund. The appropriation also reflects the annualization of FY 2004-05 increase for medical scanner equipment at the State Hospital, intended to serve the Department of Corrections inmates which was financed by cash fund exempt transfers from that department.

Telecommunications lease payments: The appropriation adds funding for the decentralization of telecommunication systems payments in the Mental Health Institutes.

Discontinuation of FY 2004-05 funding corrections for prior year fiscal errors: The appropriation discontinues FY 2004-05 appropriations made on behalf of FY 2002-03 and FY 2003-04 in order to correct numerous fiscal errors associated with the Fort Logan Mental Health Institute's residential treatment center. These fiscal errors were discovered years later during the State Auditor's Office statewide financial audit and were corrected in FY 2004-05. As these corrections have been made, continuation of the funding for FY 2005-06 is not necessary.

Discontinuation of FY 2004-05 personal services shortfall funding: The appropriation discontinues the \$403,635 in FY 2004-05 funding added to prevent the Mental Health Institute at Pueblo from over-spending its personal services budget. The Department's fiscal management controls implemented in FY 2004-05 are anticipated to address any shortfalls in FY 2005-06.

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 care 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.

Alcohol and Drug Abuse Division

	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2004-05 Appropriation:						
TOTAL	\$34,974,214	\$7,880,956	\$1,837,829	\$2,651,675	\$22,603,754	27.0
FY 2005-06 Appropriation:						
FY 2004-05 Appropriation	\$34,974,214	\$7,880,956	\$1,837,829	\$2,651,675	\$22,603,754	27.0
Expansion of STIRRT Program	1,500,000	1,500,000	0	0	0	0.0
Maintenance of federal MOE through increased ADAD expenditure	544,090	0	294,090	0	250,000	0.0
2.0 percent cost of living increase	180,031	161,345	0	18,686	0	0.0
Salary and benefits adjustments	62,744	0	0	0	62,744	0.0
Funding for H.B. 05-1015 (Medicaid substance abuse treatment)	17,213	0	0	17,213	0	0.3
Refinancing of STIRRT Program	0	250,000	(250,000)	0	0	0.0
Elimination of one-time FY 2004-05 MOE Based Funding	(445,637)	0	0	(445,637)	0	0.0
Elimination of one-time prior year funding for the High Risk Pregnant Women Program	(199,367)	0	0	(199,367)	0	0.0
Financing adjustment to pay for Medicaid High Risk Pregnant Women Program	(63,870)	(63,870)	0	0	0	0.0
SB 05-209	<u>\$36,569,418</u>	<u>\$9,728,431</u>	<u>\$1,881,919</u>	<u>\$2,042,570</u>	<u>\$22,916,498</u>	<u>27.3</u>
TOTAL	\$36,569,418	\$9,728,431	\$1,881,919	\$2,042,570	\$22,916,498	27.3
Increase/(Decrease)	\$1,595,204	\$1,847,475	\$44,090	(\$609,105)	\$312,744	0.3
Percentage Change	4.6%	23.4%	2.4%	-23.0%	1.4%	1.1%

SB 05-209 (Long Bill) Issue Descriptions

Expansion of STIRRT Program: The appropriation adds \$1,500,000 for the Short-Term Intensive Residential Remediation Treatment Program (STIRRT). This funding is intended to compensate for prior year reductions in the program.

Maintenance of federal maintenance-of-effort (MOE): The appropriation adds funding increases to address program needs and also to maintain the federal MOE. Increases include \$68,400 cash funds for a web-based compliance tracking system for DUI clients and \$194,859 for a Persistent Drunk Driver ad campaign, transferred from the Department of Transportation. With the adjustments, \$250,000 in additional federal Substance Abuse Block Grant dollars are available to the state.

2.0 percent cost-of-living increase: The appropriation includes a 2.0 percent community provider rate increase for providers

Salary and benefits adjustments: The appropriation makes common policy adjustments to personal services to reflect salary increases awarded in FY 2004-05, offset by the 0.2 percent base reduction.

Funding for H.B. 05-1015 (Medicaid substance abuse treatment): The appropriation includes an increase of \$17,213 Medicaid funds and 0.3 FTE for division administrative costs associated with H.B. 05-1015. House Bill 05-1015 added statutory authority for a substance abuse outpatient treatment benefit for Medicaid clients; the funding for this legislation, however, was contained in S.B. 05-209 (the Long Bill).

Refinancing of STIRRT Program: The appropriation adds \$250,000 General Fund to compensate for the loss of Drug Offender Surcharge cash fund moneys that are not available. This action is anticipated to provide a cost avoidance in the Department of Corrections.

Elimination of one-time FY 2004-05 MOE funding: In order to maintain FY 2004-05 funding at levels appropriate for the federal maintenance-of-effort (MOE) requirement certain one-time actions were taken, including: (1) the use of \$250,000 in one-time reserves in the Persistent Drunk Driver cash fund; and (2) transfer of \$195,637 from the Department of Public Safety. These were one-time actions not available to the program in FY 2005-06.

Elimination of one-time FY 2004-05 funding for the High Risk Pregnant Women Program: The FY 2004-05 appropriation contained \$199,367 in Medicaid cash funds to pay for prior year and one-time program costs not anticipated to continue in FY 2005-06.

Financing adjustment to pay for the High Risk Pregnant Women Program: In order to finance some of the increases in the High Risk Pregnant Women Program, a reduction of \$63,870 is made in the Balance of Substance Abuse Block Grant line item. This sum is instead appropriated in the Department of Health Care Policy and Financing, matched with an equal amount of federal funds, and then transferred back to the Alcohol and Drug Abuse Services Division as Medicaid cash funds exempt.

Services for People with Disabilities

This section includes all funding for: (1) Developmental Disability Services; (2) the Division of Vocational Rehabilitation; and (3) the Homelake Domiciliary and the State and Veterans Nursing Homes. Funding changes to these areas are described in the relevant subsections below.

Services for People with Disabilities						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2004-05 Appropriations						
HB 04-1422	\$370,100,653	\$24,608,509	\$3,925,713	\$314,376,286	\$27,190,145	1,155.7
SB 05-114	3,498,023	0	25,978	2,075,297	1,396,748	(2.6)
SB 05-209	<u>37,512,115</u>	<u>2,822,946</u>	<u>0</u>	<u>27,314,556</u>	<u>7,374,613</u>	<u>673.4</u>
TOTAL	\$411,110,791	\$27,431,455	\$3,951,691	\$343,766,139	\$35,961,506	1,826.5

Services for People with Disabilities						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Appropriations						
SB 05-209	\$425,908,315	\$27,891,403	\$3,410,080	\$358,215,640	\$36,391,192	1,825.6
HB 05-1262	2,658,005	0	0	2,658,005	0	0.0
HB 05-1336	<u>34,950</u>	<u>0</u>	<u>0</u>	<u>34,950</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$428,601,270	\$27,891,403	\$3,410,080	\$360,908,595	\$36,391,192	1,825.6
Increase/(Decrease)	\$17,490,479	\$459,948	(\$541,611)	\$17,142,456	\$429,686	(0.9)
Percentage Change	4.3%	1.7%	-13.7%	5.0%	1.2%	0.0%

Developmental Disability Services

This subsection of Services for People with Disabilities is comprised of four subsections: Community Services (contracted community-based services for adults with developmental disabilities); Regional Centers (state-run community-based and institutional services for adults with developmental disabilities); Services for Children and Families (contracted community-based services for children with developmental disabilities and their families); and the Work Therapy Program, which provides supportive employment for people with developmental disabilities and mental illness who reside in state-run facilities. The overall funding change is reflected in the table immediately below. Additional detail is provided in the subsections that follow.

<i>Developmental Disability Services</i>						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2004-05 Appropriation:						
TOTAL	\$335,505,244	\$20,958,573	\$3,226,897	\$311,319,774	\$0	921.2
FY 2005-06 Appropriation:						
SB 05-209	\$348,321,280	\$24,178,020	\$2,963,608	\$321,179,652	\$0	920.3
HB 05-1262	<u>2,658,005</u>	<u>0</u>	<u>0</u>	<u>2,658,005</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$350,979,285	\$24,178,020	\$2,963,608	\$323,837,657	\$0	920.3
Increase/(Decrease)	\$15,474,041	\$3,219,447	(\$263,289)	\$12,517,883	\$0	(0.9)
Percentage Change	4.6%	15.4%	-8.2%	4.0%	n/a	-0.1%

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. Of the total funding in this section, \$207.5 million is state funding for residential resources for adults. This supports 3,659 adult comprehensive residential resources (as of June 2006) at an average annual cost of \$58,654 per resource per year. An additional \$55.4 million is for adult supported living services. This supports 3,499 adult supported living service resources at an average cost of \$15,886 per resource per year. The balance of funding includes: (1) local funds for direct care that receive a federal Medicaid match; and (2) state administrative costs, funds distributed to providers for case management of children's resources, and miscellaneous related programs. Most of the cash exempt funding is Medicaid funds transferred from the Department of Health Care Policy and Financing where these funds originate as General Fund and federal funds. Some local and client cash funds are also reflected.

<i>Community Services (Subsection of Developmental Disability Services)</i>						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2004-05 Appropriation:						
TOTAL	\$279,099,921	\$10,989,850	\$0	\$268,110,071	\$0	30.0
FY 2005-06 Appropriation:						
FY 2004-05 Appropriation	\$279,099,921	\$10,989,850	\$0	\$268,110,071	\$0	30.0
2.0 percent cost of living adjustment	\$5,163,084	\$214,153	\$0	\$4,948,931	\$0	0.0
Add 48 new comprehensive foster-care transition resources (6 mos.)	1,872,901	0	0	1,872,901	0	0.0
Annualize 36 new comprehensive resources added in FY 2004-05	1,392,631	0	0	1,392,631	0	0.0
Add 14 new comprehensive emergency resources (6 mos.)	539,923	0	0	539,923	0	0.0
Annualize supplemental enabling CCBs to keep SSI increase	317,687	0	0	317,687	0	0.0
Add 22 new supported living resources for six months	189,557	0	0	189,557	0	0.0
Transfer administration funds from Services for Children section	61,925	20,360	0	41,565	0	1.0
Salary and benefits adjustments	60,406	6,327	0	54,079	0	0.0
Transfer 0.4 FTE from regional centers	55,171	0	0	55,171	0	0.4
Add case management for 4 new CES resources	2,554	0	0	2,554	0	0.0

Community Services (Subsection of Developmental Disability Services)

	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
Community and Contract Management System Replacement	0	0	0	0	0	0.0
Annualize supplemental moving funds to Medicaid State Plan	(376,950)	0	0	(376,950)	0	0.0
SB 05-209	\$288,378,810	\$11,230,690	\$0	\$277,148,120	\$0	31.4
HB 05-1262	<u>169,386</u>	<u>0</u>	<u>0</u>	<u>169,386</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$288,548,196	\$11,230,690	\$0	\$277,317,506	\$0	31.4
Increase/(Decrease)	\$9,448,275	\$240,840	\$0	\$9,207,435	\$0	1.4
Percentage Change	3.4%	2.2%	n/a	3.4%	n/a	4.7%

SB 05-209 (Long Bill) Issue Descriptions

2.0 percent cost of living adjustment: The appropriation provides a 2.0 percent community provider rate increase on all payments to community centered boards for services to people with developmental disabilities.

Add 48 new comprehensive foster care transition resources (6 months): The appropriation funds comprehensive residential services for 48 persons with developmental disabilities who will age-out of child welfare foster care services during FY 2005-06 at an average cost of \$77,985 per person per year. The appropriation assumes an average of six months of service in FY 2005-06, based on anticipated dates of transition. Costs will double in FY 2006-07 to \$3,745,802, based on a full year of service.

Annualize 36 new comprehensive resources added in FY 2004-05: The appropriation annualizes costs associated with 36 new comprehensive foster care transition resources funded for six months in FY 2004-05.

Add 14 new comprehensive emergency resources (6 months): The appropriation funds comprehensive residential services for 14 adults with developmental disabilities for an average of six months each, based on the projected need for emergency placement. Additional emergency placements are anticipated to be made through the turnover of existing residential resources.

Annualize supplemental enabling CCBs to keep SSI increase: Persons with developmental disabilities who are in comprehensive residential placement are eligible for federal Supplemental Security Income (SSI) payments, and, with the exception of a personal needs allowance of \$34 per month, the total each person receives is turned over to residential service providers to cover room and board costs. Effective January 1, 2005, the federal government approved a 2.7 percent cost of living increase on SSI payments. For FY 2004-05, the General Assembly authorized an increase in total spending authority for payments to community centered boards (CCBs) to enable them to retain the 2.7 percent federal increase for residential costs for January 1 through June 30, 2005. The appropriation annualizes this amount to cover a full year of higher receipts.

Add 22 new supported living resources for six months: The appropriation adds supported living services for 22 adults with developmental disabilities who have aged out of the Children's Extensive Support program

and who are living with their families. Supported living services include day program services and other Medicaid services tailored to the needs of the individual consumer. The average annual cost per resource is \$17,232. Funding is provided for an average of six months. Amounts will double to \$379,114 for a full year of service in FY 2006-07.

Transfer administration funds from Services for Children section: The appropriation transfers 1.0 FTE and all associated costs from the former Administration line item in the Developmental Disability Services, Services for Children and Families section to this section.

Salary and benefits adjustments: The appropriation reflects common policy adjustments to personal services to reflect salary increases awarded in FY 2004-05, offset by a 0.2 percent base reduction. This includes an adjustment for the 1.0 FTE moved from the Services for Children and Families section.

Transfer 0.4 FTE from regional centers: The appropriation includes a technical correction to move 0.4 FTE and associated funding for administration of statewide behavior pharmacology clinics from the regional centers to this subsection.

Add case management for 4 new children's extensive support (CES) resources: The appropriation includes the case management portion of 4 resources added for six months in the Services for Children and Families section. The amount doubles in FY 2006-07, when annualized.

Community and Contract Management System Replacement: The appropriation reflects the creation of a new line item for \$245,654 out of base funds previously in the Adult Program Costs line item (funds for services for people with developmental disabilities provided by community centered boards) for the first year of a two-year project to replace the community and contract management information system with a new web-based system. The Department would be authorized to transfer unneeded amounts from this line item back to the Adult Program Costs line item.

Annualize supplemental moving funds to Medicaid State Plan: The appropriation annualizes a supplemental that moved funds from the comprehensive waiver program for persons with developmental disabilities to the Medicaid State Plan effective October 1, 2004, consistent with a federal requirement that no services may be provided through a waiver if they are part of State Plan services. Although the change reduces full-year Medicaid funding in the Department of Human Services, Community Services section by \$1.5 million, the net impact is minimal because there is a corresponding increase in the Department of Health Care Policy and Financing.

Additional legislation: For information on H.B. 05-1262 (Tobacco Tax implementation) see the "Recent Legislation" section at the end of the Department of Health Care Policy and Financing and the "Recent Legislation" section at the end of this 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 the regional centers at Wheat Ridge (Denver), Grand Junction, and Pueblo usually have multiple disabling conditions that may include maladaptive behaviors or severe, chronic medical conditions that require specialized and intensive levels of services. 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. The regional centers support 403 residential resources, including 102 on-campus intermediate care facility (ICF) resources and 301 Medicaid waiver resources. The average annual cost per resource, including costs that are charged to other parts of the department and depreciation costs, is projected to be \$141,810 in FY 2005-06.

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.

<i>Regional Centers (Subsection of Developmental Disability Services)</i>						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2004-05 Appropriation:						
TOTAL	\$41,212,427	\$0	\$2,599,312	\$38,613,115	\$0	888.7
FY 2005-06 Appropriation:						
FY 2004-05 Appropriation	\$41,212,427	\$0	\$2,599,312	\$38,613,115	\$0	888.7
Salary and benefits adjustments	1,026,473	0	0	1,026,473	0	0.0
Transfer telecommunications lease system costs	52,989			52,989	0	0.0
Food inflation at 2.9 percent	19,062	0	0	19,062	0	0.0
Medical inflation at 2.5 percent	13,393	0	0	13,393	0	0.0
Annualize supplemental for SSI room and board increase	0	0	26,406	(26,406)	0	0.0
Other fund mix adjustments	0	0	12,890	(12,890)	0	0.0
Annualize supplemental moving funds from waiver program to Medicaid Plan	(241,042)	0	0	(241,042)	0	(0.9)
Transfer 0.4 FTE to Community Services	(55,171)	0	0	(55,171)	0	(0.4)
Reduce for unneeded leased space	(38,475)	0	0	(38,475)	0	0.0
SB 05-209	<u>\$41,989,656</u>	<u>\$0</u>	<u>\$2,638,608</u>	<u>\$39,351,048</u>	<u>\$0</u>	<u>887.4</u>
TOTAL	\$41,989,656	\$0	\$2,638,608	\$39,351,048	\$0	887.4
Increase/(Decrease)	\$777,229	\$0	\$39,296	\$737,933	\$0	(1.3)
Percentage Change	1.9%	n/a	1.5%	1.9%	n/a	-0.1%

SB 05-209 (Long Bill) Issue Descriptions

Salary and benefits adjustments: The appropriation includes common policy adjustments to personal services to reflect salary increases awarded in FY 2004-05, offset by the 0.2 percent base reduction.

Transfer telecommunications lease system costs: The appropriation transfers telecommunications systems costs for a regional center telecommunications system from the appropriation for the Office of Information Technology Services in the Department to this section.

Food inflation at 2.9 percent: The appropriation reflects the impact of the application of the common policy inflationary increase of 2.9 percent for food.

Medical inflation at 2.5 percent: The appropriation reflects the impact of the application of the common policy inflationary increase of 2.5 percent for medical, laboratory, and pharmaceutical expenditures.

Annualize supplemental for SSI room and board increase: Persons with developmental disabilities who are in comprehensive residential placement are eligible for federal Supplemental Security Income (SSI) payments. With the exception of a personal needs allowance of \$34 per month, the total each person receives in SSI payments is turned over to residential service providers for the person's room and board costs. Effective January 1, 2005, the federal government approved a 2.7 percent cost of living increase on SSI payments. This change results in increased cash receipts and a reduction in Medicaid funding for the regional centers. The amount shown reflects the annualization of the part-year FY 2004-05 increase to a full year in FY 2005-06.

Other fund mix adjustments: The appropriation includes an increase in anticipated patient cash receipts of \$12,890 which offsets Medicaid otherwise required and other adjustments affecting funds transferred from the Department of Health Care Policy and Financing.

Annualize supplemental moving funds from waiver program to Medicaid Plan: The appropriation annualizes a supplemental that moved funds from the comprehensive waiver program for persons with developmental disabilities to the Medicaid State Plan effective October 1, 2004, consistent with a federal requirement that no services may be provided through a waiver if they are part of State Plan services. Although the change reduces Medicaid funding in the Department of Human Services regional centers, there is a similar increase in the Department of Health Care Policy and Financing.

Transfer 0.4 FTE to Community Services: The appropriation includes a technical correction to transfer 0.4 FTE and associated funding for administration of statewide behavior pharmacology clinics from the regional centers to the Community Services subsection.

Reduce for unneeded leased space: The appropriation eliminates funding for a leased facility that is no longer occupied by the regional centers.

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. Taking into consideration an additional \$2.1 million for case management of children's services that is funded in the adult community programs section, the State supports the following programs: 365 Children's Extensive Support resources at an average cost of \$19,135; 1,459 early intervention resources at an average cost of \$5,735; and 1,176 family support resources at an average cost of \$5,665.

Services for Children and Families (Subsection of Developmental Disability Services)

	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2004-05 Appropriation:						
TOTAL	\$14,425,189	\$9,968,723	\$0	\$4,456,466	\$0	1.0
FY 2005-06 Appropriation:						
FY 2004-05 Appropriation	\$14,425,189	\$9,968,723	\$0	\$4,456,466	\$0	1.0
Restore Family Support Services Program funding	2,800,000	2,800,000	0	0	0	0.0
2.0 percent cost of living adjustment	287,265	198,967	0	88,298	0	0.0
Add 4 new children's extensive support resources for six months	37,197	0	0	37,197	0	0.0
Transfer Administration to Community Services section	(61,925)	(20,360)	0	(41,565)	0	(1.0)
SB 05-209	\$17,487,726	\$12,947,330	\$0	\$4,540,396	\$0	0.0
HB 05-1262	<u>2,488,619</u>	<u>0</u>	<u>0</u>	<u>2,488,619</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$19,976,345	\$12,947,330	\$0	\$7,029,015	\$0	0.0
Increase/(Decrease)	\$5,551,156	\$2,978,607	\$0	\$2,572,549	\$0	(1.0)
Percentage Change	38.5%	29.9%	n/a	57.7%	n/a	-100.0%

SB 05-209 (Long Bill) Issue Descriptions

Restore Family Support Services Program funding: The appropriation restores funding for the Family Support Services Program to the level that existed prior to FY 2003-04, when the program was cut by 50 percent due to revenue shortfalls.

2.0 percent cost of living adjustment: The appropriation provides a 2.0 percent community provider rate increase on all payments to community centered boards for services to people with developmental disabilities.

Add 4 new children's extensive support resources for six months: The appropriation adds 4 new resources for children requiring near-constant supervision due to severe behavioral issues for an average of six months.

Transfer Administration to Community Services section: The appropriation transfers all funding for Administration and 1.0 FTE to the Developmental Disability Services, Community Services, Personal Services line item effective FY 2005-06.

Additional legislation: For information on SB 05-1262 (Tobacco Tax implementation) see the "Recent Legislation" section at the end of the Department of Health Care Policy and Financing. For other legislation, see the "Recent Legislation" section at the end of this department.

Work Therapy Program (Subsection of Developmental Disabilities Services)

This subsection 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.

<i>Work Therapy Program (Subsection of Developmental Disability Services)</i>						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2004-05 Appropriation:						
TOTAL	\$767,707	\$0	\$627,585	\$140,122	\$0	1.5
FY 2005-06 Appropriation:						
FY 2004-05 Appropriation	\$767,707	\$0	\$627,585	\$140,122	\$0	1.5
Reduce cash spending authority by amount not used in prior years	(302,431)	0	(302,431)	0	0	0.0
Salary and benefits adjustments	(188)	0	(154)	(34)	0	0.0
SB 05-209	<u>\$465,088</u>	<u>\$0</u>	<u>\$325,000</u>	<u>\$140,088</u>	<u>\$0</u>	<u>1.5</u>
TOTAL	\$465,088	\$0	\$325,000	\$140,088	\$0	1.5
Increase/(Decrease)	(\$302,619)	\$0	(\$302,585)	(\$34)	\$0	0.0
Percentage Change	-39.4%	n/a	-48.2%	0.0%	n/a	0.0%

SB 05-209 (Long Bill) Issue Descriptions

Reduce cash spending authority by amount not used in prior years: The appropriation reflects a reduction in spending authority allocated for the work therapy program at the Mental Health Institute at Fort Logan that is not being used.

Salary and benefits adjustments: The appropriation includes common policy adjustments to personal services to reflect a 0.2 percent base reduction.

Division of Vocational Rehabilitation

This section contains appropriations to assist persons with physical and mental disabilities in overcoming barriers to employment. Vocational counseling services are provided statewide through 17 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 2005-06, 1,646 clients are projected to be successfully rehabilitated as a result of Division programs.

<i>Division of Vocational Rehabilitation</i>						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2004-05 Appropriation:						
TOTAL	\$37,184,654	\$3,465,726	\$724,794	\$4,654,833	\$28,339,301	215.5
FY 2005-06 Appropriation:						
FY 2004-05 Appropriation	\$37,184,654	\$3,465,726	\$724,794	\$4,654,833	\$28,339,301	215.5
Rehabilitation Local Match Program - Adjust for projected contracts	494,870	0	(54,387)	159,797	389,460	0.0
Independent Living Centers - Vocational Rehabilitation Program	346,653	0	0	0	346,653	0.0
Salary and benefits adjustments	320,244	64,751	1,065	3,812	250,616	0.0
Older Blind Grants federal increase	131,946	0	0	13,195	118,751	0.0
2.0 percent cost of living adjustment	44,141	14,583	0	0	29,558	0.0
Business Enterprise Program - Program Operated Stands reserve spending	9,000	0	(225,000)	234,000	0	0.0
Medical inflation at 2.5 percent	2,637	562	0	0	2,075	0.0
Correction to federal match	(36,993)	0	0	0	(36,993)	0.0
SB 05-209	<u>\$38,497,152</u>	<u>\$3,545,622</u>	<u>\$446,472</u>	<u>\$5,065,637</u>	<u>\$29,439,421</u>	<u>215.5</u>
TOTAL	\$38,497,152	\$3,545,622	\$446,472	\$5,065,637	\$29,439,421	215.5
Increase/(Decrease)	\$1,312,498	\$79,896	(\$278,322)	\$410,804	\$1,100,120	0.0
Percentage Change	3.5%	2.3%	-38.4%	8.8%	3.9%	0.0%

SB 05-209 (Long Bill) Issue Descriptions

Rehabilitation Local Match Program - Adjust for projected contracts: The appropriation includes adjustments to reflect changes in anticipated Vocational Rehabilitation contracts that use various cash and cash exempt sources to draw down federal matching funds for vocational rehabilitation services. The adjustment

primarily reflects increases associated with further expansion of the School to Work Alliance Program in which school districts provide matching dollars to assist youth with disabilities who are transitioning from school to work.

Independent Living Centers - Vocational Rehabilitation Program: The appropriation includes a new line item for the Independent Living Centers - Vocational Rehabilitation Program consisting of \$93,821 General Fund and matching federal funds of \$346,653. The \$93,821 General Fund for the new line item is transferred from the existing Independent Living Centers line item, eliminating the net General fund impact of the new program. This change will enable non-profit Independent Living Centers to become vocational rehabilitation service providers for the Division of Vocational Rehabilitation, should they so-choose, by reallocating a portion of the General Fund dollars they currently receive for independent living services and using these, and matching federal receipts, to provide vocational rehabilitation services to qualified persons. Flexibility is provided through a footnote to transfer General Fund amounts between the new and old Independent Living Center program line items, with associated adjustments in matching federal amounts.

Salary and benefits adjustments: The appropriation includes common policy adjustments to personal services to reflect salary increases awarded in FY 2004-05, offset by the 0.2 percent base reduction.

Older Blind Grants federal increase: The appropriation reflects an anticipated increase in the federal Older Blind Grant award and an associated increase in the 10 percent match for these funds from recipients.

2.0 percent cost of living adjustment: The appropriation provides a 2.0 percent community provider rate increase on vocational rehabilitation expenditures for purchase of services for customers (Vocational Rehabilitation - General Fund match line item) and for General Fund grants to independent living centers.

Business Enterprise Program - Program Operated Stands reserve spending: The appropriation adjusts funding for a program that assists blind or visually-impaired individuals in operating vending and food service businesses in state and federal buildings. The adjustment increases spending from reserves in the Business Enterprise Program Cash Fund for vending facilities that are temporarily managed by the Department in the period between the departure of one blind vendor and his or her replacement by another blind vendor. The appropriation decreases non-reserve spending authority from the Business Enterprise Program Cash Fund by a similar amount.

Medical inflation at 2.5 percent: The appropriation reflects the impact of the application of a common policy inflationary increase of 2.5 percent for medical, laboratory, and pharmaceutical expenditures for vocational rehabilitation programs.

Correction to federal match: The appropriation reflects an adjustment to align the appropriation with federal match amounts, based on current federal match rates for vocational rehabilitation programs.

Homelake Domiciliary and State and Veterans Nursing Homes

This subsection of Services for People with Disabilities reflects funding for: (1) a 46-bed group living facility which serves residents who do not require continuous nursing or medical care but who may need assistance with meals, housekeeping, personal care, laundry, and access to a physician; and (2) the six state nursing homes, five of which are classified as veterans nursing homes and are eligible for federal Veterans Administration support. Homelake Domiciliary and the State and Veterans Nursing Homes are enterprises and have statutory authority

to spend funds earned; therefore, with the exception of any General Fund appropriations, amounts shown are for informational purposes only. Cash funds exempt amounts reflect resident payments for services; federal funds amounts reflect U.S. Veteran's Administration per diem support. Note that the entire appropriation for the six state nursing homes for FY 2004-05 was added through a FY 2004-05 supplemental add-on to the FY 2005-06 Long Bill (S.B. 05-209).

<i>Homelake Domiciliary and State and Veterans Nursing Homes</i>						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2004-05 Appropriation:						
TOTAL	\$38,420,893	\$3,007,156	\$0	\$27,791,532	\$7,622,205	689.8
FY 2005-06 Appropriation:						
FY 2004-05 Appropriation	\$38,420,893	\$3,007,156	\$0	\$27,791,532	\$7,622,205	689.8
Estimated increases in veterans homes expenditures funded by client revenues	4,029,984	0	0	4,029,984	0	0.0
Adjust estimate of Homelake Domiciliary expenditures	296,055	0	0	148,835	147,220	0.0
Eliminate one-time General Fund subsidy for Fitzsimons nursing home	(2,822,946)	(2,822,946)	0	0	0	0.0
Reflect veterans homes federal revenue changes - eliminate one-time funds	(817,654)	0	0	0	(817,654)	0.0
Reduce Homelake Domiciliary General Fund support	(16,449)	(16,449)	0	0	0	0.0
SB 05-209	\$39,089,883	\$167,761	\$0	\$31,970,351	\$6,951,771	689.8
HB 05-1336	<u>34,950</u>	<u>0</u>	<u>0</u>	<u>34,950</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$39,124,833	\$167,761	\$0	\$32,005,301	\$6,951,771	689.8
Increase/(Decrease)	\$703,940	(\$2,839,395)	\$0	\$4,213,769	(\$670,434)	0.0
Percentage Change	1.8%	-94.4%	n/a	15.2%	-8.8%	0.0%

SB 05-209 (Long Bill) Issue Descriptions

Estimated increases in veterans homes expenditures funded by client revenues: The overall projected expenditure growth for the state and veterans nursing homes is \$389,384 or a 1.0 percent growth rate from FY 2004-05 to FY 2005-06. Most of the increase anticipated in client revenue is based on anticipated growth in patient census at the Veterans Nursing Home at Fitzsimons. Fitzsimons total expenditures for FY 2005-06 are expected to remain virtually flat at \$13.3 million, because additional costs associated with a higher census are offset by the elimination of various one-time FY 2004-05 expenditures, such as costs for an external management company and costs associated with payback of prior-year Medicaid over-payments. Occupancy at the 180-bed Fitzsimons facility is projected to increase from an average of 65 percent in FY 2004-05 to 91 percent in FY 2005-06.

Adjust estimate of Homelake Domiciliary expenditures: The appropriation reflects adjustments to bring Long Bill amounts for Homelake Domiciliary in line with actual expenditures, in light of the fact that Homelake is a part of the State and Veterans Nursing Home enterprise and therefore has continuous spending authority for revenues collected from client and federal sources. The adjustment incorporates common policy salary and benefits increases and other adjustments.

Eliminate one-time General Fund subsidy for Fitzsimons nursing home: The appropriation eliminates a one-time FY 2004-05 subsidy for the Veterans Nursing Home at Fitzsimons that was designed to address shortfalls associated with low-census and other operational difficulties.

Reflect veterans homes federal revenue changes - eliminate one-time funds: The appropriation reflects the elimination of \$821,318 in "flexible" federal funds allocated by the Governor to address operating problems at the Veterans Nursing Home at Fitzsimons. This reduction is partially offset by anticipated increases of \$3,664 associated with federal per-diem payments for nursing home residents.

Reduce Homelake Domiciliary General Fund support: The appropriation reflects a \$20,000 General Fund reduction in operating support for Homelake Domiciliary, partially offset by an increase of \$3,551 General Fund for common policy salary and benefits adjustments.

Additional legislation: For information on HB 05-1336 (Evaluation of State and Veterans Nursing Homes) see the "Recent Legislation" section at the end of this department.

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. Additional detail on funding changes in Adult Assistance Programs is reflected in the subsection tables and narratives below.

Adult Assistance Programs						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2004-05 Appropriation:						
HB 04-1422	\$121,073,401	\$14,017,502	\$74,232,744	\$19,480,657	\$13,342,498	27.5
SB 05-114	962,086	445,697	(66,000)	88,873	493,516	0.0
SB 05-209	<u>2,794,483</u>	<u>2,375,812</u>	<u>0</u>	<u>418,671</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$124,829,970	\$16,839,011	\$74,166,744	\$19,988,201	\$13,836,014	27.5
FY 2005-06 Appropriation:						
SB 05-209	<u>\$125,970,148</u>	<u>\$17,013,201</u>	<u>\$74,666,744</u>	<u>\$20,570,137</u>	<u>\$13,720,066</u>	<u>27.5</u>
TOTAL	\$125,970,148	\$17,013,201	\$74,666,744	\$20,570,137	\$13,720,066	27.5

Adult Assistance Programs						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
Increase/(Decrease)	\$1,140,178	\$174,190	\$500,000	\$581,936	(\$115,948)	0.0
Percentage Change	0.9%	1.0%	0.7%	2.9%	-0.8%	0.0%

Administration

This subsection of Adult Assistance Programs includes funding and staffing for management of all programs within Adult Assistance and for oversight of programs within the Other Grant Programs subsection.

Administration						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2004-05 Appropriation:						
TOTAL	\$455,909	\$35,676	\$0	\$90,064	\$330,169	5.0
FY 2005-06 Appropriation:						
FY 2004-05 Appropriation	\$455,909	\$35,676	\$0	\$90,064	\$330,169	5.0
Salary and benefits adjustments	12,285	961	0	2,427	8,897	0.0
SB 05-209	\$468,194	\$36,637	\$0	\$92,491	\$339,066	5.0
TOTAL	\$468,194	\$36,637	\$0	\$92,491	\$339,066	5.0
Increase/(Decrease)	\$12,285	\$961	\$0	\$2,427	\$8,897	0.0
Percentage Change	2.7%	2.7%	n/a	2.7%	2.7%	0.0%

SB 05-209 (Long Bill) Issue Descriptions

Salary and benefits adjustments: The \$12,285 increase reflects the common policy adjustments to personal services for salary increases awarded in FY 2004-05 (based upon salary survey and pay for performance) and a 0.2 percent base personal services reduction.

Old Age Pension Program

This program, authorized by the State Constitution, provides cash assistance, up to a maximum of \$604 per person per month (as of January 2005) to eligible individuals age 60 and older. Revenue for the Old Age Pension 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 the earmarked revenues are continuously appropriated by the State Constitution, the Long Bill simply reflects anticipated program expenditures for informational purposes.

<i>Old Age Pension Program</i>						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2004-05 Appropriation:						
TOTAL	\$73,255,106	\$0	\$72,666,744	\$588,362	\$0	14.0
FY 2005-06 Appropriation:						
FY 2004-05 Appropriation	\$73,255,106	\$0	\$72,666,744	\$588,362	\$0	14.0
No changes	0	0	0	0	0	0.0
SB 05-209	<u>\$73,255,106</u>	<u>\$0</u>	<u>\$72,666,744</u>	<u>\$588,362</u>	<u>\$0</u>	<u>14.0</u>
TOTAL	\$73,255,106	\$0	\$72,666,744	\$588,362	\$0	14.0
Increase/(Decrease)	\$0	\$0	\$0	\$0	\$0	0.0
Percentage Change	0.0%	n/a	0.0%	0.0%	n/a	0.0%

SB 05-209 (Long Bill) Issue Descriptions

No changes: There are no changes from the FY 2004-05 appropriation for the OAP program.

Other Grant Programs

This subsection of Adult Assistance Programs contains appropriations for programs providing cash assistance to disabled individuals and individuals needing assistance with the activities of daily living. 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).

<i>Other Grant Programs</i>						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2004-05 Appropriation:						
TOTAL	\$30,533,319	\$14,565,169	\$0	\$15,968,150	\$0	0.0
FY 2005-06 Appropriation:						
FY 2004-05 Appropriation	\$30,533,319	\$14,565,169	\$0	\$15,968,150	\$0	0.0
Partial restoration of AND-SO funding	5,000,000	4,000,000	0	1,000,000	0	0.0
Elimination of extra AND-SO funding related to CBMS problems	(2,093,353)	(1,674,682)	0	(418,671)	0	0.0
Changes in corrective action payments in the AND-CS and AB-CS programs	(1,793,394)	(1,791,574)	0	(1,820)	0	0.0

<i>Other Grant Programs</i>						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
SB 05-209	<u>\$31,646,572</u>	<u>\$15,098,913</u>	<u>\$0</u>	<u>\$16,547,659</u>	<u>\$0</u>	<u>0.0</u>
TOTAL	\$31,646,572	\$15,098,913	\$0	\$16,547,659	\$0	0.0
Increase/(Decrease)	\$1,113,253	\$533,744	\$0	\$579,509	\$0	0.0
Percentage Change	3.6%	3.7%	n/a	3.6%	n/a	n/a

SB 05-209 (Long Bill) Issue Descriptions

Partial restoration of AND-SO funding: In FY 2002-03, total expenditures for the Aid to the Needy Disabled -State Only (AND-SO) program were \$16.4 million including \$13.5 million General Fund. Expenditures for this program were reduced to \$7.3 million in FY 2003-04, including \$4.7 million General Fund, in response to the State's budget challenges. Appropriations for this program in FY 2005-06 include a \$4.0 million increase in General Fund (and an accompanying \$1.0 million increase in local funding), which is intended to restore some of the funding reductions made in FY 2003-04.

Elimination of extra AND-SO funding related to CBMS problems: The appropriation eliminates a one-time FY 2004-05 supplemental appropriation related to CBMS reporting problems. During any given fiscal year, the AND-SO program is managed to operate under the yearly appropriation. If more people apply, the monthly grant must be reduced so that the total cost of the program does not increase. In FY 2004-05, Human Services staff were unable to get accurate information about program participation and expenditures for several months. Without supplemental funding, the Human Services Board would have been forced to set the grant standard at \$0 for May and June 2005. Therefore, the General Assembly provided \$2.1 million in supplemental funding in FY 2004-05. This funding is not required in FY 2005-06.

Changes in the corrective action payments in the AND-CS and AB-CS programs: The appropriation includes a decrease of \$1.8 million because the corrective payments required in FY 2005-06 to meet the federal maintenance-of-effort threshold are lower than those needed in FY 2004-05. The federal maintenance-of-effort requirement is based on expenditures in several Human Services and Health Care Policy and Financing programs that benefit federal Supplemental Security Income (SSI) recipients. In calendar 2004 and calendar 2005, the State fell short of the required expenditures and was, therefore, required to submit a corrective action plan to the Social Security Administration. This plan was implemented through increased FY 2004-05 and FY 2005-06 appropriations to the Aid to the Needy Disabled-Colorado Supplement (AND-CS) and Aid to the Blind-Colorado Supplement programs (AB-CS).

Community Services for the Elderly

This subsection of Adult Assistance Programs 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. 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 funds exempt source is local funds

and the cash funds source is the Older Coloradans Cash Fund created by H.B. 00-1072. The federal funds source is Older Americans Act grants.

<i>Community Services for the Elderly</i>						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2004-05 Appropriation:						
TOTAL	\$20,585,636	\$2,238,166	\$1,500,000	\$3,341,625	\$13,505,845	8.5
FY 2005-06 Appropriation:						
FY 2004-05 Appropriation	\$20,585,636	\$2,238,166	\$1,500,000	\$3,341,625	\$13,505,845	8.5
Salary and benefits adjustment	14,640	3,882	0	0	10,758	0.0
One-time substitution of federal funds	0	135,603	0	0	(135,603)	0.0
Changes to state funding for senior services	0	(500,000)	500,000	0	0	0.0
SB 05-209	<u>\$20,600,276</u>	<u>\$1,877,651</u>	<u>\$2,000,000</u>	<u>\$3,341,625</u>	<u>\$13,381,000</u>	<u>8.5</u>
TOTAL	\$20,600,276	\$1,877,651	\$2,000,000	\$3,341,625	\$13,381,000	8.5
Increase/(Decrease)	\$14,640	(\$360,515)	\$500,000	\$0	(\$124,845)	0.0
Percentage Change	0.1%	-16.1%	33.3%	0.0%	-0.9%	0.0%

SB 05-209 (Long Bill) Issue Descriptions

Salary and benefits adjustments: The \$14,640 increase reflects the common policy adjustments to personal services for salary increases awarded in FY 2004-05 (based upon salary survey and pay for performance) and a 0.2 percent base personal services reduction.

One-time substitution of federal funds: In FY 2004-05, a portion of the federal moneys awarded to the State because of its improved negative error rate (that is, errors where people were denied, suspended from, or terminated from receiving Food Stamp benefits incorrectly) for the Food Stamp program was used to offset General Fund in this division to allow the General Fund to be used elsewhere in the budget. Such a substitution is not expected in FY 2005-06 and is not included in the appropriation.

Changes to state funding for senior services: In FY 2005-06, the diversion of tax revenue to the Older Coloradans fund is scheduled by statute to increase by \$500,000 to \$2.0 million. The General Fund appropriation for this line item is decreased by a corresponding amount to maintain the FY 2004-05 total of \$3.0 million. The fund source for \$500,000 of the total has shifted from General Fund to cash funds from the Older Coloradans fund.

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.

Division of Youth Corrections						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2004-05 Appropriation:						
HB 04-1422	\$108,999,512	\$94,316,394	\$89,426	\$13,315,128	\$1,278,564	915.8
SB 05-114	<u>4,528,628</u>	<u>2,460,249</u>	<u>0</u>	<u>2,068,379</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$113,528,140	\$96,776,643	\$89,426	\$15,383,507	\$1,278,564	915.8
FY 2005-06 Appropriation:						
FY 2004-05 Appropriation	\$113,528,140	\$96,776,643	\$89,426	\$15,383,507	\$1,278,564	915.8
Caseload increase for contract placements	3,368,690	2,244,725	0	1,123,965	0	0.0
Annualize salary survey and performance-based pay awarded in FY 2004-05	1,425,238	1,424,669	0	569	0	0.0
Provider rate increase (2.0 percent)	1,264,342	969,218	0	295,124	0	0.0
Restore funding for S.B. 91-94 Programs	1,000,000	1,000,000	0	0	0	0.0
Restore funding for enhanced mental health services pilot for detention	250,000	250,000	0	0	0	0.0
Additional case managers for caseload growth	106,373	106,373	0	0	0	2.2
Medical inflation (2.5 percent)	102,944	102,944	0	0	0	0.0
Food inflation (2.9 percent)	21,130	21,130	0	0	0	0.0
Refinance case managers with Medicaid cash funds	0	(39,757)	0	39,757	0	0.0
Personal services base reduction	(96,978)	(96,833)	0	(145)	0	0.0
Adjustment for the federal school breakfast and lunch program	(12,362)	0	0	(12,362)	0	0.0
Reduction to reflect anticipated VALE award	(479)	0	0	(479)	0	0.0
SB 05-209	<u>\$120,957,038</u>	<u>\$102,759,112</u>	<u>\$89,426</u>	<u>\$16,829,936</u>	<u>\$1,278,564</u>	<u>918.0</u>
TOTAL	\$120,957,038	\$102,759,112	\$89,426	\$16,829,936	\$1,278,564	918.0

Division of Youth Corrections						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
Increase/(Decrease)	\$7,428,898	\$5,982,469	\$0	\$1,446,429	\$0	2.2
Percentage Change	6.5%	6.2%	0.0%	9.4%	0.0%	0.2%

SB 05-209 (Long Bill) Issue Descriptions

Caseload increase for contract placements: The appropriation includes \$3.4 million total funds for additional contract placements. Because the state-operated beds are fully utilized, any additional growth in the population of committed juveniles must be managed through contract placements in residential treatment centers and residential child care facilities. Based on the Legislative Council Staff (LCS) December 2004 population projections, the average daily population (ADP) of commitment juveniles is anticipated to grow by 51.8 ADP in FY 2005-06, a 3.6 percent increase over the anticipated ADP in FY 2004-05.

Annualize salary survey and performance-based pay awarded in FY 2004-05: The appropriation includes \$1,425,238 total funds to annualize the cost of providing salary survey (\$888,701) and performance-based pay (\$536,537) in FY 2004-05.

Provider rate increase (2.0 percent): The budget includes funding to provide a 2.0 percent increase in provider rates for the Division of Youth Corrections. This rate increase resulted in an increase of \$1.3 million (total funds): (1) \$990,264 for Purchase of Contract Placements; (2) \$159,326 for S.B. 91-94 Programs; (3) \$58,895 for Educational Programs; (4) \$25,211 for the Managed Care Pilot Project; (5) \$24,651 for Parole Program Services; and (6) \$5,995 for mental health services funded in the "Personal Services" line item in Institutional Programs.

Restore funding for S.B. 91-94 Programs: The appropriation includes an increase of \$1.0 million General Fund for S.B. 91-94 Programs. Senate Bill 91-94 programs are non-residential services for youths who are at risk of being placed in detention. These programs are designed to provide a lower cost alternative to incarceration. The increase restores a \$1.0 million General Fund reduction that was approved during the 2004 legislative session.

Restore funding for enhanced mental health services pilot for detention: The appropriation includes \$250,000 General Fund for a pilot program that was eliminated in the FY 2003-04 Long Bill because of the shortage of General Fund dollars. The appropriation to DYC will provide for mental health assessments of youth in detention at the Mount View and Grand Mesa facilities. A companion piece of funding in the Mental Health and Alcohol and Drug Abuse Services Division will provide community treatment upon release (\$477,500 General Fund).

Additional case managers for caseload growth: The budget includes \$106,373 General Fund for 2.2 FTE for case managers based on caseload growth. DYC provides case management services for committed youths and juvenile parolees. The December 2004 Legislative Council Staff population projections for committed youths and juvenile parolees is anticipated to increase the workload for the Division in FY 2005-06. The funding will reduce the ratio of youths per case managers from 26.8 youths per case manager to 26.0 youths per case manager. Historically, a ratio of 25.0 youths per case manager was funded.

Medical inflation: The appropriation includes an increase of \$102,944 General Fund for medical inflation of 2.5 percent.

Food inflation: The appropriation includes an increase of \$21,130 General Fund for medical inflation of 2.9 percent.

Refinance case managers with Medicaid cash funds: The appropriation includes a reduction of \$39,757 General Fund with a corresponding increase in Medicaid cash funds (transferred from the Department of Health Care Policy and Financing). This refinancing is estimated to save \$19,979 General Fund, and it is based on expenses that are eligible for Medicaid funds. The appropriation includes a corresponding increase of \$19,978 federal funds and \$19,979 General Fund in the Department of Health Care Policy and Financing.

Personal services base reduction: The appropriation includes a reduction of \$96,978 total funds associated with a 0.2 percent reduction in personal services line items.

Adjustment for the federal school breakfast and lunch program: The appropriation includes a reduction of \$12,362 cash funds exempt (federal funds transferred from the Colorado Department of Education). This reduction reflects the anticipated reimbursement for the Federal School Breakfast and Lunch Program based on FY 2003-04 reimbursement from the federal government.

Reduction to reflect anticipated VALE award: The appropriation reflects a \$479 cash funds exempt reduction (cash funds transferred from the Division of Criminal Justice in the Department of Public Safety) to reflect the anticipated grant award from the Victims' Assistance and Law Enforcement (VALE) fund in FY 2005-06 based on the VALE Board's recommendations.

Recent Legislation

2004 Session Bills

S.B. 04-14: Eliminates the statutory threshold associated with County Reserve Accounts, thereby allowing each county to retain, at the end of each fiscal year, the balance of Works Program county block grant funds remaining in its County Reserve Account.

S.B. 04-65: Extends the H.B. 99-1116 Child Mental Health Treatment Act to July 1, 2009. Creates the Child Mental Health Treatment Fund and authorizes a \$1.6 million expenditure from the Tobacco Litigation Settlement Cash Fund to the Child Mental Health Treatment Fund. Makes the following appropriations for FY 2004-05: (1) \$1.6 million from the Tobacco Litigation Settlement Cash Fund to the Child Mental Health Treatment Fund in the Department of Human Services; (2) \$800,000 from the Tobacco Litigation Settlement Cash Fund to the Department of Public Health and Environment, Tony Grampsas Youth Services Program; (3) \$449,491 (\$223,745 cash funds exempt and \$223,746 federal funds) to the Department of Health Care Policy and Financing, Department of Human Services Medicaid-funded programs (for transfer to the Department of Human Services); and (4) \$559,739 cash funds exempt to the Department of Human Services, Mental Health and Alcohol and Drug Abuse Services, Mental Health Community Programs, including \$110,248 cash funds exempt from the Child Mental Health Treatment Fund and \$449,491 Medicaid funds transferred from the Department of Health Care Policy and Financing. The bill contains an effective date that provides that S.B. 04-65 takes effect upon passage except that the provisions addressing the fiscal mechanisms (Sections 3, 5, and 6 of the bill) do not take effect if H.B. 04-1421 (tobacco bill) becomes law.

H.B. 04-1030: Continues the evaluation of the Colorado Works Program for five years. Requires the Department of Human Services, with input from an independent advisory committee, to oversee the administration of an annual independent evaluation designed to obtain systematic data concerning program outcomes. Appropriates \$500,000 federal Temporary Assistance for Needy Families (TANF) funds for FY 2004-05.

H.B. 04-1075: Authorizes the Department to seek a state plan amendment to expand substance abuse treatment services to Medicaid eligible women from two months to 12 months following a pregnancy. It is anticipated that the expanded services will begin in October 2004 and adds \$95,805 cash funds exempt in FY 2004-05. The bill authorizes a transfer from the state funds within the substance abuse block grant program to be used as the state match for the program.

H.B. 04-1107: Transfers the Office of Homeless Youth Services from the Department of Public Health and Environment to the Department of Human Services. The bill adds 1.0 FTE to the Department of Human Services for FY 2004-05.

H.B. 04-1265: Transfers the administration of the Medicaid mental health community program from the Department of Human Services to the Department of Health Care Policy and Financing, except for the Goebel lawsuit settlement program. Adjusts the FY 2003-04 Long Bill appropriation in the following manner: (1) increases the appropriation to the Department of Health Care Policy and Financing, Executive Director's Office, by \$259,274 (including \$112,415 General Fund and \$146,859 federal funds) and 2.3 FTE; decreases the appropriation to the Department of Health Care Policy and Financing, Department of Human Services Medicaid-funded Programs by \$259,274 (including \$112,415 General Fund and \$146,859 federal funds); and (3) decreases the appropriation to the Department of Human Services, Mental Health and Alcohol and Drug Abuse Services, Administration by \$259,274 Medicaid cash funds exempt and 2.3 FTE. Please note, for FY 2004-05, the administrative and programmatic appropriations changes are incorporated in the FY 2004-05 Long Bill (H.B. 04-1422).

H.B. 04-1277: Continues the Child Care Commission (renamed the Early Childhood and School Readiness Commission) through June 30, 2006. Modifies the membership and duties of the Commission. Authorizes the Department to receive gifts, grants, and donations for the Commission, and requires that such moneys be credited to the Early Childhood and School Readiness Cash Fund. Appropriates \$26,100 cash funds exempt to the Department of Human Services to cover the costs of contract staff assistance and to provide reimbursement for non-legislative members of the Commission, as well as \$600 cash funds exempt to the Legislative Department for FY 2004-05 to provide reimbursement for Commission members who are members of the General Assembly.

H.B. 04-1322: Supplemental appropriation to the Department of Human Services to modify the appropriation included in the FY 2003-04 Long Bill.

H.B. 04-1414: Requires federal Title IV-E reimbursements earned in excess of amounts appropriated to be credited to a new fund, entitled "Excess Federal Title IV-E Reimbursements Cash Fund". Makes moneys in the new Fund subject to annual appropriation by the General Assembly to the Department for allocation to counties for two purposes: (1) To help defray the costs of performing administrative functions related to obtaining federal Title IV-E reimbursements; and (2) for the provision of assistance (as defined for the Colorado Works Program), child care assistance, social services, and child welfare services. Specifies that for FY 2004-05 (and in subsequent fiscal years if so specified by the General Assembly through the annual Long Bill) counties shall spend excess federal Title IV-E funds received for the provision of assistance, child care assistance, social

services, and child welfare services on the types of expenditures that can be counted toward the federal maintenance of effort requirement for Temporary Assistance for Needy Families (TANF) programs.

Requires the Department to submit a report to the Joint Budget Committee by October 1 each year concerning the amount of federal Title IV-E revenues earned, the amount and purposes of amounts expended, and the amount credited to the new fund. Replaces a \$4.1 million federal funds appropriation in the FY 2004-05 Long Bill that was intended to reflect excess Title IV-E funds anticipated to be paid to counties with two cash funds exempt appropriations from the new fund: (1) \$1.6 million for counties' costs of performing administrative functions related to obtaining federal Title IV-E reimbursements; and (2) \$2.5 million for county expenditures for that can be counted toward the federal TANF maintenance of effort requirement.

H.B. 04-1421: Changes the allocation formula for the State's annual tobacco settlement payment and transfers the FY 2003-04 year-end balance in the Tobacco Litigation Settlement Trust Fund, \$20.6 million, to the General Fund. Also transfers unappropriated remainder of 2004 payment and all subsequent payments to the General Fund. With respect to the Department of Human Services, increases the appropriation for mental health, residential treatment for youth by \$508,521 cash funds exempt (\$90,389 from the tobacco litigation settlement cash funds and a \$418,132 transfer from the Department of Health Care Policy and Financing). For more information on the impact to other departments, please see the bill description in the Department of Public Health and Environment.

H.B. 04-1422: General appropriations act for FY 2004-05. Also includes supplemental adjustments to the FY 2003-04 Long Bill appropriation to the Department of Human Services as amended by H.B. 04-1322.

H.B. 04-1451: Authorizes each county department of social services and local representatives of the judicial districts, health departments, school districts, community mental health centers, and mental health assessment and service agencies to enter into a memorandum of understanding ("MOU") to promote a collaborative system of treatment and services for children and families. Authorizes parties to an MOU to reinvest any General Fund savings that result from such collaboration. Creates the Performance-based Collaborative Management Incentive Cash Fund to provide incentives, beginning in FY 2005-06, to parties to an MOU. On and after July 1, 2005, transfers moneys in the Performance Incentive Cash Fund, the Family Stabilization Services Fund, and moneys received through civil docket fees to the new fund. Repeals the Integrated Care Management Program.

2005 Session Bills

S.B. 05-114: Supplemental appropriation to the Department of Human Services to modify appropriations included in the FY 2004-05 Long Bill.

S.B. 05-159: Authorizes the use of General Fund moneys to cover any operational shortfall incurred by the veterans nursing home at the former Fitzsimons army medical center, beginning in fiscal year 2004-05. Such use of General Fund was previously prohibited.

S.B. 05-201: Appropriates \$7.6 million from the Operational Account of the Severance Tax Trust Fund to the Department of Human Services for FY 2004-05 for the Low Income Energy Assistance Program.

S.B. 05-202: Eliminates the one-dollar-per-month administrative fee paid by public assistance recipients who receive assistance payments through the Electronic Benefits Transfer Service (EBTS) for the Colorado Works, Old Age Pension, Aid to the Needy Disabled, Aid to the Blind, Low-income Energy Assistance, and Child Care Assistance programs. Changes the funding mix for EBTS accordingly by reducing the cash funds appropriation

from the EBTS Fund to the Department of Human Services for administration of the EBTS system by \$487,986 and increasing the General Fund appropriation to the Department for this purpose by the same amount.

S.B. 05-209: General appropriations act for FY 2005-06. Also includes supplemental adjustments to modify appropriations to the Department of Human Services included in both the FY 2003-04 Long Bill and the FY 2004-05 Long Bill.

H.B. 05-1084: Requires the Department to develop a rate-setting process for providers of residential treatment services and to submit an initial report to the Joint Budget Committee by July 1, 2006, concerning the implementation of such rate-setting process.

H.B. 05-1227: Expands the definition of child placement agency (CPA) to include entities that facilitate placement for a fee, including agencies that facilitate intercountry adoptions. The Department of Human Services is authorized to license federally-accredited agencies to make placements under the "Intercountry Adoption Act of 2000" and to charge a fee for that licensing. Clarifies that a child who is placed by a CPA in a foster care home shall be deemed, for the purposes of payment to the CPA, to remain in foster care status until the date that the final decree of adoption is entered or the date that the child is returned to his or her biological parents, unless otherwise negotiated between the CPA and the county. Requires the State Board of Human Services to promulgate rules to require CPAs to scan adoption records for purposes of transferring them to the Department of Human Services. For FY 2005-06, appropriates \$23,614 cash funds from the child care licensing cash fund to the Department of Human Services and \$2,155 cash funds exempt to the Department of Law, consisting of funds transferred from the Department of Human Services, for implementation of the act.

H.B. 05-1238: Modifies and continues the previous School-readiness Child Care Subsidization Program and renames it the School-readiness Quality Improvement Program. This program provides subsidies to child care centers located in the catchment area of low-performing schools. Subject to adequate ongoing federal funding, the bill expands the program to additional eligible communities. Previously, the program had been limited to areas where a Consolidated Childcare Pilot was located. Under the provisions of H.B. 05-1238, any community with a low-performing school may apply for subsidies for area preschools through a Early Childhood Education Council, which may be formed for this purpose. Also expands the child care voluntary credentialing system statewide to further enhance the school readiness of young children throughout the state. The \$2.2 million funding required to continue the program is included in S.B. 05-209 (the Long Bill). However, H.B. 05-1238 includes an additional appropriation of 0.5 FTE. Funding in the program base is anticipated to be redirected to support this additional FTE.

H.B. 05-1262: Implements Section 21 of Article X of the Colorado Constitution, concerning taxes on tobacco products, that was adopted by vote of the citizens of the State in November 2004. Provisions specifically affecting the Department of Human Services include an appropriation of \$304,508 Medicaid cash funds exempt for the Office of Information Technology Services associated with programming changes to the Colorado Benefits Management System (CBMS). The Colorado Benefits Management System is used to assess eligibility for the Medicaid program and the Children's Basic Health Plan, among other programs. Changes to eligibility for these programs that are included in H.B. 05-1262 drive CBMS programming costs. The act also includes an appropriation of \$2,658,005 cash funds exempt (primarily Medicaid funds) to serve an additional 148 children previously on the waiting list for the Children's Extensive Support program. This Medicaid waiver program, administered by the Department of Human Services, funds services for families of children with developmental disabilities who have severe behavioral problems. Services include items such as 24-hour line of site supervision, therapeutic services, personal attendant services, specialized equipment, and home adaptations. The funding included in H.B. 05-1262 will increase the number of children served by 70 percent and is expected to eliminate

the FY 2005-06 waiting list for the program. For additional information concerning the provisions of this act please see the bill descriptions for H.B. 05-1262 at the end of the Department of Health Care Policy and Financing and Department of Public Health and Environment.

H.B. 05-1336: Establishes an 8-member legislative oversight committee to evaluate the quality of care provided in specified state and veterans nursing homes (Homelake, Florence, Trinidad, Rifle, and Aurora, Colorado) and to make associated recommendations to the General Assembly. Also creates an 11-member nursing home commission to evaluate the state and veterans nursing homes and to provide guidance and recommendations to the legislative oversight committee. Creates the Evaluation of State and Veterans Nursing Homes Cash Fund (Evaluation Fund). Authorizes the Board of Veterans Affairs to allocate funds from the Colorado State Veterans Trust Fund to the Evaluation Fund for costs associated with the legislation. For FY 2005-06, appropriates \$19,489 cash funds exempt and 0.4 FTE to the Legislative Department and \$34,950 cash funds exempt to the Department of Human Services from the Evaluation Fund. Both the legislative oversight committee and the commission are repealed, effective July 1, 2007.

H.B. 05-1344: Establishes a 9-member Fitzsimons State Veterans Nursing Home Advisory Board to review data concerning the Fitzsimons nursing home, monitor progress on resident safety and financial viability, make recommendations to the Governor as appropriate, and communicate with the nursing home legislative oversight committee established through H.B. 05-1336. No additional appropriation was included in the bill. Repealed July 1, 2007.

JUDICIAL DEPARTMENT

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 Department also 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 Appropriations

Funding Source	FY 2002-03	FY 2003-04	FY 2004-05	FY 2005-06
General Fund	\$200,628,757	\$208,617,893	\$219,004,745	\$236,697,656
Cash Funds	54,185,280	59,134,676	60,208,406	60,340,845
Cash Funds Exempt	6,804,189	6,475,448	6,760,504	8,801,096
Federal Funds	<u>1,934,546</u>	<u>1,758,609</u>	<u>1,289,690</u>	<u>1,158,526</u>
Total Funds	\$263,552,772	\$275,986,626	\$287,263,345	\$306,998,123
Full Time Equiv. Staff	3,228.3	3,197.4	3,260.9	3,365.0

General Factors Driving the Budget

Fiscal year 2005-06 funding for this department consists of 77.1 percent General Fund, 19.7 percent cash funds, 2.9 percent cash funds exempt, and 0.4 percent federal funds. Some of the most important factors driving the budget are reviewed below.

The main factor driving the budget of the Judicial Department is caseload. Judges, magistrates, probation officers, public defenders, and staff can only manage so many cases per year. Caseload is related to increases in the overall population in Colorado, the number of each type of case (a misdemeanor requires fewer resources than a civil case, which requires fewer resources than a homicide), and changes in state laws and sentencing provisions. The *Annual Statistical Report of the Colorado Judicial Branch* for FY 2003-04 provides a detailed history of caseloads for that fiscal year, and can be obtained from the State Court Administrator's Office.

The Judicial Department receives cash funds from a few main sources, including fees charged to use the court system. These moneys are used to fund operating expenses of the courts. Senate Bill 03-186 raised certain docket fees, refinanced \$3,421,000 General Fund with cash funds for FY 2002-03, and refinanced approximately \$9.3 million of the Department's General Fund appropriation with cash funds for subsequent fiscal years. Probation receives cash funds from individuals sentenced to probation who pay fees that are put towards their

supervision and treatment. Attorney licensing fees are used by the Supreme Court to regulate the practice of law in Colorado.

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 the following: 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. Recent caseloads have been as follows:

Supreme Court Caseload						
	FY 2000-01 Actual	FY 2001-02 Actual	FY 2002-03 Actual	FY 2003-04 Actual	FY 2004-05 Estimate	FY 2005-06 Estimate
New filings	1,367	1,368	1,401	1,317	1,350	1,390
Pending July 1	530	472	425	385	383	400
Total Caseload	1,897	1,840	1,826	1,702	1,733	1,790

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:

Court of Appeals Caseload						
	FY 2000-01 Actual	FY 2001-02 Actual	FY 2002-03 Actual	FY 2003-04 Actual	FY 2004-05 Estimate	FY 2005-06 Estimate
New filings	2,335	2,673	2,589	2,556	2,766	2,990
Pending July 1	2,343	2,264	2,474	2,694	2,950	3,250
Total Caseload	4,678	4,937	5,063	5,250	5,716	6,240

Trial Courts Caseload

State trial courts include district courts in 22 judicial districts, 64 county courts, and 7 water courts. The District Courts preside over felony criminal matters, civil claims, all juvenile matters, probate, mental health, and divorce proceedings. They also preside over jury trials, handle appeals from Colorado's municipal and county courts, and review decisions of administrative boards and agencies. County Courts handle misdemeanor cases, felony advisements, bond setting, and preliminary hearings, and also hear traffic cases and civil actions involving no more than \$15,000. Water courts have jurisdiction in the determination of water rights and the use and administration of water. Recent caseloads have been as follows:

Trial Courts: New Cases Filed						
	FY 2000-01 Actual	FY 2001-02 Actual	FY 2002-03 Actual	FY 2003-04 Actual	FY 2004-05 Estimate	FY 2005-06 Estimate
District Court Total	155,220	164,237	169,458	177,358	183,821	187,498
County Court Total	444,629	469,993	498,515	514,094	536,415	547,143
Water Court Total	1,257	1,550	1,672	1,285	1,093	1,115

Probation and Related Services Caseload

Probation is a sentencing alternative to incarceration in the Department of Corrections or in 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 programs to target defendants' with various risk levels and needs, including regular adult and juvenile probation, intensive adult and juvenile probation, sex offender probation, and female offender probation. Recent caseloads have been as follows:

Probation: Caseloads^b						
	FY 2000-01 Actual	FY 2001-02 Actual	FY 2002-03 Actual	FY 2003-04 Actual	FY 2004-05 Estimate	FY 2005-06 Estimate
Adult - Regular ^b	36,635	37,259	39,751	41,470	44,060	46,650
Juvenile - Regular	9,041	8,524	8,558	7,869	7,481	7,182
Adult - Intensive	1,450	1,551	1,600	1,500	1,500	1,500
Juvenile - Intensive	606	567	525	500	500	500
Sex Offender	135	430	739	905	1,058	1,237
Total	47,867	48,331	51,173	52,244	54,599	57,069

^a Caseloads are measured on or estimated for June 30th each year.

^b Figures include the number of State supervised clients and the number of transfers to private probation for supervision.

Public Defender Caseload

The Public Defender's Office is an independent agency within the Judicial Department that represents criminal defendants who have inadequate resources to pay for their own defense. As in the court system, more complicated cases consume more resources than simpler cases; felonies cost more to defend than misdemeanors, and homicides cost more to defend than assaults or robberies. Recent caseloads have been as follows:

Public Defender's Office: Trial and Pre-Trial Closings						
	FY 2000-01 Actual	FY 2001-02 Actual	FY 2002-03 Actual	FY 2003-04 Actual.	FY 2004-05 Estimate	FY 2005-06 Estimate
Felony	17,233	18,736	20,234	21,562	23,054	24,649
Misdemeanor/Traffic	12,973	13,864	15,775	16,474	17,640	18,888
Juvenile (All)	4,214	4,473	4,563	4,219	4,045	3,964
Total	34,420	37,073	40,572	42,255	44,739	47,501

Alternate Defense Counsel Caseload

The Alternate Defense Counsel is an independent agency within the Judicial Department that 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 context is more expensive because private attorneys represent the defendants. Here too, both the total caseload and the complexity of cases determines the amount of resources required. Recent caseloads have been as follows:

Alternate Defense Counsel Caseload^a						
	FY 2000-01 Actual	FY 2001-02 Actual	FY 2002-03 Actual	FY 2003-04 Actual	FY 2004-05 Estimate	FY 2005-06 Estimate
Felony	553	485	6,060	6,841	7,267	7,706
Appeals	477	470	469	549	567	601
Rule 35(b) and (c) motions	n/a	n/a	431	468	479	508
Juvenile	n/a	n/a	1,635	1,493	1,292	1,370
Other ^b	5,121	5,424	1,497	1,748	1,733	1,838
Total	6,151	6,379	10,092	11,099	11,338	12,023

^a The Alternate Defense Counsel updated its database in FY 2002-03 to make more detailed distinctions between certain case types.

^b Beginning in FY 2002-03, the "Other" category includes misdemeanors, driving under the influence, traffic violations, probation violations, special proceedings, and other miscellaneous case types. Prior to FY 2002-03, the "Other" category also includes Rule 35 (b) and (c) motions, and juvenile cases.

Office of the Child's Representative Caseload

The Office of the Child's Representative is an independent agency within the Judicial Department that is responsible for providing legal representation for children involved in the court system due to abuse, neglect, high conflict divorce, delinquency, and certain other case types. Appointments of guardians ad-litem, the attorneys who represent the best interest of the child, drive the budget of this agency. Recent caseloads have been as follows:

Office of the Child's Representative Caseload				
	FY 2002-03 Actual	FY 2003-04 Actual	FY 2004-05 Estimate	FY 2005-06 Estimate
Dependency and Neglect	5,847	6,493	7,151	7,866
Juvenile Delinquency & Truancy	3,391	3,042	3,730	4,206
Domestic Relations & Paternity	860	1,094	890	802
Probate & Other	157	165	187	205
Total	10,255	10,794	11,958	13,079

Summary of FY 2004-05 and FY 2005-06 Appropriations

Judicial Department						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2004-05 Total Appropriation:	\$287,263,345	\$219,004,745	\$60,208,406	\$6,760,504	\$1,289,690	3,260.9
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Supreme Court/Court of Appeals	13,025,648	7,972,648	4,698,000	355,000	0	166.7
Courts Administration	33,130,833	23,336,448	8,015,715	1,544,892	233,778	183.0
Trial Courts	125,168,346	90,695,792	33,793,927	383,469	295,158	1,588.8
Probation and Related Services	61,127,593	42,361,239	13,618,624	4,386,976	760,754	966.5
Public Defender	32,593,660	32,452,353	79,140	62,167	0	348.9
Alternate Defense Counsel	12,906,418	12,903,418	3,000	0	0	3.0
Office of the Child's Representative	9,310,847	9,282,847	0	28,000	0	4.0
<u>Breakdown of Total Appropriation by Bill</u>						
HB 04-1021	8,377	8,377	0	0	0	0.2
HB 04-1256	10,000	0	10,000	0	0	0.0
HB 04-1422	288,191,982	219,569,027	59,858,406	7,309,859	1,454,690	3,285.0
SB 05-115	(521,914)	(147,559)	340,000	(549,355)	(165,000)	(24.3)
SB 05-209	(425,100)	(425,100)	0	0	0	0.0

Judicial Department						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Total Appropriation:	\$306,998,123	\$236,697,656	\$60,340,845	\$8,801,096	\$1,158,526	3,365.0
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Supreme Court/Court of Appeals	13,140,727	8,192,727	4,643,000	305,000	0	166.7
Courts Administration	37,016,362	27,853,106	6,824,564	2,336,078	2,614	172.5
Trial Courts	132,548,124	95,930,911	34,947,586	1,274,469	395,158	1,630.5
Probation and Related Services	66,173,004	46,693,369	13,843,555	4,875,326	760,754	1,028.4
Public Defender	34,920,760	34,831,397	79,140	10,223	0	357.9
Alternate Defense Counsel	13,889,280	13,886,280	3,000	0	0	5.0
Office of the Child's Representative	9,309,866	9,309,866	0	0	0	4.0
<u>Breakdown of Total Appropriation by Bill</u>						
SB 05-209	306,998,123	236,697,656	60,340,845	8,801,096	1,158,526	3,365.0
Increase/(Decrease)	\$19,734,778	\$17,692,911	\$132,439	\$2,040,592	(\$131,164)	104.1
Percentage Change	6.9%	8.1%	0.2%	30.2%	-10.2%	3.2%

FY 2005-06 Appropriation Highlights:

1. Provides an increase of \$7.4 million in salary and benefits adjustments, including salary survey, state contributions to health, life, and dental, and the S.B. 04-257 Amortization Equalization Disbursement.
2. Provides \$3.0 million General Fund for 56.1 FTE additional probation officers.
3. Provides \$2.6 million General Fund for 6.0 FTE new district court judges and 24.0 support staff FTE.
4. Provides \$1.0 million General Fund for Courthouse Capital/Infrastructure Maintenance. While counties are required to provide facilities for courts, statutes require that the State pay for all operating expenses, including furnishings. No appropriation for such needs has been provided since FY 2003-04. The appropriation will be used for the on-going capital and infrastructure maintenance needs of courthouses and probation programs.
5. Provides General Fund increases of \$920,000 for the Alternate Defense Counsel and \$740,000 for the Public Defender's Office due to caseload growth.

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 seven-member Supreme Court is the highest court in the State. It has general supervisory control over the lower courts, both procedural and administrative, and it is responsible for promulgating civil and criminal rules of procedure. 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 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; some cash funds also come from other fees and cost recoveries. 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 16-member 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.

Supreme Court/Court of Appeals						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2004-05 Appropriation:						
HB 04-1422	<u>\$13,025,648</u>	<u>\$7,972,648</u>	<u>\$4,698,000</u>	<u>\$355,000</u>	<u>\$0</u>	<u>166.7</u>
TOTAL	\$13,025,648	\$7,972,648	\$4,698,000	\$355,000	\$0	166.7
FY 2005-06 Appropriation:						
FY 2004-05 Appropriation	\$13,025,648	\$7,972,648	\$4,698,000	\$355,000	\$0	166.7
Salary and benefits base adjustments	220,079	220,079	0	0	0	0.0
Law Library base reduction	(105,000)	0	(55,000)	(50,000)	0	0.0
SB 05-209	<u>\$13,140,727</u>	<u>\$8,192,727</u>	<u>\$4,643,000</u>	<u>\$305,000</u>	<u>\$0</u>	<u>166.7</u>
TOTAL	\$13,140,727	\$8,192,727	\$4,643,000	\$305,000	\$0	166.7
Increase/(Decrease)	\$115,079	\$220,079	(\$55,000)	(\$50,000)	\$0	0.0
Percentage Change	0.9%	2.8%	-1.2%	-14.1%	n/a	0.0%

SB 05-209 (Long Bill) Issue Descriptions

Salary and benefits base adjustments: The appropriation includes funding to annualize salary survey and anniversary pay increases that were awarded in FY 2004-05. The adjustment shown also includes a 0.2 percent personal services base reduction.

Law Library base reduction: This base reduction aligns the appropriation with anticipated revenue collections and expenditures.

Courts Administration

This division contains appropriations for the administration of Colorado's courts and probation department, as well as several specialized programs. The Division includes the following subdivisions: Administration; Administrative Special Purpose; Judicial Performance; and Integrated Information Services.

Courts Administration						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2004-05 Appropriation:						
HB 04-1422	\$33,276,843	\$23,807,458	\$7,690,715	\$1,544,892	\$233,778	183.0
SB 05-115	279,090	(45,910)	325,000	0	0	0.0
SB 05-209	<u>(425,100)</u>	<u>(425,100)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL	\$33,130,833	\$23,336,448	\$8,015,715	\$1,544,892	\$233,778	183.0
FY 2005-06 Appropriation:						
SB 05-209	<u>\$37,016,362</u>	<u>\$27,853,106</u>	<u>\$6,824,564</u>	<u>\$2,336,078</u>	<u>\$2,614</u>	<u>172.5</u>
TOTAL	\$37,016,362	\$27,853,106	\$6,824,564	\$2,336,078	\$2,614	172.5
Increase/(Decrease)	\$3,885,529	\$4,516,658	(\$1,191,151)	\$791,186	(\$231,164)	(10.5)
Percentage Change	11.7%	19.4%	-14.9%	51.2%	-98.9%	-5.7%

Administration

This subdivision funds the State Court Administrator's Office, which is responsible for: (1) coordination and control of budgeting, human resources, data processing, grant administration, and management services for the entire Judicial Department; (2) internal audits, training, and technical assistance for court programs, judicial districts, and probation offices; (3) support for the probation offices; and (4) maintenance of the Judicial/Heritage Complex. Cash funds are from the Family-friendly Court Program Cash Fund, and from fees and cost recoveries. Cash funds exempt are from various sources of cash and cash exempt funds within the Department, and from funds transferred from the State Historical Society.

<i>Administration</i>						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2004-05 Appropriation:						
HB 04-1422	\$5,574,676	\$3,871,307	\$777,314	\$925,520	\$535	55.5
SB 05-115	<u>14,880</u>	<u>14,880</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$5,589,556	\$3,886,187	\$777,314	\$925,520	\$535	55.5
FY 2005-06 Appropriation:						
FY 2004-05 Appropriation	\$5,589,556	\$3,886,187	\$777,314	\$925,520	\$535	55.5
Courthouse Capital and Infrastructure Maintenance	1,000,000	1,000,000	0	0	0	0.0
Family Violence Grants	500,000	500,000	0	0	0	0.0
Indirect cost assessments	365,564	0	370,920	(7,435)	2,079	0.0
Additional audit staff	213,536	200,350	0	13,186	0	3.0
Salary and benefits base adjustments	74,908	74,908	0	0	0	0.0
Fund source adjustment	0	(352,378)	0	352,378	0	0.0
Family Friendly Courts	0	0	(252,200)	252,200	0	
SB 05-209	<u>\$7,743,564</u>	<u>\$5,309,067</u>	<u>\$896,034</u>	<u>\$1,535,849</u>	<u>\$2,614</u>	<u>58.5</u>
TOTAL	\$7,743,564	\$5,309,067	\$896,034	\$1,535,849	\$2,614	58.5
Increase/(Decrease)	\$2,154,008	\$1,422,880	\$118,720	\$610,329	\$2,079	3.0
Percentage Change	38.5%	36.6%	15.3%	65.9%	388.6%	5.4%

SB 05-209 (Long Bill) Issue Descriptions

Courthouse Capital and Infrastructure Maintenance: The appropriation includes funding for the on-going capital and infrastructure maintenance needs of courthouses and probation programs. While counties are required to provide facilities for courts, statutes require that the State pay for all operating expenses, including furnishings. No appropriation for such needs has been provided since FY 2003-04.

Family Violence Grants: The appropriation reinstates grant funding for legal services for indigent victims of family violence.

Indirect cost assessments: The statewide and departmental indirect cost assessments are increasing pursuant to the Statewide Indirect Cost Allocation Plan and departmental administrative overhead use.

Additional audit staff: The appropriation provides funding for 3.0 new FTE internal audit staff, in addition to the existing 3.0 FTE.

Salary and benefits base adjustments: The appropriation includes funding to annualize salary survey and anniversary pay increases that were awarded in FY 2004-05. The adjustment shown also includes a 0.2 percent personal services base reduction.

Fund source adjustment: The fund mix adjustment is to account for an increase in the Department's anticipated departmental indirect cost assessments, which are used to offset General Fund.

Family Friendly Courts: The appropriation spends down the reserves in the Family Friendly Court Program Cash Fund.

Administrative Special Purpose

This subdivision includes several programs within the Judicial Department, such as Collections Investigators, the Child Support Enforcement Program, and the Retired Judge Program. The subdivision 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 Judicial Collection Enhancement Fund, the Offender Services Fund, the Dispute Resolution Fund, the Fines Collection Cash Fund, the Drug Offender Surcharge Fund, the Alcohol and Drug Driving Safety Program Fund, and from cost recoveries. Cash funds exempt are from local Victims and Witness Assistance Law Enforcement (VALE) Boards, and federal funds appropriated to the Department of Human Services.

<i>Administrative Special Purpose</i>						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2004-05 Appropriation:						
HB 04-1422	\$21,272,715	\$15,610,984	\$4,942,359	\$619,372	\$100,000	83.7
SB 05-115	(281,636)	(281,636)	0	0	0	0
SB 05-209	(425,100)	(425,100)	0	0	0	0
TOTAL	\$20,565,979	\$14,904,248	\$4,942,359	\$619,372	\$100,000	83.7
FY 2005-06 Appropriation:						
FY 2004-05 Appropriation	\$20,565,979	\$14,904,248	\$4,942,359	\$619,372	\$100,000	83.7
Salary and benefits adjustments	1,465,913	1,757,176	(290,724)	(539)	0	0.0
Operating adjustments	620,831	620,831	0	0	0	0.0
Benefits for new probation officers	245,625	245,625	0	0	0	0.0
Benefits for new district court judges	131,863	131,863	0	0	0	0.0
National Center for State Courts membership	117,279	117,279	0	0	0	0.0
Other	75,949	0	73,553	2,396	0	0.0
Office of Dispute Resolution refinance	(1,222,220)	12,958	(1,095,178)	(40,000)	(100,000)	(13.5)

<i>Administrative Special Purpose</i>						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
SB 05-209	<u>\$22,001,219</u>	<u>\$17,789,980</u>	<u>\$3,630,010</u>	<u>\$581,229</u>	<u>\$0</u>	<u>70.2</u>
TOTAL	\$22,001,219	\$17,789,980	\$3,630,010	\$581,229	\$0	70.2
Increase/(Decrease)	\$1,435,240	\$2,885,732	(\$1,312,349)	(\$38,143)	(\$100,000)	(13.5)
Percentage Change	7.0%	19.4%	-26.6%	-6.2%	-100.0%	-16.1%

Salary and benefits adjustments: The appropriation adjusts various line items that contain salary and benefits funding for the entire Department. These centrally-appropriated items include salary survey, performance-based pay awards, state contributions to health, life, and dental, and the S.B. 04-257 Amortization Equalization Disbursement. The appropriation does not fund anniversary increases for FY 2005-06, but it does include a 3.0 percent salary survey increase. The appropriation for Health, Life, and Dental includes increases between 6.2 percent and 9.58 percent, depending on the tier of coverage elected for health. Beginning January 1, 2006, the state will contribute an additional 0.5 percent of base salary to the Public Employees' Retirement Association pursuant to S.B. 04-257; the appropriation includes six months of funding for this new policy.

Operating adjustments: The appropriation contains various changes in centrally appropriated line items. These centrally appropriated items include workers' compensation, risk management and property, vehicle lease payments, and legal services. Operating adjustments are a function of recoverable overhead in the Department of Personnel and Administration or the Department of Law, as is the case with legal services, that are allocated to other departments based on a proportionate share of risk or utilization.

Benefits for new probation officers: The appropriation provides funding for 56.1 new probation officer FTE. The funding shown here is for health, life, and dental and short-term disability benefits associated with these FTE.

Benefits for new district court judges: The appropriation provides funding for 6.0 new district court judges FTE and 24.0 support staff FTE. The funding shown here is for health, life, and dental and short-term disability benefits associated with these FTE.

National Center for State Courts membership: The appropriation restores funding for the Judicial Branch's membership in the one national organization for state courts.

Other: The appropriation includes a \$73,553 cash funds increase for Collections Investigators due to an increase in anticipated revenue collections, and an increase of \$2,396 cash funds exempt for child support enforcement to match the Department's contract with the Department of Human Services.

Office of Dispute Resolution refinance: The appropriation will allow the Office of Dispute Resolution (ODR) to be restructured so that participants will pay private mediators directly, rather than the ODR, which eliminates the need for a cash funds appropriation. The General Fund increase and a small part of the cash funds decrease shown is to refinance the ODR's centrally appropriated items. A General Fund appropriation for ODR staff

(who will continue to coordinate scheduling through the courts), alternate dispute program development, and indigent services was moved from this division to the Trial Courts Division.

Judicial Performance

This subdivision provides a system of evaluating judicial performance in order to: (1) provide persons who are voting on the retention of justices and judges with fair, responsible, and constructive information about judicial performance; and (2) provide justices and judges with useful information concerning their own performances. The source of cash funds is the Judicial Performance Cash Fund.

<i>Judicial Performance</i>						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2004-05 Appropriation:						
HB 04-1422	<u>\$561,042</u>	<u>\$0</u>	<u>\$561,042</u>	<u>\$0</u>	<u>\$0</u>	<u>1.0</u>
TOTAL	\$561,042	\$0	\$561,042	\$0	\$0	1.0
FY 2005-06 Appropriation:						
FY 2004-05 Appropriation	\$561,042	\$0	\$561,042	\$0	\$0	1.0
Salary and benefits base adjustments	2,478	0	2,478	0	0	0.0
SB 05-209	<u>\$563,520</u>	<u>\$0</u>	<u>\$563,520</u>	<u>\$0</u>	<u>\$0</u>	<u>1.0</u>
TOTAL	\$563,520	\$0	\$563,520	\$0	\$0	1.0
Increase/(Decrease)	\$2,478	\$0	\$2,478	\$0	\$0	0.0
Percentage Change	0.4%	n/a	0.4%	n/a	n/a	0.0%

SB 05-209 (Long Bill) Issue Descriptions

Salary and benefits base adjustments: The appropriation includes funding to annualize salary survey and anniversary pay increases that were awarded in FY 2004-05.

Integrated Information Services

This subdivision provides automated data processing services to the state courts and probation offices. Major systems supported this division include: (1) the Integrated Colorado On-line Network (ICON), which handles case tracking and financial functions for the trial courts and probation departments; (2) 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; (3) the appellate case tracking system; (4) the court-appointed counsel system; and (5) the state

court administrator's local-area network. Cash funds are from fees and cost recoveries. Cash funds exempt are from federal funds appropriated to other state agencies and transferred to the Judicial Department.

<i>Integrated Information Services</i>						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2004-05 Appropriation:						
HB 04-1422	\$5,868,410	\$4,325,167	\$1,410,000	\$0	\$133,243	42.8
SB 05-115	<u>545,846</u>	<u>220,846</u>	<u>325,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL	\$6,414,256	\$4,546,013	\$1,735,000	\$0	\$133,243	42.8
FY 2005-06 Appropriation:						
FY 2004-05 Appropriation	\$6,414,256	\$4,546,013	\$1,735,000	\$0	\$133,243	42.8
Salary and benefits base adjustments	255,272	255,272	0	0	0	0.0
Grant funding change	85,757	0	0	219,000	(133,243)	0.0
Operating adjustments	(41,622)	(41,622)	0	0	0	0.0
Base reduction	(5,604)	(5,604)	0	0	0	0.0
SB 05-209	<u>\$6,708,059</u>	<u>\$4,754,059</u>	<u>\$1,735,000</u>	<u>\$219,000</u>	<u>\$0</u>	<u>42.8</u>
TOTAL	\$6,708,059	\$4,754,059	\$1,735,000	\$219,000	\$0	42.8
Increase/(Decrease)	\$293,803	\$208,046	\$0	\$219,000	(\$133,243)	0.0
Percentage Change	4.6%	4.6%	0.0%	n/a	-100.0%	0.0%

SB 05-209 (Long Bill) Issue Descriptions

Salary and benefits base adjustments: The appropriation includes funding to annualize salary survey and anniversary pay increases that were awarded in FY 2004-05. The adjustment shown also includes a 0.2 percent personal services base reduction.

Grant funding change: The change is to better reflect anticipated grant receipts.

Operating adjustments: The appropriation contains various changes in centrally-appropriated line items. These centrally-appropriated items include workers' compensation, risk management and property, vehicle lease payments, and legal services. Operating adjustments are a function of recoverable overhead in the Department of Personnel and Administration or the Department of Law, as is the case with legal services, that are allocated to other departments based on a proportionate share of risk or utilization.

Trial Courts

The Trial Courts Division represents the largest portion of the Judicial Department's budget. This division includes 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. 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.

House Bill 01-1075 created 24 new district court judgeships, six per year for four years. Although funding for the new judgeships was provided in FY 2001-02 and FY 2002-03, due to the state's fiscal crisis, none of the new judgeships were funded in FY 2003-04 or FY 2004-05. Funding for six new judgeships was included in the Department's FY 2005-06 appropriation, leaving only six H.B. 01-1075 judgeships unfunded.

Cash funds are from the Judicial Stabilization Fund, the Crime Victim Compensation Funds, the Victims and Witnesses Assistance and Law Enforcement Funds, the Water Adjudication Cash Fund, and various fees and cost recovery charges to those who use the court system. Cash funds exempt are from reserves in the Crime Victim Compensation Funds and in the Victims and Witnesses Assistance and Law Enforcement Funds, federal funds appropriated to other departments and transferred to the Judicial Department, and various gifts, grants, and donations.

Trial Courts						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2004-05 Appropriation:						
HB 04-1021	\$8,377	\$8,377	\$0	\$0	\$0	0.2
HB 04-1256	10,000	0	10,000	0	0	0.0
HB 04-1422	<u>125,149,969</u>	<u>90,687,415</u>	<u>33,783,927</u>	<u>383,469</u>	<u>295,158</u>	<u>1,588.6</u>
TOTAL	\$125,168,346	\$90,695,792	\$33,793,927	\$383,469	\$295,158	1,588.8
FY 2005-06 Appropriation:						
FY 2004-05 Appropriation	\$125,168,346	\$90,695,792	\$33,793,927	\$383,469	\$295,158	1,588.8
Salary and benefits base adjustments	2,957,510	2,969,851	(12,341)	0	0	0.0
New district court judges	2,224,191	1,524,191	700,000	0	0	30.0
Office of Dispute Resolution refinance	806,754	806,754	0	0	0	11.7
Other	1,391,323	(65,677)	466,000	891,000	100,000	0.0
SB 05-209	<u>\$132,548,124</u>	<u>\$95,930,911</u>	<u>\$34,947,586</u>	<u>\$1,274,469</u>	<u>\$395,158</u>	<u>1,630.5</u>
TOTAL	\$132,548,124	\$95,930,911	\$34,947,586	\$1,274,469	\$395,158	1,630.5

Trial Courts						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
Increase/(Decrease)	\$7,379,778	\$5,235,119	\$1,153,659	\$891,000	\$100,000	41.7
Percentage Change	5.9%	5.8%	3.4%	232.4%	33.9%	2.6%

SB 05-209 (Long Bill) Issue Descriptions

Salary and benefits base adjustments: The appropriation includes funding to annualize salary survey and anniversary increases that were awarded in FY 2004-05. The adjustment shown also includes a 0.2 percent personal services base reduction.

New district court judges: The appropriation includes funding for 6.0 new district court judges FTE and 24.0 support staff FTE. The judgeships were created in H.B. 01-1075 and were originally scheduled to be funded in FY 2003-04.

Office of Dispute Resolution refinance: The Office of Dispute Resolution (ODR) appropriation, formerly in the Administration Division, was moved to the Trial Courts Division. The appropriation is for a General Fund appropriation for ODR staff (who will provide scheduling so as to coordinate with the courts), alternate dispute program development, and indigent services. The General Fund appropriation will allow the ODR to be restructured so that participants will pay private mediators directly, rather than the ODR, eliminating the historic need for a cash funds appropriation.

Other: The appropriation also includes funding adjustments to the following programs and line items due to changes in anticipated revenues and expenditures: Sex Offender Surcharge Fund Program; Victims Compensation; Victims Assistance; and Federal Funds and Other Grants.

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 primarily generated by supervision and testing fees charged to probationers. The sources of cash funds are the Offender Services Fund, the Drug Offender Surcharge Fund, the Alcohol and Drug Driving Safety Program Fund, the Sex Offender Surcharge Fund, and various fees and cost recoveries. Cash funds exempt are from reserves from the Alcohol and Drug Driving Safety Program Fund; funds appropriated to other departments and transferred to the Judicial Department; grants from local Victims and Witnesses Assistance and Law Enforcement (VALE) Boards; and gifts, grants, and donations.

Probation and Related Services						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2004-05 Appropriation:						
HB 04-1422	\$61,990,545	\$42,524,836	\$13,603,624	\$4,936,331	\$925,754	990.8
SB 05-115	<u>(862,952)</u>	<u>(163,597)</u>	<u>15,000</u>	<u>(549,355)</u>	<u>(165,000)</u>	<u>(24.3)</u>
TOTAL	\$61,127,593	\$42,361,239	\$13,618,624	\$4,386,976	\$760,754	966.5
FY 2005-06 Appropriation:						
FY 2004-05 Appropriation	\$61,127,593	\$42,361,239	\$13,618,624	\$4,386,976	\$760,754	966.5
New probation officers	2,787,678	2,787,678	0	0	0	56.1
Salary and benefits base adjustments	1,173,557	1,071,932	101,625	0	0	0.0
S.B. 91-94 adjustment	754,355	0	0	754,355	0	0.0
Female Offender Program refinance and expansion	244,258	244,719	238,908	(239,369)	0	4.8
Annualize funding for AISP and JISP probation officers	163,597	163,597	0	0	0	0.0
Interstate compact coordinator	64,204	64,204	0	0	0	1.0
Other	(142,238)	0	(115,602)	(26,636)	0	0.0
SB 05-209	\$66,173,004	\$46,693,369	\$13,843,555	\$4,875,326	\$760,754	1,028.4
TOTAL	\$66,173,004	\$46,693,369	\$13,843,555	\$4,875,326	\$760,754	1,028.4
Increase/(Decrease)	\$5,045,411	\$4,332,130	\$224,931	\$488,350	\$0	61.9
Percentage Change	8.3%	10.2%	1.7%	11.1%	0.0%	6.4%

SB 05-209 (Long Bill) Issue Descriptions

New probation officers: The appropriation provides funding for 56.1 new probation officer FTE.

Salary and benefits base adjustments: The appropriation includes funding to annualize salary survey and anniversary increases that were awarded in FY 2004-05. The adjustment shown also includes a 0.2 percent personal services base reduction.

S.B. 91-94 adjustment: These funds are from the Department of Human Services (DHS), Division of Youth Corrections to fund alternative services to placing juveniles in the physical custody of DHS. The Judicial Department submits a supplemental each year for this line item because it does not know when it develops its budget request what its contract with DHS will be. The increase in funding is to align the appropriation with the Department's best estimate of the likely contract amount.

Female Offender Program refinance and expansion: The appropriation refinances the program with cash fund revenues from the Offender Services Fund instead of reserves in the Sex Offender Services Fund. The appropriation also includes a General Fund appropriation to expand the program by 4.8 FTE.

Annualize funding for AISP and JISP probation officers: The appropriation includes funding to annualize increases provided for Adult and Juvenile Intensive Supervision Probation (AISP and JISP) for ten months in FY 2004-05.

Interstate compact coordinator: The appropriation includes funding for 1.0 FTE to coordinate and facilitate probation transfers under the requirements of the Interstate Compact for the Supervision of Parolees and Probationers.

Other: The appropriation includes funding adjustments to the Sex Offender Intensive Supervision Program Services line item and the Drug Offender Assessment line item due to changes in anticipated revenues and expenditures.

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 sources of cash funds are the Offender Services Fund and training fees. The source of cash funds exempt is federal funds appropriated to the Department of Public Safety and transferred to the Public Defender's Office.

Public Defender						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2004-05 Appropriation:						
HB 04-1422	<u>\$32,593,660</u>	<u>\$32,452,353</u>	<u>\$79,140</u>	<u>\$62,167</u>	<u>\$0</u>	<u>348.9</u>
TOTAL	\$32,593,660	\$32,452,353	\$79,140	\$62,167	\$0	348.9
FY 2005-06 Appropriation:						
FY 2004-05 Appropriation	32,593,660	32,452,353	79,140	62,167	0	348.9
Salary and benefits base adjustments	1,144,071	1,144,071	0	0	0	0.0
Staffing increase due to caseload growth	395,192	395,192	0	0	0	6.0
Discovery, technology, and operating increases	345,325	345,325	0	0	0	0.0
Operating adjustments	323,457	323,457	0	0	0	0.0
Staff increase due to new judges	190,457	190,457	0	0	0	3.0
Other	(71,402)	(19,458)	0	(51,944)	0	0.0
SB 05-209	<u>\$34,920,760</u>	<u>\$34,831,397</u>	<u>\$79,140</u>	<u>\$10,223</u>	<u>\$0</u>	<u>357.9</u>
TOTAL	\$34,920,760	\$34,831,397	\$79,140	\$10,223	\$0	357.9

Public Defender						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
Increase/(Decrease)	\$2,327,100	\$2,379,044	\$0	(\$51,944)	\$0	9.0
Percentage Change	7.1%	7.3%	0.0%	-83.6%	n/a	2.6%

SB 05-209 (Long Bill) Issue Descriptions

Salary and benefits base adjustments: The appropriation includes funding to annualize salary survey and anniversary increases that were awarded in FY 2004-05.

Staffing increase due to caseload growth: The appropriation provides funding for 6.0 FTE to help address caseload growth. The Public Defender's Office had a 7.7 annual average increase in trial and pretrial closings between FY 2000-01 and FY 2003-04 (the most recent year for which actual figures are available).

Discovery, technology, and operating increases: The appropriation provides funding for increases in discovery costs and basic operating expenses, which are increasing due to the 7.7 annual average increase in trial and pretrial closings handled between FY 2000-01 and FY 2003-04 (the most recent year for which actual figures are available). The appropriation also partially restores funding for the Public Defender's Office's information technology plan which was reduced by over 40 percent in FY 2001-02.

Operating adjustments: The appropriation contains various changes in centrally appropriated line items (Short-term Disability, Payment to Government Computing Center, and Multi-use Network Payments). These operating adjustments are a function of recoverable overhead in the Department of Personnel and Administration that are allocated to other departments based on a proportionate share of risk or utilization. This change also includes additional funding for Leased Space for the provision of annual accelerators in lease contracts, costs for renegotiated leases, and the addition of some square footage.

Staff increase due to new judges: The appropriation provides funding for 3.0 new attorney FTE who will cover the new criminal dockets created by the 6.0 new district court judge FTE for which funding is appropriated in the Trial Courts Division.

Other: This category includes a \$19,458 General Fund reduction due to the elimination of a one-time capital outlay appropriation in FY 2004-05, and a \$51,944 cash funds exempt reduction due to a change in anticipated grant receipts.

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. Cash funds are from fees for training provided by the ADC.

Alternate Defense Counsel						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2004-05 Appropriation:						
HB 04-1422	\$12,443,302	\$12,440,302	\$3,000	\$0	\$0	3.0
SB 05-115	<u>463,116</u>	<u>463,116</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$12,906,418	\$12,903,418	\$3,000	\$0	\$0	3.0
FY 2005-06 Appropriation:						
FY 2004-05 Appropriation	\$12,906,418	\$12,903,418	\$3,000	\$0	\$0	3.0
Base increase due to caseload growth	919,933	919,933	0	0	0	0.0
Base personal services increase	41,579	41,579	0	0	0	2.0
Salary and benefits base adjustments	20,672	20,672	0	0	0	0.0
Other	678	678	0	0	0	0.0
SB 05-209	<u>\$13,889,280</u>	<u>\$13,886,280</u>	<u>\$3,000</u>	<u>\$0</u>	<u>\$0</u>	<u>5.0</u>
TOTAL	\$13,889,280	\$13,886,280	\$3,000	\$0	\$0	5.0
Increase/(Decrease)	\$982,862	\$982,862	\$0	\$0	\$0	2.0
Percentage Change	7.6%	7.6%	0.0%	n/a	n/a	66.7%

SB 05-209 (Long Bill) Issue Descriptions

Base increase due to caseload growth: The appropriation includes funding for increases in contract legal services used to hire attorneys when the Public Defender's Office cannot represent an indigent defendant due to a conflict of interest, and the mandated costs associated with those cases. These increases are needed to help address caseload growth, which increased at a rate of 10.2 percent between FY 2003-03 and FY 2003-04.

Base personal services increase: The appropriation provides funding and 1.0 FTE to eliminate the need for contract administrative services. The appropriation also includes a technical correction by providing 1.0 FTE to account for the Deputy Alternate Defense Counsel.

Salary and benefits base adjustments: The appropriation includes funding to annualize salary survey and anniversary increases that were awarded in FY 2004-05.

Other: This category includes a \$767 General Fund increase for Leased Space and an \$89 reduction for the purchase of services from the government computing center.

Office of the Child's Representative

The Office of the Child's Representative (OCR) was created by H.B. 00-1371 and is an independent agency within the Judicial Department. The OCR is responsible for providing legal representation for children involved in the court system due to abuse, neglect, high conflict divorce, or delinquency. In most of the state, legal representation is provided through contract guardians ad-litem (GALs). The lone exception is the El Paso County office, which provides guardian ad-litem services through a centralized office. The source of cash funds exempt is reserves from the Guardian Ad Litem Fund.

Office of the Child's Representative						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2004-05 Appropriation:						
HB 04-1422	\$9,712,015	\$9,684,015	\$0	\$28,000	\$0	4.0
SB 05-115	<u>(\$401,168)</u>	<u>(\$401,168)</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>0.0</u>
TOTAL	\$9,310,847	\$9,282,847	\$0	\$28,000	\$0	4.0
FY 2005-06 Appropriation:						
FY 2004-05 Appropriation	\$9,310,847	\$9,282,847	\$0	\$28,000	\$0	4.0
Salary and benefits base adjustments	8,327	8,327	0	0	0	0.0
Training funding change	0	28,000	0	(28,000)	0	0.0
Operating adjustments	(46)	(46)	0	0	0	0.0
Other	(9,262)	(9,262)	0	0	0	0.0
SB 05-209	<u>\$9,309,866</u>	<u>\$9,309,866</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>4.0</u>
TOTAL	\$9,309,866	\$9,309,866	\$0	\$0	\$0	4.0
Increase/(Decrease)	(\$981)	\$27,019	\$0	(\$28,000)	\$0	0.0
Percentage Change	0.0%	0.3%	n/a	-100.0%	n/a	0.0%

SB 05-209 (Long Bill) Issue Descriptions

Salary and benefits base adjustments: The appropriation includes funding to annualize salary survey and anniversary increases that were awarded in FY 2004-05. The adjustment shown also includes a 0.2 percent personal services base reduction.

Operating adjustments: The appropriation contains a changes to the Office's appropriation for Payments to Computing Center. Operating adjustments are a function of recoverable overhead in the Department of Personnel that are allocated to other departments based on a proportionate share of utilization.

Training funding change: This appropriation eliminates the cash funds exempt spending authority provided to the Office in FY 2004-05 to allow it to utilize the remaining fund balance in the Guardian ad Litem fund, and replaces it with an equal General Fund appropriation.

Other: The category includes a \$4,738 General Fund increase for leased space, and a \$14,000 General Fund reduction due to the elimination of a one-time capital outlay appropriation in FY 2004-05.

Recent Legislation

2004 Session Bills

H.B. 04-1021: Lowers the blood alcohol content (BAC) for the offense of driving under the influence of alcohol from 0.10 grams per 100 ml of blood to 0.08 grams per 100 ml in order to qualify for federal highway funding pursuant to federal requirements contained in 23 USC 163. Allows for "tastings" of alcohol beverages in retail liquor stores and liquor-licensed drugstores, and allows hotel or restaurant customers to reseal and remove from the premises one partially consumed bottle of wine up to 750 milliliters. Appropriates \$8,377 General Fund and 0.2 FTE for the Trial Courts.

H.B. 04-1256: Repeals certain restrictions on water supply agreements, resulting in an increase in water court caseload. Appropriates \$10,000 to the Judicial Department from the Water Adjudication Cash Fund. See Recent Legislation for the Department of Natural Resources for more details.

H.B. 04-1422: General appropriations act for FY 2004-05.

2005 Session Bills

S.B. 05-30: Repeals the repeal date of the Family-friendly Court Program, expands the criteria used by the state court administrator to determine which judicial districts may receive grant moneys under the program services, and clarifies the responsibilities of the judicial districts that have been selected by the administrator to provide those services.

S.B. 05-115: Supplemental appropriations act for FY 2004-05.

S.B. 05-209: General appropriations act for FY 2005-06. Also included adjustments to the FY 2004-05 appropriation.

DEPARTMENT OF LABOR AND EMPLOYMENT

The Department is responsible for: (1) administering state and federal employment and training programs; (2) enforcing state and federal labor laws; (3) operating state regulatory programs for the petroleum industry, school construction and boilers; and (4) 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 Department maintains a comprehensive economic database that can be reached at www.state.co.us.

Department Budget : Recent Appropriations

Funding Source	FY 2002-03	FY 2003-04	FY 2004-05	FY 2005-06
General Fund	\$0	\$0	\$0	\$0
Cash Funds	20,500,058	26,134,315	27,064,568	27,496,475
Cash Funds Exempt	15,707,223	15,252,400	15,812,355	18,867,302
Federal Funds	<u>101,765,032</u>	<u>74,727,828</u>	<u>88,850,265</u>	<u>103,052,769</u>
Total Funds	\$137,972,313	\$116,114,543	\$131,727,188	\$149,416,546
Full Time Equiv. Staff	1,072.0	1,076.4	1,119.8	1,102.0

General Factors Driving the Budget

Funding for this department consists of 18.4 percent cash funds, 12.6 percent cash funds exempt, and 69.0 percent federal funds. There is no General Fund appropriation for the Department of Labor. The 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 Unemployment Insurance Trust Fund, which is maintained by the U.S. government for Colorado. 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. The state maintains a fraud investigation unit, as well as collections specialists, to recapture all varieties of unemployment insurance benefit overpayments.

	FY 2001-02 Actual	FY 2002-03 Actual	FY 2003-04 Actual	FY 2004-05 Estimate	FY 2005-06 Estimate
Number of Initial Claims Established	215,776	264,234	192,419	158,109	132,337
Number of New Employer Accounts	25,737	22,895	22,268	25,826	26,473

	FY 2001-02 Actual	FY 2002-03 Actual	FY 2003-04 Actual	FY 2004-05 Estimate	FY 2005-06 Estimate
Number of Appeals Decisions Rendered	22,940	26,128	28,466	20,168	16,881
Percentage of Cases Involving Fraud	1.1%	0.8%	2.0%	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.

	1998-99 Actual	1999-00 Actual	2000-01 Actual	2001-02 Actual	2002-03 Actual	2003-04 Actual	2004-05 Estimate	2005-06 Estimate
Individuals Served	209,267	194,905	201,323	210,567	307,879	276,849	275,000	270,000
Number Entering Employment	42,941	42,467	37,404	39,415	30,791	143,926	145,000	150,000
Percent Entering Employment	20.5%	21.8%	18.6%	18.7%	10.0%	52.0%	52.7%	55.6%

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 by the state 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.

	FY 2001-02 Actual	FY 2002-03 Actual	FY 2003-04 Actual	FY 2004-05 Estimate	FY 2005-06 Estimate
Applications for Workers' Compensation Hearings	12,828	12,772	10,662	10,500	10,500
Hearings Held	1,422	1,572	1,579	1,035	1,035
Customer Contacts	75,196	70,964	59,708	76,000	76,000
Work Related Accident Cost Reduction (savings)	\$12,989,877	\$12,114,835	\$16,793,562	\$11,000,000	\$11,000,000

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 1,325 of these cases still open as of July 1, 2005. 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 412 open cases as of July 1, 2005. The Major Medical and Subsequent Injury programs are continuously appropriated.

Summary of FY 2004-05 and FY 2005-06 Appropriations

Department of Labor and Employment						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2004-05 Total Appropriation:	\$131,727,188	\$0	\$27,064,568	\$15,812,355	\$88,850,265	1,119.8
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Executive Director's Office	24,671,223	0	8,082,023	1,476,611	15,112,589	169.4
Division of Employment and Training	80,781,061	0	6,940,354	654,418	73,186,289	755.3
Division of Labor	813,602	0	813,602	0	0	13.5
Division of Oil and Public Safety	3,835,653	0	2,968,253	316,013	551,387	53.3
Division of Workers' Compensation	21,625,649	0	8,260,336	13,365,313	0	128.3
<u>Breakdown of Total Appropriation by Bill</u>						
HB 04-1422	131,740,753	0	27,113,582	15,797,544	88,829,627	1,119.8
SB 05-116	(13,565)	0	(49,014)	14,811	20,638	0.0
FY 2005-06 Total Appropriation:	\$149,416,546	\$0	\$27,496,475	\$18,867,302	\$103,052,769	1,102.0
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Executive Director's Office	25,721,301	0	9,188,325	1,624,652	14,908,324	165.2
Division of Employment and Training	95,970,839	0	7,653,875	723,906	87,593,058	743.2
Division of Labor	835,444	0	835,444	0	0	12.0
Division of Oil and Public Safety	4,920,414	0	1,182,838	3,186,189	551,387	53.3
Division of Workers' Compensation	21,968,548	0	8,635,993	13,332,555	0	128.3
<u>Breakdown of Total Appropriation by Bill</u>						
SB 05-209	148,316,546	0	29,277,803	15,985,974	103,052,769	1,102.0
SB 05-039	1,000,000	0	(1,881,328)	2,881,328	0	0.0
HB 05-1208	100,000	0	100,000	0	0	0.0
Increase/(Decrease)	\$17,689,358	\$0	\$431,907	\$3,054,947	\$14,202,504	(17.8)
Percentage Change	13.4%	n/a	1.6%	19.3%	16.0%	-1.6%

FY 2005-06 Appropriation Highlights:

1. Provides an increase of \$14.6 million for the Workforce Investment Act line item, which includes \$12 million attributed to a one-time allocation of federal funds for dislocated workers.
2. Pursuant to S.B. 05-039, provides an increase of \$1.0 million to the Division of Oil and Public Safety for increased costs from the Petroleum Storage Tank Fund. See the "Recent Legislation" section at the end of this department for additional information.
3. Provides funding from various sources for the Department's computer hardware replacement program at a cost of \$265,948.
4. Decreases legal services, the appropriated hours for the subsequent injury program has been reduced by 1,400 hours.

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.

Executive Director's Office						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2004-05 Appropriation:						
HB 04-1422	\$24,573,362	\$0	\$8,008,459	\$1,472,952	\$15,091,951	169.4
SB 05-116	<u>97,861</u>	<u>0</u>	<u>73,564</u>	<u>3,659</u>	<u>20,638</u>	<u>0.0</u>
TOTAL	\$24,671,223	\$0	\$8,082,023	\$1,476,611	\$15,112,589	169.4

Executive Director's Office						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Appropriation:						
FY 2004-05 Appropriation	\$24,671,223	\$0	\$8,082,023	\$1,476,611	\$15,112,589	169.4
Salary and benefits adjustments	554,499	0	584,166	78,184	(107,851)	(4.2)
Indirect Cost Assessment	280,184	0	295,174	39,506	(54,496)	0.0
Information Technology Asset Maintenance	265,948	0	280,176	37,499	(51,727)	0.0
Adjustments for central appropriations	70,643	0	74,467	9,941	(13,765)	0.0
Utilities	55,189	0	58,141	7,781	(10,733)	0.0
Leased Space	(176,385)	0	(185,822)	(24,870)	34,307	0.0
SB 05-209	<u>\$25,721,301</u>	<u>\$0</u>	<u>\$9,188,325</u>	<u>\$1,624,652</u>	<u>\$14,908,324</u>	<u>165.2</u>
TOTAL	\$25,721,301	\$0	\$9,188,325	\$1,624,652	\$14,908,324	165.2
Increase/(Decrease)	\$1,050,078	\$0	\$1,106,302	\$148,041	(\$204,265)	(4.2)
Percentage Change	4.3%	n/a	13.7%	10.0%	-1.4%	-2.5%

SB 05-209 (Long Bill) Issue Descriptions

Salary and benefits adjustments: The appropriation includes increases of \$636,485 for salary survey FY 2005-06 payments, \$405,292 for health, life, and dental payments, \$165,866 for PERA amortization equalization disbursements beginning January 1, 2006, and \$49,328 for the annualization of FY 2004-05 salary survey and performance-based pay awards. These increases are partially offset by the decrease of \$705,388 in performance-based pay awards pursuant to the Joint Budget Committee common policy of not funding these awards in FY 2005-06.

Indirect Cost Assessment: The appropriation reflects the increase in statewide indirect cost recoveries collected by the Finance and Procurement division in the Department of Personnel and Administration, from the Department.

Information Technology Asset Maintenance: The appropriation funds the Department's computer hardware replacement program.

Adjustments for central appropriations: The appropriations reflect changes in the rates approved for workers' compensation, risk management and property, vehicle lease payments, legal services, and other centrally appropriated line items. The amount includes increases of \$124,860 for workers' compensation and \$22,158 for legal services, partially offset by decreases of \$59,690 for purchase of services from computer center and \$11,241 for multi-use network payments.

Utilities: The appropriation provides for additional costs related to the addition of 40,000 square feet.

Leased Space: The appropriation includes a decrease of \$176,385, to reflect the reduction in leased space at 1515 Arapahoe, due to the relocation of the unemployment insurance program staff.

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 detection; (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 Workforce Investment Act grants and other federal grants designated for unemployment programs.

Division of Employment and Training						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2004-05 Appropriation:						
HB 04-1422	<u>\$80,781,061</u>	<u>\$0</u>	<u>\$6,940,354</u>	<u>\$654,418</u>	<u>\$73,186,289</u>	<u>755.3</u>
TOTAL	\$80,781,061	\$0	\$6,940,354	\$654,418	\$73,186,289	755.3
FY 2005-06 Appropriation:						
FY 2004-05 Appropriation	\$80,781,061	\$0	\$6,940,354	\$654,418	\$73,186,289	755.3
Workforce Investment Act	14,643,548	0	0	0	14,643,548	5.5
State Operations	1,182,058	0	190,429	3	991,626	9.0
Trade Adjustment Act Assistance	206,108	0	0	0	206,108	0.0
One Stop County Contracts	110,853	0	0	0	110,853	(11.7)
Program Costs	<u>(1,052,789)</u>	<u>0</u>	<u>423,092</u>	<u>69,485</u>	<u>(1,545,366)</u>	<u>(14.9)</u>
SB 05-209	\$95,870,839	\$0	\$7,553,875	\$723,906	\$87,593,058	743.2
HB 05-1208	<u>100,000</u>	<u>0</u>	<u>100,000</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$95,970,839	\$0	\$7,653,875	\$723,906	\$87,593,058	743.2
Increase/(Decrease)	\$15,189,778	\$0	\$713,521	\$69,488	\$14,406,769	(12.1)
Percentage Change	18.8%	n/a	10.3%	10.6%	19.7%	-1.6%

SB 05-209 (Long Bill) Issue Descriptions

Workforce Investment Act: The appropriation reflects an increase of \$14.6 million, including \$12 million for a one time allocation of federal funds for dislocated workers.

State Operations: The appropriation includes a 9.0 FTE increase for employment and training programs to increase services.

Trade Adjustment Act Assistance: The appropriation includes a \$206,108 increase in federal funding.

Stop County Contracts: The appropriation includes a \$110,853 increase in federal funding.

Program Costs: The appropriation reflects a total reduction to the line item of \$1,052,789 and 14.9 FTE, to both the unemployment insurance and labor market programs.

Additional legislation: For information on additional legislation, see the "Recent Legislation" section at the end of this department.

Division of Labor

Pursuant to H.B. 01-1373, the Division of Labor 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 that 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.

Division of Labor						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2004-05 Appropriation:						
HB 04-1422	<u>\$813,602</u>	<u>\$0</u>	<u>\$813,602</u>	<u>\$0</u>	<u>\$0</u>	<u>13.5</u>
TOTAL	\$813,602	\$0	\$813,602	\$0	\$0	13.5
FY 2005-06 Appropriation:						
FY 2004-05 Appropriation	\$813,602	\$0	\$813,602	\$0	\$0	13.5
Program Costs	21,842	0	21,842	0	0	(1.5)
SB 05-209	<u>\$835,444</u>	<u>\$0</u>	<u>\$835,444</u>	<u>\$0</u>	<u>\$0</u>	<u>12.0</u>
TOTAL	\$835,444	\$0	\$835,444	\$0	\$0	12.0
Increase/(Decrease)	\$21,842	\$0	\$21,842	\$0	\$0	(1.5)
Percentage Change	2.7%	n/a	2.7%	n/a	n/a	-11.1%

SB 05-209 (Long Bill) Issue Descriptions

Program Costs: The appropriation includes increases in personal services and operating expenses from FY 2004-05.

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.

Division of Oil and Public Safety						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2004-05 Appropriation:						
HB 04-1422	\$3,824,501	\$0	\$2,968,253	\$304,861	\$551,387	53.3
SB 05-116	<u>11,152</u>	<u>0</u>	<u>0</u>	<u>11,152</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$3,835,653	\$0	\$2,968,253	\$316,013	\$551,387	53.3
FY 2005-06 Appropriation:						
FY 2004-05 Appropriation	\$3,835,653	\$0	\$2,968,253	\$316,013	\$551,387	53.3
Salary survey and performance-based pay awards	95,913	0	95,913	0	0	0.0
Operating expense	(11,152)	0	0	(11,152)	0	0.0
SB 05-209	\$3,920,414	\$0	\$3,064,166	\$304,861	\$551,387	53.3
SB 05-039	<u>1,000,000</u>	<u>0</u>	<u>(1,881,328)</u>	<u>2,881,328</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$4,920,414	\$0	\$1,182,838	\$3,186,189	\$551,387	53.3
Increase/(Decrease)	\$1,084,761	\$0	(\$1,785,415)	\$2,870,176	\$0	0.0
Percentage Change	28.3%	n/a	-60.2%	908.2%	0.0%	0.0%

SB 05-209 (Long Bill) Issue Descriptions

Salary survey and performance-based pay awards: The appropriation includes an additional \$95,913 which represents the salary survey and performance-based pay awards allocated to the division in FY 2004-05.

Operating expense: The appropriation includes a decrease of \$11,152 from FY 2004-05.

Additional legislation: For information on additional legislation, see the "Recent Legislation" section at the end of this department.

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 Office of Administrative Courts in the Department of Personnel and Administration 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 1,325 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 412 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.

Division of Worker's Compensation						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2004-05 Appropriation:						
HB 04-1422	\$21,748,227	\$0	\$8,382,914	\$13,365,313	\$0	128.3
SB 05-116	<u>(122,578)</u>	<u>0</u>	<u>(122,578)</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$21,625,649	\$0	\$8,260,336	\$13,365,313	\$0	128.3

Division of Worker's Compensation						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Appropriation:						
FY 2004-05 Appropriation	\$21,625,649	\$0	\$8,260,336	\$13,365,313	\$0	128.3
Administrative Law Judge Services	215,340	0	206,962	8,378	0	0.0
Salary survey and performance-based pay awards	209,650	0	168,695	40,955	0	0.0
Legal Services	(82,091)	0	0	(82,091)	0	0.0
SB 05-209	<u>\$21,968,548</u>	<u>\$0</u>	<u>\$8,635,993</u>	<u>\$13,332,555</u>	<u>\$0</u>	<u>128.3</u>
TOTAL	\$21,968,548	\$0	\$8,635,993	\$13,332,555	\$0	128.3
Increase/(Decrease)	\$342,899	\$0	\$375,657	(\$32,758)	\$0	0.0
Percentage Change	1.6%	n/a	4.5%	-0.2%	n/a	0.0%

SB 05-209 (Long Bill) Issue Descriptions

Administrative Law Judge Services: The appropriation reflects the rate approved for administrative law judge services by the General Assembly.

Salary survey and performance-based pay awards: The appropriation includes an additional \$209,650 that represents the salary increases and performance-based pay awards allocated to the division in FY 2004-05.

Legal Services: The appropriation includes a projected decrease of 1,400 hours for subsequent injury legal services.

Recent Legislation

2004 Session Bills

S.B. 04-23: Defines "wages" for the purpose of the unemployment insurance program to exclude payments made by employers for supplemental unemployment insurance.

S.B. 04-226: Directs the Division of Oil and Public Safety to conduct a criminal history check on all applicants for an explosives permit and appropriates \$2,963 to the Colorado Bureau of Investigation for this purpose.

S.B. 04-249: Provides a statement of legislative intent regarding liability for workers' compensation between contracting business entities.

H.B. 04-1068: Alters rights and liability for costs between parties to a subornation claim in a workers' compensation case.

H.B. 04-1090: Addresses the liability of independent construction contractors to provide workers' compensation coverage for all employees.

H.B. 04-1324: Supplemental appropriations for the Department of Labor and Employment for FY 2003-04. Includes a FY 2002-03 add-on to extend spending authority for the Reed Act Distribution to One-Stop Employment Centers.

H.B. 04-1422: General appropriations act for FY 2004-05.

2005 Session Bills

S.B. 05-039: Declares the Petroleum Storage Tank Fund (PSTF) to be an enterprise fund exempt from TABOR limits, allows the executive director of the Department of Labor and Employment to issue bonds, and changes the liability limits and fee structure of the Fund. For FY 2005-06, appropriates \$1,000,000 cash funds exempt from the PSTF to the Division of Oil and Public Safety for increased costs. In addition, decreases the cash funds appropriation by \$1,881,328 from the PSTF, and increases the cash funds exempt appropriation by \$1,881,328 from the PSTF.

S.B. 05-075: Allows owners and operators of petroleum storage tanks on fee lands, not regulated by the Department of Labor and Employment, to apply for reimbursement from the Petroleum Storage Tank Fund (PSTF) for the clean-up of leaking tanks if they have met certain criteria. Permits owners and operators who have previously been denied access to the PSTF to reapply. Extends the use of the PSTF to demonstrate compliance with federal regulations for tank owners and operators on fee lands. Defines fee lands as land owned within the Southern Ute Reservations in Colorado.

S.B. 05-116: Supplemental appropriation for the Department of Labor and Employment for FY 2004-05.

S.B. 05-209: General appropriations act for FY 2005-06.

H.B. 05-1092: Changes method for determining the unemployment insurance (UI) tax rate for an entity that acquires the business of an employer subject to the "Colorado Employment Security Act." Requires the Division of Employment and Training to use objective factors when determining whether the business was acquired solely or primarily for obtaining a lower UI tax rate. Establishes civil and criminal penalties for violating, or attempting to violate these provisions.

H.B. 05-1105: In general, individuals receiving unemployment benefits must be actively seeking employment. This bill provides an exception of 15 business days to this requirement for certain victims of domestic abuse.

H.B. 05-1139: Strengthens the authority of the Division of Workers' Compensation to collect penalties from employers who repeatedly and wilfully violate requirements to maintain workers' compensation insurance. Specifies penalties for violations. Clarifies the division's authority to penalize carriers for overall noncompliance with the claims adjusting requirements. Requires summary reporting by employers of occupational diseases that do not involve lost time. Requires notices of admission or denial of liability to be filed within 20 days after a claim was or should have been filed with the division.

H.B. 05-1208: Changes the way the Unemployment Insurance (UI) solvency tax is calculated for 2006 through 2009. Specifies condition for crediting back to employers incremental increases caused by the solvency ratio falling below 0.9 percent. Reduces the solvency tax rate relative to current law beginning in 2006, and causes the solvency tax to be collected for 2009. Net impact is a cash funds revenue reduction of \$50.8 million for FY 2005-06 and \$112.3 million for FY 2006-07. For FY 2005-06, appropriates \$100,000 cash funds to the Department for programming costs.

H.B. 05-1265: Specifies that spouses of military personnel who quit a job to relocate due to the military spouse's transfer for medical-related purposes are eligible for Unemployment Insurance (UI) benefits.

DEPARTMENT OF LAW (Attorney General's Office)

The Attorney General's Office serves as chief legal counsel for the state's various agencies and departments. The Department represents the state of Colorado 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 Long Bill divisions: Administration, Legal Services to State Agencies, Criminal Justice and Appellate, Water and Natural Resources, Consumer Protection, and Special Purpose.

Department Budget: Recent Appropriations

Funding Source	FY 2002-03	FY 2003-04	FY 2004-05	FY 2005-06
General Fund	\$7,983,548	\$6,543,957	\$6,818,152	\$7,130,521
Cash Funds	1,059,195	2,413,554	3,256,881	3,298,387
Cash Funds Exempt	24,036,952	23,754,809	58,606,689	24,221,351
Federal Funds	<u>824,296</u>	<u>800,790</u>	<u>825,298</u>	<u>849,420</u>
Total Funds	\$33,903,991	\$33,513,110	\$69,507,020	\$35,499,679
Full Time Equiv. Staff	341.2	335.7	337.3	338.7

General Factors Driving the Budget

In FY 2005-06, funding for this department consists of 20.1 percent General Fund, 9.3 percent cash funds, 68.2 percent cash funds exempt, and 2.4 percent federal funds.

Legal Services to State Agencies

In FY 2005-06, the provision of legal services to state agencies will cost roughly \$18.6 million (including centrally-appropriated line items) and represents 54.3 percent of the Department of Law's budget. As shown below, six departments typically account for more than three-quarters of total legal services expenditures.

Legal Services Expenditures by State Agency

	FY 2001-02 Actual	FY 2002-03 Actual	FY 2003-04 Actual	FY 2004-05 Appropriation	FY 2005-06 Appropriation
Regulatory Agencies	\$4,867,117	\$4,914,917	\$4,984,120	\$5,219,104	\$5,463,233
Natural Resources	2,134,532	2,246,550	2,229,281	2,258,757	2,336,506
Personnel & Administration	2,142,488	2,130,381	2,152,987	2,172,928	2,274,569
Public Health & Environment	1,541,077	1,464,852	1,464,533	1,637,269	1,778,304
Corrections	1,086,653	1,007,912	959,650	1,091,451	1,107,661
Human Services	1,183,866	1,125,465	1,050,906	1,135,289	1,188,394
Other	<u>4,734,084</u>	<u>4,997,135</u>	<u>4,745,487</u>	<u>5,146,392</u>	<u>4,436,522</u>
Total	\$17,689,817	\$17,887,212	\$17,586,964	\$18,661,190	\$18,585,189

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. Criminal Justice and Appellate represents nearly 47.4 percent of the Department's total General Fund appropriation for FY 2005-06.

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 River compact. 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.

Summary of FY 2004-05 and FY 2005-06 Appropriations

Department of Law						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2004-05 Total Appropriation:	\$69,507,020	\$6,818,152	\$3,256,881	\$58,606,689	\$825,298	337.3
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Administration	5,761,785	1,074,249	211,726	4,409,598	66,212	38.7
Legal Services to State Agencies	16,848,012	0	520,000	16,328,012	0	194.8
Criminal Justice and Appellate	5,990,804	3,110,262	1,440,991	680,465	759,086	65.0
Water and Natural Resources	1,632,993	613,989	0	1,019,004	0	9.8
Consumer Protection	2,344,109	677,664	1,084,164	582,281	0	29.0
Special Purpose	36,929,317	1,341,988	0	35,587,329	0	0.0
<u>Breakdown of Total Appropriation by Bill</u>						
SB 04-176	3,040	0	0	3,040	0	0.0
SB 04-225	8,511	0	0	8,511	0	0.0
SB 04-257	5,471	0	0	5,471	0	0.0
HB 04-1309	1,500	0	0	1,500	0	0.0
HB 04-1362	5,000	0	0	5,000	0	0.0
HB 04-1422	34,623,907	6,856,156	3,222,094	23,722,066	823,591	337.3
SB 05-117	63,462	(38,004)	34,787	64,972	1,707	0.0
SB 05-226	34,796,129	0	0	34,796,129	0	0.0

Department of Law						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Total Appropriation:	\$35,499,679	\$7,130,521	\$3,298,387	\$24,221,351	\$849,420	338.7
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Administration	6,237,891	1,202,483	221,471	4,742,872	71,065	38.7
Legal Services to State Agencies	17,108,075	0	520,000	16,588,075	0	192.2
Criminal Justice and Appellate	6,269,439	3,378,980	1,425,389	686,715	778,355	68.0
Water and Natural Resources	1,760,117	518,908	0	1,241,209	0	9.8
Consumer Protection	2,466,682	697,675	1,131,527	637,480	0	30.0
Special Purpose	1,657,475	1,332,475	0	325,000	0	0.0
<u>Breakdown of Total Appropriation by Bill</u>						
SB 05-209	35,465,384	7,130,521	3,298,387	24,187,056	849,420	338.7
SB 05-155	739	0	0	739	0	0.0
HB 05-1126	3,694	0	0	3,694	0	0.0
HB 05-1130	27,707	0	0	27,707	0	0.0
HB 05-1227	2,155	0	0	2,155	0	0.0
Increase/(Decrease)	(\$34,007,341)	\$312,369	\$41,506	(\$34,385,338)	\$24,122	1.4
Percentage Change	-48.9%	4.6%	1.3%	-58.7%	2.9%	0.4%

FY 2005-06 Appropriation Highlights:

1. A salary survey increase of five percent for exempt employees totaling \$444,998 across all funding sources. This is higher than the JBC common policy of three percent for other departments.
2. The addition of 1.0 FTE in the Special Prosecutions Unit, 2.0 FTE in the Securities Fraud Unit, and 1.0 FTE in the Collection Agency Board totaling \$183,122 across all funding sources. These are partially offset by a decrease of 2.6 FTE and \$182,737 cash funds exempt for the Legal Services to State Agencies (LSSA) program.
3. The addition of \$137,500 cash funds exempt in the Water and Natural Resources Unit to begin litigating natural resource damages (NRDs) at the Rocky Mountain Arsenal.
4. The elimination of an appropriation in the amount of \$34.8 million cash funds exempt to pay damages to the State of Kansas in Kansas v. Colorado for specific violations of the Arkansas River Compact.
5. The elimination of funding for Trinidad Correctional Facility construction litigation totaling \$466,200 cash funds exempt.

Detail of Appropriation by Administrative Section

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, and text management. Cash funds and cash funds exempt sources consist of indirect cost recoveries used to offset general administrative expenses associated with various departmental programs. Federal fund dollars represent centralized appropriations for the Medicaid Fraud Control Unit.

Administration						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2004-05 Appropriation:						
HB 04-1422	\$5,805,991	\$1,112,253	\$217,148	\$4,412,085	\$64,505	38.7
SB 05-117	<u>(44,206)</u>	<u>(38,004)</u>	<u>(5,422)</u>	<u>(2,487)</u>	<u>1,707</u>	<u>0.0</u>
TOTAL	\$5,761,785	\$1,074,249	\$211,726	\$4,409,598	\$66,212	38.7
FY 2005-06 Appropriation:						
FY 2004-05 Appropriation	\$5,761,785	\$1,074,249	\$211,726	\$4,409,598	\$66,212	38.7
Salary Survey for Exempt Employees	444,998	97,151	7,933	335,830	4,084	0.0
Health, Life, and Dental	105,346	44,452	(1,078)	60,425	1,547	0.0
Salary Survey for Classified Employees	80,679	37,076	12,298	26,740	4,565	0.0
Capitol Complex Leased Space	80,490	17,816	9,140	51,781	1,753	0.0
Salary and benefits adjustments	63,302	63,302	0	0	0	0.0
Fund mix adjustment	0	(85,300)	0	85,300	0	0.0
Elimination of Performance-based Pay	(285,756)	(76,839)	(14,910)	(186,326)	(7,681)	0.0
Other 'POTS' adjustments	(12,953)	30,576	(3,638)	(40,476)	585	0.0
SB 05-209	<u>\$6,237,891</u>	<u>\$1,202,483</u>	<u>\$221,471</u>	<u>\$4,742,872</u>	<u>\$71,065</u>	<u>38.7</u>
TOTAL	\$6,237,891	\$1,202,483	\$221,471	\$4,742,872	\$71,065	38.7
Increase/(Decrease)	\$476,106	\$128,234	\$9,745	\$333,274	\$4,853	0.0
Percentage Change	8.3%	11.9%	4.6%	7.6%	7.3%	0.0%

SB 05-209 (Long Bill) Issue Descriptions

Salary Survey for Exempt Employees: These amounts reflect the total increase necessary to provide a salary survey of five percent for all exempt employees in the Department. This appropriation represents an exception to the JBC common policy for a salary survey of three percent for all State employees.

Health, Life, and Dental: These amounts reflect the common policy approved by the JBC to increase contributions between 6.2 percent and 9.6 percent depending on the tier of elected coverage.

Salary Survey for Classified Employees: These amounts reflect the common policy of three percent approved by the JBC for this line item.

Capitol Complex Leased Space: These amounts reflect the rates approved by the JBC for this line item; however, the appropriation includes an additional 7,620 square feet that the Department of Personnel and Administration is vacating at 1525 Sherman Street.

Salary and benefits adjustments: These amounts reflect salary survey of \$43,302 and performance-based pay of \$20,000 distributed in FY 2004-05.

Fund mix adjustment: This line represents changes to the Department's indirect cost recovery plan for FY 2005-06, which fluctuates according to various cash and cash exempt sources that can be charged for departmental overhead.

Elimination of Performance-based Pay: This is consistent with the JBC common policy to eliminate the distribution of performance-based pay in FY 2005-06.

Other 'POTS' adjustments: These amounts summarize changes to other centrally-appropriated line items ('POTS') through common policies approved by the JBC. Such line items include short-term disability, amortization equalization disbursement for S.B. 04-257, workers' compensation, purchase of services from computer center, payments to risk management and property funds, and vehicle lease payments.

Legal Services to State Agencies

This division receives appropriations for attorneys, paralegals, and other support personnel who provide legal services to state agencies, as well as to other state enterprises such as: the Public Employees Retirement Association, Correctional Industries, the State Lottery, and the Auraria Higher Education Center. Under the Oregon Plan, legal services are provided on a fee-for-service basis. In FY 2005-06, the Department anticipates providing 298,620 hours of legal services to state agencies and enterprises through the Legal Services to State Agencies (LSSA) program at a blended legal rate of \$64.45 per hour. This is a 4.7 percent increase over the blended legal rate of \$61.57 per hour in FY 2004-05. The Division's cash funds appropriation represents moneys earned through the provision of legal services to state enterprises, while the cash funds exempt appropriation reflects revenue 'earned' from state agencies.

Legal Services to State Agencies						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2004-05 Appropriation:						
SB 04-176	\$3,040	\$0	\$0	\$3,040	\$0	0.0
SB 04-225	8,511	0	0	8,511	0	0.0
SB 04-257	5,471	0	0	5,471	0	0.0
HB 04-1309	1,500	0	0	1,500	0	0.0

Legal Services to State Agencies						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
HB 04-1362	5,000	0	0	5,000	0	0.0
HB 04-1422	16,762,223	0	520,000	16,242,223	0	194.8
SB 05-117	<u>62,267</u>	<u>0</u>	<u>0</u>	<u>62,267</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$16,848,012	\$0	\$520,000	\$16,328,012	\$0	194.8
FY 2005-06 Appropriation:						
FY 2004-05 Appropriation	\$16,848,012	\$0	\$520,000	\$16,328,012	\$0	194.8
Salary and benefits adjustments	469,481	0	0	469,481	0	0.0
Indirect Cost Assessment adjustment	56,492	0	0	56,492	0	0.0
Legal rate reconciliation	(259,705)	0	0	(259,705)	0	(2.6)
Operating and Litigation	(40,500)	0	0	(40,500)	0	0.0
SB 05-209	\$17,073,780	\$0	\$520,000	\$16,553,780	\$0	<u>192.2</u>
SB 05-155	739	0	0	739	0	0.0
HB 05-1126	3,694	0	0	3,694	0	0.0
HB 05-1130	27,707	0	0	27,707	0	0.0
HB 05-1227	<u>2,155</u>	<u>0</u>	<u>0</u>	<u>2,155</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$17,108,075	\$0	\$520,000	\$16,588,075	\$0	192.2
Increase/(Decrease)	\$260,063	\$0	\$0	\$260,063	\$0	(2.6)
Percentage Change	1.5%	n/a	0.0%	1.6%	n/a	-1.3%

SB 05-209 (Long Bill) Issue Descriptions

Salary and benefits adjustments: These amounts reflect salary survey of \$296,942 and performance-based pay of \$172,539 distributed in FY 2004-05.

Indirect Cost Assessment adjustment: Where applicable, these recoveries offset General Fund expenses in the Administration section. This amount increased by \$56,492 for the LSSA program in FY 2005-06.

Legal rate reconciliation: This amount reflects a decrease of \$182,737 for personal services pertaining to the calculation of the statewide blended rate for legal services. It also includes the elimination of \$48,022 for special bills, as well as a 0.2 percent personal services base reduction of \$27,870 as approved by the JBC for all programs.

Operating and Litigation: This amount reflects the elimination of \$25,500 for special bills, and a reduction of \$15,000 to better reflect anticipated expenses in FY 2005-06.

Additional legislation: For information on special bills adopted during the 2005 session, see the "Recent Legislation" section at the end of the Department of Law.

Criminal Justice and Appellate

The Criminal Justice and Appellate section includes the following programs:

- **Special Prosecution Unit** - Investigates and prosecutes various legal issues including securities, insurance, and workers' compensation fraud; gang-related criminal activity; misappropriation of state funds; and environmental crimes. This unit also coordinates the activities of the state's grand jury and works with the Mexican government to prosecute fugitives under Article IV of Mexico's penal code.
- **Appellate Unit** - Represents 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 in 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** - Responsible for the training and certification of peace officers appointed by state and local law enforcement agencies.

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 moneys to operate the Medicaid Fraud Control Unit.

Criminal Justice and Appellate						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2004-05 Appropriation:						
HB 04-1422	\$5,945,403	\$3,110,262	\$1,400,782	\$675,273	\$759,086	65.0
SB 05-117	<u>45,401</u>	<u>0</u>	<u>40,209</u>	<u>5,192</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$5,990,804	\$3,110,262	\$1,440,991	\$680,465	\$759,086	65.0
FY 2005-06 Appropriation:						
FY 2004-05 Appropriation	\$5,990,804	\$3,110,262	\$1,440,991	\$680,465	\$759,086	65.0
Securities Fraud Unit	436,519	113,806	0	322,713	0	5.6
Insurance Fraud Unit	233,071	0	0	233,071	0	2.6

Criminal Justice and Appellate						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
Salary and benefits adjustments	176,726	123,169	12,731	19,254	21,572	0.0
Special Prosecutions Unit adjustments	(520,586)	39,099	6,099	(565,784)	0	(5.2)
Other changes	(35,118)	(849)	(31,767)	(1,760)	(742)	0.0
JBC Personal Services reduction	(11,977)	(6,507)	(2,665)	(1,244)	(1,561)	0.0
SB 05-209	<u>\$6,269,439</u>	<u>\$3,378,980</u>	<u>\$1,425,389</u>	<u>\$686,715</u>	<u>\$778,355</u>	<u>68.0</u>
TOTAL	\$6,269,439	\$3,378,980	\$1,425,389	\$686,715	\$778,355	68.0
Increase/(Decrease)	\$278,635	\$268,718	(\$15,602)	\$6,250	\$19,269	3.0
Percentage Change	4.7%	8.6%	-1.1%	0.9%	2.5%	4.6%

SB 05-209 (Long Bill) Issue Descriptions

Securities Fraud Unit: The appropriation reflects separating this unit from the Special Prosecutions Unit to increase accountability. This expands the previous Long Bill structure for the Division, but does not affect the number of unit FTE or its funding. These amounts also include the addition of 2.0 FTE and \$113,806 General Fund to strengthen the investigative capabilities of the Securities Fraud Unit.

Insurance Fraud Unit: The Long Bill appropriation reflects separating this unit from the Special Prosecutions Unit to increase accountability. This expands the previous Long Bill structure for the Division, but does not affect the number of unit FTE or its funding.

Salary and benefits adjustments: These amounts reflect salary survey of \$117,083 and performance-based pay of \$59,643 distributed in FY 2004-05.

Special Prosecutions Unit adjustments: These amounts include the addition of a legal assistant at an annual salary of \$25,198, and a transfer of spending authority to better reflect the sources of operating expenses for this program. There is also a reduction of \$555,784 cash funds exempt to separate the insurance and securities fraud units into separate Long Bill line items as previously described.

Other changes: These include the elimination of \$45,401 for special bills, as well as an increase to indirect cost recoveries of \$10,262.

JBC Personal Services reduction: This amount represents a common policy approved by the Joint Budget Committee to reduce the personal services base appropriation for all programs by 0.2 percent.

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.
- **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 Section 25-16-104.5 (3.5), C.R.S.

Water and Natural Resources						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2004-05 Appropriation:						
HB 04-1422	<u>\$1,632,993</u>	<u>\$613,989</u>	<u>\$0</u>	<u>\$1,019,004</u>	<u>\$0</u>	<u>9.8</u>
TOTAL	\$1,632,993	\$613,989	\$0	\$1,019,004	\$0	9.8
FY 2005-06 Appropriation:						
FY 2004-05 Appropriation	\$1,632,993	\$613,989	\$0	\$1,019,004	\$0	9.8
Recovery of natural resource damages (NRDs) at Rocky Mountain Arsenal	137,500	0	0	137,500	0	0.0
Salary and benefits adjustments	24,599	15,883	0	8,716	0	0.0
Adjustment for S.B. 03-280	0	(58,611)	0	58,611	0	0.0
Elimination of Consultant Expenses	(25,000)	(25,000)	0	0	0	0.0
Other changes	(9,975)	(27,353)	0	17,378	0	0.0
SB 05-209	<u>\$1,760,117</u>	<u>\$518,908</u>	<u>\$0</u>	<u>\$1,241,209</u>	<u>\$0</u>	<u>9.8</u>
TOTAL	\$1,760,117	\$518,908	\$0	\$1,241,209	\$0	9.8
Increase/(Decrease)	\$127,124	(\$95,081)	\$0	\$222,205	\$0	0.0
Percentage Change	7.8%	-15.5%	n/a	21.8%	n/a	0.0%

SB 05-209 (Long Bill) Issue Descriptions

Recovery of natural resource damages (NRDs) at Rocky Mountain Arsenal: These moneys will hire technical experts to collect and assemble preliminary data to pursue the recovery of NRDs at the Rocky Mountain Arsenal against Shell Oil and the United States Army. The source of funds is the Hazardous Substance Response Fund.

Salary and benefits adjustments: These amounts reflect salary survey of \$15,404 and performance-based pay of \$9,195 distributed in FY 2004-05.

Adjustment for S.B. 03-280: This adjustment is related to increased revenue from a surcharge on tipping fees created by this legislation.

Elimination of Consultant Expenses: No appropriations are necessary for this line item in FY 2005-06, which typically represents moneys paid for expert witness testimony on water rights litigation.

Other changes: These changes include an increase of \$1,693 for indirect cost recoveries, personal services base reductions of \$1,668, and a total decrease of \$10,000 to fund the defense of the Arkansas River Compact.

Consumer Protection

The Consumer Protection section includes the following programs:

- **Antitrust Program** - Investigates and prosecutes antitrust violations including price fixing, bid rigging, and attempts to monopolize a market or industry.
- **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 repossessioners, and manufactured home sales, as well as responding to 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 include fees paid by non-depository lenders, collection agencies, and debt collectors. Additional cash funds are from the Building Regulation Fund to enforce the registration and bonding of persons selling manufactured homes. Cash funds exempt are from the Defense Account of the Tobacco Litigation Settlement Cash Fund, and custodial funds awarded to the Department for consumer protection purposes.

Consumer Protection						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2004-05 Appropriation:						
HB 04-1422	<u>\$2,344,109</u>	<u>\$677,664</u>	<u>\$1,084,164</u>	<u>\$582,281</u>	<u>\$0</u>	<u>29.0</u>
TOTAL	\$2,344,109	\$677,664	\$1,084,164	\$582,281	\$0	29.0

Consumer Protection						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Appropriation:						
FY 2004-05 Appropriation	\$2,344,109	\$677,664	\$1,084,164	\$582,281	\$0	29.0
Salary and benefits adjustments	66,057	22,642	33,746	9,669	0	0.0
Collection Agency Board FTE	44,118	0	0	44,118	0	1.0
Other changes	12,398	(2,631)	13,617	1,412	0	0.0
SB 05-209	<u>\$2,466,682</u>	<u>\$697,675</u>	<u>\$1,131,527</u>	<u>\$637,480</u>	<u>\$0</u>	<u>30.0</u>
TOTAL	\$2,466,682	\$697,675	\$1,131,527	\$637,480	\$0	30.0
Increase/(Decrease)	\$122,573	\$20,011	\$47,363	\$55,199	\$0	1.0
Percentage Change	5.2%	3.0%	4.4%	9.5%	n/a	3.4%

SB 05-209 (Long Bill) Issue Descriptions

Salary and benefits adjustments: These amounts reflect salary survey of \$41,679 and performance-based pay of \$24,378 distributed in FY 2004-05.

Collection Agency Board FTE: The appropriation provides moneys to hire a Compliance Investigator I to address the significant growth in complaints by both debt collection companies and their customers over the last several fiscal years.

Other changes: These changes include an increase of \$16,853 for indirect cost recoveries, as well as personal services base reductions of \$4,455.

Special Purpose

This section contains the 'pass-through' appropriation for the twenty-two district attorneys' salaries across Colorado, as well as separate line item funding for large lawsuits. The Litigation Management and Technology Fund enables the Department to address unanticipated legal issues and to implement specific information technology projects as approved by the General Assembly. The expanded purpose of this fund is accompanied by a footnote that requires the Department to inform the Joint Budget Committee about how moneys from this fund have been spent. Cash funds exempt represent surplus revenue earned in the Legal Services to State Agencies (LSSA) program for supporting the Litigation Management and Technology Fund. Senate Bill 05-226 appropriated moneys to the Department of Law for payment to the State of Kansas for damages awarded in *Kansas v. Colorado* related to specific violations of the Arkansas River Compact. This appropriation was made in FY 2004-05, but the moneys are available through the end of FY 2005-06. For additional information, please refer to the "Recent Legislation" section at the end of the Department of Law

Special Purpose						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2004-05 Appropriation:						
HB 04-1422	\$2,133,188	\$1,341,988	\$0	\$791,200	\$0	0.0
SB 05-226	<u>34,796,129</u>	<u>0</u>	<u>0</u>	<u>34,796,129</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$36,929,317	\$1,341,988	\$0	\$35,587,329	\$0	0.0
FY 2005-06 Appropriation:						
FY 2004-05 Appropriation	\$36,929,317	\$1,341,988	\$0	\$35,587,329	\$0	0.0
Elimination of payment for damages in Kansas v. Colorado	(34,796,129)	0	0	(34,796,129)	0	0.0
Elimination of Trinidad Correctional Facility Construction Litigation	(466,200)	0	0	(466,200)	0	0.0
Other changes	(9,513)	(9,513)	0	0	0	0.0
SB 05-209	<u>\$1,657,475</u>	<u>\$1,332,475</u>	<u>\$0</u>	<u>\$325,000</u>	<u>\$0</u>	<u>0.0</u>
TOTAL	\$1,657,475	\$1,332,475	\$0	\$325,000	\$0	0.0
Increase/(Decrease)	(\$35,271,842)	(\$9,513)	\$0	(\$35,262,329)	\$0	0.0
Percentage Change	-95.5%	-0.7%	n/a	-99.1%	n/a	n/a

SB 05-209 (Long Bill) Issue Descriptions

Elimination of payment for damages in Kansas v. Colorado: While S.B. 05-226 provides the Department of Law the authority to spend the original appropriation through the end of FY 2005-06, the appropriation was only made in FY 2004-05. Therefore, the Department's total appropriation in FY 2005-06 is reduced by \$34.8 million.

Elimination of Trinidad Correctional Facility Construction Litigation: Since this lawsuit was settled in December 2004, funding for this line item is no longer necessary.

Other changes: These changes include an increase of \$2,948 related to the State's subsidy of district attorneys' salaries, as well as a reduction to HIPAA legal services of \$12,461.

Recent Legislation

2004 Session Bills

S.B. 04-176: Appropriates \$3,040 cash funds exempt to the Department of Law for the provision of legal services. For more information, refer to the corresponding bill description in the Department of Local Affairs.

S.B. 04-225: Appropriates \$8,511 cash funds exempt to the Department of Law for the provision of legal services. For more information, refer to the corresponding bill description in the Department of Natural Resources.

S.B. 04-257: Appropriates \$5,471 cash funds exempt to the Department of Law for the provision of legal services. For more information, refer to the corresponding bill description in the Department of Personnel.

H.B. 04-1309: Appropriates \$1,500 cash funds exempt to the Department of Law for the provision of legal services. For more information, refer to the corresponding bill description in the Department of Transportation.

H.B. 04-1325: Supplemental appropriation to the FY 2003-04 Long Bill for the Department of Law.

H.B. 04-1362: Appropriates \$5,000 cash funds exempt to the Department of Law for the provision of legal services. For more information, refer to the corresponding bill description in the Department of Education.

H.B. 04-1422: General appropriations act for FY 2004-05.

2005 Session Bills

S.B. 05-117: Supplemental appropriation to the FY 2004-05 Long Bill for the Department of Law.

S.B. 05-155: Appropriates \$739 cash funds exempt to the Department of Law for the provision of legal services. For more information, refer to the corresponding bill description in the Department of Regulatory Agencies.

S.B. 05-209: General appropriations act for FY 2005-06.

S.B. 05-226: Recognizes the conclusion of a twenty-year lawsuit between Kansas and Colorado over specific violations of the Arkansas River Compact by the latter party. Authorizes the transfer of moneys from both the Severance Tax Trust Fund and the Local Government Severance Tax Fund to the *Kansas v. Colorado* Plaintiff's Damages Payment Fund for the payment of damages as determined by the U.S. Supreme Court. Appropriates \$34.8 million cash funds exempt to the *Kansas v. Colorado* Plaintiff's Damages Payment Fund in FY 2004-05. Provides authorization to spend these moneys through the end of FY 2005-06. For more information, refer to the corresponding bill description in the Department of Natural Resources.

H.B. 05-1126: Appropriates \$3,694 cash funds exempt to the Department of Law for the provision of legal services. For more information, refer to the corresponding bill description in the Department of Public Health and Environment.

H.B. 05-1130: Appropriates \$27,707 cash funds exempt to the Department of Law for the provision of legal services. For more information, refer to the corresponding bill description in the Department of Regulatory Agencies.

H.B. 05-1227: Appropriates \$2,155 cash funds exempt to the Department of Law for the provision of legal services. For more information, refer to the corresponding bill description in the Department of Human Services.

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 Appropriations

Funding Source	FY 2002-03	FY 2003-04	FY 2004-05	FY 2005-06
General Fund	\$28,601,460	\$27,063,281	\$28,628,519	\$29,705,352
Cash Funds	90,000	188,743	90,000	90,000
Cash Funds Exempt	1,598,984	1,335,757	760,127	1,166,367
Federal Funds	0	0	0	0
Total Funds	\$30,290,444	\$28,587,781	\$29,478,646	\$30,961,719
Full Time Equiv. Staff	272.8	272.8	273.2	274.0

General Factors Driving the Budget

Funding for this department consists of 95.9 percent General Fund, 0.3 percent cash funds, and 3.8 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 01-02 Actual	FY 02-03 Actual	FY 03-04 Actual	FY 04-05 Actual	FY 05-06 Approp.
Property Tax Study	\$534,000	\$718,966	\$650,000	\$700,000	\$638,500
Ballot Analysis	429,443	1,953,000	492,322	492,322	492,322
School Cost of Living Study	56,000	0	0	0	182,000

Summary of FY 2004-05 and FY 2005-06 Appropriations

Legislative Branch						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2004-05 Total Appropriation:	\$29,478,646	\$28,628,519	\$90,000	\$760,127	\$0	273.2
<u>Breakdown of Total Appropriation by Administrative Section</u>						
General Assembly	11,771,011	11,678,149	90,000	2,862	0	73.2
State Auditor	6,513,033	5,775,332	0	737,701	0	73.0
Joint Budget Committee	1,256,007	1,256,007	0	0	0	16.0
Legislative Council	5,521,660	5,508,231	0	13,429	0	54.9
Committee on Legal Services	4,416,935	4,410,800	0	6,135	0	56.1
<u>Breakdown of Total Appropriation by Bill</u>						
SB 04-37	21,826	0	0	21,826	0	0.4
SB 04-144	100,000	0	0	100,000	0	0.0
HB 04-1277	600	0	0	600	0	0.0
HB 04-1369	26,910,598	26,182,897	90,000	637,701	0	272.8
HB 04-1422	2,358,207	2,358,207	0	0	0	0.0
SB 05-118	87,415	87,415	0	0	0	0.0
FY 2005-06 Total Appropriation:	\$30,961,719	\$29,705,352	\$90,000	\$1,166,367	\$0	274.0
<u>Breakdown of Total Appropriation by Administrative Section</u>						
General Assembly	12,322,999	12,174,455	90,000	58,544	0	73.6
State Auditor	6,813,034	6,024,156	0	788,878	0	73.0
Joint Budget Committee	1,299,198	1,299,198	0	0	0	16.0
Legislative Council	5,944,879	5,631,356	0	313,523	0	55.2
Committee on Legal Services	4,581,609	4,576,187	0	5,422	0	56.2
<u>Breakdown of Total Appropriation by Bill</u>						
SB 05-66	56,000	0	0	56,000	0	0.0
SB 05-203	28,180,164	27,301,286	90,000	788,878	0	273.6
SB 05-209	2,566,066	2,384,066	0	182,000	0	0.0
SB 05-221	20,000	20,000	0	0	0	0.0
HB 05-1046	120,000	0	0	120,000	0	0.0
HB 05-1336	19,489	0	0	19,489	0	0.4

Legislative Branch						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
Increase/(Decrease)	\$1,483,073	\$1,076,833	\$0	\$406,240	\$0	0.8
Percentage Change	5.0%	3.8%	0.0%	53.4%	n/a	0.3%

FY 2005-06 Appropriation Highlights:

1. An increase of \$1.1 million for personnel-related expenses including salary, health, life, and dental increases.
2. An increase of \$182,000 for the bi-annual cost-of-living analysis pursuant to Section 22-54-104 (5) (c) (III) (A), C.R.S.
3. An increase of \$120,000 for the provisions of H.B. 05-1046, dynamic modeling.

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.

General Assembly						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2004-05 Appropriation:						
SB 04-37	\$2,862	\$0	\$0	\$2,862	\$0	0.0
HB 04-1369	10,514,849	10,424,849	90,000	0	0	73.2
HB 04-1422	1,165,885	1,165,885	0	0	0	0.0
SB 05-118	<u>87,415</u>	<u>87,415</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$11,771,011	\$11,678,149	\$90,000	\$2,862	\$0	73.2
FY 2005-06 Appropriation:						
FY 2004-05 Appropriation	\$11,771,011	\$11,678,149	\$90,000	\$2,862	\$0	73.2
Salary and Benefits Related Adjustments (SB 05-203)	462,165	462,165	0	0	0	0.4
PERA Amortization Disbursement (SB 05-203)	14,197	14,197	0	0	0	0.0

General Assembly						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
Operating Adjustments (SB 05-209)	(56)	(56)	0	0	0	0.0
Eliminate SB 04-37 One-time Funding	(2,862)	0	0	(2,862)	0	0.0
SB 05-203 and SB 05-209	\$12,244,455	\$12,154,455	\$90,000	\$0	\$0	73.6
<i>SB 05-203 (non Add)</i>	<i>10,991,211</i>	<i>10,901,211</i>	<i>90,000</i>	<i>0</i>	<i>0</i>	<i>73.6</i>
<i>SB 05-209 (non Add)</i>	<u><i>1,253,244</i></u>	<u><i>1,253,244</i></u>	<u><i>0</i></u>	<u><i>0</i></u>	<u><i>0</i></u>	<u><i>0.0</i></u>
SB 05-66	56,000	0	0	56,000	0	0.0
SB 05-221	20,000	20,000	0	0	0	0.0
HB 05-1336	<u>2,544</u>	<u>0</u>	<u>0</u>	<u>2,544</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$12,322,999	\$12,174,455	\$90,000	\$58,544	\$0	73.6
Increase/(Decrease)	\$551,988	\$496,306	\$0	\$55,682	\$0	0.4
Percentage Change	4.7%	4.3%	0.0%	1945.6%	n/a	0.5%

SB 05-209 (Long Bill) and SB 05-203 (Legislative Budget) Issue Descriptions

Salary and Benefits Related Adjustments: The increase in appropriation reflects a 3.0 percent base salary increase, an increase for employee benefits (health, life, and dental insurance, short-term disability, Medicare and PERA), and an increase to annualize prior year salary increases. These amounts are slightly offset by a 0.2 percent base reduction to personal services. The appropriation also includes additional funding for 1.0 permanent FTE and 2.0 session only staff in the Legislative Information Services. The 1.0 FTE is offset by a reduction of a 0.6 FTE sergeant-at-arms in the Senate.

PERA Amortization Disbursement: The increase in appropriation reflects the amount necessary to contribute an additional 0.5 percent of base salary to the Public Employees' Retirement Association pursuant to S.B. 04-247.

Operating Adjustments: The appropriation contains various changes in centrally appropriated line items. These centrally appropriated items include workers' compensation, risk management and property, vehicle lease payments, and legal services. Operating adjustments are a function of recoverable overhead in the Department of Personnel and Administration or the Department of Law, as is the case with legal services, that are allocated to other departments based on a proportionate share of risk or utilization.

Eliminate SB 04-37 One-time Funding: Eliminates one-time funding for implementation of S.B. 04-37.

Additional legislation: For information on additional legislation, see the "Recent Legislation" section at the end of this department.

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.

State Auditor						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2004-05 Appropriation:						
SB 04-144	\$100,000	\$0	\$0	\$100,000	\$0	0.0
HB 04-1369	<u>6,413,033</u>	<u>5,775,332</u>	<u>0</u>	<u>637,701</u>	<u>0</u>	<u>73.0</u>
TOTAL	\$6,513,033	\$5,775,332	\$0	\$737,701	\$0	73.0
FY 2005-06 Appropriation:						
FY 2004-05 Appropriation	\$6,513,033	\$5,775,332	\$0	\$737,701	\$0	73.0
Salary and Benefits Related Adjustments	292,035	240,858	0	51,177	0	0.0
PERA Amortization Disbursement	7,966	7,966	0	0	0	0.0
SB 05-203	<u>\$6,813,034</u>	<u>\$6,024,156</u>	<u>\$0</u>	<u>\$788,878</u>	<u>\$0</u>	<u>73.0</u>
TOTAL	\$6,813,034	\$6,024,156	\$0	\$788,878	\$0	73.0
Increase/(Decrease)	\$300,001	\$248,824	\$0	\$51,177	\$0	0.0
Percentage Change	4.6%	4.3%	n/a	6.9%	n/a	0.0%

SB 05-203 (Legislative Budget) Issue Descriptions

Salary and Benefits Related Adjustments: The increase in appropriation reflects a 3.0 percent base salary increase, an increase for employee benefits (health, life, and dental insurance, short-term disability, Medicare and PERA), and an increase to annualize prior year salary increases. These amounts are slightly offset by a 0.2 percent base reduction to personal services. The appropriation is also increased for personal services contracts due to increasing audit contract costs.

PERA Amortization Disbursement: The increase in appropriation reflects the amount necessary to contribute an additional 0.5 percent of base salary to the Public Employees' Retirement Association pursuant to S.B. 04-247.

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.

Joint Budget Committee						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2004-05 Appropriation:						
HB 04-1369	<u>\$1,256,007</u>	<u>\$1,256,007</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>16.0</u>
TOTAL	\$1,256,007	\$1,256,007	\$0	\$0	\$0	16.0
FY 2005-06 Appropriation:						
FY 2004-05 Appropriation	\$1,256,007	\$1,256,007	\$0	\$0	\$0	16.0
Salary and Benefits Related Adjustments	40,923	40,923	0	0	0	0.0
PERA Amortization Disbursement	2,268	2,268	0	0	0	0.0
SB 05-203	<u>\$1,299,198</u>	<u>\$1,299,198</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>16.0</u>
TOTAL	\$1,299,198	\$1,299,198	\$0	\$0	\$0	16.0
Increase/(Decrease)	\$43,191	\$43,191	\$0	\$0	\$0	0.0
Percentage Change	3.4%	3.4%	n/a	n/a	n/a	0.0%

SB 05-203 (Legislative Appropriations Bill) Issue Descriptions

Salary and Benefits Related Adjustments: The increase in appropriation reflects a 3.0 percent base salary increase, an increase for employee benefits (health, life, and dental insurance, short-term disability, Medicare and PERA), and an increase to annualize prior year salary increases. These amounts are slightly offset by a 0.2 percent base reduction to personal services.

PERA Amortization Disbursement: The increase in appropriation reflects the amount necessary to contribute an additional 0.5 percent of base salary to the Public Employees' Retirement Association pursuant to S.B. 04-247.

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.

Legislative Council						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2004-05 Appropriation:						
SB 04-37	\$12,829	\$0	\$0	\$12,829	\$0	0.3
HB 04-1277	600	0	0	600	0	0.0
HB 04-1369	4,315,909	4,315,909	0	0	0	54.6
HB 04-1422	<u>1,192,322</u>	<u>1,192,322</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$5,521,660	\$5,508,231	\$0	\$13,429	\$0	54.9
FY 2005-06 Appropriation:						
FY 2004-05 Appropriation	\$5,521,660	\$5,508,231	\$0	\$13,429	\$0	54.9
Salary and Benefits Related Adjustments (SB 05-203)	177,239	177,239	0	0	0	0.3
PERA Amortization Disbursement (SB 05-203)	7,386	7,386	0	0	0	0.0
Operating Adjustments (SB 05-209)	120,500	(61,500)	0	182,000	0	0.0
Eliminate SB 04-37 One-time Funding	(12,829)	0	0	(12,829)	0	(0.3)
Eliminate HB 04-1277 One-time Funding	(600)	0	0	(600)	0	0.0
SB 05-209 and SB 05-203	\$5,813,356	\$5,631,356	\$0	\$182,000	\$0	54.9
<i>SB 05-203 (non Add)</i>	<i>4,500,534</i>	<i>4,500,534</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>54.9</i>
<i>SB 05-209 (Non Add)</i>	<u><i>1,312,822</i></u>	<u><i>1,130,822</i></u>	<u><i>0</i></u>	<u><i>182,000</i></u>	<u><i>0</i></u>	<u><i>0.0</i></u>
HB 05-1046	120,000	0	0	120,000	0	0.0
HB 05-1336	<u>11,523</u>	<u>0</u>	<u>0</u>	<u>11,523</u>	<u>0</u>	<u>0.3</u>
TOTAL	\$5,944,879	\$5,631,356	\$0	\$313,523	\$0	55.2
Increase/(Decrease)	\$423,219	\$123,125	\$0	\$300,094	\$0	0.3
Percentage Change	7.7%	2.2%	n/a	2234.7%	n/a	0.5%

SB 05-209 (Long Bill) and SB 05-203 (Legislative Budget) Issue Descriptions

Salary and Benefits Related Adjustments: The increase in appropriation reflects a 3.0 percent base salary increase, an increase for employee benefits (health, life, and dental insurance, short-term disability, Medicare and PERA), and an increase to annualize prior year salary increases. These amounts are slightly offset by a 0.2 percent base reduction to personal services.

PERA Amortization Disbursement: The increase in appropriation reflects the amount necessary to contribute an additional 0.5 percent of base salary to the Public Employees' Retirement Association pursuant to S.B. 04-247.

Operating Adjustments: The appropriation contains a decrease of \$61,500 General Fund for the annual property tax study. Legislative Council is required to conduct an audit of county assessor values each year. The reduction represents the anticipated cost associated with the study for FY 2005-06. Also included is an increase of \$182,000 cash funds exempt for the bi-annual cost-of-living analysis pursuant to Section 22-54-104 (5) (c) (III) (A), C.R.S. The source of cash funds exempt is a transfer from the Department of Education.

Eliminate SB 04-37 One-time Funding: Eliminates one-time funding for implementation of S.B. 04-37.

Eliminate HB 04-1277 One-time Funding: Eliminates one-time funding for implementation of H.B. 04-1277.

Additional legislation: For information on additional legislation, see the "Recent Legislation" section at the end of this department.

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), represents 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.

Committee on Legal Services						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2004-05 Appropriation:						
SB 04-37	\$6,135	\$0	\$0	\$6,135	\$0	0.1
HB 04-1369	<u>4,410,800</u>	<u>4,410,800</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>56.0</u>
TOTAL	\$4,416,935	\$4,410,800	\$0	\$6,135	\$0	56.1
FY 2005-06 Appropriation:						
FY 2004-05 Appropriation	\$4,416,935	\$4,410,800	\$0	\$6,135	\$0	56.1
Salary and Benefit Related Adjustments	158,471	158,471	0	0	0	0.1
PERA Amortization Disbursement	6,916	6,916	0	0	0	0.0
Eliminate One -time Funding for SB 04-37	(6,135)	0	0	(6,135)	0	(0.1)
SB 05-203	\$4,576,187	\$4,576,187	\$0	\$0	\$0	56.1
HB 05-1336	<u>5,422</u>	<u>0</u>	<u>0</u>	<u>5,422</u>	<u>0</u>	<u>0.1</u>
TOTAL	\$4,581,609	\$4,576,187	\$0	\$5,422	\$0	56.2
Increase/(Decrease)	\$164,674	\$165,387	\$0	(\$713)	\$0	0.1
Percentage Change	3.7%	3.8%	n/a	-11.6%	n/a	0.2%

SB 05-203 (Legislative Budget) Issue Descriptions

Salary and Benefits Related Adjustments: The increase in appropriation reflects a 3.0 percent base salary increase, an increase for employee benefits (health, life, and dental insurance, short-term disability, Medicare and PERA), and an increase to annualize prior year salary increases. These amounts are slightly offset by a 0.2 percent base reduction to personal services.

PERA Amortization Disbursement: The increase in appropriation reflects the amount necessary to contribute an additional 0.5 percent of base salary to the Public Employees' Retirement Association pursuant to S.B. 04-247.

Eliminate One-time Funding for SB 04-37: Eliminates one-time funding for implementation of S.B. 04-37.

Additional legislation: For information on additional legislation, see the "Recent Legislation" section at the end of this department.

Recent Legislation

2004 Session Bills

S.B. 04-37: Creates a 6-member legislative oversight committee and a 29-member task force for the continuing examination of the treatment of persons with mental illness who are involved in the criminal justice and juvenile justice systems through July 1, 2010. Establishes the Examination of the Treatment of Persons with Mental Illness in the Criminal Justice System Cash Fund (comprised of gifts, grants and donations). Appropriates \$21,826 cash funds exempt spending authority to the Legislative Branch for staff assistance to the task force.

S.B. 04-144: Requires the State Auditor to conduct a review of up to three school districts to identify administrative savings that may be realized through implementation of best practices in organization, service delivery, and several non-instructional expenditures. Allows school districts to participate in the efficiency reviews on a voluntary basis. Requires the State Auditor's Office to submit its findings, conclusions, and recommendations to participating school districts and to members of the Legislative Audit Committee and the Education Committees by August 31, 2005. Authorizes the State Auditor's Office to accept gifts, grants, or donations for the purpose of conducting the reviews and authorizes the Office to spend up to \$100,000 in donations received and credited to the School District Pilot Efficiency Review Fund for such purpose. Repeals the language added by the bill September 1, 2005, or January 1, 2005, in the event that no donations are received to implement the act.

H.B. 04-1098: Clarifies that custodial moneys do not include moneys granted by the federal government to the state for the support of state government services of the type for which expenditures are made in the most recently approved Long Bill, including, but not limited to, federal relief payments under the federal "Jobs and Growth Tax Relief Reconciliation Act of 2003". Requires this type of federal moneys to be credited and paid to the General Fund, unless otherwise provided by law, and subjects the moneys to annual appropriation. Specifies that the act shall not cause federal relief payments received by the state prior to the effective date of the act to be credited or transferred to the General Fund.

H.B. 04-1277: Continues the Child Care Commission (renamed the Early Childhood and School Readiness Commission) through June 30, 2006. Modifies the membership and duties of the Commission. Authorizes the Department to receive gifts, grants, and donations for the Commission, and requires that moneys received be credited to the Early Childhood and School Readiness Cash Fund. Appropriates \$26,100 cash funds exempt to the Department of Human Services to cover the costs of contract staff assistance and to provide reimbursement for non-legislative members of the Commission, as well as \$600 cash funds exempt to the Legislative Department for FY 2004-05 to provide reimbursement for Commission members who are members of the General Assembly.

H.B. 04-1326: Supplemental legislative appropriation bill for FY 2003-04.

H.B. 04-1369: Separate legislative appropriation bill for FY 2004-05 that also included legislative supplemental appropriations for FY 2003-04.

H.B. 04-1422: General appropriations act for FY 2004-05.

2005 Session Bills

S.B. 05-66: Requires the Department of Higher Education, Colorado School of Miners, Colorado Energy Research Institute to conduct specific research on the oil and gas sector. Authorizes expenditures from the Oil and Gas Conservation and Environmental Response Fund for said research and establishes financial baseline parameters under which the expenditures will be made. Appropriates \$1,806,000 cash funds exempt from the Oil and Gas Conservation and Environmental Response Fund to the Department of Higher Education (\$1,675,000); the Governor's Office (\$75,000); and the Legislative Department (\$56,000) for FY 2005-06. The bill also requires the Colorado Oil and Gas Commission to ensure that, on and after July 1, 2007, the two-year average of the unobligated portion of the Fund does not exceed \$2.0 million at any time and that there is an adequate balance to address environmental response needs. For more information about the appropriations to the respective departments, please see those sections of this report.

S.B. 05-118: Supplemental appropriation for the Legislative Department in FY 2004-05.

S.B. 05-203: Separate legislative appropriations bill for FY 2005-06.

S.B. 05-209: General appropriations act for FY 2005-06.

S.B. 05-221: Requires the state department of Health Care Policy and Financing ("state department") to prepare and submit to the health and human services ("HHS") committees of the house of representatives and senate a waiver under the federal health insurance flexibility and accountability demonstration program to permit the state to create a new service delivery or purchasing system to better serve specified children and adults under the medical assistance program or the children's basic health plan. Specifies additional information to be included in the waiver or given to the HHS committees. Appropriates \$20,000 to the General Assembly for implementation of the act.

H.B. 05-1046: Requires the director of research (director) of the Legislative Council to establish a pilot program for the purpose of developing or procuring a dynamic model to analyze the economic impact of bills introduced by the general assembly during the 2008 regular session, but only if the director receives gifts, grants, or donations for the pilot program in an amount of at least \$120,000 by September 1, 2005. Establishes that only bills that make a tax policy change are eligible to be analyzed. Appropriates \$120,000 cash funds exempt to Legislative Council for implementation of the act.

H.B. 05-1336: Establishes an 8-member legislative oversight committee to evaluate the quality of care provided in specified state and veterans nursing homes (Homelake, Florence, Trinidad, Rifle, and Aurora, Colorado) and to make associated recommendations to the General Assembly. Also creates an 11-member nursing home commission to evaluate the state and veterans nursing homes and to provide guidance and recommendations to the legislative oversight committee. Creates the Evaluation of State and Veterans Nursing Homes Cash Fund (Evaluation Fund). Authorizes the Board of Veterans Affairs to allocate funds from the Colorado State Veterans Trust Fund to the Evaluation Fund for costs associated with the legislation. For FY 2005-06, appropriates \$19,489 cash funds exempt and 0.4 FTE to the Legislative Department and \$34,950 cash funds exempt to the Department of Human Services from the Evaluation Fund. Both the legislative oversight committee and the commission are repealed, effective July 1, 2007.

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 Appropriations

Funding Source	FY 2002-03	FY 2003-04	FY 2004-05	FY 2005-06
General Fund	\$7,224,184	\$4,755,544	\$8,665,475	\$8,592,473
Cash Funds	23,770,882	25,100,161	25,438,627	25,854,596
Cash Funds Exempt	100,910,750	101,519,458	99,285,237	100,171,381
Federal Funds	<u>47,516,589</u>	<u>48,742,407</u>	<u>48,400,111</u>	<u>85,300,829</u>
Total Funds	\$179,422,405	\$180,117,570	\$181,789,450	\$219,919,279
Full Time Equiv. Staff	174.9	172.1	175.1	180.1

General Factors Driving the Budget

Funding for this department consists of 3.9 percent General Fund, 11.8 percent cash funds, 45.5 percent cash funds exempt, and 38.8 percent federal funds.

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 sources include: the Conservation Trust Fund (a portion of state lottery proceeds distributed to local entities based on a formula 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.

	FY 01-02 Actual	FY 02-03 Actual	FY 03-04 Actual	FY 04-05 Estimate	FY 05-06 Estimate
Conservation Trust Fund	\$41,911,625	\$41,628,583	\$46,406,584	\$46,500,000	\$46,500,000
Severance Tax & Mineral Impact	36,824,591	21,662,679	76,785,918	88,568,000	82,511,000
Limited Gaming	3,829,949	3,758,223	5,059,988	6,100,000	6,242,551
Waste Tire Fund	1,492,036	2,033,225	2,384,513	3,086,956	3,350,000

Federal Funds

Federally-funded programs make up 38.8 percent of the Department of Local Affairs' FY 2005-06 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 01-02 Actual	FY 02-03 Actual	FY 03-04 Actual	FY 04-05 Estimate	FY 05-06 Estimate
Housing and Urban Development (HUD) affordable housing development	\$10,844,528	\$10,875,803	\$6,807,396	\$9,210,074	\$9,210,074
HUD Section 8 rental assistance	13,306,317	14,654,227	17,725,830	15,107,000	15,423,000
HUD Emergency Shelter Program	929,042	913,350	916,602	919,000	919,000
HUD Community Development Block Grants (CDBG) economic development and infrastructure	8,980,140	7,484,349	4,662,307	8,672,892	8,372,439
Health and Human Services (HHS) Community Services Block Grants	5,007,390	5,713,593	4,969,801	5,681,920	5,681,920
Federal Emergency Management Agency	8,368,967	15,684,746	5,231,889	5,974,539	3,066,559
Homeland Security Grants	0	0	0	0	36,798,900

Summary of FY 2004-05 and FY 2005-06 Appropriations

Department of Local Affairs						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2004-05 Total Appropriation:	\$181,789,450	\$8,665,475	\$25,438,627	\$99,285,237	\$48,400,111	175.1
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Executive Director's Office	3,679,103	949,764	127,898	1,863,114	738,327	19.0
Property Taxation	3,197,850	1,758,890	634,029	804,931	0	53.5
Division of Housing	27,760,031	415,222	909,873	152,324	26,282,612	28.4
Division of Local Government	147,152,466	5,541,599	23,766,827	96,464,868	21,379,172	74.2
<u>Breakdown of Total Appropriation by Bill</u>						
SB 04-176	50,001	(39,162)	0	89,163	0	1.0
HB 04-1422	177,987,496	4,955,244	25,439,159	99,200,426	48,392,667	174.1
SB 05-119	3,751,953	3,749,393	(532)	(4,352)	7,444	0.0

Department of Local Affairs						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Total Appropriation:	\$219,919,279	\$8,592,473	\$25,854,596	\$100,171,381	\$85,300,829	180.1
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Executive Director's Office	3,912,469	1,019,797	185,177	1,876,797	830,698	19.0
Property Taxation	3,271,398	1,532,714	635,713	1,102,971	0	53.5
Division of Housing	28,117,835	419,035	905,116	160,451	26,633,233	28.4
Division of Local Government	184,617,577	5,620,927	24,128,590	97,031,162	57,836,898	79.2
<u>Breakdown of Total Appropriation by Bill</u>						
SB 05-209	219,919,279	8,671,473	25,775,596	100,171,381	85,300,829	180.1
SB 05-7	0	(79,000)	79,000	0	0	0.0
Increase/(Decrease)	\$38,129,829	(\$73,002)	\$415,969	\$886,144	\$36,900,718	5.0
Percentage Change	21.0%	-0.8%	1.6%	0.9%	76.2%	2.9%

FY 2005-06 Appropriation Highlights:

1. Includes \$36.8 million federal funds for homeland security program grants in the Long Bill.
2. Includes \$459,000 federal funds and 6.9 FTE to administer the homeland security program in the Long Bill. Part of the 6.9 FTE is a reallocation of 1.9 federally-funded FTE, resulting in a net increase of 5.0 FTE.
3. Adjusts funding for several constitutional, statutory and federal grant programs based on projected revenues, including mineral and energy impact grants, waste tire grants, gaming impact grants, Conservation Trust Fund grants, and Community Development Block Grant funds. These programs utilize dedicated fund sources that can not be used for other purposes without constitutional, statutory or federal law changes.

Detail of Appropriation by Administrative Section

Executive Director's Office

This division 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.

Executive Director's Office						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2004-05 Appropriation:						
SB 04-176	\$3,040	(\$2,016)	\$0	\$5,056	\$0	0.0
HB 04-1422	3,715,004	993,281	128,430	1,862,410	730,883	19.0
SB 05-119	<u>(38,941)</u>	<u>(41,501)</u>	<u>(532)</u>	<u>(4,352)</u>	<u>7,444</u>	<u>0.0</u>
TOTAL	\$3,679,103	\$949,764	\$127,898	\$1,863,114	\$738,327	19.0
FY 2005-06 Appropriation:						
FY 2004-05 Appropriation	\$3,679,103	\$949,764	\$127,898	\$1,863,114	\$738,327	19.0
Salary and benefit adjustments	162,932	52,296	52,171	(17,010)	75,475	0.0
Annualize salary increases	37,295	0	0	37,295	0	0.0
Other	33,139	17,737	5,108	(6,602)	16,896	0.0
SB 05-209	<u>\$3,912,469</u>	<u>\$1,019,797</u>	<u>\$185,177</u>	<u>\$1,876,797</u>	<u>\$830,698</u>	<u>19.0</u>
TOTAL	\$3,912,469	\$1,019,797	\$185,177	\$1,876,797	\$830,698	19.0
Increase/(Decrease)	\$233,366	\$70,033	\$57,279	\$13,683	\$92,371	0.0
Percentage Change	6.3%	7.4%	44.8%	0.7%	12.5%	0.0%

SB 05-209 (Long Bill) Issue Descriptions

Salary and benefit adjustments: The appropriation includes a net increase for salary and benefit adjustments, including the following: an increase of \$109,729 for salary survey and senior executive service; an increase of \$146,299 for health, life and dental benefits; an increase of \$22,869 for the S.B. 04-257 amortization equalization disbursement; and the elimination of \$115,965 for performance-based pay.

Annualize salary increases: The appropriation includes \$37,295 for the annualization of salary survey increases and performance-based pay awarded in FY 2004-05. This figure is net of the 0.2 percent common policy base reduction.

Property Taxation

This division supervises property tax collection by local governments to ensure property tax laws are administered consistently and fairly throughout the State. Responsibilities include 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.

Property Taxation						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2004-05 Appropriation:						
HB 04-1422	<u>\$3,197,850</u>	<u>\$1,758,890</u>	<u>\$634,029</u>	<u>\$804,931</u>	<u>\$0</u>	<u>53.5</u>
TOTAL	\$3,197,850	\$1,758,890	\$634,029	\$804,931	\$0	53.5
FY 2005-06 Appropriation:						
FY 2004-05 Appropriation	\$3,197,850	\$1,758,890	\$634,029	\$804,931	\$0	53.5
Annualize salary increases	78,275	77,978	1,684	(1,387)	0	0.0
Fund source adjustment	0	(304,154)	0	304,154	0	0.0
Indirect cost assessment	(4,727)	0	0	(4,727)	0	0.0
SB 05-209	<u>\$3,271,398</u>	<u>\$1,532,714</u>	<u>\$635,713</u>	<u>\$1,102,971</u>	<u>\$0</u>	<u>53.5</u>
TOTAL	\$3,271,398	\$1,532,714	\$635,713	\$1,102,971	\$0	53.5
Increase/(Decrease)	\$73,548	(\$226,176)	\$1,684	\$298,040	\$0	0.0
Percentage Change	2.3%	-12.9%	0.3%	37.0%	n/a	0.0%

SB 05-209 (Long Bill) Issue Descriptions

Annualize salary increases: The appropriation includes \$61,446 for the Office of the Property Tax Administrator and \$16,829 for the Board of Assessment Appeals to annualize salary survey increases and performance-based pay awarded in FY 2004-05. These figures are net of the 0.2 percent common policy base reduction.

Fund source adjustment: The appropriation includes applying \$304,154 of indirect cost recoveries to offset the need for General Fund in this division.

Indirect cost assessment: The appropriation includes decreasing the indirect cost assessment against this division by \$4,727 based on the statewide and departmental indirect cost plans.

Division of Housing

The Division provides financial and technical assistance to help communities provide 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, the Division regulates the manufacture of factory-built residential and commercial buildings.

Division of Housing						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2004-05 Appropriation:						
HB 04-1422	<u>\$27,760,031</u>	<u>\$415,222</u>	<u>\$909,873</u>	<u>\$152,324</u>	<u>\$26,282,612</u>	<u>28.4</u>
TOTAL	\$27,760,031	\$415,222	\$909,873	\$152,324	\$26,282,612	28.4
FY 2005-06 Appropriation:						
FY 2004-05 Appropriation	\$27,760,031	\$415,222	\$909,873	\$152,324	\$26,282,612	28.4
Increased federal funds	345,419	0	0	0	345,419	0.0
Annualize salary increases	64,067	10,048	27,061	3,184	23,774	0.0
Private activity bond fee	0	72,765	(72,765)	0	0	0.0
Indirect cost assessment	(51,682)	0	(38,053)	4,943	(18,572)	0.0
SB 05-209	\$28,117,835	\$498,035	\$826,116	\$160,451	\$26,633,233	28.4
SB 05-7	<u>0</u>	<u>(79,000)</u>	<u>79,000</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$28,117,835	\$419,035	\$905,116	\$160,451	\$26,633,233	28.4
Increase/(Decrease)	\$357,804	\$3,813	(\$4,757)	\$8,127	\$350,621	0.0
Percentage Change	1.3%	0.9%	-0.5%	5.3%	1.3%	0.0%

SB 05-209 (Long Bill) Issue Descriptions

Increased federal funds: The appropriation reflects a projected increase of \$345,419 from the federal government, including \$316,000 for low income rental subsidies and \$29,419 for administration of federal Housing and Urban Development programs

Annualize salary increases: The appropriation includes \$38,908 for the Division of Housing Administration and \$25,159 for the Manufactured Buildings Program to annualize salary survey increases and performance-based pay awarded in FY 2004-05. These figures are net of the 0.2 percent common policy base reduction.

Private activity bond fee: The appropriation includes replacing \$70,265 cash funds with General Fund. In FY 2004-05 functions of the Private Activity Bond Allocation Committee were funded with fee revenue. The statutory authority to charge the fees expires in FY 2005-06.

Indirect cost assessment: The appropriation includes decreasing the indirect cost assessment against this division by \$51,682 based on the statewide and departmental indirect cost plans.

Additional legislation: For information on S.B. 05-7, see the "Recent Legislation" section at the end of this department.

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 Division of Emergency Management (formerly 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) indirect cost on federal grants used to offset division overhead; and (5) 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, the Homeland Security Grant program, and various emergency preparedness, response, recovery, and mitigation grants administered through the state Division of Emergency Management.

Division of Local Government						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2004-05 Appropriation:						
SB 04-176	\$46,961	(\$37,146)	\$0	\$84,107	\$0	1.0
HB 04-1422	143,314,611	1,787,851	23,766,827	96,380,761	21,379,172	73.2
SB 05-119	<u>3,790,894</u>	<u>3,790,894</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$147,152,466	\$5,541,599	\$23,766,827	\$96,464,868	\$21,379,172	74.2

Division of Local Government						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Appropriation:						
FY 2004-05 Appropriation	\$147,152,466	\$5,541,599	\$23,766,827	\$96,464,868	\$21,379,172	74.2
Homeland security program grants	36,798,900	0	0	0	36,798,900	0.0
Homeland security program staff	458,729	0	0	0	458,729	6.9
Mineral and energy impact grants	300,000	0	100,000	200,000	0	0.0
Indirect cost assessment	299,415	0	(9,215)	109,963	198,667	0.0
Waste tire grants	263,044	0	263,044	0	0	0.0
Gaming impact grants	142,551	0	0	142,551	0	0.0
Annualize salary increases	133,351	69,713	2,934	30,827	29,877	0.0
Conservation Trust Fund	93,416	0	0	93,416	0	0.0
Increased federal administration funds	17,207	0	0	0	17,207	0.0
Volunteer firefighter retirement plans	9,615	9,615	0	0	0	0.0
Training fees paid by Higher Education	0	0	5,000	(5,000)	0	0.0
Disaster response and recovery	(617,700)	0	0	(5,463)	(612,237)	0.0
Community Development Block Grant	(300,453)	0	0	0	(300,453)	0.0
Reallocate federal FTE	(132,964)	0	0	0	(132,964)	(1.9)
SB 05-209	<u>\$184,617,577</u>	<u>\$5,620,927</u>	<u>\$24,128,590</u>	<u>\$97,031,162</u>	<u>\$57,836,898</u>	<u>79.2</u>
TOTAL	<u>\$184,617,577</u>	<u>\$5,620,927</u>	<u>\$24,128,590</u>	<u>\$97,031,162</u>	<u>\$57,836,898</u>	<u>79.2</u>
Increase/(Decrease)	\$37,465,111	\$79,328	\$361,763	\$566,294	\$36,457,726	5.0
Percentage Change	25.5%	1.4%	1.5%	0.6%	170.5%	6.7%

SB 05-209 (Long Bill) Issue Descriptions

Homeland security program grants: The appropriation includes showing the homeland security program grants in the Long Bill for informational purposes. Colorado's FY 2005-06 allocation from these grants is \$36.8 million.

Homeland security program staff: The appropriation includes showing the homeland security program staff in the Long Bill for informational purposes. The Department reports that 6.9 FTE and \$458,729 federal funds are used to administer the grant program and comply with federal reporting requirements.

Mineral and energy impact grants: The appropriation includes an increase of \$300,000 for mineral and energy impact grants based on projected expenditures and encumbrances.

Indirect cost assessment: The appropriation includes increasing the indirect cost assessment against this division by \$299,415 based on the statewide and departmental indirect cost plans.

Waste tire grants: The appropriation includes an increase of \$263,044 cash funds spending authority for waste tire recycling and reuse grants based on projected revenues.

Gaming impact grants: The appropriation includes an increase in gaming impact grants of \$142,551 cash funds exempt based on projected revenues.

Annualize salary increases: The appropriation includes \$53,126 for the Division of Local Government Administration, \$41,442 for Field Services, and \$38,783 for the Division of Emergency Management to annualize salary survey increases and performance-based pay awarded in FY 2004-05. These figures are net of the 0.2 percent common policy base reduction.

Conservation Trust Fund: The appropriation includes an increase of \$93,416 cash funds exempt for grants from the Conservation Trust Fund based on projected revenues.

Increased federal administration funds: The appropriation includes an increase of \$17,207 federal funds for administering various federal grant programs, such as the Community Services Block Grant and the Community Development Block Grant.

Volunteer firefighter retirement plans: The appropriation includes a slight increase of \$9,615 General Fund in the state's obligation to support volunteer firefighter retirement plans and death and disability insurance pursuant to Section 31-30-1112 (2), C.R.S. These funds are exempt from the six percent statutory limit on the annual growth of General Fund appropriations.

Training fees paid by Higher Education: The appropriation reflects the change in TABOR status of training fees paid by higher education institutions to the Division of Emergency Management. Payments by enterprises to state agencies are subject to TABOR and shown as cash funds.

Disaster response and recovery: The appropriation reflects a projected \$617,700 decrease in disaster response and recovery payments, primarily due to the completion of payments for the forest fires of the last two summers. The source of cash funds exempt is the Disaster Emergency Response Fund.

Community Development Block Grant: The appropriation reflects a projected \$300,453 decrease in federal funds available through the Community Development Block Grant.

Reallocate federal FTE: The appropriation reflects plans by the Department to reallocate 1.9 federally funded FTE to the homeland security grant program. These FTE previously worked on other training and grant programs administered by the Division of Emergency Management that have been folded into the homeland security grant program.

Recent Legislation

2004 Session Bills

S.B. 04-176: Requires local government financial officers to certify to the Department of Local Affairs that expenditures from the Conservation Trust Fund comply with the law. Authorizes the Division to utilize the state Conservation Trust Fund to recover its direct and indirect costs to administer moneys in the fund. Appropriates \$112,860 and 2.0 FTE from the Conservation Trust Fund to the Department of Local Affairs and from this amount, \$3,040 is transferred to the Department of Law. Reduces General Fund appropriations to the Department of Local Affairs by \$39,162, and reduces appropriations from the mineral and energy impact program by \$23,697.

S.B. 04-198: Transfers administration of the volunteer firefighter pension and the death and disability insurance programs from the Fire and Police Pension Association to the Department of Local Affairs. Authorizes the Department of Local Affairs to assess an application fee for administrative costs.

S.B. 04-236: Makes the Office of Emergency Management a division within the Department of Local Affairs.

H.B. 04-1327: Supplemental appropriation to the Department of Local Affairs to modify the appropriation included in the FY 2003-04 Long Bill.

H.B. 04-1417: Transfers the balance in the Colorado Heritage Communities Fund, projected to be \$73,968, to the General Fund on July 1, 2004.

H.B. 04-1422: General appropriations act for FY 2004-05.

2005 Session Bills

S.B. 05-7: Reauthorizes the authority of the Department of Local Affairs to impose fees on local governments and other entities wishing to issue tax exempt bonds under the federal cap for Colorado. Money from these fees is credited to the Private Activity Bond Allocations Fund. Appropriates \$70,000 from the Private Activity Bond Allocations Fund to offset \$70,000 General Fund for the operations of the Division of Housing.

S.B. 05-119: Supplemental appropriation to the Department of Local Affairs to modify the appropriation included in the FY 2004-05 Long Bill.

S.B. 05-209: General appropriations act for FY 2005-06.

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 Appropriations

Funding Source	FY 2002-03	FY 2003-04	FY 2004-05	FY 2005-06
General Fund	\$4,176,878	\$3,897,319	\$3,884,923	\$4,137,728
Cash Funds	25,113	25,117	26,244	26,316
Cash Funds Exempt	1,552,349	2,086,791	2,444,862	2,475,177
Federal Funds	<u>121,928,210</u>	<u>122,156,060</u>	<u>122,210,754</u>	<u>124,832,959</u>
Total Funds	\$127,682,550	\$128,165,287	\$128,566,783	\$131,472,180
Full Time Equiv. Staff	1,157.3	1,156.8	1,184.8	1,184.8

General Factors Driving the Budget

Funding for this department consists of 95.0 percent federal funds, 3.1 percent General Fund, 1.9 percent cash funds exempt, and a nominal percentage of cash funds. Some important factors driving the budget are reviewed below.

Federal Funding

The vast majority of resources, 95.0 percent (\$124.8 million) of total funding and 96.0 percent (1,137.8) of total FTE 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 partially support many FTE that are funded with federal dollars resulting in "federally-funded state FTE." As such, 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-funded 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 (\$4.1 million for FY 2005-06), 63.4 percent (\$2.6 million) is allocated to personnel (42.9 FTE), 12.2 percent (\$500,000) is used for property and equipment maintenance, general office expenses, and repair costs, 10.1 percent (\$415,000) is used for utility costs, and 4.3 percent (\$176,000) is allocated to the Colorado National Guard Tuition Fund. The remaining General Fund (approximately \$461,000, or 11.2 percent) is for statewide administrative overhead for items such as workers' compensation, health insurance, and property and liability insurance. Additionally, \$410,000 in state funding for the National Guard Tuition Fund is cash funds exempt transferred from the Department of Higher Education (which originates in Higher Education as a General Fund appropriation).

Summary of FY 2004-05 and FY 2005-06 Appropriations

Department of Military and Veterans Affairs						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2004-05 Total Appropriation:	\$128,566,783	\$3,884,923	\$26,244	\$2,444,862	\$122,210,754	1,184.8
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Executive Director and Army National Guard	6,341,327	2,956,600	26,244	516,477	2,842,006	50.2
Division of Veterans Affairs	2,339,260	374,875	0	1,928,385	36,000	10.5
Air National Guard	3,034,050	428,506	0	0	2,605,544	46.1
Federal Funded Programs	116,727,204	0	0	0	116,727,204	1,077.0
Civil Air Patrol	124,942	124,942	0	0	0	1.0
<u>Breakdown of Total Appropriation by Bill</u>						
HB 04-1347	410,207	0	0	410,207	0	0.0
HB 04-1421	(510)	0	0	(510)	0	0.0
HB 04-1422	128,250,420	3,952,227	26,244	2,051,821	122,220,128	1,184.8
SB 05-120	(76,678)	(67,304)	0	0	(9,374)	0.0
SB 05-209	(17,056)	0	0	(17,056)	0	0.0
SB 05-249	400	0	0	400	0	0.0
FY 2005-06 Total Appropriation:	\$131,472,180	\$4,137,728	\$26,316	\$2,475,177	\$124,832,959	1,184.8
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Executive Director and Army National Guard	6,457,663	3,043,315	26,316	521,769	2,866,263	50.2
Division of Veterans Affairs	2,510,480	506,072	0	1,953,408	51,000	10.5
Air National Guard	3,050,434	435,665	0	0	2,614,769	46.1

Department of Military and Veterans Affairs						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
Federal Funded Programs	119,300,927	0	0	0	119,300,927	1,077.0
Civil Air Patrol	152,676	152,676	0	0	0	1.0
<u>Breakdown of Total Appropriation by Bill</u>						
SB 05-209	131,472,180	4,137,728	26,316	2,475,177	124,832,959	1,184.8
Increase/(Decrease)	\$2,905,397	\$252,805	\$72	\$30,315	\$2,622,205	0.0
Percentage Change	2.3%	6.5%	0.3%	1.2%	2.1%	0.0%

FY 2005-06 Appropriation Highlights:

1. The appropriation funds the replacement of capital equipment at the Western Slope Veterans Cemetery in FY 2005-06 by utilizing \$60,000 cash funds exempt.
2. Currently, the Division of Veterans Affairs conducts one annual seminar for the county veterans service officers. The appropriation restores funding of \$27,688 cash funds exempt and will enable the division to conduct two annual seminars.
3. The appropriation includes funding of \$22,094 General Fund to upgrade the Colorado Civil Air Patrol's radio repeater sites.
4. The national Civil Air Patrol requires the state Civil Air Patrol to purchase additional insurance premiums. The appropriation accounts for the additional premiums (\$3,840 General Fund).

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.

Executive Director and Army National Guard						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2004-05 Appropriation:						
HB 04-1347	\$410,207	\$0	\$0	\$410,207	\$0	0.0
HB 04-1422	6,007,798	3,023,904	26,244	106,270	2,851,380	50.2

Executive Director and Army National Guard						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
SB 05-120	<u>(76,678)</u>	<u>(67,304)</u>	<u>0</u>	<u>0</u>	<u>(9,374)</u>	<u>0.0</u>
TOTAL	\$6,341,327	\$2,956,600	\$26,244	\$516,477	\$2,842,006	50.2
FY 2005-06 Appropriation:						
FY 2004-05 Appropriation	\$6,341,327	\$2,956,600	\$26,244	\$516,477	\$2,842,006	50.2
Annualize FY 2004-05 salary survey and performance-based pay awards	47,651	42,804	121	2,796	1,930	0.0
Operating adjustments	39,540	32,815	0	0	6,725	0.0
Army National Guard Cooperative Agreements	23,251	0	0	0	23,251	0.0
Administrative Services	6,755	3,852	0	0	2,903	0.0
Salary and benefits adjustments	(861)	7,244	(49)	2,496	(10,552)	0.0
SB 05-209	<u>\$6,457,663</u>	<u>\$3,043,315</u>	<u>\$26,316</u>	<u>\$521,769</u>	<u>\$2,866,263</u>	<u>50.2</u>
TOTAL	\$6,457,663	\$3,043,315	\$26,316	\$521,769	\$2,866,263	50.2
Increase/(Decrease)	\$116,336	\$86,715	\$72	\$5,292	\$24,257	0.0
Percentage Change	1.8%	2.9%	0.3%	1.0%	0.9%	0.0%

SB 05-209 (Long Bill) Issue Descriptions

Annualize FY 2004-05 salary survey and performance-based pay awards: The appropriation includes \$48,000 salary increases and performance-based pay awards distributed in FY 2004-05.

Operating adjustments: The appropriation contains various changes in centrally appropriated line items. These centrally appropriated items include workers' compensation, risk management and property, vehicle lease payments and legal services. Operating adjustments are a function of recoverable overhead in the Department of Personnel and Administration or the Department of Law, as is the case with legal services, that are allocated to other departments based on a proportionate share of risk or utilization.

Army National Guard Cooperative Agreements: The appropriation reflects an additional \$23,000 in federal funding.

Administrative Services: The appropriation provides additional accounting services. This service is shared between the State and federal government.

Salary and benefits adjustments: The appropriation adjusts various line items that contain salary and benefits funding. These centrally appropriated items include state contributions to health, life, and dental and others such as shift differential and S.B. 04-257 Amortization Equalization Disbursement. It does not fund performance-

based pay for FY 2005-06, but it does includes a 3.0 percent salary survey increase. The appropriation for Health, Life, and Dental includes increases between 6.2 percent and 9.58 percent, depending on the tier of coverage elected for health. Beginning January 1, 2006, the state will contribute an additional 0.5 percent of base salary to the Public Employees' Retirement Associated pursuant to S.B. 04-257; the appropriation includes six months of funding for this new policy.

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 the State receives each year.

Division of Veterans Affairs						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2004-05 Appropriation:						
HB 04-1421	(\$510)	\$0	\$0	(\$510)	\$0	0.0
HB 04-1422	2,356,426	374,875	0	1,945,551	36,000	10.5
SB 05-209	(17,056)	0	0	(17,056)	0	0.0
SB 05-249	<u>400</u>	<u>0</u>	<u>0</u>	<u>400</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$2,339,260	\$374,875	\$0	\$1,928,385	\$36,000	10.5
FY 2005-06 Appropriation:						
FY 2004-05 Appropriation	\$2,339,260	\$374,875	\$0	\$1,928,385	\$36,000	10.5
Western Slope Military Veterans Cemetery Fund	59,401	120,000	0	(75,599)	15,000	0.0
Veterans Service Operations	42,500	11,197	0	31,303	0	0.0
Colorado State Veterans Trust Fund Expenditures	35,274	0	0	35,274	0	0.0
Colorado State Veterans Trust Fund	31,645	0	0	31,645	0	0.0
County Veterans Service Officers Payments	2,400	0	0	2,400	0	0.0
SB 05-209	<u>\$2,510,480</u>	<u>\$506,072</u>	<u>\$0</u>	<u>\$1,953,408</u>	<u>\$51,000</u>	<u>10.5</u>
TOTAL	\$2,510,480	\$506,072	\$0	\$1,953,408	\$51,000	10.5
Increase/(Decrease)	171,220	131,197	\$0	25,023	15,000	0.0
Percentage Change	7.3%	35.0%	n/a	1.3%	41.7%	0.0%

SB 05-209 (Long Bill) Issue Descriptions

Western Slope Military Veterans Cemetery Fund: The appropriation includes an increase in funding to the Western Slope Military Cemetery for the purchase of capital equipment.

Veterans Services Operations: The appropriation includes an increase of \$27,688 to restore funding for two annual seminars provided to county veterans service officers.

Colorado State Veterans Trust Fund Expenditures: Pursuant to Section 28-5-709 (3) (b) (I), C.R.S., Colorado State Veterans Trust Fund Expenditures are based on the amount of funding appropriated to the Colorado State Veterans Trust Fund. Any change in the expenditures available in the trust fund are attributable to the amount transferred from the Tobacco Litigation Trust Fund to the Colorado State Veterans Trust Fund. The appropriation accounts for the difference in this mechanism in FY 2005-06 relative to FY 2004-05.

Colorado State Veterans Trust Fund: The appropriation reflects changes in the allocation of Colorado State Veterans Trust Fund moneys derived from the Master Settlement Agreement (Tobacco Litigation Settlement Trust Fund).

County Veterans Services Officer Payments: The appropriation reflects an increase of \$2,400 from the veterans trust fund to pay for additional county veterans service officer expenses.

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 (ANG) facilities, the state share is typically 25.0 percent. In FY 2004-05, funding was revised to separately account for Air National Guard programs requiring a state match versus 100 percent federally-funded ANG programs.

Air National Guard						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2004-05 Appropriation:						
HB 04-1422	\$3,034,050	\$428,506	\$0	\$0	\$2,605,544	46.1
TOTAL	\$3,034,050	\$428,506	\$0	\$0	\$2,605,544	46.1
FY 2005-06 Appropriation:						
FY 2004-05 Appropriation	\$3,034,050	\$428,506	\$0	\$0	\$2,605,544	46.1
Buckley Cooperative Agreements	9,265	0	0	0	9,265	0.0
Security for Space Command Facility at Greeley	4,546	0	0	0	4,546	0.0
Operations and Maintenance Agreement for Buckley / Greeley	2,573	7,159	0	0	(4,586)	0.0

Air National Guard						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
SB 05-209	<u>\$3,050,434</u>	<u>\$435,665</u>	<u>\$0</u>	<u>\$0</u>	<u>\$2,614,769</u>	<u>46.1</u>
TOTAL	\$3,050,434	\$435,665	\$0	\$0	\$2,614,769	46.1
Increase/(Decrease)	\$16,384	\$7,159	\$0	\$0	\$9,225	0.0
Percentage Change	0.5%	1.7%	n/a	n/a	0.4%	0.0%

SB 05-209 (Long Bill) Issue Descriptions

Buckley Cooperative Agreement: The appropriation reflects an increase of \$9,265 in federal funding.

Security Space Command Facility at Greeley: The appropriation reflects an increase of \$4,546 in federal funding.

Operations and Maintenance for Buckley and Greeley: The appropriation reflects an adjustment to the State's obligation of General Fund to match federal funds.

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.

Federal Funded Programs						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2004-05 Appropriation:						
HB 04-1422	<u>\$116,727,204</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$116,727,204</u>	<u>1,077.0</u>
TOTAL	<u>\$116,727,204</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$116,727,204</u>	<u>1,077.0</u>
FY 2005-06 Appropriation:						
FY 2004-05 Appropriation	\$116,727,204	\$0	\$0	\$0	\$116,727,204	1,077.0
Personal Services	1,991,271	0	0	0	1,991,271	0.0
Operations and Maintenance	582,452	0	0	0	582,452	0.0
SB 05-209	<u>\$119,300,927</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$119,300,927</u>	<u>1,077.0</u>
TOTAL	<u>\$119,300,927</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$119,300,927</u>	<u>1,077.0</u>

Federal Funded Programs						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
Increase/(Decrease)	\$2,573,723	\$0	\$0	\$0	\$2,573,723	0.0
Percentage Change	2.2%	n/a	n/a	n/a	2.2%	0.0%

SB 05-209 (Long Bill) Issue Descriptions

Personal Services: The appropriation is included for informational purposes as it is federal funds that do not flow through the state's accounting system. The funding is intended to illustrate the scope of the Department's activity. For FY 2005-06, the Department of Military and Veterans Affairs anticipates an additional \$2.0 million for this section's personal services appropriation.

Operations and Maintenance: The appropriation is included for informational purposes as it is federal funds that do not flow through the state's accounting system. The funding is intended to illustrate the scope of the Department's activity. For FY 2005-06, the Department of Military and Veterans Affairs anticipates an additional \$0.6 million for this section's operations and maintenance appropriation.

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.

Civil Air Patrol						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2004-05 Appropriation:						
HB 04-1422	<u>\$124,942</u>	<u>\$124,942</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>1.0</u>
TOTAL	\$124,942	\$124,942	\$0	\$0	\$0	1.0
FY 2005-06 Appropriation:						
FY 2004-05 Appropriation	\$124,942	\$124,942	\$0	\$0	\$0	1.0
Repeater upgrade	22,094	22,094	0	0	0	0.0
Operating Expenses	3,840	3,840	0	0	0	0.0
Annualize FY 2004-05 salary survey and performance-based pay awards	1,800	1,800	0	0	0	0.0
SB 05-209	<u>\$152,676</u>	<u>\$152,676</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>1.0</u>
TOTAL	\$152,676	\$152,676	\$0	\$0	\$0	1.0

Civil Air Patrol						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
Increase/(Decrease)	\$27,734	\$27,734	\$0	\$0	\$0	0.0
Percentage Change	22.2%	22.2%	n/a	n/a	n/a	0.0%

SB 05-209 (Long Bill) Issue Descriptions

Repeater upgrade: The appropriation provides additional funding that will purchase three repeaters and two antennas / accessories for radio repeater sites utilized by the Civil Air Patrol.

Operating expenses: The national Civil Air Patrol requires the state Civil Air Patrol to purchase additional insurance premiums. The appropriation accounts for the additional premiums (\$3,840 General Fund).

Annualize FY 2004-05 salary survey and performance-based pay awards: The appropriation includes \$1,800 for salary increases and performance-based pay awards distributed in FY 2004-05.

Recent Legislation

2004 Session Bills

S.B. 04-126: Defines the position of Commanding Officer of the Colorado Wing of the Civil Air Patrol under the Adjutant General to clarify state authority over state operating expenditures related to the Civil Air Patrol.

H.B. 04-1328: Authorizes supplemental appropriations for the Department of Military and Veterans Affairs FY 2003-04 budget. Increases expenditures for the Executive Director's Office (e.g., common policy items) and the Division of Veterans' Affairs (e.g., restoration of funding for County Service Officer payments, increased funding and new FTEs for Veterans Service Operations). An increased distribution to the Colorado State Veterans Trust Fund is also included.

H.B. 04-1347: Adjusts appropriations to the Colorado Commission on Higher Education Financial Aid and the Colorado National Guard Tuition Fund in the FY 2004-05 budget. Creates a statutory priority for National Guard members in tuition grants made by the financial aid commission, and appropriating at least \$410,207 in FY 2004-05 for the National Guard Tuition Assistance program.

H.B. 04-1421: Revises the allocation formula for the state's annual tobacco settlement payment, beginning in FY 2004-05. Maintains the current distribution of one percent of the annual tobacco payment, up to a maximum of \$1.0 million, to the Colorado State Veterans Trust Fund. Makes minor adjustments to the FY 2004-05 Veterans Trust Fund and Veterans Trust Fund Expenditures to account for costs related to the State Auditor.

H.B. 04-1422: General appropriations act for FY 2004-05.

2005 Session Bills

S.B. 05-120: Supplemental appropriations bill for the Department of Military and Veterans Affairs that adjusts the FY 2004-05 appropriation.

S.B. 05-209: General appropriations act for FY 2004-05.

S.B. 05-249: For FY 2004-05, increases the statutory allocation of tobacco settlement moneys to the Read-to-Achieve Grant Program. Makes a conforming increase in the FY 2004-05 appropriation of tobacco settlement moneys to the Colorado State Veterans Trust Fund based on a proportionate share of the costs incurred by the State Auditor's Office to conduct statutorily-required performance reviews of various tobacco-funded programs. For more information refer to the bill description in the Department of Education.

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 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 (State Engineer's Office), and the Division of Wildlife.

Department Budget: Recent Appropriations

Funding Source	FY 2002-03	FY 2003-04	FY 2004-05	FY 2005-06
General Fund	\$22,351,948	\$19,710,055	\$22,356,999	\$22,829,206
Cash Funds	33,451,378	37,884,274	36,791,001	39,399,507
Cash Funds Exempt	104,258,373	94,995,569	100,625,808	103,729,451
Federal Funds	<u>15,655,067</u>	<u>16,399,689</u>	<u>16,459,536</u>	<u>16,030,410</u>
Total Funds	\$175,716,766	\$168,989,587	\$176,233,344	\$181,988,574
Full Time Equiv. Staff	1,537.7	1,532.2	1,537.2	1,546.4

General Factors Driving the Budget

Funding for this department consists of 12.5 percent General Fund, 21.7 percent cash funds, 57.0 percent cash funds exempt, and 8.8 percent federal funds. Some of the most important factors driving the budget are reviewed below.

Severance Tax (Operational Account) Funds

The Operational Account of the Severance Tax Trust Fund was created as a trust 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 among the divisions is established by statute.

Pursuant to S.B. 96-170, Section 39-29-108 (2), C.R.S. provides that 50 percent of severance tax revenues are deposited into the Severance Tax Trust Fund and 50 percent of the revenues are used by the Department of Local Affairs for grants and distributions to local governments impacted by mining activities. Section 39-29-109, C.R.S. provides that 50 percent of revenues deposited into the Severance Tax Trust Fund shall be allocated to the Perpetual Base Account of the Severance Tax Trust Fund (or 25 percent of total severance tax revenues), which is used by the Colorado Water Conservation Board for water construction projects. The other 50 percent of Severance Tax Trust Fund revenues (or 25 percent of total severance tax revenues) are allocated to the Operational Account to fund programs that "promote and encourage sound natural resource planning, management, and development related to minerals, energy, geology, and water". The following chart shows the Operational Account S.B. 96-170 authorized expenditures on Department of Natural Resources programs and in the bottom of the chart shows the recent "transfers" out of the Operational Account for other purposes.

S.B. 96-170 and Related DNR Expenditures	FY 00-01	FY 01-02	FY 02-03	FY 03-04 ^{3/}	FY 04-05	FY 05-06
Oil & Gas Conservation Commission	\$2,061,999	\$1,843,747	\$918,003	\$1,395,526	\$912,754	\$1,478,698
Minerals & Geology	755,771	2,165,890	2,738,548	2,298,330	2,634,802	3,244,959
Geological Survey	1,226,364	2,139,326	2,119,508	1,983,289	2,028,247	2,120,981
CO Water Conservation Board	<u>585,000</u>	<u>627,963</u>	<u>614,330</u>	<u>621,087</u>	<u>628,752</u>	<u>2,710,794</u>
TOTAL ^{1/}	\$4,629,134	\$6,776,926	\$6,390,389	\$6,298,232	\$6,204,555	\$9,555,432
Annual % Change	N/A	46.4%	-5.7%	-1.4%	-1.5%	54.0%
Total Severance Tax Revenues ^{2/}	74,703,000	57,481,000	32,600,000	125,100,000	120,000,000	108,400,000
DNR Operational Account Revenues	18,675,750	14,370,250	8,150,000	31,275,000	30,000,000	27,100,000
DNR Expenditures as % of Operational Account Revenues	24.8%	47.2%	78.4%	20.1%	20.7%	35.3%
Transfers/Other Non-S.B. 96-170 Uses of the Operational Account of the Severance Tax Trust Fund: ^{4/}						
H.B. 00-1429 Species Conservation Trust Fund	5,000,000					
H.B. 01-1107 Low- Income Energy Assistance	10,000,000					
H.B. 02-1391 Transfer to GF		20,200,000				
Emergency Fire Fighting		4,000,000				
S.B. 03-191 and S.B. 03-271 Transfer to GF			6,877,394	4,600,000		
H.B. 04-1402 DWR One-time appropriation				1,518,546		
S.B. 05-201 Low-income Energy Assistance					7,600,000	
S.B. 05-226 Payment of Kansas Damages					15,500,000	4,000,000

^{1/} S.B. 96-170 authorized division and related expenditures only; does not reflect transfers to the General Fund or expenditures for purposes not specified in S.B. 96-170.

^{2/} Reflects the June 2005 Legislative Council Staff Severance Tax Forecast.

^{3/} In FY 2003-04, H.B. 04-1402 also provided for a one-time appropriation to the State Engineer's Office (Division of Water Resources) of \$1,527,449 for FY 2003-04, in lieu of General Fund which was reestablished in FY 2004-05. This Severance Tax Operational Account expenditure was not part of the original S.B. 96-170 expenditure authorization and hence is not contained in the Long Bill appropriation reflected above.

^{4/} Total transfers to or expenditures on non-S.B. 96-170 based programs is \$79,304,843.

Board of State Land Commissioners School Trust Earnings

Approximately 96 percent of the land managed by the State Board of Land Commissioners is for the School Trust. These school trust lands generate cash fund and cash fund exempt revenues for the public school system (K-12). Total annual revenues for this Trust have increased over 50 percent since FY 2001-02, mostly due to mineral royalties. The following table shows the revenues from the School Trust's exempt and non-exempt cash sources. After administrative expenses for the Board of State Land Commissioners are removed, the net cash funds exempt earnings are deposited into the Permanent School Fund. Pursuant to S.B. 05-196, the first \$12.0 million of cash fund revenues generated are authorized for appropriation in School Finance; any revenues in excess of this sum are deposited into the Permanent School Fund. Excess cash fund revenues are estimated at \$450,085 in FY 2005-06, which, along with the retained interest earnings and cash fund exempt earnings provide a estimated balance in the Permanent School Fund of \$422.7 million in FY 2005-06. This Fund is managed by the State Treasurer.

School Trust Earnings	FY 01-02 Actual	FY 02-03 Actual	FY 03-04 Actual	FY 04-05 Estimate	FY 05-06 Estimate
<u>Cash Funds Revenues</u>					
Mineral Rentals	\$994,186	\$1,126,057	\$986,720	\$1,199,388	\$1,199,388
Surface Rentals	7,274,547	5,025,348	6,793,722	6,801,712	6,994,245
Commercial/Other Revenue	<u>4,471,374</u>	<u>4,483,462</u>	<u>4,036,047</u>	<u>4,276,087</u>	<u>4,256,452</u>
Subtotal	12,740,107	10,634,867	11,816,489	12,277,187	12,450,085
Annual Change	N/A	(2,105,240)	1,181,622	460,698	172,898
Annual Percent Change	N/A	-16.5%	11.1%	3.9%	1.4%
<u>Cash Funds Exempt Revenues</u>					
Mineral Royalties/Bonuses	15,269,738	15,919,419	24,517,032	31,374,042	29,927,432
Land Sales/Other Earnings	<u>174,723</u>	<u>115,212</u>	<u>112,159</u>	<u>105,011</u>	<u>145,488</u>
Subtotal	15,444,461	16,034,631	24,629,191	31,479,053	30,072,920
Annual Change	N/A	590,170	8,594,560	6,849,862	(1,406,133)
Annual Percent Change	N/A	3.8%	53.6%	27.8%	-4.5%
Total State Board of Land Commissioner Earnings	\$28,184,568	\$26,669,498	\$36,445,680	\$43,756,240	\$42,523,005
Annual Change	N/A	(1,515,070)	9,776,182	7,310,560	(1,233,235)
Annual Percent Change	N/A	-5.4%	36.7%	20.1%	-2.8%

Increase in Oil and Gas Activity

The Colorado Oil and Gas Conservation Commission (OGCC) is responsible for promoting the exploration, development, and conservation of Colorado's oil and natural gas resources. Colorado has experienced a significant increase in oil and gas drilling activity, which has dramatically affected the Colorado Oil and Gas Conservation Commission's workload and necessary expenditures with which to respond to the rising needs. As the table below indicates, workload estimates for FY 2005-06 project the following as compared to a FY

2001-02 baseline: (1) an 85 percent increase in oil and gas permits; (2) a 30 percent increase in active wells; and (3) a 142 percent increase in the number of drilling rigs.

Oil and Gas Conservation Commission	FY 01-02	FY 02-03	FY 03-04	FY 04-05	FY 05-06
<u>Workload Activity</u>					
Number of Drilling Permits	2,057	1,985	2,578	3,200	3,800
Number of Active Wells	23,156	24,489	25,870	28,000	30,000
Average Number of Drilling Rigs	31	30	47	63	75
Total OGCC Expenditures ^{1/}	\$3,560,109	\$3,275,376	\$3,331,168	\$3,795,106	\$4,034,571
Total FTE	34.0	34.0	34.0	35.3	38.0

^{1/} Division-only expenditures include all fund sources; does not include centrally appropriated items funded in the Executive Director's Office.

State Parks

The General Fund appropriated for State Parks has declined by \$1.9 million (27 percent) since FY 2000-01. However, the total funds appropriated for State Parks have increased by \$7.5 million (31 percent) since that time. General Fund reductions have been offset by increases in other sources of funding, namely cash fees paid at parks.

State Parks Funding Mix^{1/}	FY 01-02	FY 02-03	FY 03-04	FY 04-05	FY 05-06
General Fund - State Parks	\$5,813,095	\$5,547,016	\$5,179,875	\$5,474,124	\$5,264,513
<i>Percent Change</i>	<i>-19.4%</i>	<i>-4.6%</i>	<i>-6.6%</i>	<i>5.7%</i>	<i>-3.8%</i>
Total Funds - State Parks	\$27,638,389	\$27,928,789	\$28,526,665	\$29,510,933	\$31,907,594
<i>Percent Change</i>	<i>13.1%</i>	<i>19.9%</i>	<i>18.2%</i>	<i>18.5%</i>	<i>16.5%</i>
State Parks Visitation	10,610,000	10,542,719	10,926,432	11,477,697	11,869,897
<i>Percent Change</i>	<i>0.8%</i>	<i>-0.6%</i>	<i>3.6%</i>	<i>5.0%</i>	<i>3.4%</i>

^{1/} Includes centrally appropriated items funded in the EDO.

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. The GOCO grants are not subject to legislative authority, and thus are reflected 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 01-02	FY 02-03	FY 03-04	FY 04-05	FY 05-06
Parks Capital Budget	\$4,636,600	\$2,942,000	\$11,360,000	\$9,183,000	\$8,860,000
Parks Operating Budget	<u>4,147,452</u>	<u>3,239,000</u>	<u>2,798,670</u>	<u>3,793,000</u>	<u>4,468,691</u>
Total GOCO Grants to Parks	\$8,784,052	\$6,181,000	\$14,158,670	\$12,976,000	\$13,328,691
<i>Percent of Parks' Expenditures</i>	<i>18.6%</i>	<i>13.3%</i>	<i>25.9%</i>	<i>23.3%</i>	<i>23.5%</i>
Wildlife Capital Budget	\$1,261,713	\$663,691	\$4,400,100	\$6,940,000	\$7,940,000
Wildlife Operating Budget	<u>6,998,261</u>	<u>6,563,731</u>	<u>8,091,026</u>	<u>8,060,000</u>	<u>8,060,000</u>
Total Grants to Wildlife	\$8,259,974	\$7,227,422	\$12,491,126	\$15,000,000	\$16,000,000
<i>Percent of DOW Expenditures</i>	<i>9.4%</i>	<i>8.0%</i>	<i>15.9%</i>	<i>15.1%</i>	<i>16.1%</i>

Division of Wildlife

For FY 2005-06, the Division of Wildlife's \$79 million operating appropriation represents about 43 percent of the Department's total operating budget. The bulk of the Division's funding is from the Wildlife Cash Fund. Information about the Wildlife Cash Fund is provided below.

Wildlife Cash Fund	FY 01-02	FY 02-03	FY 03-04	FY 04-05	FY 05-06
Revenues	\$83,869,121	\$83,873,518	\$92,108,494	\$93,312,340	\$95,802,865
Expenditures (Operating and Capital)	85,518,319	89,983,273	91,274,556	93,787,127	96,288,706
Misc. Accounting Adjustments	23,799	(966,386)	14,654	0	0
Ending Reserve Balance	45,093,568	38,017,427	38,866,019	38,391,232	37,905,391

Summary of FY 2004-05 and FY 2005-06 Appropriations

Department of Natural Resources						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2004-05 Total Appropriation:	\$176,233,344	\$22,356,999	\$36,791,001	\$100,625,808	\$16,459,536	1,537.2
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Executive Director's Office	24,204,755	5,903,265	5,522,966	11,612,939	1,165,585	56.6
Minerals and Geology	5,758,141	0	2,962,451	87,493	2,708,197	65.7
Geological Survey	4,583,941	0	2,273,989	1,143,473	1,166,479	37.0
Oil and Gas	3,795,106	0	2,520,113	1,170,000	104,993	35.3
State Land Board	3,567,843	0	115,000	3,452,843	0	34.0

Department of Natural Resources						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
Parks	26,811,737	2,831,763	18,150,983	4,940,060	888,931	250.6
Water Conservation	8,869,237	0	949,777	7,819,265	100,195	38.5
Water Resources	18,674,023	13,621,971	4,295,722	667,730	88,600	257.1
Wildlife	79,968,561	0	0	69,732,005	10,236,556	762.4
<u>Breakdown of Total Appropriation by Bill</u>						
SB 04-32	300	0	300	0	0	0.0
SB 04-97	1,600,000	0	0	1,600,000	0	0.0
SB 04-225	10,000	0	10,000	0	0	0.0
HB 04-1135	6,997	0	0	6,997	0	0.0
HB 04-1221	3,920,500	0	0	3,920,500	0	0.0
HB 04-1402	(275,000)	1,414,539	(1,689,539)	0	0	0.0
HB 04-1422	171,352,491	20,938,406	38,353,514	95,594,928	16,465,643	1,538.7
SB 05-121	(581,944)	4,054	116,726	(696,617)	(6,107)	(1.5)
HB 05-1322	200,000	0	0	200,000	0	0.0
FY 2005-06 Total Appropriation:	\$181,988,574	\$22,829,206	\$39,399,507	\$103,729,451	\$16,030,410	1,546.4
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Executive Director's Office	26,043,331	6,238,546	5,794,298	12,753,426	1,257,061	56.6
Minerals and Geology	6,364,733	0	3,044,477	596,084	2,724,172	65.7
Geological Survey	4,659,666	0	2,326,173	1,160,093	1,173,400	37.0
Oil and Gas	4,034,571	0	3,153,853	775,725	104,993	38.0
State Land Board	3,434,499	0	115,000	3,319,499	0	34.0
Parks	28,934,416	2,321,255	19,075,945	6,484,060	1,053,156	255.1
Water Conservation	9,805,551	0	1,451,821	8,155,553	198,177	41.0
Water Resources	19,715,405	14,269,405	4,437,940	913,919	94,141	256.6
Wildlife	78,996,402	0	0	69,571,092	9,425,310	762.4
<u>Breakdown of Total Appropriation by Bill</u>						
SB 05-209	176,767,383	22,829,206	39,152,463	98,755,304	16,030,410	1,545.9
SB 05-84	3,930,000	0	0	3,930,000	0	0.0
SB 05-190	500,000	0	0	500,000	0	0.0
HB 05-1177	247,044	0	247,044	0	0	0.5

Department of Natural Resources						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
HB 05-1254	544,147	0	0	544,147	0	0.0
Increase/(Decrease)	\$5,755,230	\$472,207	\$2,608,506	\$3,103,643	(\$429,126)	9.2
Percentage Change	3.3%	2.1%	7.1%	3.1%	-2.6%	0.6%

FY 2005-06 Appropriation Highlights:

1. Adds \$875,000 for lottery-funded information technology projects and \$613,000 and 4.5 for GOCO funded projects in the Parks and Outdoor Recreation Division.
2. Adds \$544,147 cash funds exempt and \$247,044 cash funds and 0.5 FTE to the Colorado Water Conservation Board for FY 2005-06 associated with H.B. 05-1254 and H.B. 05-1177, respectively.
3. Adds \$500,000 cash funds exempt to the Division of Minerals and Geology associated with S.B. 05-190.
4. Adds \$305,725 cash funds exempt for environmental response services and \$171,910 cash funds for 2.7 new FTE to address oil and gas inspections and surface protection in the Colorado Oil and Gas Commission.
5. Adds \$255,000 cash funds from the Operational Account of the Severance Tax Trust Fund to the Colorado Water Conservation Board for water projects recommended by the Board.
6. Adds \$188,980 General Fund in the Division of Water Resources (State Engineer's Office) for 3.3 FTE new water administration staff to address workload demands in Water Divisions 1, 3, 4, and 5.
7. Adds \$99,248 total funds and 1.0 FTE for flood plains staff in the Colorado Water Conservation Board in conjunction with FEMA dollars authorized by Homeland Security directives in order to help communities receive the \$3.0 to \$5.0 million in annual federal funds anticipated.
8. Reflects an increase of \$56,000 GOCO funding associated with opening Cheyenne Mountain State Park.
9. Reduces the General Fund in the Parks and Outdoor Recreation Division by \$931,197 and increases the appropriation from cash funds by the same amount in order to save General Fund.
10. Reflects the anticipated decrease of \$800,000 federal funds from the U.S. Fish and Wildlife in Biological Programs for species conservation work, instead now reflected in the Division's capital budget.
11. Reduces the budget by \$202,884 from various sources in the Executive Director's Office and the Division of Wildlife associated with violations of FY 2003-04 Long Bill headnotes.
12. Reduces the discretionary funding for the Wildlife Commission by \$90,000 cash funds exempt to reflect the significant historical underutilization of funds in this area.

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.

Executive Director's Office						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2004-05 Appropriation:						
SB 04-225	\$8,511	\$0	\$8,511	\$0	\$0	0.0
HB 04-1402	(12,158)	0	(12,158)	0	0	0.0
HB 04-1422	24,815,145	5,899,211	5,523,873	12,220,369	1,171,692	56.6
SB 05-121	<u>(606,743)</u>	<u>4,054</u>	<u>2,740</u>	<u>(607,430)</u>	<u>(6,107)</u>	<u>0.0</u>
TOTAL	\$24,204,755	\$5,903,265	\$5,522,966	\$11,612,939	\$1,165,585	56.6
FY 2005-06 Appropriation:						
FY 2004-05 Appropriation	\$24,204,755	\$5,903,265	\$5,522,966	\$11,612,939	\$1,165,585	56.6
FY 2005-06 salary and benefits adjustments	1,425,492	339,541	(85,506)	1,089,157	82,300	0.0
Operating adjustments	449,664	18,740	370,418	51,330	9,176	0.0
Reductions associated with FY 2003-04 headnote violations	(36,580)	(23,000)	(13,580)	0	0	0.0
SB 05-209	<u>\$26,043,331</u>	<u>\$6,238,546</u>	<u>\$5,794,298</u>	<u>\$12,753,426</u>	<u>\$1,257,061</u>	<u>56.6</u>
TOTAL	\$26,043,331	\$6,238,546	\$5,794,298	\$12,753,426	\$1,257,061	56.6
Increase/(Decrease)	\$1,838,576	\$335,281	\$271,332	\$1,140,487	\$91,476	0.0
Percentage Change	7.6%	5.7%	4.9%	9.8%	7.8%	0.0%

SB 05-209 (Long Bill) Issue Descriptions

FY 2005-06 salary and benefits adjustments: The appropriation includes adjustments to centrally-appropriated line items for salary survey, performance-based pay awards, state contributions to health, life, and dental benefits, shift differential, and state contributions to the Public Employees' Retirement Association (PERA) pension fund. All salary survey and performance based pay increases are funded through centrally-appropriated line items in the Executive Director's Office in the year of the award and are incorporated into base funding for each division in the subsequent year. The appropriation includes a 3.0 percent salary survey increase but does not fund performance-based pay for FY 2005-06. The appropriation for Health, Life, and Dental includes increases between 6.2 percent and 9.58 percent, depending on the tier of coverage elected. Beginning

January 1, 2006, the State will contribute an additional 0.5 percent of base salary to PERA pursuant to S.B. 04-257 (Amortization Equalization Disbursement); the appropriation includes six months of funding for this new policy.

Operating adjustments: The appropriation contains various changes in centrally appropriated line items. These centrally appropriated items include workers' compensation, risk management and property, vehicle lease payments, and legal services. Operating adjustments are a function of recoverable overhead in the Department of Personnel and Administration or the Department of Law, as is the case with legal services, that are allocated to other departments based on a proportionate share of risk or utilization.

Reductions associated with FY 2003-04 headnote violations: The appropriation reduces the budget by an amount equal to the Executive Director's Office violation of the FY 2003-04 headnotes.

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.
- **Inactive Mines** -- This program safeguards mine openings, inspects and monitors mine sites, and reclaims abandoned mines. There are over 23,000 hazardous mine openings in Colorado, of which only about 6,000 have been safeguarded.
- **Minerals** -- This program issues and enforces mining and reclamation permits for all non-coal mines in Colorado on state, federal, and private lands. The program permits and inspects the 1,735 non-coal mines in Colorado with permitted areas covering 100,386 acres and regulates 374 active prospecting operations.
- **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.

Minerals and Geology						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2004-05 Appropriation:						
HB 04-1422	\$5,758,141	\$0	\$2,962,451	\$87,493	\$2,708,197	65.7
TOTAL	\$5,758,141	\$0	\$2,962,451	\$87,493	\$2,708,197	65.7
FY 2005-06 Appropriation:						
FY 2004-05 Appropriation	\$5,758,141	\$0	\$2,962,451	\$87,493	\$2,708,197	65.7
Annualization of salary increases	133,770	0	81,952	8,591	43,227	0.0

Minerals and Geology						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
Emergency response costs	25,000	0	25,000	0	0	0.0
Indirect cost assessment	(32,178)	0	(4,926)	0	(27,252)	0.0
Elimination of shrub establishment research	(20,000)	0	(20,000)	0	0	0.0
SB 05-209	5,864,733	0	3,044,477	96,084	2,724,172	65.7
SB 05-190	<u>500,000</u>	<u>0</u>	<u>0</u>	<u>500,000</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$6,364,733	\$0	\$3,044,477	\$596,084	\$2,724,172	65.7
Increase/(Decrease)	\$606,592	\$0	\$82,026	\$508,591	\$15,975	0.0
Percentage Change	10.5%	n/a	2.8%	581.3%	0.6%	0.0%

SB 05-209 (Long Bill) Issue Descriptions

Annualization of salary increases: The appropriation makes common policy adjustments to personal services to reflect salary increases awarded in FY 2004-05.

Emergency response costs: The appropriation adds \$25,000 from the Operational Account of the Severance Tax Trust Fund to fund mine-related emergency response costs.

Indirect cost assessment: The appropriation reflects changes in the indirect cost assessment for the Division.

Elimination of shrub establishment research: The appropriation eliminates funding for shrub establishment research. Fiscal year FY 2004-05 was year five of the five-year funding requirement for the study.

Additional legislation: For information on S.B. 05-190, see the "Recent Legislation" section at the end of the Department of Natural Resources.

Geological Survey

This division includes the following three programs:

Environmental Geology and Geological Hazards -- This program is designed to lessen the impact of, and increase the awareness and understanding of, geological hazards in Colorado.

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.

Colorado Avalanche Information Center -- This program provides avalanche forecasting services and education to back country recreation users, industry, and travelers.

Geological Survey						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2004-05 Appropriation:						
HB 04-1422	\$4,583,941	\$0	\$2,257,989	\$1,159,473	\$1,166,479	37.0
SB 05-121	<u>0</u>	<u>0</u>	<u>16,000</u>	<u>(16,000)</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$4,583,941	\$0	\$2,273,989	\$1,143,473	\$1,166,479	37.0
FY 2005-06 Appropriation:						
FY 2004-05 Appropriation	\$4,583,941	\$0	\$2,273,989	\$1,143,473	\$1,166,479	37.0
Annualization of salary increases	75,725	0	52,184	16,620	6,921	0.0
SB 05-209	<u>4,659,666</u>	<u>0</u>	<u>2,326,173</u>	<u>1,160,093</u>	<u>1,173,400</u>	<u>37.0</u>
TOTAL	\$4,659,666	\$0	\$2,326,173	\$1,160,093	\$1,173,400	37.0
Increase/(Decrease)	\$75,725	\$0	\$52,184	\$16,620	\$6,921	0.0
Percentage Change	1.7%	n/a	2.3%	1.4%	0.6%	0.0%

SB 05-209 (Long Bill) Issue Descriptions

Annualization of salary increases: The appropriation makes common policy adjustments to personal services to reflect salary increases awarded in FY 2004-05.

Oil and Gas Conservation Commission

The Commission is responsible for promoting the exploration, development, and conservation of Colorado's oil and natural gas resources. The Commission also has the authority to regulate oil and gas operations so as to protect public health, prevent significant adverse environmental impacts, and prevent waste. 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. The appropriation reflects the workload attributable to the increase in active wells statewide.

The number of active wells increased from 21,870 active wells in 1999 to a projected 30,000 for FY 2005-06. In 2004, drilling permits for the top six counties increased over 33 percent, from 1,855 to 2,470 drilling permits. For FY 2005-06, the number of drilling permits is projected to be an all-time high of 3,800, 84.7 percent higher than the FY 2001-02 baseline. Since 1999, the number of active wells in Weld County alone has grown 26 percent. The average number of drilling rigs is projected to increase to 75 in FY 2005-06, a 19 percent increase over FY 2004-05. Since 2001-02, the average number of drilling rigs has increased from 31 to 75, an increase of over 140 percent.

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 Oil and Gas Conservation and Environmental Response Fund created pursuant to Section 34-60-122 (5), C.R.S. This new fund, created in H.B. 05-1285, consolidates the prior Oil and Gas Conservation Fund and the Oil and Gas Environmental Response Fund in order to streamline the oil and gas revenue management. 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.

Oil and Gas Conservation Commission						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2004-05 Appropriation:						
HB 04-1422	\$3,502,120	\$0	\$2,497,127	\$900,000	\$104,993	35.0
SB 05-121	92,986	0	22,986	70,000	0	0.3
HB 05-1322	<u>200,000</u>	<u>0</u>	<u>0</u>	<u>200,000</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$3,795,106	\$0	\$2,520,113	\$1,170,000	\$104,993	35.3
FY 2005-06 Appropriation:						
FY 2004-05 Appropriation	\$3,795,106	\$0	\$2,520,113	\$1,170,000	\$104,993	35.3
Piceance and D-J Basin water studies and environmental data tool development	300,725	0	0	300,725	0	0.0
New field inspection staff for Weld and Garfield counties	117,688	0	117,688	0	0	2.0
Annualization of salary increases	67,203	0	67,203	0	0	0.0
Annualization of surface protection specialist added in FY 2004-05	54,222	0	54,222	0	0	0.7
Environmental assistance projects	5,000	0	0	5,000	0	0.0
Elimination of one-time FY 2004-05 ERF Fund financing	0	0	500,000	(500,000)	0	0.0
Discontinuation of FY 2004-05 emergency funding in HB 05-1322	(200,000)	0	0	(200,000)	0	0.0
Elimination of one-time FY 2004-05 funding	(98,254)	0	(98,254)	0	0	0.0
Indirect cost assessment	(7,119)	0	(7,119)	0	0	0.0
SB 05-209	<u>\$4,034,571</u>	<u>\$0</u>	<u>\$3,153,853</u>	<u>\$775,725</u>	<u>\$104,993</u>	<u>38.0</u>
TOTAL	\$4,034,571	\$0	\$3,153,853	\$775,725	\$104,993	38.0
Increase/(Decrease)	\$239,465	\$0	\$633,740	(\$394,275)	\$0	2.7
Percentage Change	6.3%	n/a	25.1%	-33.7%	0.0%	7.6%

SB 05-209 (Long Bill) Issue Descriptions

Piceance and D-J Basin water studies and environmental data tool development: The appropriation adds funding for a two-year project to perform water studies and environmental data tool development at the Piceance (Garfield County) and D-J Basin (Weld County) sites.

New field inspection staff for Weld and Garfield counties: The appropriation adds 2.0 new FTE for field inspectors. This staffing increase reflects the significant growth in operations in these areas of the state. Drilling permits increased by 40.4 percent in Garfield county from 2003 to 2004 and by 9.9 percent in Weld county. Wells in Weld County increased from 9,519 to 11,731 over the last five years, an increase of 23 percent. Wells in Garfield County have increased from 775 to 1,703 over this time period, an increase of 120 percent.

Annualization of salary increases: The appropriation makes common policy adjustments to personal services to reflect salary increases awarded in FY 2004-05.

Annualization of surface protection specialist added in FY 2004-05: In the FY 2004-05 supplemental for the Department of Natural Resources (S.B. 05-121), the General Assembly added funding for 1.0 FTE surface protection specialist for a partial year. The appropriation annualizes the funding for the FTE for a full year.

Environmental assistance projects: In the FY 2004-05 supplemental for the Department of Natural Resources (S.B. 05-121), the General Assembly added \$70,000 in additional funding. The appropriation slightly increases that amount to ensure that sufficient funding exists to respond to the increasing workload.

Elimination of one-time FY 2004-05 ERF Fund financing: The appropriation decreases the amount of funding from the Oil and Gas Environmental Response Fund by \$500,000 cash funds exempt and increases the amount of funding from the Oil and Gas Conservation Fund by a like amount of cash funds. The Oil and Gas Environmental Response Fund currently has a balance over \$4.4 million compared to the statutory goal of \$1.0 million.

Discontinuation of FY 2004-05 emergency funding in HB 05-1322: The appropriation eliminates the FY 2004-05 emergency funding in H.B. 05-1322.

Elimination of one-time FY 2004-05 funding: The appropriation reflects a decrease of \$96,995 cash funds associated with the Hearing and Environmental Record Imaging and Indexing System and \$1,259 cash funds associated with the discontinuation of one-time expenses associated with adding new FTE in FY 2004-05.

Indirect cost assessment: The appropriation reflects changes in the indirect cost assessment for the Division.

Additional legislation: For information on SB 05-121 and HB 05-1322, see the "Recent Legislation" section at the end of the Department of Natural Resources. For information on additional legislation, see the "Recent Legislation" section at the end of this department.

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 in this division support

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.

Approximately 96 percent of the land managed by the State Board of Land Commissioners is for the School Trust. These lands generate cash fund and cash fund exempt revenues for the public school system (K-12). In FY 2003-04, \$36.4 million was generated for K-12 from the following school trust land sources: (1) \$11.8 million from leases and other cash funds sources; and (2) \$24.6 million from mineral royalties and other cash fund exempt sources. For FY 2005-06, the School Trust revenue generated by the State Land Board is anticipated to be the following: (1) \$12.5 million from leases and other cash funds sources; and (2) \$30.1 million from mineral royalties and other cash fund exempt sources.

State Board of Land Commissioners						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2004-05 Appropriation:						
HB 04-1422	\$3,567,843	\$0	\$40,000	\$3,527,843	\$0	34.0
SB 05-121	<u>0</u>	<u>0</u>	<u>75,000</u>	<u>(75,000)</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$3,567,843	\$0	\$115,000	\$3,452,843	\$0	34.0
FY 2005-06 Appropriation:						
FY 2004-05 Appropriation	\$3,567,843	\$0	\$115,000	\$3,452,843	\$0	34.0
Annualization of salary increases	54,072	0	0	54,072	0	0.0
Indirect cost assessment	12,061	0	0	12,061	0	0.0
Elimination of FY 2004-05 one-time funding for a document imaging system	(199,477)	0	0	(199,477)	0	0.0
SB 05-209	<u>\$3,434,499</u>	<u>\$0</u>	<u>\$115,000</u>	<u>\$3,319,499</u>	<u>\$0</u>	<u>34.0</u>
TOTAL	\$3,434,499	\$0	\$115,000	\$3,319,499	\$0	34.0
Increase/(Decrease)	(\$133,344)	\$0	\$0	(\$133,344)	\$0	0.0
Percentage Change	-3.7%	n/a	0.0%	-3.9%	n/a	0.0%

SB 05-209 (Long Bill) Issue Descriptions

Annualization of salary increases: The appropriation makes common policy adjustments to personal services to reflect salary increases awarded in FY 2004-05.

Indirect cost assessment: The appropriation reflects changes in the indirect cost assessment for the Division.

Elimination of FY 2004-05 one-time funding for a document imaging system: In FY 2004-05 the General Assembly funded a document imaging system intended to provide efficiencies for the Division. As this funding was one-time in nature, the appropriation does not continue it for FY 2005-06.

Additional legislation: Not reflected in the aforementioned appropriations is SB 05-196. This legislation provided the State Board of Land Commissioners with \$1,000,000 cash funds exempt of annual continuous spending authority beginning in FY 2005-06 to optimize revenues for K-12. For information on SB 05-196, see the "Recent Legislation" section at the end of the Department of Natural Resources. For information on additional legislation, see the "Recent Legislation" section at the end of this department.

Parks and Outdoor Recreation

This division manages approximately 41 parks and associated park projects. The Division also manages statewide recreation programs, including the snowmobile program, the off-highway vehicle program, and river outfitters regulation.

State parks are estimated to have 11,869,897 visitors in FY 2005-06, a 3.4 percent increase over FY 2004-05. As of 2004, Colorado's Parks were among the most self-sufficient in the nation based on a national comparison. Self-sufficiency is defined as the degree to which division cash fund sources cover the costs of the program. Colorado ranked 5th lowest in General Fund support as a percent of operating costs (16.4 percent), received the 6th lowest General Fund support per acre managed (\$20.95), received the 9th lowest General Fund support per visitor (\$0.40), received the 7th lowest General Fund support as a percentage of total state government annual expenditures (0.034 percent), and led nationally in terms of park-generated revenue per visitor at a state park (\$1.57).

Parks and Outdoor Recreation						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2004-05 Appropriation:						
HB 04-1422	<u>\$26,811,737</u>	<u>\$2,831,763</u>	<u>\$18,150,983</u>	<u>\$4,940,060</u>	<u>\$888,931</u>	<u>250.6</u>
TOTAL	\$26,811,737	\$2,831,763	\$18,150,983	\$4,940,060	\$888,931	250.6
FY 2005-06 Appropriation:						
FY 2004-05 Appropriation	\$26,811,737	\$2,831,763	\$18,150,983	\$4,940,060	\$888,931	250.6
Lottery-funded IT projects	875,000	0	0	875,000	0	0.0
Increase in GOCO grants	613,000	0	0	613,000	0	4.5
Annualization of salary increases	427,332	423,113	4,219	0	0	0.0
Federal grants	138,141	0	0	0	138,141	0.0
Opening of Cheyenne Mountain State Park	56,000	0	0	56,000	0	0.0
Indirect cost assessment	28,968	0	2,884	0	26,084	0.0
Payment for dispatch services to the Department of Public Safety	11,445	1,146	10,299	0	0	0.0
Refinancing of base	0	(931,197)	931,197	0	0	0.0
0.2 percent base reduction	(27,207)	(3,570)	(23,637)	0	0	0.0

Parks and Outdoor Recreation						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
SB 05-209	<u>\$28,934,416</u>	<u>\$2,321,255</u>	<u>\$19,075,945</u>	<u>\$6,484,060</u>	<u>\$1,053,156</u>	<u>255.1</u>
TOTAL	\$28,934,416	\$2,321,255	\$19,075,945	\$6,484,060	\$1,053,156	255.1
Increase/(Decrease)	\$2,122,679	(\$510,508)	\$924,962	\$1,544,000	\$164,225	4.5
Percentage Change	7.9%	-18.0%	5.1%	31.3%	18.5%	1.8%

SB 05-209 (Long Bill) Issue Descriptions

Lottery-funded IT projects: The appropriation provides lottery funding for four information technology (IT) projects. First, the appropriation adds \$175,000 from lottery funds to analyze the current vehicle registration system to determine how to improve it and to revise the system based on that analysis. Second, the appropriation provides \$426,000 from lottery funds for systems operation and support. Third, the appropriation provides \$230,000 lottery funds for asset management for on-going replacement of computers and other IT equipment. Finally, the appropriation provides \$44,000 lottery funds to provide adequate bandwidth and reliability for State Parks. These projects are shown for informational purposes only, as lottery funds are continuously appropriated pursuant to the state constitution.

Increase in GOCO grants: The appropriation reflects the estimate for anticipated Greater Outdoor Colorado (GOCO) grants anticipated for FY 2005-06.

Annualization of salary increases: The appropriation makes common policy adjustments to personal services to reflect salary increases awarded in FY 2004-05.

Federal grants: The appropriation reflects the estimate for federal grants, shown for informational purposes.

Opening of Cheyenne Mountain State Park: The appropriation reflects the GOCO portion of the new moneys required for two new staff at Cheyenne Mountain State Park. The appropriation does not provide new cash funds spending authority or FTE for this purpose. The Division has underutilized its cash funds and FTE authorization and therefore increases in this area are not necessary.

Indirect cost assessment: The appropriation reflects changes in the indirect cost assessment for the Division.

Payment for dispatch services to the Department of Public Safety: The appropriation reflects billing to State Parks for Department of Public Safety dispatch services. The costs are based on a two-year rolling average.

Refinancing of base: The appropriation uses additional cash funds available to offset the General Fund need in the Division.

0.2 percent base reduction: The appropriation incorporates a reduction to reflect anticipated vacancy savings in the base.

Colorado Water Conservation Board

Under the guidance of the Board, this division is responsible for protecting, conserving, and developing the state's water resources, 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. Beginning in FY 2001-02, all 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.

Colorado Water Conservation Board						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2004-05 Appropriation:						
HB 04-1221	\$3,920,500	\$0	\$0	\$3,920,500	\$0	0.0
HB 04-1422	<u>4,948,737</u>	<u>0</u>	<u>949,777</u>	<u>3,898,765</u>	<u>100,195</u>	<u>38.5</u>
TOTAL	\$8,869,237	\$0	\$949,777	\$7,819,265	\$100,195	38.5
FY 2005-06 Appropriation:						
FY 2004-05 Appropriation	\$8,869,237	\$0	\$949,777	\$7,819,265	\$100,195	38.5
Severance tax projects	255,000	0	255,000	0	0	0.0
FEMA flood plains staff	99,248	0	0	24,812	74,436	1.0
Annualization of salary increases	86,835	0	0	86,835	0	0.0
Indirect cost assessment	70,591	0	0	47,045	23,546	0.0
Administrative assistant for finance unit	36,197	0	0	36,197	0	1.0
Estimate of S.B. 02-87 Colorado Watershed Protection Fund	10,942	0	0	10,942	0	0.0
Interstate compact increase	4,810	0	0	4,810	0	0.0
Discontinuation of H.B. 04-1221 water projects bill funding	(3,920,500)	0	0	(3,920,500)	0	0.0
SB 05-209	\$5,512,360	\$0	\$1,204,777	\$4,109,406	\$198,177	40.5
SB 05-84	3,502,000	0	0	3,502,000	0	0.0
HB 05-1177	247,044	0	247,044	0	0	0.5
HB 05-1254	<u>544,147</u>	<u>0</u>	<u>0</u>	<u>544,147</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$9,805,551	\$0	\$1,451,821	\$8,155,553	\$198,177	41.0
Increase/(Decrease)	\$936,314	\$0	\$502,044	\$336,288	\$97,982	2.5
Percentage Change	10.6%	n/a	52.9%	4.3%	97.8%	6.5%

SB 05-209 (Long Bill) Issue Descriptions

Severance tax projects: The appropriation adds \$255,000 from the Operational Account of the Severance Tax Trust Fund for water projects that were judged as "medium priority" by the Colorado Water Conservation Board. The appropriation funds the following: (1) \$60,000 of a \$120,000 project to provide assistance to entities to develop and implement conservation plans; (2) \$40,000 of an \$80,000 project to link the Atlas system to existing databases for internet uses; (3) \$105,000 of a \$3,162,309 project to determine the availability of additional water supply storage at Chatfield Reservoir; and (4) \$50,000 total for a digital map showing up-to-date designations of covered streams and areas of frequent flooding.

FEMA flood plains staff: The appropriation adds funding and 1.0 FTE for Federal Emergency Management Assistance (FEMA) flood plain mapping services. The position will work with the 113 Colorado communities that need updated flood plain maps and coordinate the estimated \$3.0 to \$5.0 million in annual federal funding that will be provided by FEMA, associated with Homeland Security efforts.

Annualization of salary increases: The appropriation makes common policy adjustments to personal services to reflect salary increases awarded in FY 2004-05.

Indirect cost assessment: The appropriation reflects changes in the indirect cost assessment for the Division.

Administrative assistant for finance unit: The appropriation adds funding for 1.0 FTE for an administrative assistant for the finance unit. While the unit has a significant administrative workload associated with loans and grants processing, it has no administrative support staff, and has consequently received a few critical audit findings by the State Auditor's Office, which the funding and FTE is intended to address.

Estimate of S.B. 02-87 Colorado Watershed Protection Fund: The appropriation reflects the estimate of revenues anticipated to be spent in FY 2005-06. This information is shown for informational purposes.

Interstate compact increase: The appropriation provides funds for increases in compact dues for the Upper Colorado River Compact. Since FY 2000-01, compact dues have increased from \$218,000 to \$231,000, increases which have been absorbed from the operations and travel portion of the line item.

Discontinuation of H.B. 04-1221 water projects bill funding: The appropriation discontinues the one-time funding for water projects authorized in H.B. 04-1221; FY 2005-06 funding is provided in the annual water projects bill (S.B. 05-84).

Additional legislation: For information on SB 05-84, HB 05-1177, and HB 05-1254, see the "Recent Legislation" section at the end of the Department of Natural Resources. For information on additional legislation, see the "Recent Legislation" section at the end of this department.

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 water allocations within the state and downstream interstate compact compliance, monitoring of water supply through stream-flow measurements, and groundwater regulation. The Division administers 88,487 direct flow water rights. The Division is also responsible for dam safety inspections and groundwater well construction regulation. The General Fund provides approximately 72 percent of the

Division's funding, excluding associated items appropriated centrally ("POTS") in the Executive Director's Office for the Division, and 75.7 percent including POTS. The Colorado Water Conservation Board Construction Fund provides the bulk of cash funds exempt.

Water Resources Division						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2004-05 Appropriation:						
SB 04-32	\$300	\$0	\$300	\$0	\$0	0.0
SB 04-225	1,489	0	1,489	0	0	0.0
HB 04-1402	(262,842)	1,414,539	(1,677,381)	0	0	0.0
HB 04-1422	18,805,887	12,207,432	5,971,314	538,541	88,600	257.1
SB 05-121	<u>129,189</u>	<u>0</u>	<u>0</u>	<u>129,189</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$18,674,023	\$13,621,971	\$4,295,722	\$667,730	\$88,600	257.1
FY 2005-06 Appropriation:						
FY 2004-05 Appropriation	\$18,674,023	\$13,621,971	\$4,295,722	\$667,730	\$88,600	257.1
Annualization of salary increases	472,078	461,021	4,475	6,582	0	0.0
Increase in water administration personnel	188,980	188,980	0	0	0	0.0
Indirect cost assessment	107,378	0	137,743	(30,824)	459	0.0
Refinancing of FY 2004-05 mileage increases	0	87,569	0	(87,569)	0	0.0
Interstate compacts increase	5,102	5,102	0	0	0	0.0
Federal grants	5,082	0	0	0	5,082	0.0
Satellite monitoring workload	5,000	0	0	5,000	0	0.0
Annualization of Republican River Compact compliance funding	(88,882)	(88,882)	0	0	0	(0.5)
Elimination of one-time FY 2004-05 funding	(6,356)	(6,356)	0	0	0	0.0
SB 05-209	\$19,362,405	\$14,269,405	\$4,437,940	\$560,919	\$94,141	256.6
SB 05-84	<u>353,000</u>	<u>0</u>	<u>0</u>	<u>353,000</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$19,715,405	\$14,269,405	\$4,437,940	\$913,919	\$94,141	256.6
Increase/(Decrease)	\$1,041,382	\$647,434	\$142,218	\$246,189	\$5,541	(0.5)
Percentage Change	5.6%	4.8%	3.3%	36.9%	6.3%	-0.2%

SB 05-209 (Long Bill) Issue Descriptions

Annualization of salary increases: The appropriation makes common policy adjustments to personal services to reflect salary increases awarded in FY 2004-05.

Increase in water administration personnel: The appropriation funds the equivalent of 3.3 FTE water administrative staff in Divisions 1, 3, 4, and 5 to address increased workload in the Division and is intended to ensure that senior water rights owners are properly delivered the water to which they are entitled. Because of the significant personal services funding deficit in the Division, no additional FTE authority is necessary to reflect the 3.3 FTE; the Division will use its existing FTE authority for the increase.

Indirect cost assessment: The appropriation reflects changes in the indirect cost assessment for the Division.

Refinancing of FY 2004-05 mileage increases: In FY 2004-05, the General Assembly funded a supplemental appropriation for water administrator mileage. This increase was funded from various sources of cash funds exempt; the appropriation continues the funding but finances the mileage from the General Fund.

Interstate compacts increase: The appropriation increases funding for the Costilla Creek Compact to reflect increased costs approved by the Compact.

Federal grants: The appropriation reflects the anticipated increase in federal funds, shown for informational purposes.

Satellite monitoring workload: The appropriation annualizes the FY 2004-05 funding provided for the satellite monitoring system. The increases are primarily necessary to operate and provide maintenance for gages abandoned by the U.S. Geological Survey and other entities.

Annualization of Republican River Compact compliance funding: The appropriation reflects lower FY 2005-06 annualized costs of the Republican River Compact and continues the FTE added in FY 2004-05.

Elimination of one-time FY 2004-05 funding: The appropriation discontinues one-time funding added in FY 2004-05 associated with new FTE.

Additional legislation: For information on SB 05-84, see the "Recent Legislation" section at the end of the Department of Natural Resources. For information on additional legislation, see the "Recent Legislation" section at the end of this department.

Division of Wildlife

The Division manages the state's 960 game and non-game wildlife species by issuing hunting and fishing licenses, enforcing wildlife regulations, protecting habitat and native wildlife populations and managing more than 250 state wildlife areas. The Division appropriations contain funding for 13 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.
- ❑ **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.
- ❑ **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** - This 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. This 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.

Division of Wildlife						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2004-05 Appropriation:						
SB 04-97	\$1,600,000	\$0	\$0	\$1,600,000	\$0	0.0
HB 04-1135	6,997	0	0	6,997	0	0.0
HB 04-1422	78,558,940	0	0	68,322,384	10,236,556	764.2
SB 05-121	(197,376)	0	0	(197,376)	0	<u>(1.8)</u>
TOTAL	\$79,968,561	\$0	\$0	\$69,732,005	\$10,236,556	762.4
FY 2005-06 Appropriation:						
FY 2004-05 Appropriation	\$79,968,561	\$0	\$0	\$69,732,005	\$10,236,556	762.4
Annualization of salary increases	1,285,101	0	0	1,285,101	0	0.0
Habitat Partnership Program	520,242	0	0	520,242	0	0.0
Dispatch payment to the Department of Public Safety	59,442	0	0	59,442	0	0.0
Annualization of H.B. 04-1135	8,998	0	0	8,998	0	0.0
Discontinuation of S.B. 04-97 one-time funding	(1,600,000)	0	0	(1,600,000)	0	0.0
Funding adjustment	(800,000)	0	0	0	(800,000)	0.0
Indirect cost assessment	(179,456)	0	0	(179,456)	0	0.0
Reduction to reflect FY 2003-04 violation of Long Bill headnotes	(166,304)	0	0	(166,304)	0	0.0
Reduction in Wildlife Commission discretionary spending	(90,000)	0	0	(90,000)	0	0.0
0.2 percent base reduction	(85,182)	0	0	(73,936)	(11,246)	0.0
SB 05-209	\$78,921,402	\$0	\$0	\$69,496,092	\$9,425,310	762.4
SB 05-84	<u>75,000</u>	<u>0</u>	<u>0</u>	<u>75,000</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$78,996,402	\$0	\$0	\$69,571,092	\$9,425,310	762.4

Division of Wildlife						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
Increase/(Decrease)	(\$972,159)	\$0	\$0	(\$160,913)	(\$811,246)	0.0
Percentage Change	-1.2%	n/a	n/a	-0.2%	-7.9%	0.0%

SB 05-209 (Long Bill) Issue Descriptions

Annualization of salary increases: The appropriation makes common policy adjustments to personal services to reflect salary increases awarded in FY 2004-05.

Habitat Partnership Program: The appropriation reflects the estimate for the Habitat Partnership Program, shown for informational purposes only.

Dispatch payment to the Department of Public Safety: The appropriation reflects billing to the Division of Wildlife for Department of Public Safety dispatch services. The costs are based on a two-year rolling average.

Annualization of H.B. 04-1135: The appropriation annualizes the fiscal impact of H.B. 04-1135 (authorizing wildlife sanctuaries) as reflected in the Legislative Council Staff Fiscal Note.

Discontinuation of S.B. 04-97 one-time funding: Senate Bill 04-97 appropriated \$1.6 million for the acquisition of a property. The appropriation discontinues this one-time funding in FY 2005-06.

Funding adjustment: The appropriation reflects the anticipated decrease of \$800,000 federal funds from the U.S. Fish and Wildlife in Biological Programs for species conservation work. These moneys, along with matching GOCO funds, are instead used to purchase conservation easements for species conservation in the capital budget.

Indirect cost assessment: The appropriation reflects changes in the indirect cost assessment for the Division.

Reduction to reflect FY 2003-04 violation of Long Bill headnotes: The appropriation decreases various line items in the Division in response to violation of the FY 2003-04 violation of the Long Bill headnotes which prohibits the expenditure of personal services costs in the Operating Expenses line item. The appropriation also reflects the addition of a related footnote to review these expenditures in greater detail.

Reduction in Wildlife Commission discretionary spending: The appropriation reduces the discretionary funding for the Wildlife Commission by \$90,000 to reflect the significant historical underutilization of funds in this area.

0.2 percent base reduction: The appropriation incorporates a reduction to reflect vacancy savings in the base.

Additional legislation: For information on SB 05-84, see the "Recent Legislation" section at the end of the Department of Natural Resources. For information on additional legislation, see the "Recent Legislation" section at the end of this department.

Recent Legislation

2004 Session Bills

S.B. 04-32: Authorizes the owner of an agricultural irrigation water right to loan such right for up to 180 days during a calendar year to another owner on the same stream. Appropriates \$300 cash funds from the Ground Water Management Cash fund to the Department of Natural Resources, Division of Water Resources, for FY 2004-05.

S.B. 04-40: Authorizes the Division of Wildlife to purchase three parcels of land commonly referred to as the Frisco Creek Wildlife Hospital and Rehabilitation Center and to purchase water and mineral rights. Provides that the sales price shall not exceed \$1,200,000, paid with moneys previously allocated by the Great Outdoors Colorado Trust Fund (GOCO).

S.B. 04-97: Authorizes the Division of Wildlife to purchase a building in Colorado Springs without engaging in a competitive bid process. Appropriates \$1,600,000 cash funds exempt from the Wildlife Cash Fund to the Department of Natural Resources, Division of Wildlife for FY 2004-05.

S.B. 04-222: Provides the State Engineer wide discretion to permit the continued use of underground water consistent with a reasonable lessening of material injury to senior surface water rights. Carries a fiscal impact to the Judicial Department of \$25,814 General Fund and 0.3 FTE, conditioned upon various factors, including the following: (1) if ground water management subdistricts do not adopt a ground water management plan; (2) if the State Engineer responds to this inaction by passing rules; and (3) if such rules are litigated, then there could be a fiscal impact to the Judicial Department at such date.

S.B. 04-225: Revises statutes governing underground water by authorizing the State Engineer to issue orders to owners/users of wells as necessary; to administer the movement of water in any Ground Water Commission-issued replacement plan; and order any person supplying energy to pump ground water to provide records of such energy. Appropriates \$10,000 cash funds from the newly created Well Enforcement Cash Fund to the Department of Natural Resources for FY 2004-05. Further appropriates \$8,511 cash funds exempt to the Department of Law for the provision of legal services to the Department of Natural Resources.

S.B. 04-235: Creates the Republican River Water Conservation District and provides for the respective duties of said district. Authorizes the Board to assess a tax on property within the District, subject to voter approval. Requires the Department of Revenue to perform the collection, administration, and enforcement of the tax. The conditional fiscal impact to the Department of Revenue of \$15,316 General Fund, \$101,925 cash funds exempt and 0.6 FTE could occur no earlier than FY 2005-06, conditioned upon voter approval of said tax.

H.B. 04-1135: Authorizes the Division of Wildlife to regulate wildlife sanctuaries. Appropriates \$6,997 cash funds exempt from the Division of Wildlife Cash Fund to the Department of Natural Resources, Division of Wildlife for FY 2004-05.

H.B. 04-1221: Authorizes \$24,320,800 in new loans comprised of the following: (1) \$11,110,000 from the Perpetual Base Account of the Severance Tax Trust Fund for the Colorado River Water Conservation District - Elkhead Reservoir Enlargement; (2) \$7,272,000 from the Water Conservation Board Construction Fund (Construction Fund) for the New Cache La Poudre Irrigating Company - Barnesville, Cornish Plains and Drury

Reservoir Construction; and (3) \$5,938,800 from the Colorado River Recovery Program Loan Fund for Western Area Power Administration - Capital projects of the Upper Colorado and San Juan River Basins Recovery Implementation Program. Decreases the amount of specified prior loans from the Construction Fund by \$2,235,000. Transfers \$150,000 from the Construction Fund to the Flood Response Fund. Repeals the Emergency Infrastructure Repair Cash Fund and transfers any unreserved amount to the Construction Fund. Repeals the Arkansas River Augmentation Loan Fund and transfers any remaining reserves to the Construction Fund.

Appropriates \$3,920,500 cash funds exempt from the Construction Fund to the Colorado Water Conservation Board for projects in FY 2004-05. These appropriations include the following: (1) \$2,500,000 for the South Platte Decision Support System; (2) \$353,000 for satellite monitoring maintenance; (3) \$215,000 for flood plain studies and maps; (4) \$210,000 for satellite monitoring; (5) \$200,000 for the El Paso County Cooperative Study; (6) \$150,000 for the decision support system database; (7) \$145,000 for the document imaging system; (8) \$75,000 for stream restoration planning and engineering; (9) \$52,500 for a Tamarisk inventory; and (10) \$20,000 for cloud seeding programs.

H.B. 04-1256: Eliminates current statutory restrictions on when an interruptible water supply agreement may be operated. Based on an additional ten appeals anticipated to be filed per year in water court in response to the State Engineer's decisions, the bill appropriates \$10,000 from the Water Adjudication Cash Fund to the Judicial Department for FY 2004-05.

H.B. 04-1329: Supplemental appropriation to the Department of Natural Resources to modify the appropriation included in the FY 2003-04 Long Bill.

H.B. 04-1365: Expands the duties of the Colorado Water Conservation Board's newly renamed Office of Water Conservation and Drought Planning. Provides that the Office shall provide technical and financial assistance to water providers for conservation plans and programs and drought mitigation planning and implementation. Requires each water provider that does not already have a water use efficiency plan to develop and implement such a plan. On or after July 1, 2006, a water provider seeking financial assistance from the Colorado Water Conservation Board or from the Colorado Water Resources and Power Development Authority shall be required to submit a new or revised plan for approval. It is anticipated that funds to implement the provisions of the bill will be requested by the Department as a decision item for FY 2006-07 or later. Pursuant to the bill, these moneys would come from the Operational Account of the Severance Tax Trust Fund from the existing 5.0 percent proportion currently authorized for, but not expended by, the Colorado Water Conservation Board.

H.B. 04-1402: Repeals the water administration fee (authorized in S.B. 03-278) and requires the State Engineer to refund all such moneys collected by June 30, 2004. Amends the FY 2003-04 appropriations clause in S.B. 03-278. This eliminates the appropriation of \$1,689,539 cash funds from the Water Administration Cash Fund to the Department of Natural Resources in FY 2003-04 and increases the appropriation by \$1,527,449 cash funds from a one-time use of the Operational Account of the Severance Tax Trust Fund. Also amends the FY 2004-05 Long Bill to eliminate the \$1,689,539 cash funds appropriation to the Department of Natural Resources from the Water Administration Cash Fund and increases the General Fund appropriation to the Department by \$1,414,539 for FY 2004-05.

H.B. 04-1422: General appropriations act for FY 2004-05. Note that the headnotes 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.

2005 Session Bills

S.B. 05-66: Requires the Department of Higher Education, Colorado School of Miners, Colorado Energy Research Institute to conduct specific research on the oil and gas sector. Authorizes expenditures from the Oil and Gas Conservation and Environmental Response Fund for said research and establishes financial baseline parameters under which the expenditures will be made. Appropriates \$1,806,000 cash funds exempt from the Oil and Gas Conservation and Environmental Response Fund to the Department of Higher Education (\$1,675,000); the Governor's Office (\$75,000); and the Legislative Department (\$56,000) for FY 2005-06. The bill also requires the Colorado Oil and Gas Commission to ensure that, on and after July 1, 2007, the two-year average of the unobligated portion of the Fund does not exceed \$2.0 million at any time and that there is an adequate balance to address environmental response needs. For more information about the appropriations to the respective departments, please see those sections of this report.

S.B. 05-84: Appropriates \$3,930,000 cash funds exempt from the Colorado Water Conservation Board Construction Fund to the Department of Natural Resources in FY 2005-06. Of the \$3,930,000 appropriated to the Department of Natural Resources, \$353,000 is for the Division of Water Resources, \$3,502,000 is for the Colorado Water Conservation Board, and \$75,000 is for the Division of Wildlife.

S.B. 05-121: Supplemental appropriation to the Department of Natural Resources to modify the appropriation included in the FY 2004-05 Long Bill. Also modifies the FY 2003-04 appropriation, as well.

S.B. 05-190: Creates an Abandoned Mine Reclamation Cash Fund, consisting in part of an annual \$500,000 transfer from the operational account of the Severance Tax Trust Fund. The bill authorizes expenditures from the fund for projects located at mining operations that have been abandoned and deemed to pose a high risk to the environment or to public safety. The bill allows for project review by the Board of County Commissioners for the county in which the project is located prior to approval by the Mined Land Reclamation Board, and specifies that appropriations from the fund are available for three state fiscal years. Appropriates \$500,000 cash funds exempt from the Abandoned Mine Reclamation Fund to the Department of Natural Resources, Division of Minerals and Geology, for FY 2005-06.

S.B. 05-196: Creates the State Board of Land Commissioners Investment and Development Fund. Transfers \$1,000,000 cash funds exempt (from State Land Board earnings on mineral royalties and bonus revenue) into the Fund for expenditure by the State Land Board on rezoning, platting, master planning, or other development activities that increase the value of or rate of return on the lands. Also continuously appropriates \$1,000,000 cash funds exempt from the State Board of Land Commissioners Investment and Development Fund annually to the Division and exempts expenditures from this Fund from the procurement and budgeting processes in order to allow the State Land Board to operate more like a business. Finally, the bill creates accountability and tracking requirements.

S.B. 05-201: Appropriates \$7,600,000 from the Operational Account of the Severance Tax Trust Fund for low-income energy assistance in the Department of Human Services in FY 2004-05. For more information, please see the Department of Human Services section of this report.

S.B. 05-209: General appropriations act for FY 2005-06. Note that the headnotes 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. 05-121: Supplemental appropriation to the Department of Natural Resources to modify the appropriation included in the FY 2004-05 Long Bill (H.B. 04-1422).

S.B. 05-226: Creates the *Kansas V. Colorado* Plaintiff's Damages Payment Fund and the *Kansas V. Colorado* Plaintiff's Legal Costs Fund in the State Treasury. Makes the following changes for FY 2004-05 to pay the damages in the settlement: (1) creates the *Kansas v. Colorado* Plaintiff's Damages Payment Fund ("Damages Payment Fund"); (2) authorizes the State Treasurer to transfer \$34,796,129 into the Damages Payment Fund comprised of the following: \$15,500,000 from the Operational Account; \$15,500,000 from the Perpetual Base Account; and \$3,796,129 from the Local Government Severance Tax Fund; (3) authorizes the Department of Law to expend from the Damages Payment Fund and appropriates \$34,796,129 CFE from the Damages Payment Fund for FY 2004-05 (and authorizes the expenditure of moneys not spent in FY 2004-05 to be spent in FY 2005-06) to the Department of Law; and (4) provides that any moneys not utilized in the damages payment to Kansas shall be transferred to the Local Government Severance Tax Fund on July 1, 2006.

Makes the following changes for FY 2005-06 to pay for potential court (legal) courts: (1) creates the *Kansas v. Colorado* Plaintiff's Legal Costs Fund ("Legal Costs Fund") for the purpose of paying a portion of Kansas' legal costs; (2) on July 1, 2005, transfers \$4,000,000 from the Operational Account of the Severance Tax Trust Fund to the Legal Costs Fund; (3) provides the Department of Law with continuous spending authority to pay Kansas for its legal costs "up to" the \$4,000,000 from the Legal Costs Fund subject to the written approval of the JBC to the State Controller; (4) repeals the provisions effective July 1, 2007 and provides that the remaining funding not expended in this Legal Costs Fund shall be transferred (back) to the Operational Account. Finally, the bill exempts the transaction from the provisions of H.B. 05-1001 (restriction on the transfer of moneys from cash funds) in the event that H.B. 05-1001 is passed and the bill exempts this Operational Account transaction from the statutory two year required reserve for Operational Account expenditures.

H.B. 05-1177: Creates nine permanent basin roundtables; one in each of the eight water divisions and one subregion roundtable consisting of the metro area. Each roundtable will consist of representatives of local governments and water districts, as well as members representing stakeholders and outside interests that own water rights within the basin. The bill specifies that the member of the Colorado Water Conservation Board residing within each roundtable will act as a liaison between the board and the Interbasin Compact Committee, and coordinate the board's policies and resources. Appropriates \$247,244 cash funds from the Operational Account of the Severance Tax Trust Fund and 0.5 FTE to the Department of Natural Resources, Colorado Water Conservation Board, for FY 2005-06.

H.B. 05-1254: Establishes a domestic water conservation grant program to provide funding over a three-year period to aid in achieving the water efficiency goals outlined in locally adopted water conservation plans and authorizes the Colorado Water Conservation Board to distribute the grants in FY 2005-06, FY 2006-07, and FY 2007-08 from moneys appropriated from the Operational Account of the Severance Tax Trust Fund. Requires the State Treasurer to transfer \$1,500,000 from the reserve of the operational account of the Severance Tax Trust Fund to the Water Efficiency Grant Program Cash Fund to provide funding for water conservation grants. Appropriates \$544,147 cash funds exempt from the Water Efficiency Grant Program Cash Fund to the Department of Natural Resources, Colorado Water Conservation Board, for FY 2005-06.

H.B. 05-1266: Authorizes the Division of Wildlife within the Department of Natural Resources to raise wildlife hunting and fishing license fees by rule above the levels currently set in statute. This bill also eliminates the current provision that allows the division, in special instances, to sell licenses at prices below statutorily prescribed levels. Non-resident license fees are to be updated annually, based on the Bureau of Labor Statistics'

Consumer Price Index for the Denver-Boulder-Greeley metropolitan area. The bill is projected to result in a revenue increase of \$2,209,417 cash funds exempt in FY 2005-06 and \$6,618,547 cash funds exempt in FY 2006-07. Any related workload or expenditure requirements will be absorbed by the Division of Wildlife.

H.B. 05-1285: Consolidates the Oil and Gas Conservation Fund and the Oil and Gas Environmental Response Fund into the Oil and Gas Conservation and Environmental Response Fund. The bill also requires the Colorado Oil and Gas Commission to ensure that, on and after July 1, 2007, the two-year average of the unobligated portion of the fund does not exceed \$2 million at any time and that there is an adequate balance to address environmental response needs.

H.B. 05-1322: Appropriates \$200,000 cash funds exempt from the Oil and Gas Environmental Response Fund for FY 2004-05 to the Division of Natural Resources, Oil and Gas Conservation Commission to pay for remediation after the February 12, 2005 natural gas-related explosion in La Plata County (Bondad, Colorado).

DEPARTMENT OF PERSONNEL AND ADMINISTRATION

The Department of Personnel and Administration is responsible for administering the state personnel system, which includes approximately 28,500 full time equivalent (FTE) employees, excluding the Department of Higher Education. Such 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 for the 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) Division of Human Resources; (3) Personnel Board; (4) Central Services; (5) Finance and Procurement; (6) Division of Information Technology; and (7) Office of Administrative Courts.

Department Budget: Recent Appropriations

Funding Source	FY 2002-03	FY 2003-04	FY 2004-05	FY 2005-06
General Fund	\$11,613,711	\$7,986,986	\$7,863,549	\$8,447,233
Cash Funds	9,736,361	10,847,769	10,385,054	11,363,479
Cash Funds Exempt	125,642,252	143,530,149	143,894,333	140,899,790
Federal Funds	<u>21,838</u>	<u>71,531</u>	<u>71,531</u>	<u>121,000</u>
TOTAL	\$147,014,162	\$162,436,435	\$162,214,467	\$160,831,502
Full Time Equiv. Staff	585.3	570.1	571.8	542.3

General Factors Driving the Budget

Funding for this department consists of 5.3 percent General Fund, 7.1 percent cash funds, and 87.6 percent cash funds exempt. In addition, the Department receives a small amount of federal funding, less than 0.1 percent of

its total budget, 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 exempt from the spending limits imposed by TABOR (Article X, Section (20) of the Colorado Constitution). Such transfers are classified as cash funds when used to purchase services or products from this department. Three 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 01-02	FY 02-03	FY 03-04	FY 04-05	FY 05-06
Total Number of FTE Appropriated by the General Assembly	27,958.6	27,970.1	27,403.9	28,351.1	28,495.2

FTE employed by the state are provided benefits such as health insurance, salary increases, and retirement plans. The State contributes funding for these benefits and the number of FTE does affect the cost of these contributions. Health, Life, and Dental contributions are determined by the General Assembly; employees voluntarily enroll in the program. Enrollment and the General Assembly's determination of the State's contribution determine the fiscal impact to the state.

Estimated FY 2005-06 Cost of State's Contribution Rate for Health Insurance			
	Enrollees	State Contribution Rate Per Month	FY 2005-06 Cost
Employee	7,974.7	\$190.20	\$18,201,455
Employee with Children	943.4	322.32	3,648,920
Employee with Spouse	3,133.5	333.96	12,557,564
Employee with Family	<u>4,257.1</u>	<u>460.27</u>	<u>23,512,985</u>
TOTAL*	16,308.7	\$295.96	\$57,920,924

*Note: The total for the State Contribution Rate Per Month column is a weighted average of the State's monthly contribution rate, not a total contribution.

In addition to contributing funding for health insurance, the State provides other salary and benefit adjustments. For FY 2005-06, the General Assembly included a 3.0 percent increase for employee salaries; no performance-based pay awards were granted. Appropriations for the salary survey related increases are as follows:

FY 2004-05 and FY 2005-06 Appropriations for Salary Survey and Performance-based Pay Awards		
	FY 2004-05 Salary Survey and Performance-based Pay	FY 2005-06 Salary Survey
General Fund	\$23,168,436	\$21,407,357
Cash Funds	3,749,416	2,246,477
Cash Funds Exempt	8,528,264	8,103,638
Federal Funds	<u>4,248,830</u>	<u>4,302,051</u>
TOTAL	\$39,694,946	\$36,059,523

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 financing 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. As of FY 2004-05, institutions in the Department of Higher Education can exempt themselves from certain centralized programs operated by the Department of Personnel and Administration, including the fleet management program. For FY 2005-06, the University of Colorado, the Colorado State University, and Ft. Lewis College have exempted themselves from the centralized Fleet Management Program. The figures in the table below reflect these decisions.

Fiscal Year	Actual FY 01-02	Actual FY 02-03	Actual FY 03-04	Appropriated FY 04-05	Appropriated FY 05-06
Number of Fleet Vehicles	5,650	5,695	5,515	5,540	4,952
Total Cost of Fleet Management (Includes Vehicles, Maintenance, and Fuel)	\$26,929,127	\$26,119,093	\$26,381,152	\$28,765,397	\$27,614,776
<i>Staff Estimated Net General Fund Share of Vehicle Costs</i>	<i>\$11,073,122</i>	<i>\$10,740,040</i>	<i>\$10,847,798</i>	<i>\$11,828,187</i>	<i>\$11,355,058</i>

Risk Management

The State's Risk Management program provides insurance coverage to departments and agencies for workers' compensation and property and liability insurance. The Department of Personnel and Administration administers and maintains this coverage through the Risk Management program. The State is self-insured for workers' compensation and liability, and it purchases property insurance from the private sector. Generally, appropriations for the coverage provided by the Risk Management program are calculated using actuarially determined prospective claims losses. As of FY 2004-05, institutions in the Department of Higher Education can exempt themselves from certain centralized programs administered by the Department of Personnel and Administration, including the Risk Management program. To date, only the University of Colorado and the Colorado State University are operating individual risk management programs; however, the University of Colorado's program was authorized and established prior to H.B. 04-1009.

Fiscal Year	Actual FY 01-02	Actual FY 02-03	Actual FY 03-04	Appropriated FY 04-05	Appropriated FY 05-06
Workers' Compensation	\$19,015,364	\$22,232,501	\$30,157,471	\$28,660,433	\$30,531,747
Property	4,419,329	5,958,000	7,617,016	6,850,324	6,638,078
Liability	4,487,738	7,456,916	7,125,777	8,457,591	9,346,523

Summary of FY 2004-05 and FY 2005-06 Appropriations

Department of Personnel and Administration						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2004-05 Total Appropriation:	\$162,214,467	\$7,863,549	\$10,385,054	\$143,894,333	\$71,531	571.8
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Executive Office	9,359,791	3,107,538	103,319	6,148,934	0	28.0
Division of Human Resources	50,690,837	0	3,891,194	46,799,643	0	58.2
Personnel Board	416,862	225,564	1,200	190,098	0	4.8
Central Services	56,402,486	0	3,277,930	53,124,556	0	191.0
Finance and Procurement	4,689,660	890,773	920,822	2,878,065	0	65.5
Division of Information Technology	37,271,709	3,639,674	2,190,589	31,369,915	71,531	185.3
Office of Administrative Courts (renamed pursuant to S.B. 05-185)	3,383,122	0	0	3,383,122	0	39.0
<u>Breakdown of Total Appropriation by Bill</u>						
SB 04-138	(25,499)	0	(25,499)	0	0	0.0
SB 04-257	117,891	0	117,891	0	0	0.0
HB 04-1422	173,707,459	8,393,430	11,690,338	153,552,160	71,531	571.8
SB 05-122	(11,585,384)	(529,881)	(1,397,676)	(9,657,827)	0	0.0
FY 2005-06 Total Appropriation:	\$160,831,502	\$8,447,233	\$11,363,479	\$140,899,790	\$121,000	542.3
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Executive Office	9,189,155	3,424,679	38,709	5,725,767	0	23.5
Division of Human Resources	53,711,042	0	4,916,612	48,794,430	0	54.7
Personnel Board	430,611	259,979	1,200	169,432	0	4.8
Central Services	53,524,301	0	2,983,311	50,540,990	0	183.5
Finance and Procurement	4,915,931	1,397,376	888,008	2,630,547	0	61.5
Division of Information Technology	35,806,033	3,365,199	2,506,893	29,812,941	121,000	175.3

Department of Personnel and Administration

	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
Administrative Hearings	3,254,429	0	28,746	3,225,683	0	39.0
<u>Breakdown of Total Appropriation by Bill</u>						
SB 05-209	160,831,502	8,447,233	11,363,479	140,899,790	121,000	542.3
Increase/(Decrease)	(\$1,382,965)	\$583,684	\$978,425	(\$2,994,543)	\$49,469	(29.5)
Percentage Change	-0.9%	7.4%	9.4%	-2.1%	69.2%	-5.2%

FY 2005-06 Appropriation Highlights:

1. The Department of Personnel and Administration is responsible for managing the state's risk management program. The appropriation includes an increase of \$2.5 million for liability, property, and workers' compensation premiums. The funding consists of cash funds (from authorities and enterprises) and cash funds exempt (from other state agencies). All participants in the state's risk management program receive corresponding appropriations. Statewide, appropriations to various departments for workers' compensation and payments to risk management and property funds are also increasing. These increases are based on prospective losses in each program as identified by the Department of Personnel and Administration's actuarial assessments.
2. The appropriation includes an increase of \$964,000 (from all fund sources) to annualize salary and performance awards granted in FY 2004-05.
3. The appropriation includes an increase of \$617,000 (from all fund sources) for salary, benefits, and other common operating adjustments.
4. The elimination of funding for a number of one-time projects in FY 2004-05 is reflected in the appropriations to the Department. These reductions amount to \$3.6 million (including General Fund, cash funds, and cash funds exempt), and one-time projects funded last year include Colorado Benefits Management System data entry, Health Insurance Portability and Accountability Act (HIPAA) of 1996 security rule implementation, and information technology projects (Systems Network Architecture and a Kronos timekeeping system).
5. The appropriation includes a \$3.1 million cash funds exempt reduction due to workload reductions in the Department and fleet management charges associated with H.B. 04-1009. Major workload reductions include \$1.6 million associated with the end of contractual obligations for the multiuse network. Per H.B. 04-1009, the University of Colorado, Colorado State University, and Ft. Lewis College are exempting themselves from the state's fleet management program and will thus no longer be paying approximately \$1.3 million to this department for this purpose.

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 (62.3 percent), is from indirect cost recoveries originating in other divisions throughout the Department and user fees from other state agencies. General Fund accounts for 37.3 percent of the Division's.

Executive Office						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2004-05 Appropriation:						
SB 04-257	\$10,471	\$0	\$10,471	\$0	\$0	0.0
HB 04-1422	10,303,856	3,339,253	96,518	6,868,085	0	28.0
SB 05-122	<u>(954,536)</u>	<u>(231,715)</u>	<u>(3,670)</u>	<u>(719,151)</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$9,359,791	\$3,107,538	\$103,319	\$6,148,934	\$0	28.0
FY 2005-06 Appropriation:						
FY 2004-05 Appropriation	\$9,359,791	\$3,107,538	\$103,319	\$6,148,934	\$0	28.0
Operating adjustments	146,004	(63,604)	(6,943)	216,551	0	0.0
Salary and benefits adjustments	135,695	342,003	(55,639)	(150,669)	0	0.0
Annualize FY 2004-05 salary survey and performance-based pay awards	56,714	0	0	56,714	0	0.0
FTE accounting adjustment	0	0	0	0	0	(4.5)
One-time funding reductions	(440,041)	(32,482)	(10,471)	(397,088)	0	0.0
Leased space adjustments	(44,585)	71,344	8,443	(124,372)	0	0.0
Base reductions	(24,423)	(120)	0	(24,303)	0	0.0
SB 05-209	<u>\$9,189,155</u>	<u>\$3,424,679</u>	<u>\$38,709</u>	<u>\$5,725,767</u>	<u>\$0</u>	<u>23.5</u>
TOTAL	\$9,189,155	\$3,424,679	\$38,709	\$5,725,767	\$0	23.5
Increase/(Decrease)	(\$170,636)	\$317,141	(\$64,610)	(\$423,167)	\$0	(4.5)
Percentage Change	-1.8%	10.2%	-62.5%	-6.9%	n/a	-16.1%

SB 05-209 (Long Bill) Issue Descriptions

Operating adjustments: The appropriation contains various changes in centrally appropriated line items. These centrally appropriated items include workers' compensation, risk management, vehicle lease payments, and legal services. Operating adjustments are a function of recoverable overhead in the Department of Personnel and Administration or the Department of Law, as is the case with legal services, that are allocated to other departments based on a proportionate share of risk or utilization.

Salary and benefits adjustments: The appropriation adjusts various line items that contain salary and benefits funding. These centrally appropriated items include: salary survey; performance-based pay awards; state contributions to health, life, and dental; shift differential; and S.B. 04-257 Amortization Equalization Disbursement. The appropriation does not fund performance-based pay increases for FY 2005-06, but it does include a 3.0 percent salary survey increase. The appropriation for health, life, and dental includes increases between 6.2 percent and 9.58 percent, depending on the tier of coverage elected for health benefits. Beginning January 1, 2006, the state will contribute an additional 0.5 percent of base salary to the Public Employees' Retirement Association pursuant to S.B. 04-257; the appropriation includes six months of funding for this new policy.

Annualize FY 2004-05 salary survey and performance-based pay awards: The appropriation includes annualization of the salary increases and performance awards allocated to the Division in FY 2004-05.

FTE accounting adjustment: The appropriation includes a reduction in the number of FTE to more accurately reflect staffing levels in the department. This action is an accounting adjustment and does not contain associated funding reductions.

One-time funding reductions: The appropriation eliminates several one-time funding increases in FY 2004-05 including: (1) funding for the department's compliance with HIPAA; (2) legal hours associated with the passage of S.B. 04-257; and (3) operating expenses for 1.0 FTE associated with the Department's budget preparation.

Leased space adjustments: The Department has negotiated a 10-year lease beginning July 1, 2005, at 633 17th Street beginning with a \$15.00 per square foot rate. This lease allows the Department to consolidate many of its divisions currently located throughout downtown Denver and replaces leases ranging from \$19.00 to \$25.00 per square foot. The consolidation also results in the Department vacating a portion of its capitol complex space, which results in a reduction to the appropriation. The appropriations for both leased space and capitol complex leased space account for the relocations.

Base reductions: The appropriation includes reductions associated with FY 2003-04 expenditures that violate headnote definitions, and with a 0.2 percent personal services base reduction.

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; 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.

Division of Human Resources						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2004-05 Appropriation:						
SB 04-257	\$107,420	\$0	\$107,420	\$0	\$0	0.0
HB 04-1422	63,505,372	155,990	5,177,780	58,171,602	0	58.2
SB 05-122	<u>(12,921,955)</u>	<u>(155,990)</u>	<u>(1,394,006)</u>	<u>(11,371,959)</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$50,690,837	\$0	\$3,891,194	\$46,799,643	\$0	58.2
FY 2005-06 Appropriation:						
FY 2004-05 Appropriation	\$50,690,837	\$0	\$3,891,194	\$46,799,643	\$0	58.2
Liability, property, and workers' compensation premiums	2,548,000	0	1,129,520	1,418,480	0	0.0
Deferred compensation contract	682,000	0	0	682,000	0	0.0
Legal services	91,757	0	0	91,757	0	0.0
Annualize FY 2004-05 salary survey and performance-based pay awards	86,602	0	0	86,602	0	0.0
S.B. 04-257	4,087	0	(106,544)	110,631	0	1.0
Fund mix adjustment	0	0	(874)	874	0	0.0
One-time funding reductions	(161,597)	0	0	(161,597)	0	0.0
Indirect cost assessment	(115,455)	0	0	(115,455)	0	0.0
Workload reductions and FTE accounting	(98,344)	0	3,318	(101,662)	0	(4.5)
Base reductions	(16,845)	0	(2)	(16,843)	0	0.0
SB 05-209	<u>\$53,711,042</u>	<u>\$0</u>	<u>\$4,916,612</u>	<u>\$48,794,430</u>	<u>\$0</u>	<u>54.7</u>
TOTAL	\$53,711,042	\$0	\$4,916,612	\$48,794,430	\$0	54.7
Increase/(Decrease)	\$3,020,205	\$0	\$1,025,418	\$1,994,787	\$0	(3.5)
Percentage Change	6.0%	n/a	26.4%	4.3%	n/a	-6.0%

SB 05-209 (Long Bill) Issue Descriptions

Liability, property, and workers' compensation premiums: The Department collects workers' compensation and risk management premiums from all state agencies, except for CU and CSU, for the state's risk management program. The changes include: (a) an increase of \$888,932 for liability premiums; (b) a decrease of \$212,246 for property premiums; and (c) an increase of \$1,871,314 for workers' compensation premiums. These changes are based on actuarial estimates of prospective losses in FY 2005-06 relative to FY 2004-05.

Deferred compensation contract: This appropriation is for the current estimate of the new contract for the Deferred Compensation Plan. Fiscal year 2005-06 will be the first time the contract will be included in the Long Bill due to technical changes in how the Department accounts for associated fees.

Legal services: The appropriation reflects the incremental change of the blended rate for legal services (\$64.45 per hour in FY 2005-06). The liability program's allotment of hours remains unchanged from FY 2004-05.

Annualize FY 2004-05 salary survey and performance-based pay awards: The appropriation includes the annualization of salary increases and performance awards allocated to the Division in FY 2004-05.

S.B. 04-257: During the 2004 session, the General Assembly passed S.B. 04-257 which contained funding to implement a new Deferred Compensation Plan. The fiscal note identified 1.0 FTE for the Department, but the General Assembly chose not to fund it in FY 2004-05. The appropriation includes funding and authorization to add 1.0 FTE for FY 2005-06, consistent with the fiscal note for the bill as well as fund mix adjustments to correctly label the revenue as exempt from TABOR revenue limitations.

Fund mix adjustment: The Division of Human Resources receives funding that originates as user fees from authorities and enterprises. Fees received from these entities are categorized as cash fund revenue for purposes of TABOR. The fund mix adjustment correctly identifies revenue expected in the upcoming fiscal year. A corresponding decrease to cash funds exempt occurs to ensure the division does not receive additional appropriations.

One-time funding reductions: The appropriation includes reductions due to the elimination of one-time funding increases in FY 2004-05. The reductions include \$98,477 associated with a 457 plan marketing campaign to employees of the Department of Higher Education, and \$63,120 associated with an audit expense.

Indirect cost assessment: The indirect cost assessment to the Division of Human Resources is decreasing pursuant to the Statewide Indirect Cost Allocation Plan. The appropriation reflects adjustments necessary to properly offset General Fund elsewhere in the department.

Workload reductions and FTE accounting: The appropriation contains funding reductions to the training services program. It also reflects a reduction to the number of FTE authorized to more accurately reflect staffing levels in the Department. This action is an accounting adjustment and does not contain associated funding reductions.

Base reductions: The appropriation includes funding reductions associated with FY 2003-04 expenditures that violate Long Bill headnote definitions, and a 0.2 percent personal services base reduction.

Personnel Board

This division provides staff support for the five-member State Personnel Board authorized in Article XII, Section 14, 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 processed 375 cases in FY 2003-04, the last year for which statistics are available. This caseload represents an increase over prior fiscal years and the Department of Personnel and

Administration anticipates 308 cases to be processed in both FY 2004-05. No data are available for FY 2005-06. 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 and cash funds exempt (indirect cost recoveries), with relatively small amounts of cash funds from fees. In FY 2005-06, General Fund accounts for 60.4 percent of the appropriation, while cash funds exempt accounts for 39.3 percent of the appropriation.

Personnel Board						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2004-05 Appropriation:						
HB 04-1422	<u>\$416,862</u>	<u>\$225,564</u>	<u>\$1,200</u>	<u>\$190,098</u>	<u>\$0</u>	<u>4.8</u>
TOTAL	\$416,862	\$225,564	\$1,200	\$190,098	\$0	4.8
FY 2005-06 Appropriation:						
FY 2004-05 Appropriation	\$416,862	\$225,564	\$1,200	\$190,098	\$0	4.8
Annualize FY 2004-05 salary survey and performance-based pay awards	17,822	17,822	0	0	0	0.0
Indirect cost recovery and other adjustments	0	20,284	2	(20,286)	0	0.0
Base reductions	(4,073)	(3,691)	(2)	(380)	0	0.0
SB 05-209	<u>\$430,611</u>	<u>\$259,979</u>	<u>\$1,200</u>	<u>\$169,432</u>	<u>\$0</u>	<u>4.8</u>
TOTAL	\$430,611	\$259,979	\$1,200	\$169,432	\$0	4.8
Increase/(Decrease)	\$13,749	\$34,415	\$0	(\$20,666)	\$0	0.0
Percentage Change	3.3%	15.3%	0.0%	-10.9%	n/a	0.0%

SB 05-209 (Long Bill) Issue Descriptions

Annualize FY 2004-05 salary survey and performance-based pay awards: The appropriation includes the annualization of the salary increases and performance awards allocated to this division in FY 2004-05.

Indirect cost recovery and other adjustments: The Department collects indirect cost assessments on a variety of programs that it operates. It is anticipated that the amount of indirect costs collected by the Department will decline in FY 2005-06. This results in an additional General Fund appropriation because indirect costs are used to offset General Fund. The FY 2005-06 appropriation to the Personnel Board increases because indirect costs available for a General Fund offset are anticipated to be lower in the upcoming fiscal year.

Base reductions: The appropriation includes funding reductions associated with FY 2003-04 expenditures that violate Long Bill headnote definitions and a 0.2 percent personal services base reduction.

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; microfilming 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.

Central Services						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2004-05 Appropriation:						
HB 04-1422	\$54,393,839	\$0	\$3,277,930	\$51,115,909	\$0	191.0
SB 05-122	<u>2,008,647</u>	<u>0</u>	<u>0</u>	<u>2,008,647</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$56,402,486	\$0	\$3,277,930	\$53,124,556	\$0	191.0
FY 2005-06 Appropriation:						
FY 2004-05 Appropriation	\$56,402,486	\$0	\$3,277,930	\$53,124,556	\$0	191.0
Mail services workload	540,831	0	0	540,831	0	0.0
Utility costs	381,870	0	0	381,870	0	0.0
Annualize FY 2004-05 salary survey and performance-based pay awards	212,247	0	0	212,247	0	0.0
Noxious weed mitigation at Camp George West	42,083	0	0	42,083	0	0.0
Fund mix adjustment	0	0	(294,619)	294,619	0	0.0
FTE accounting	0	0	0	0	0	(7.5)
One-time funding reductions	(2,028,514)	0	0	(2,028,514)	0	0.0
Fleet management costs	(1,251,679)	0	0	(1,251,679)	0	0.0
Indirect cost assessment	(572,139)	0	0	(572,139)	0	0.0
Workload reductions	(181,632)	0	0	(181,632)	0	0.0
Base reductions	(21,252)	0	0	(21,252)	0	0.0
SB 05-209	<u>\$53,524,301</u>	<u>\$0</u>	<u>\$2,983,311</u>	<u>\$50,540,990</u>	<u>\$0</u>	<u>183.5</u>
TOTAL	\$53,524,301	\$0	\$2,983,311	\$50,540,990	\$0	183.5
Increase/(Decrease)	(\$2,878,185)	\$0	(\$294,619)	(\$2,583,566)	\$0	(7.5)
Percentage Change	-5.1%	n/a	-9.0%	-4.9%	n/a	-3.9%

SB 05-209 (Long Bill) Issue Descriptions

Mail services workload: This appropriation annualizes a FY 2004-05 supplemental appropriation to this program needed to accommodate large volumes of client notices generated by the Colorado Benefits Management System (CBMS).

Utility costs: The increase to the appropriation is due to rising utility rates for the Capitol Complex, Grand Junction, and Camp George West. Utility rates are increasing between 0.39 percent and 17.4 percent depending on the commodity and campus, although Grand Junction is anticipated to experience a decrease in its electric rate. The rate increases are also reflected in various departments' appropriations for the Capitol Complex Leased Space line item.

Annualize FY 2004-05 salary survey and performance-based pay awards: The appropriation includes the annualization of salary increases and performance awards allocated to the Division in FY 2004-05.

Noxious weed mitigation at Camp George West: Jefferson County notified the Department of a noxious weed infestation at Camp George West. The appropriation includes funding for two applications of herbicides to fulfill the state's responsibility under Section 35-5.5-110 (1), C.R.S.

Fund mix adjustment: Central Services receives funding that originates as user fees from authorities and enterprises such as the Division of Wildlife. Fees from these entities are categorized as cash fund revenue for purposes of TABOR. The fund mix adjustment correctly identifies revenue expected in the upcoming fiscal year. A corresponding decrease to cash funds exempt occurs to ensure the division does not receive additional appropriations.

FTE accounting: The appropriation includes a reduction in the number of authorized FTE to more accurately reflect staffing levels in the Department. This action is an accounting adjustment and does not contain associated funding reductions.

One-time funding reductions: The appropriation eliminates funding for two one-time projects in FY 2004-05: a \$1.7 million project associated with CBMS and a \$261,000 project associated with the Department of Natural Resources.

Fleet management costs: Fleet management costs are decreasing as a result of H.B. 04-1009, which allows institutions of the Department of Higher Education to exempt themselves from certain centralized services. Operating expenses will decrease as well as the need for funding in the vehicle replacement line item. However, the appropriation does include funding for an increase in operating expenses that result from rising fuel prices and an increase in vehicle replacement costs.

Indirect cost assessment: The indirect cost assessment to Central Services is decreasing pursuant to the Statewide Indirect Cost Allocation Plan. The appropriation reflects adjustments necessary to properly offset General Fund elsewhere in the Department.

Workload reductions: The Department of Personnel and Administration is billed by the Department of Public Safety for the cost of Capitol security. The appropriation is reduced by \$181,632 to account for a reduction in anticipated billings.

Base reductions: The appropriation contains a 0.2 percent personal services base reduction.

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. It manages the financial affairs of all departments through the State Controller's Office utilizing 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.

Finance and Procurement						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2004-05 Appropriation:						
SB 04-138	(\$25,499)	\$0	(\$25,499)	\$0	\$0	0.0
HB 04-1422	4,715,159	1,032,949	946,321	2,735,889	0	65.5
SB 05-122	<u>0</u>	<u>(142,176)</u>	<u>0</u>	<u>142,176</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$4,689,660	\$890,773	\$920,822	\$2,878,065	\$0	65.5
FY 2005-06 Appropriation:						
FY 2004-05 Appropriation	\$4,689,660	\$890,773	\$920,822	\$2,878,065	\$0	65.5
Indirect cost assessments	165,820	0	0	165,820	0	0.0
Annualize FY 2004-05 salary survey and performance-based pay awards	130,747	100,186	9,951	20,610	0	0.0
Fund mix adjustments	0	427,830	0	(427,830)	0	0.0
FTE accounting	0	0	0	0	0	(4.0)
Workload adjustments	(42,417)	0	(42,417)	0	0	0.0
Base reductions	(27,879)	(21,413)	(348)	(6,118)	0	0.0
SB 05-209	<u>\$4,915,931</u>	<u>\$1,397,376</u>	<u>\$888,008</u>	<u>\$2,630,547</u>	<u>\$0</u>	<u>61.5</u>
TOTAL	\$4,915,931	\$1,397,376	\$888,008	\$2,630,547	\$0	61.5
Increase/(Decrease)	226,271	506,603	(\$32,814)	(\$247,518)	\$0	(4.0)
Percentage Change	4.8%	56.9%	-3.6%	-8.6%	n/a	-6.1%

SB 05-209 (Long Bill) Issue Descriptions

Indirect cost assessments: The indirect cost assessment to Finance and Procurement is increasing pursuant to the Statewide Indirect Cost Allocation Plan. The appropriation reflects adjustments necessary to properly offset General Fund elsewhere in the Department.

Annualize FY 2004-05 salary survey and performance-based pay awards: The appropriation includes the annualization of salary increases and performance awards allocated to this division in FY 2004-05.

Fund mix adjustments: The FY 2004-05 appropriation included a number of General Fund offsets such as indirect cost recoveries from other departments, procurement card rebates, and fund reserves, that are no longer available for FY 2005-06. The appropriation accounts for the loss of indirect costs from the Department of Transportation, the Department of State, and the Department of Local Affairs with a corresponding increase in General Fund.

FTE accounting: The appropriation includes a reduction in the number of authorized FTE to more accurately reflect staffing levels in the Department. This action is an accounting adjustment and does not contain associated funding reductions.

Workload adjustments: The appropriation decreases funding for the Supplier Database program due to historical reversions in the appropriation.

Base reduction: The appropriation contains a base reduction of 0.2 percent of base salaries. For this division, the reduction is \$8,426. Other reductions include \$19,453 associated with the department's use of legal services from personal services appropriations in violation of FY 2003-04 Long Bill headnote definitions.

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 computers and mainframe resources); (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 (83.3 percent), a majority of which is from fees charged to other state agencies for services provided by the Division. General Fund accounts for 9.4 percent of the Division's funding.

Division of Information Technology						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2004-05 Appropriation:						
HB 04-1422	\$36,989,249	\$3,639,674	\$2,190,589	\$31,087,455	\$71,531	185.3
SB 05-122	<u>282,460</u>	<u>0</u>	<u>0</u>	<u>282,460</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$37,271,709	\$3,639,674	\$2,190,589	\$31,369,915	\$71,531	185.3
FY 2005-06 Appropriation:						
FY 2004-05 Appropriation	\$37,271,709	\$3,639,674	\$2,190,589	\$31,369,915	\$71,531	185.3
Annualize FY 2004-05 salary survey and performance-based pay awards	376,588	105,140	0	271,448	0	0.0

Division of Information Technology						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
Indirect cost assessment	275,864	0	0	275,864	0	0.0
Snocat replacements	244,000	0	0	244,000	0	0.0
Local systems development	49,469	0	0	0	49,469	0.0
Fund mix adjustment	0	(373,331)	316,304	57,027	0	0.0
FTE accounting	0	0	0	0	0	(10.0)
Workload reductions	(1,661,133)	0	0	(1,661,133)	0	0.0
One-time funding reductions	(725,215)	0	0	(725,215)	0	0.0
Base reductions	(25,249)	(6,284)	0	(18,965)	0	0.0
SB 05-209	<u>\$35,806,033</u>	<u>\$3,365,199</u>	<u>\$2,506,893</u>	<u>\$29,812,941</u>	<u>\$121,000</u>	<u>175.3</u>
TOTAL	<u>\$35,806,033</u>	<u>\$3,365,199</u>	<u>\$2,506,893</u>	<u>\$29,812,941</u>	<u>\$121,000</u>	<u>175.3</u>
Increase/(Decrease)	(\$1,465,676)	(\$274,475)	\$316,304	(\$1,556,974)	\$49,469	(10.0)
Percentage Change	-3.9%	-7.5%	14.4%	-5.0%	69.2%	-5.4%

SB 05-209 (Long Bill) Issue Descriptions

Annualize FY 2004-05 salary survey and performance-based pay awards: The appropriation includes the annualization of salary increases and performance awards allocated to the division in FY 2004-05.

Indirect cost assessment: The indirect cost assessment to the Division of Information Technology is increasing pursuant to the Statewide Indirect Cost Allocation Plan. The appropriation reflects adjustments to properly offset General Fund elsewhere in the Department.

Snocat replacements: Funding has been provided to replace two Snocats (model years 1958 and 1959) used by the Communications Services program to gain access to communications infrastructure under winter conditions.

Local systems development: The appropriation reflects additional federal funds received from the National Oceanic and Atmospheric Administration (NOAA), which contracts with the Department to maintain its communications infrastructure.

Fund mix adjustment: The appropriation includes various fund mix adjustments in the Communications Services program, the Network Services program, and the Information and Archival Services program. These fund mix adjustments occur due to the level of authorities and enterprises using the services of Network Services and Information and Archival Services, and the decision made by the General Assembly to fully charge other state departments the overhead of Communications Services attributable to local, sub-political divisions of the state.

FTE accounting: The appropriation includes a reduction in the number of authorized FTE to more accurately reflect staffing levels in the Department. This action is an accounting adjustment and does not contain associated funding reductions.

Workload reductions: The appropriation includes reductions due to workload changes affecting network services. Beginning in FY 2005-06, multiuse network costs will decrease because the contractual obligations the State has with Qwest and its consortium partners reserving bandwidth end on June 30, 2005. Additionally, it reflects the completion of a telecommunications audit.

One-time funding reductions: The appropriation eliminates funding for two one-time projects: systems network architecture migration and a time-keeping upgrade.

Base reductions: The appropriation contains a base reduction of 0.2 percent of base salaries and a \$703 reduction associated with the Department's use of legal services from personal services appropriations in violation of FY 2003-04 Long Bill headnote definitions.

Office of Administrative Courts (previously named 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 court services.

Office of Administrative Courts						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2004-05 Appropriation:						
HB 04-1422	<u>\$3,383,122</u>	<u>\$0</u>	<u>\$0</u>	<u>\$3,383,122</u>	<u>\$0</u>	<u>39.0</u>
TOTAL	\$3,383,122	\$0	\$0	\$3,383,122	\$0	39.0
FY 2005-06 Appropriation:						
FY 2004-05 Appropriation	\$3,383,122	\$0	\$0	\$3,383,122	\$0	39.0
Annualize FY 2004-05 salary survey and performance-based pay awards	82,878	0	0	82,878	0	0.0
Fund mix adjustment	0	0	28,746	(28,746)	0	0.0
Eliminate one-time funding for case management software	(200,000)	0	0	(200,000)	0	0.0
Indirect cost assessment	(5,817)	0	0	(5,817)	0	0.0
Base reduction	(5,754)	0	0	(5,754)	0	0.0
SB 05-209	<u>\$3,254,429</u>	<u>\$0</u>	<u>\$28,746</u>	<u>\$3,225,683</u>	<u>\$0</u>	<u>39.0</u>
TOTAL	\$3,254,429	\$0	\$28,746	\$3,225,683	\$0	39.0

Office of Administrative Courts						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
Increase/(Decrease)	(\$128,693)	\$0	\$28,746	(\$157,439)	\$0	0.0
Percentage Change	-3.8%	n/a	n/a	-4.7%	n/a	0.0%

SB 05-209 (Long Bill) Issue Descriptions

Annualize FY 2004-05 salary survey and performance-based pay awards: The appropriation includes the annualization of salary increases and performance awards allocated to this division in FY 2004-05.

Fund mix adjustment: This office provides services to agencies that are enterprises as defined in TABOR. The fund mix adjustment correctly identifies revenue from these agencies as cash funds. A corresponding decrease to cash funds exempt occurs.

Eliminate one-time funding for case management software: The appropriation eliminates funding provided in FY 2004-05 for the purchase of case management software.

Indirect cost assessment: The indirect cost assessment to this office is decreasing pursuant to the Statewide Indirect Cost Allocation Plan. Adjustments to the Division's appropriation occur in order to properly offset General Fund elsewhere in the Department.

Base reduction: The appropriation contains a base reduction of 0.2 percent of base salaries.

Recent Legislation

2004 Session Bills

S.B. 04-8: Permits the State Personnel Director to adopt procedures which will allow that individual to determine eligibility requirements and the percentage of the State's contribution for health benefits for employees working less than full time and hired after January 1, 2005. Also eliminates the statutory requirements that delineate the types of plans that are provided to state employees.

S.B. 04-132: Modifies member benefits for the Public Employees' Retirement Association (PERA) that include eliminating the MatchMaker provision beginning with June 2004, specifying the interest rate at which member contributions earn interest, and changing the service retirement eligibility for employees hired after July 1, 2005.

S.B. 04-138: Repeals S.B. 03-259 and associated funding for the Department of Personnel and Administration. For an explanation of this bill, please see the Recent Legislation section for the Department of Health Care Policy and Financing.

S.B. 04-233: Authorizes the Department of Personnel and Administration, through a newly created Capitol Parking Authority, to finance the lease-purchase of a parking structure for the Capitol Complex. The structure is to be located on the southeast corner of 14th Avenue and Lincoln Street in Denver and the total amount of the lease-purchase is limited to \$7.5 million, plus administrative and other closing costs and interest. The fiscal impact of the structure will begin in FY 2006-07 when payments are scheduled to begin. The authority is established for purposes of exempting the lease-purchase of the parking structure from TABOR requirements.

S.B. 04-243: Authorizes an agency, pursuant to statutory provisions for budget savings, to transfer 50.0 percent of the amount of any General Fund cost savings to the personal services line item in the same agency for purposes of paying performance-based awards to the employees of that agency. Any bonuses awarded are to be consistent with the performance-based pay system established in statute. Requires the agency providing awards pursuant to this act to notify the Joint Budget Committee, the Office of State Planning and Budgeting, and the State Controller's Office of the amount of cost savings achieved.

S.B. 04-257: Establishes separate divisions within the Public Employees' Retirement Association (PERA) for the state and for public schools, previously the State and School Division, and renames the Municipal Division the Local Government Division. Defines the process by which the state will contribute higher amounts of funding to address the unfunded liability in the PERA Trust Fund. Beginning January 1, 2006, requires the State to contribute an additional 0.5 percent of salary to PERA to address the amortization of the trust fund. Increases additional contributions by 0.4 percent per year until CY 2012 (FY 2011-12) or at a point when the amortization of the PERA Trust Fund is in compliance with statutorily defined periods. Finally, creates an optional defined contribution plan for employees hired after January 1, 2006.

H.B. 04-1020: Eliminates the current statutory incentive award suggestion system and the incentive award suggestion system board in the Department of Personnel and Administration. Requires the State Personnel Director to submit a report to the Joint Budget Committee with recommendations for the implementation of a new state employee incentive program.

H.B. 04-1022: Updates certain sections of statute authorizing and defining Central Services' duties. Also eliminates the state vanpooling program from statute.

H.B. 04-1171: Directs the State Personnel Director to study the feasibility of establishing a retirement health savings trust for state employees. Based upon the results of the study, the Director is to make recommendations to the State, Veterans, and Military Affairs Committees and the Health, Environment, Welfare, and Institutions Committees of both chambers and to the Joint Budget Committee. Expresses the General Assembly's expectation that any trust recommended by the State Personnel Director operate as an enterprise as defined by TABOR.

H.B. 04-1244: Permits the use of the Risk Management Fund for the payment of defense costs in liability claims brought against expert witnesses retained by the Department of Regulatory Agencies or its surrogates.

H.B. 04-1373: Accompanies H.C.R. 04-1005 (see below) and updates statute as necessary to mirror the Colorado Constitution if the referred measure passes at the ballot in November 2004. Also makes other adjustments to the state personnel system.

H.B. 04-1411: Extends the repeal dates of certain statutory provisions related to the Governor's ability to transfer funds and the State Controller's ability to grant over-expenditures for purposes of closing the state's books at the end of any fiscal year. Extends the repeal of these provisions to 2009, and maintains the current dollar limitations on total transfers and over-expenditures.

H.B. 04-1422: General appropriations act for FY 2004-05. The bill also affects FY 2003-04 appropriation by the addition of a supplemental appropriation associated with data entry work related to the Colorado Benefits Management System (CBMS) performed by the Department of Personnel and Administration.

H.C.R. 04-1005: Refers a measure to the registered electors of Colorado on proposed amendments to the Colorado Constitution which affect the personnel system. The measure accompanies H.B. 04-1373 (described above). Significant changes in the measure include exempting additional positions from the personnel system (such as an employee of a department who controls large segments of that department), changing the appointment process for vacant positions (such as increasing the pool of qualified candidates and altering the residency requirement), extending the period for temporary appointments to the personnel system, and granting the General Assembly, acting by bill, the authority to change the rule making authority of the State Personnel Director and the State Personnel Board. This measure was not approved by voters in the November 2004 general election.

2005 Session Bills

S.B. 05-73: Includes in the amortization equalization disbursement established by S.B. 04-257 those employees who retire from a PERA member employer who are subsequently re-hired.

S.B. 05-122: Supplemental appropriations bill for the Department of Personnel and Administration that adjusts the FY 2004-05 appropriation.

S.B. 05-172: Specifies that, if the Department of Personnel and Administration opts to self-fund group benefit plans, the Group Benefit Plans Reserve Fund shall not be included in the general assets of the state. Also narrows the possible uses of the Fund to include only premiums, claims costs, other administrative fees, and costs associated with the plans, and establishes a Premium Stabilization Reserve Account.

S.B. 05-185: Changes the name of Administrative Hearings to the Office of Administrative Courts. Allows the Executive Director to appoint and assign administrative law judges to hear specific cases or classes of cases and allows administrative law judges the power to subpoena and engage in alternative dispute resolution. Authorizes attorney fees and costs to be recovered in cases involving the "Fair Campaign Practices Act" for the party that prevails. Directs the Executive Director to establish and maintain administrative offices and courts in Denver, the southern region of the state, and the Western Slope.

S.B. 05-209: General appropriations act for FY 2005-06.

H.B. 05-1231: Clarifies, among others items, employee eligibility for the Defined Contribution Plan option that was created by S.B. 04-257. Forbids a retiree or a retiree with suspended benefits from enrolling in the Defined Contribution Plan. States that, upon termination of employment, an employee may rollover, request a distribution, transfer, or retain the balance in the plan as specified in the Internal Revenue Code of 1986, 26 U.S.C. Sec, 401, et seq.

H.B. 05-1286: Repeals the sunset of the Department's ability to charge other state agencies for the operations and maintenance of the public safety communications infrastructure. This infrastructure includes the digital trunked radio project as well as legacy microwave communications systems.

H.B. 05-1340: Continuously appropriates moneys in the State Capitol Building Renovation Fund for expenditures recommended by the State Capitol Building Advisory Committee and approved by the Capital Development Committee and the Joint Budget Committee for the purpose of renovating the Colorado state capitol building.

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 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 Services Division
11. Health Facilities and Emergency Medical Services Division

Department Budget: Recent Appropriations

Funding Source	FY 2002-03	FY 2003-04	FY 2004-05	FY 2005-06
General Fund	\$16,274,247	\$12,500,105	\$13,106,464	\$15,312,378
Cash Funds	26,842,124	30,914,921	32,135,179	31,369,812
Cash Funds Exempt	64,260,683	55,108,546	64,460,031	135,478,251
Federal Funds	<u>162,154,530</u>	<u>159,729,485</u>	<u>169,665,132</u>	<u>200,851,725</u>
TOTAL	\$269,531,584	\$258,253,057	\$279,366,806	\$383,012,166
Full Time Equiv. Staff	1,103.7	1,094.6	1,115.5	1,144.6

General Factors Driving the Budget

For FY 2005-06, funding for this department consists of 4.0 percent General Fund, 8.2 percent cash funds, 35.4 percent cash funds exempt, and 52.4 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 low-income people. The definition of low income varies from program to program. For example, the Special Supplemental Nutrition Program for Women, Infants and Children (WIC) serves households with incomes no greater than 185 percent of the poverty level, which is currently \$34,040 for a family of four. For free mammograms under the Women's Cancer Control Initiative, the income limit is \$45,250 for a family of four.

Many of the programs are directed at women and children or Medicaid recipients. Services are often delivered 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.

	FY 2001-02 Actual	FY 2002-03 Actual	FY 2003-04 Actual	FY 2004-05 Approp.	FY 2005-06 Approp.
Low-Income Programs	\$122,284,424	\$129,806,528	\$146,658,368	\$120,575,663	\$147,715,637
As a Percent of Total Health Divisions Budget	57.5%	59.6%	62.2%	58.9%	42.6%

Federal Programs

Federal funds are the largest funding source for programs in the health divisions. The majority 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.

	FY 2001-02 Actual	FY 2002-03 Actual	FY 2003-04 Actual	FY 2004-05 Approp.	FY 2005-06 Approp.
Total Federal Funds - Health Divisions	\$139,843,199	\$158,460,898	\$185,179,630	\$142,781,665	\$171,250,941
As a Percent of Total Health Divisions Budget	65.8%	72.7%	78.5%	69.7%	56.3%

Over 45 percent of the budget for environmental divisions 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 ^a	FY 2001-02 Actual	FY 2002-03 Actual	FY 2003-04 Actual	FY 2004-05 Approp.	FY 2005-06 Approp.
Total Federal Funds - Environmental Divisions	\$20,298,346	\$20,107,552	\$20,480,977	\$21,433,176	\$23,716,798
As a Percent of the Total Environmental Divisions Budget	48.7%	49.6%	48.6%	45.6%	47.5%

^a The environmental divisions are Air Quality Control, Water Quality Control, and Hazardous Materials and Waste Management.

Tobacco Funding

Funding related to tobacco purchases, including annual payments from tobacco manufacturers that participate in the Master Settlement agreement and additional taxes paid on Colorado tobacco purchases under the provisions of Amendment 35, fund a significant portion of the Department's prevention and treatment programs. The Ryan White AIDS Drug Assistance program, the Tony Grampsas Youth Services program, the Nurse Home Visitor program and the Dental Loan Repayment program are all funded by tobacco settlement moneys. In FY 2005-06, the breast and cervical cancer screening program and the tobacco education and cessation program will be expanded and new health disparities and cardiovascular/pulmonary/chronic disease grant programs will be instituted using Amendment 35 taxes.

Tobacco-related funding is summarized in the table below. Note that much of the funding from the annual tobacco settlement payment appears twice in the Department's budget--once when it is appropriated to a special-purpose fund, such as the Nurse Home Visitor Fund, and again when it is appropriated for program expenses. Therefore, only \$88.3 million of the \$101.8 million appropriated in FY 2005-06 will actually be available for personal services, operating and grant expenses. All of the tobacco tax and tobacco settlement funds are classified as cash funds exempt in the Department's budget.

	FY 2001-02 Actual	FY 2002-03 Actual	FY 2003-04 Actual	FY 2004-05 Approp.	FY 2005-06 Approp.
Total Tobacco-related Funding	\$24,361,231	\$24,153,937	\$21,445,937	\$30,517,002	\$101,836,266
As a Percent of Total Health Divisions Budget	11.5%	11.1%	9.1%	14.9%	33.5%

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 2001-02 Actual	FY 2002-03 Actual	FY 2003-04 Estimate	FY 2004-05 Estimate	FY 2005-06 Estimate
<u>Permits and Applications Processed</u>					
Air Quality Control Division	6,442	6,421	7,710	6,619	8,245
Water Quality Control Division	2,982	2,235	2,452	2,579	3,517
Hazardous Waste Division	1,182	1,121	804	750	750
Consumer Protection Division	<u>1,944</u>	<u>1,979</u>	<u>2,548</u>	<u>2,548</u>	<u>2,548</u>
Total Permits & Applications	12,550	11,756	13,514	12,496	15,060
<u>Inspections Conducted</u>					
Air Quality Control Division	3,808	3,424	3,540	3,573	3,870
Water Quality Control Division	833	941	1,255	1,562	1,592

Environmental Divisions	FY 2001-02 Actual	FY 2002-03 Actual	FY 2003-04 Estimate	FY 2004-05 Estimate	FY 2005-06 Estimate
Hazardous Waste Division ^a	464	518	6,550	6,100	6,100
Consumer Protection Division	<u>3,067</u>	<u>3,110</u>	<u>3,131</u>	<u>3,131</u>	<u>3,339</u>
Total Inspections	8,172	7,993	14,476	14,366	14,901

^a The increase in the number of inspections conducted by the Hazardous Materials and Waste Management in FY 2003-04 is due to the addition of the Radiation Management Program to the Division as part of a departmental reorganization.

Summary of FY 2004-05 and FY 2005-06 Appropriations

Department of Public Health and Environment						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2004-05 Total Appropriation:	\$279,366,806	\$13,106,464	\$32,135,179	\$64,460,031	\$169,665,132	1,115.5
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Administration and Support	18,911,791	246,460	1,705,326	13,250,444	3,709,561	65.5
Center for Health and Environmental Information	6,264,677	0	2,111,739	2,637,982	1,514,956	77.6
Laboratory Services	7,526,559	170,701	5,318,160	557,391	1,480,307	74.0
Local Health Services	1,679,414	1,441,334	0	0	238,080	5.4
Air Quality Control Division	14,923,394	0	6,408,110	5,384,450	3,130,834	149.7
Water Quality Control Division	12,559,107	0	4,945,269	312,272	7,301,566	113.9
Hazardous Materials and Waste Management Division	19,571,371	0	8,095,311	475,284	11,000,776	139.7
Consumer Protection	2,127,186	956,927	791,800	152,685	225,774	26.7
Disease Control and Environmental Epidemiology Division	45,525,007	3,527,745	6,441	3,445,633	38,545,188	168.2
Prevention Services Division	135,233,567	5,566,945	1,290,603	29,319,227	99,056,792	172.2
Health Facilities and Emergency Medical Services Division	15,044,733	1,196,352	1,462,420	8,924,663	3,461,298	122.6
<u>Breakdown of Total Appropriation by Bill</u>						
HB 04-1421	(15,389,435)	0	0	(15,389,435)	0	0.0
HB 04-1422	295,293,855	13,044,693	31,810,189	80,301,198	170,137,775	1,115.9
SB 05-123	(64,721)	61,771	324,990	21,161	(472,643)	(0.4)
SB 05-209	(484,413)	0	0	(484,413)	0	0.0
SB 05-249	11,520	0	0	11,520	0	0.0

Department of Public Health and Environment

	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Total Appropriation:	\$383,012,166	\$15,312,378	\$31,369,812	\$135,478,251	\$200,851,725	1,144.6
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Administration and Support	19,827,138	509,660	1,637,178	13,727,248	3,953,052	63.0
Center for Health and Environmental Information	6,469,899	0	2,191,265	2,682,530	1,596,104	71.5
Laboratory Services	8,049,477	167,218	5,646,020	711,584	1,524,655	73.7
Local Health Services	1,693,875	1,449,203	0	0	244,672	5.4
Air Quality Control Division	15,751,587	0	6,565,061	5,502,262	3,684,264	151.6
Water Quality Control Division	13,879,589	1,668,672	3,513,978	332,518	8,364,421	122.1
Hazardous Materials and Waste Management Division	20,323,751	0	8,211,099	444,539	11,668,113	144.2
Consumer Protection	2,352,384	991,400	807,858	218,296	334,830	27.7
Disease Control and Environmental Epidemiology Division	62,279,521	3,762,191	6,441	3,533,414	54,977,475	185.2
Prevention Services Division	217,133,584	5,565,197	1,298,508	99,425,548	110,844,331	177.2
Health Facilities and Emergency Medical Services Division	15,251,361	1,198,837	1,492,404	8,900,312	3,659,808	123.0
<u>Breakdown of Total Appropriation by Bill</u>						
SB 05-209	314,586,861	15,062,378	31,339,780	67,332,978	200,851,725	1,130.3
HB 05-1126	21,375	0	21,375	0	0	0.1
HB 05-1161	250,000	250,000	0	0	0	0.0
HB 05-1262	68,145,273	0	0	68,145,273	0	14.0
HB 05-1287	8,657	0	8,657	0	0	0.2
Increase/(Decrease)	\$103,645,360	\$2,205,914	(\$765,367)	\$71,018,220	\$31,186,593	29.1
Percentage Change	37.1%	16.8%	-2.4%	110.2%	18.4%	2.6%

FY 2005-06 Appropriation Highlights:

1. **Federal funds projections increase:** In several line items throughout the budget, the Department has consistently underestimated the amount of federal funding it will receive. Therefore, the appropriated federal funds for this Department have been raised by \$31,186,593 in order to better reflect the amount of such funding anticipated for FY 2005-06.
2. **Water quality fees:** Fee increases enacted in 2003 are scheduled to sunset on July 1, 2005. At that time, fees will revert to their former, lower rates. This change necessitates a \$1.7 million increase in General Fund support of the Water Quality Control Division.

3. **Newborn screening:** Colorado's newborn screening program will incorporate tests for seven additional metabolic disorders starting in January 2006. Cash fees will not be increased until FY 2006-07. There is a sufficient fund balance within the Newborn Genetics Fund to provide \$281,000 cash funds exempt for start-up costs and the first six months of increased testing.

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.

Administration and Support						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2004-05 Appropriation:						
HB 04-1422	\$19,016,803	\$246,460	\$1,749,661	\$13,281,353	\$3,739,329	65.5
SB 05-123	<u>(105,012)</u>	<u>0</u>	<u>(44,335)</u>	<u>(30,909)</u>	<u>(29,768)</u>	<u>0.0</u>
TOTAL	\$18,911,791	\$246,460	\$1,705,326	\$13,250,444	\$3,709,561	65.5
FY 2005-06 Appropriation:						
FY 2004-05 Appropriation	\$18,911,791	\$246,460	\$1,705,326	\$13,250,444	\$3,709,561	65.5
Department-wide FY 2005-06 salary and benefit adjustments	574,877	263,200	(46,756)	(27,470)	385,903	0.0
Scheduled lease rate increase	250,000	0	0	250,000	0	0.0
Salary base increases	209,899	0	4,706	183,858	21,335	0.0
Operating adjustments	85,953	0	5,973	78,173	1,807	0.0
Indirect cost assessment	10,000	0	10,000	0	0	0.0
FTE reduction	0	0	0	0	0	(2.5)
Cash funds and federal funds adjustments	(207,226)	0	(41,853)	0	(165,373)	0.0
Personal services base reduction	(8,156)	0	(218)	(7,757)	(181)	0.0
SB 05-209	<u>\$19,827,138</u>	<u>\$509,660</u>	<u>\$1,637,178</u>	<u>\$13,727,248</u>	<u>\$3,953,052</u>	<u>63.0</u>
TOTAL	\$19,827,138	\$509,660	\$1,637,178	\$13,727,248	\$3,953,052	63.0

Administration and Support						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
Increase/(Decrease)	\$915,347	\$263,200	(\$68,148)	\$476,804	\$243,491	(2.5)
Percentage Change	4.8%	106.8%	-4.0%	3.6%	6.6%	-3.8%

SB 05-209 (Long Bill) Issue Descriptions

Department-wide FY 2005-06 salary and benefit adjustments: The appropriation adjusts various line items that contain salary and benefits funding. These centrally appropriated items include salary survey, state contributions to health, life, and dental and others such as shift differential and S.B. 04-257 Amortization Equalization Disbursement. The appropriation does not fund performance-based pay for FY 2005-06, but it does include a 3.0 percent salary survey increase. The appropriation for Health, Life, and Dental includes increases between 6.2 percent and 9.58 percent, depending on individual employees' coverage decisions. Beginning January 1, 2006, the state will contribute an additional 0.5 percent of base salary to the Public Employees' Retirement Association pursuant to S.B. 04-257; the appropriation includes six months of funding for this new policy.

Scheduled lease rate increase: The lease for the Department's main facility in Denver has a lease rate increase of \$250,000 scheduled in FY 2005-06.

Salary base increases: The salary survey and performance-based pay increases which were centrally appropriated (from the Administration and Support division) in FY 2004-05 are incorporated in each division's personal services base amount for FY 2005-06.

Operating adjustments: The changes to the legal services, administrative law judge, risk management, vehicle lease, capitol complex leased space and communications services line items are based upon common policies adopted by the Joint Budget Committee.

Indirect cost assessment: The indirect cost assessment to this division is increasing based upon departmental overhead used to support the statewide indirect cost allocation plan and current federal indirect cost recovery regulations.

FTE reduction: In past years, this division has not fully utilized the FTE appropriated in the Long Bill, but it has spent its full personal services appropriation. The FTE authorization cannot be supported with the funds appropriated. Therefore, the appropriation includes a reduction in FTE authority.

Cash funds and federal funds adjustments: In the past, actual cash funds and federal grant moneys expended by this division have not equaled the amounts shown in the Long Bill. Therefore, the appropriation includes a decrease in these amounts. This decrease does not necessitate a corresponding increase in General Fund support for the division.

Personal services base reduction: The appropriation includes a 0.2 percent personal services base reduction.

Center for Health and Environmental Information

The Center for Health and Environmental Information 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: the Vital Records Cash Fund, laboratory fees, the 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.

Center for Health and Environmental Information and Statistics						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2004-05 Appropriation:						
HB 04-1422	\$6,419,304	\$0	\$2,106,332	\$2,827,080	\$1,485,892	77.6
SB 05-123	<u>(154,627)</u>	<u>0</u>	<u>5,407</u>	<u>(189,098)</u>	<u>29,064</u>	<u>0.0</u>
TOTAL	\$6,264,677	\$0	\$2,111,739	\$2,637,982	\$1,514,956	77.6
FY 2005-06 Appropriation:						
FY 2004-05 Appropriation	\$6,264,677	\$0	\$2,111,739	\$2,637,982	\$1,514,956	77.6
Salary base increases	123,032	0	25,166	60,161	37,705	0.0
Federal funding adjustments	58,614	0	0	0	58,614	(6.3)
Indirect cost assessment	50,000	0	10,000	0	40,000	0.0
Changes in financing	0	0	40,000	29,000	(69,000)	0.0
Operating adjustments	(26,176)	0	(1,136)	(41,127)	16,087	0.0
Personal services base reduction	(8,905)	0	(3,161)	(3,486)	(2,258)	0.0
SB 05-209	\$6,461,242	\$0	\$2,182,608	\$2,682,530	\$1,596,104	71.3
HB 05-1287	<u>8,657</u>	<u>0</u>	<u>8,657</u>	<u>0</u>	<u>0</u>	<u>0.2</u>
TOTAL	\$6,469,899	\$0	\$2,191,265	\$2,682,530	\$1,596,104	71.5
Increase/(Decrease)	\$205,222	\$0	\$79,526	\$44,548	\$81,148	(6.1)
Percentage Change	3.3%	n/a	3.8%	1.7%	5.4%	-7.9%

SB 05-209 (Long Bill) Issue Descriptions

Salary base increases: The salary survey and performance-based pay increases which were centrally appropriated (from the Administration and Support Division) in FY 2004-05 are incorporated in each division's personal services base amount for FY 2005-06.

Federal funding adjustments: The appropriation for the Information Technology Services subdivision includes reductions of a \$52,386 federal funds and 6.3 FTE from the Personal Services line item. It also includes an increase of \$111,000 federal funds for the Operating Expenses appropriation, to better account for anticipated federal funding and FTE usage.

Indirect cost assessment: The indirect cost assessment to this division is increasing based upon departmental overhead used to support the statewide indirect cost allocation plan and current federal indirect cost recovery regulations.

Changes in financing: Fund splits within Health Statistics and Vital Records section were changed to reflect projections of higher cash fund collections and lower federal grant payments.

Operating adjustments: The appropriation includes a total reductions for the Purchase of Services from the Government Computing Center, and for Multi-use Network Payments. These operating adjustments are a function of recoverable overhead in the Department of Personnel and Administration that are allocated to other departments based on a proportionate share of utilization.

Personal services base reduction: The appropriation includes a 0.2 percent personal services base reduction.

Additional legislation: For information on additional legislation, see the "Recent Legislation" section at the end of this department.

Laboratory Services

This division provides scientific support for communicable disease outbreak and control and testing support to the Department's environmental quality programs. The division performs genetic screening tests for more than 70,000 Colorado newborns each year. The division also ensures and certifies quality standards in labs and law enforcement agencies through inspection of and consultation with clinical, water testing, and dairy labs throughout the state. Lastly, the division also provides operator training and certification for breath alcohol testing equipment.

Laboratory Services						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2004-05 Appropriation:						
HB 04-1422	\$7,749,440	\$161,451	\$5,478,151	\$573,541	\$1,536,297	74.9
SB 05-123	<u>(222,881)</u>	<u>9,250</u>	<u>(159,991)</u>	<u>(16,150)</u>	<u>(55,990)</u>	<u>(0.9)</u>
TOTAL	\$7,526,559	\$170,701	\$5,318,160	\$557,391	\$1,480,307	74.0

Laboratory Services						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Appropriation:						
FY 2004-05 Appropriation	\$7,526,559	\$170,701	\$5,318,160	\$557,391	\$1,480,307	74.0
Salary base increases	201,101	4,278	131,912	1,939	62,972	0.0
Newborn screening	198,634	0	0	198,634	0	0.8
Operating increase	135,000	0	135,000	0	0	0.0
Indirect cost assessment	90,000	0	50,000	25,000	15,000	0.0
Equipment replacement	10,750	(9,250)	75,000	(55,000)	0	0.0
Annualize improved milk testing	1,800	1,800	0	0	0	0.0
Annualize air quality control test privatization	(105,084)	0	(57,881)	(15,885)	(31,318)	(1.1)
Personal services base reduction	(9,283)	(311)	(6,171)	(495)	(2,306)	0.0
SB 05-209	<u>\$8,049,477</u>	<u>\$167,218</u>	<u>\$5,646,020</u>	<u>\$711,584</u>	<u>\$1,524,655</u>	<u>73.7</u>
TOTAL	<u>\$8,049,477</u>	<u>\$167,218</u>	<u>\$5,646,020</u>	<u>\$711,584</u>	<u>\$1,524,655</u>	<u>73.7</u>
Increase/(Decrease)	\$522,918	(\$3,483)	\$327,860	\$154,193	\$44,348	(0.3)
Percentage Change	6.9%	-2.0%	6.2%	27.7%	3.0%	-0.4%

SB 05-209 (Long Bill) Issue Descriptions

Salary base increases: The salary survey and performance-based pay increases which were centrally appropriated (from the Administration and Support Division) in FY 2004-05 are incorporated in each division's personal services base amount for FY 2005-06.

Newborn screening: Colorado's newborn screening program will incorporate tests for seven additional metabolic disorders starting in January 2006. Cash fees will not be increased until FY 2006-07. There is a sufficient fund balance within the Newborn Genetics Fund to finance start-up costs and the first six months of increased testing.

Operating increase: The reagents used by the laboratory are increasing in price faster than the medical inflation rate approved by JBC common policy (2.5 percent). Therefore, an increase of \$135,000 cash funds is included in the appropriation for the lab.

Indirect cost assessment: The indirect cost assessment to this division is increasing based upon departmental overhead used to support the statewide indirect cost allocation plan and current federal indirect cost recovery regulations.

Equipment replacement: The \$117,000 appropriation for equipment replacement in FY 2005-06 exceeds FY 2004-05 equipment purchase appropriations by \$10,750.

Annualize improved milk testing: FDA regulations required the lab to buy new equipment and use more expensive reagents for milk testing partway through FY 2004-05. The appropriation for FY 2005-06 reflects the higher cost of a one-year supply of the new reagents.

Annualize air quality control test privatization: The Air Quality Control division began using an outside lab for some air testing functions during FY 2004-05. The FY 2005-06 appropriation applies these reduced fees and staffing levels to the lab for a full year.

Personal services base reduction: The appropriation includes a 0.2 percent personal services base reduction.

Local Health Services

This division contracts with local agencies and governments to provide public health nurses and environmental health specialists in areas not served by local health departments. The division also administers the Community Nursing Program which provides technical assistance to local and county public health nurses.

Local Health Services						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2004-05 Appropriation:						
HB 04-1422	\$1,686,914	\$1,441,334	\$0	\$0	\$245,580	5.4
SB 05-123	<u>(7,500)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(7,500)</u>	<u>0.0</u>
TOTAL	\$1,679,414	\$1,441,334	\$0	\$0	\$238,080	5.4
FY 2005-06 Appropriation:						
FY 2004-05 Appropriation	\$1,679,414	\$1,441,334	\$0	\$0	\$238,080	5.4
Salary base increases	15,343	8,327	0	0	7,016	0.0
Personal services base reduction	(882)	(458)	0	0	(424)	0.0
SB 05-209	<u>\$1,693,875</u>	<u>\$1,449,203</u>	<u>\$0</u>	<u>\$0</u>	<u>\$244,672</u>	<u>5.4</u>
TOTAL	\$1,693,875	\$1,449,203	\$0	\$0	\$244,672	5.4
Increase/(Decrease)	\$14,461	\$7,869	\$0	\$0	\$6,592	0.0
Percentage Change	0.9%	0.5%	n/a	n/a	2.8%	0.0%

SB 05-209 (Long Bill) Issue Descriptions

Salary base increases: The salary survey and performance-based pay increases which were centrally appropriated (from the Administration and Support division) in FY 2004-05 are incorporated in each division's personal services base amount for FY 2005-06.

Personal services base reduction: The appropriation includes a 0.2 percent personal services base reduction.

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. The Administration subdivision provides policy and regulatory recommendations to the Air Quality Control Commission, and coordinates all air programs. The Technical Services subdivision performs statewide air monitoring, pollutant analysis, and emission modeling, which forms the technical basis for state implementation plans and attainment redesignations. The Mobile Sources subdivision 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. The Stationary Sources subdivision 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.

Air Quality Control Division						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2004-05 Appropriation:						
HB 04-1422	\$14,634,559	\$0	\$6,124,043	\$5,360,733	\$3,149,783	149.7
SB 05-123	<u>288,835</u>	<u>0</u>	<u>284,067</u>	<u>23,717</u>	<u>(18,949)</u>	<u>0.0</u>
TOTAL	\$14,923,394	\$0	\$6,408,110	\$5,384,450	\$3,130,834	149.7
FY 2005-06 Appropriation:						
FY 2004-05 Appropriation	\$14,923,394	\$0	\$6,408,110	\$5,384,450	\$3,130,834	149.7
Federal funding adjustments	391,136	0	0	0	391,136	1.9
Salary base increases	288,759	0	115,941	105,390	67,428	0.0
Indirect cost assessment	95,000	0	10,000	10,000	75,000	0.0
Local contracts adjustment	74,597	0	39,798	10,183	24,616	0.0
Personal services base reduction	(21,299)	0	(8,788)	(7,761)	(4,750)	0.0
SB 05-209	<u>\$15,751,587</u>	<u>\$0</u>	<u>\$6,565,061</u>	<u>\$5,502,262</u>	<u>\$3,684,264</u>	<u>151.6</u>
TOTAL	\$15,751,587	\$0	\$6,565,061	\$5,502,262	\$3,684,264	151.6

Air Quality Control Division						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
Increase/(Decrease)	\$828,193	\$0	\$156,951	\$117,812	\$553,430	1.9
Percentage Change	5.6%	n/a	2.4%	2.2%	17.7%	1.3%

SB 05-209 (Long Bill) Issue Descriptions

Federal funding adjustments: The appropriation includes federal funds and FTE increases in the following programs to better reflect anticipated federal funding: Administration (Personal Services, \$16,871); Modeling and Analysis (Personal Services, \$234,305 and 2.6 FTE, and Operating Expenses, \$88,158); Visibility and Risk Assessment (Personal Services, \$10,081, and Operating Expenses, \$8,722); and Stationary Sources, Hazardous and Toxics Control (Personal Services, \$32,999). The appropriation also includes a 0.7 FTE reduction in Air Quality Monitoring to better account for anticipated federal FTE usage.

Salary base increases: The salary survey and performance-based pay increases which were centrally appropriated (from the Administration and Support Division) in FY 2004-05 are incorporated in each division's personal services base amount for FY 2005-06.

Indirect cost assessment: The indirect cost assessment is increasing pursuant to the statewide indirect cost allocation plan and current federal indirect cost recovery regulations.

Local contracts adjustment: The appropriation includes a total increase of \$74,597 over the current appropriation to annualize a FY 2004-05 supplemental change. That change reduced funding to the Laboratory Services Division and increased funding to the Local Contracts line item in the Air Quality Control Division to allow the Monitoring Program to contract out for laboratory services.

Personal services base reduction: The appropriation includes a 0.2 percent personal services base reduction.

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 enforcing water quality regulations at commercial hog facilities. 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 commercial hog facility regulation fees.

Water Quality Control Division						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2004-05 Appropriation:						
HB 04-1422	\$12,459,107	\$0	\$4,935,269	\$322,272	\$7,201,566	113.9
SB 05-123	<u>100,000</u>	<u>0</u>	<u>10,000</u>	<u>(10,000)</u>	<u>100,000</u>	<u>0.0</u>
TOTAL	\$12,559,107	\$0	\$4,945,269	\$312,272	\$7,301,566	113.9
FY 2005-06 Appropriation:						
FY 2004-05 Appropriation	\$12,559,107	\$0	\$4,945,269	\$312,272	\$7,301,566	113.9
Federal funding adjustments	916,600	0	0	0	916,600	8.2
Salary base increases	263,768	0	132,846	2,714	128,208	0.0
Indirect cost assessment	155,000	0	130,000	0	25,000	0.0
Fund adjustments due to the statutory repeal of fees	1,170	1,668,672	(1,686,728)	18,075	1,151	0.0
Personal services base reduction	(16,056)	0	(7,409)	(543)	(8,104)	0.0
SB 05-209	<u>\$13,879,589</u>	<u>\$1,668,672</u>	<u>\$3,513,978</u>	<u>\$332,518</u>	<u>\$8,364,421</u>	<u>122.1</u>
TOTAL	\$13,879,589	\$1,668,672	\$3,513,978	\$332,518	\$8,364,421	122.1
Increase/(Decrease)	\$1,320,482	\$1,668,672	(\$1,431,291)	\$20,246	\$1,062,855	8.2
Percentage Change	10.5%	n/a	-28.9%	6.5%	14.6%	7.2%

SB 05-209 (Long Bill) Issue Descriptions

Federal funding adjustments: The appropriation includes an increase in federal funding and federally-funded FTE to more accurately reflect anticipated federal fund receipts and FTE usage.

Salary base increases: The salary survey and performance-based pay increases which were centrally appropriated (from the Administration and Support Division) in FY 2004-05 are incorporated in each division's personal services base amount for FY 2005-06.

Indirect cost assessment: The indirect cost assessment is increasing pursuant to the statewide indirect cost allocation plan and current federal indirect cost recovery regulations.

Fund adjustments due to the statutory repeal of fees: Fee increases enacted in 2003 are scheduled to repeal statutorily on July 1, 2005. At that time, fees will revert to their former, lower rates. This change will result in a need to provide General Fund support to the Division.

Personal services base reduction: The appropriation includes a 0.2 percent personal services base reduction.

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. In the Department's reorganization, the Radioactive Materials program was transferred to this division from Laboratory Services. 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, the Radiation Control 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.

Hazardous Materials and Waste Management Division						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2004-05 Appropriation:						
HB 04-1422	\$19,416,371	\$0	\$7,815,311	\$400,284	\$11,200,776	139.7
SB 05-123	<u>155,000</u>	<u>0</u>	<u>280,000</u>	<u>75,000</u>	<u>(200,000)</u>	<u>0.0</u>
TOTAL	\$19,571,371	\$0	\$8,095,311	\$475,284	\$11,000,776	139.7
FY 2005-06 Appropriation:						
FY 2004-05 Appropriation	\$19,571,371	\$0	\$8,095,311	\$475,284	\$11,000,776	139.7
Federal funding adjustments	543,886	0	0	0	543,886	4.4
Salary base increases	256,114	0	125,991	4,018	126,105	0.0
Transfer to Department of Law	201,825	0	201,825	0	0	0.0
Legal services rate change	18,849	0	10,339	86	8,424	0.0
Cash funds adjustments	(233,000)	0	(233,000)	0	0	0.0
Discontinue Cathode Ray Tube Recycling Pilot Program	(34,247)	0	0	(34,247)	0	0.0
Personal services base reduction	(22,422)	0	(10,742)	(602)	(11,078)	0.0
SB 05-209	\$20,302,376	\$0	\$8,189,724	\$444,539	\$11,668,113	144.1
HB 05-1126	<u>21,375</u>	<u>0</u>	<u>21,375</u>	<u>0</u>	<u>0</u>	<u>0.1</u>
TOTAL	\$20,323,751	\$0	\$8,211,099	\$444,539	\$11,668,113	144.2
Increase/(Decrease)	\$752,380	\$0	\$115,788	(\$30,745)	\$667,337	4.5
Percentage Change	3.8%	n/a	1.4%	-6.5%	6.1%	3.2%

SB 05-209 (Long Bill) Issue Descriptions

Federal funding adjustments: The appropriation includes federal funds and FTE increases in the following programs to better reflect anticipated federal funding: Hazardous Waste Control (Personal Services, \$376,395 and 3.2 FTE, and Operating Expenses, \$128,967), Contaminated Sites Cleanups (Personal Services, 1.2 FTE), and Rocky Flats Agreement (program line, \$38,524).

Salary base increases: The salary survey and performance-based pay increases which were centrally appropriated (from the Administration and Support Division) in FY 2004-05 are incorporated in each division's personal services base amount for FY 2005-06.

Transfer to Department of Law: Revenues from a solid waste tipping fees created by S.B. 03-280 are transferred to the Department of Law from the Hazardous Substance Response Fund for the payment of unrecoverable costs related to Superfund litigation and response activities. The appropriation includes an increase in the amount transferred to better reflect anticipated revenues, damages at the Rocky Mountain Arsenal, and CERCLA-litigation across the State.

Legal services rate change: The legal services rate charged by the Department of Law is adjusted annually. Legal services hours are billed to the Division based on utilization.

Cash funds adjustments: The appropriation includes reductions to cash funds spending authority in the following programs to better reflect anticipated receipts and expenditures: Administration (Personal Services, \$33,000), and Solid Waste Control (program line, \$200,000).

Discontinue Cathode Ray Tube Recycling Pilot Program: This two-year pilot program was created in 2001 to minimize the disposal of cathode ray tubes in landfills. The program has been funded with gifts, grants, and donations; however, there are insufficient funds available for the current fiscal year, and no additional funds anticipated to be received in FY 2005-06. Since the two-year period of the pilot is complete and no funding is available to continue the program, the appropriation was discontinued.

Personal services base reduction: The appropriation includes a 0.2 percent personal services base reduction.

Additional legislation: For information on additional legislation, see the "Recent Legislation" section at the end of this department.

Consumer Protection

This division is responsible for 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.

Consumer Protection						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2004-05 Appropriation:						
HB 04-1422	\$2,122,186	\$956,927	\$786,800	\$152,685	\$225,774	26.7
SB 05-123	<u>5,000</u>	<u>0</u>	<u>5,000</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$2,127,186	\$956,927	\$791,800	\$152,685	\$225,774	26.7
FY 2005-06 Appropriation:						
FY 2004-05 Appropriation	\$2,127,186	\$956,927	\$791,800	\$152,685	\$225,774	26.7
Federal funding adjustments	95,628	0	0	0	95,628	1.0
Salary base increases	67,052	36,425	22,283	755	7,589	0.0
Web-based database	62,900	0	0	56,387	6,513	0.0
Indirect cost assessment	3,449	0	(5,000)	8,740	(291)	0.0
Personal services base reduction	(3,831)	(1,952)	(1,225)	(271)	(383)	0.0
SB 05-209	<u>\$2,352,384</u>	<u>\$991,400</u>	<u>\$807,858</u>	<u>\$218,296</u>	<u>\$334,830</u>	<u>27.7</u>
TOTAL	\$2,352,384	\$991,400	\$807,858	\$218,296	\$334,830	27.7
Increase/(Decrease)	\$225,198	\$34,473	\$16,058	\$65,611	\$109,056	1.0
Percentage Change	10.6%	3.6%	2.0%	43.0%	48.3%	3.7%

SB 05-209 (Long Bill) Issue Descriptions

Federal funding adjustments: The appropriation includes Personal Services increases of \$88,723 and 1.0 FTE and an operating expenses increase of \$6,905 to better reflect anticipated federal funding and FTE usage.

Salary base increases: The salary survey and performance-based pay increases which were centrally appropriated (from the Administration and Support Division) in FY 2004-05 are incorporated in each division's personal services base amount for FY 2005-06.

Web-based database: The appropriation includes funding for a web-based inspection database which will allow inspection data to be entered into the database in real time. This upgrade will improve the Division's ability to monitor compliance, complaints, violations, and trends so interventions can be applied to prevent further occurrences of illness and/or injury.

Indirect cost assessment: The indirect cost assessment is increasing pursuant to the statewide indirect cost allocation plan and departmental administrative overhead used to support this division.

Personal services base reduction: The appropriation includes a 0.2 percent personal services base reduction.

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.

Disease Control and Environmental Epidemiology Division						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2004-05 Appropriation:						
HB 04-1421	\$3,055,114	\$0	\$0	\$3,055,114	\$0	0.0
HB 04-1422	42,397,353	3,527,745	6,441	404,157	38,459,010	168.2
SB 05-123	119,178	0	0	33,000	86,178	0.0
SB 05-209	(47,759)	0	0	(47,759)	0	0.0
SB 05-249	<u>1,121</u>	<u>0</u>	<u>0</u>	<u>1,121</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$45,525,007	\$3,527,745	\$6,441	\$3,445,633	\$38,545,188	168.2
FY 2005-06 Appropriation:						
FY 2004-05 Appropriation	\$45,525,007	\$3,527,745	\$6,441	\$3,445,633	\$38,545,188	168.2
Cash funds exempt, federal funds and FTE projections	16,184,140	0	0	(11,331)	16,195,471	17.0
Salary base increases	296,727	28,778	0	731	267,218	0.0
Projected tobacco settlement payment	98,749	0	0	98,749	0	0.0
General Fund reduction	(43,000)	(43,000)	0	0	0	0.0
Personal services base reduction	(32,102)	(1,332)	0	(368)	(30,402)	0.0
SB 05-209	\$62,029,521	\$3,512,191	\$6,441	\$3,533,414	\$54,977,475	185.2
HB 05-1161	<u>250,000</u>	<u>250,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$62,279,521	\$3,762,191	\$6,441	\$3,533,414	\$54,977,475	185.2
Increase/(Decrease)	\$16,754,514	\$234,446	\$0	\$87,781	\$16,432,287	17.0
Percentage Change	36.8%	6.6%	0.0%	2.5%	42.6%	10.1%

SB 05-209 (Long Bill) Issue Descriptions

Cash funds exempt, federal funds and FTE adjustments: In the past, cash funds exempt spending authority has consistently exceeded actual expenditures while actual federal grants received and the associated FTE have consistently exceeded the numbers shown in the Long Bill. Therefore, the appropriation includes a decrease in cash funds exempt and an increase in federal funds and FTE.

Salary base increases: The salary survey and performance-based pay increases which were centrally appropriated (from the Administration and Support Division) in FY 2004-05 are incorporated in each division's personal services base amount for FY 2005-06.

Projected tobacco settlement payment: The projected \$88.9 million tobacco settlement payment for FY 2005-06 is \$2.9 million higher than the payment received for FY 2004-05. Therefore, the cash funds exempt appropriation for the Ryan White HIV/AIDS Drug program within this division has been increased.

General Fund reduction: In FY 2004-05, the Children's immunization promotion program received a one-time increase of \$43,000 cash funds exempt from the Infant Immunization Fund to pay consultants' fees and other start-up costs for a media campaign. In FY 2005-06, some of the General Fund support of this program is offset by the remaining \$43,000 balance in the Infant Immunization Fund. Therefore, the General Fund appropriation for this division decreases by \$43,000.

Personal services base reduction: The appropriation includes a 0.2 percent personal services base reduction.

Additional legislation: For information on additional legislation, see the "Recent Legislation" section at the end of this department.

Prevention Services Division

This division contains the following subdivisions: (1) prevention partnerships; (2) maternal and child health; (3) nutrition services; (4) prevention programs; (5) women's health-family planning; and (6) rural-primary care. Prevention partnerships includes the Tony Grampas Youth Services grant programs and the Colorado Children's Trust. The maternal and child health subdivision includes the Nurse Home Visitor Program and the Health Care Program for Children with Special Needs. The Women, Infants and Children Supplemental Food Grant (WIC) program and the Child and Adult Food Care program make up the nutrition services subdivision. The prevention programs subdivision includes the state's cancer registry, chronic disease and cancer prevention grants, suicide prevention and the tobacco education and prevention program. The rural-primary care subdivision includes dental programs, the State Dental Loan Repayment fund, and federal grants for rural health care.

Prevention Services Division						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2004-05 Appropriation:						
HB 04-1421	(\$18,444,549)	\$0	\$0	(\$18,444,549)	\$0	0.0
HB 04-1422	154,316,927	5,514,424	1,315,603	48,054,430	99,432,470	171.7
SB 05-123	(212,556)	52,521	(25,000)	135,601	(375,678)	0.5
SB 05-209	(436,654)	0	0	(436,654)	0	0.0
SB 05-249	<u>10,399</u>	<u>0</u>	<u>0</u>	<u>10,399</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$135,233,567	\$5,566,945	\$1,290,603	\$29,319,227	\$99,056,792	172.2

Prevention Services Division						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Appropriation:						
FY 2004-05 Appropriation	\$135,233,567	\$5,566,945	\$1,290,603	\$29,319,227	\$99,056,792	172.2
Cash funds exempt, federal funds and FTE adjustments	11,545,801	0	0	(40,836)	11,586,637	(5.6)
Projected tobacco settlement payment	2,678,279	0	0	2,678,279	0	0
Salary base increases	247,039	34,270	8,239	0	204,530	0.0
Newborn screening	82,250	0	0	82,250	0	0.0
Medical inflation	18,967	18,967	0	0	0	0.0
Indirect cost assessment	5,000	0	0	5,000	0	0.0
Prenatal Plus administration	0	0	0	0	0	0.6
Annualize Traumatic Brain Injury staffing	0	0	0	0	0	0.5
Termination of American Legacy Grant	(676,135)	0	0	(676,135)	0	(4.5)
Elimination of Dental Loan Repayment fund balance grants	(87,510)	0	0	(87,510)	0	0.0
Elimination of Nurse Home Visitors contingency fee	(52,521)	(52,521)	0	0	0	0.0
Personal services base reduction	(6,426)	(2,464)	(334)	0	(3,628)	0.0
SB 05-209	\$148,988,311	\$5,565,197	\$1,298,508	\$31,280,275	\$110,844,331	163.2
HB 05-1262	<u>68,145,273</u>	<u>0</u>	<u>0</u>	<u>68,145,273</u>	<u>0</u>	<u>14.0</u>
TOTAL	\$217,133,584	\$5,565,197	\$1,298,508	\$99,425,548	\$110,844,331	177.2
Increase/(Decrease)	\$81,900,017	(\$1,748)	\$7,905	\$70,106,321	\$11,787,539	5.0
Percentage Change	60.6%	0.0%	0.6%	239.1%	11.9%	2.9%

SB 05-209 (Long Bill) Issue Descriptions

Cash funds exempt, federal funds and FTE adjustments: In the past, cash funds exempt spending authority and FTE appropriations in the Long Bill have consistently exceeded actual expenditures and staffing levels while actual federal grants received have consistently exceeded the numbers shown in the Long Bill. Therefore, the appropriation includes a decrease in cash funds exempt and FTE authority and an increase in federal funds.

Projected tobacco settlement payment: The projected \$88.9 million tobacco settlement payment for FY 2005-06 is \$2.9 million higher than the payment received for FY 2004-05. Therefore, cash funds exempt appropriations are increased for the Nurse Home Visitor, Tony Grampas Youth Services, Dental Loan Repayment and Tobacco Education and Cessation programs within this division. (Please note that these programs receive two appropriations--one when tobacco settlement funds are transferred to individual program

funds and one when those program funds are transferred to operating and personal services line items. Therefore, funding increases to these programs are reflected twice in the Long Bill.)

Salary base increases: The salary survey and performance-based pay increases which were centrally appropriated (from the Administration and Support Division) in FY 2004-05 are incorporated in each division's personal services base amount for FY 2005-06.

Newborn screening: Genetic counseling for families with infants whose metabolic disorders are identified under the expanded newborn screening program are included in this division. Reserves within the Newborn Genetics Fund will be used to cover these increased costs during FY 2005-06.

Medical inflation: The JBC approved a 2.5 percent increase for medical inflation. For most of the programs within this Department that purchase medical supplies or services, the projected increases in federal funding were sufficient to cover the projected medical inflation costs. That was not the case for dental program (including the Old Age Pension dental program and dental services provided to the homebound). Therefore, a \$18,967 General Fund increase is included to cover these costs.

Indirect cost assessment: The indirect cost assessment to this division is increasing based upon departmental overhead used to support the statewide indirect cost allocation plan and current federal indirect cost recovery regulations.

Prenatal Plus administration: The appropriation for this program includes a \$40,000 decrease in purchased services and a \$40,000 and 0.6 FTE increase in personal services so that certain administrative functions can be brought in-house.

Annualize Traumatic Brain Injury staffing: During FY 2004-05, the Health Care Program for Children with Special Needs began providing care coordination services for children with brain injuries who are in the Human Services' Traumatic Brain Injury program. The FTE increase will provide a full-year of staffing for this program. Funding does not need to be increased to support this increased staffing level.

Termination of American Legacy grant: As part of the settlement with tobacco manufacturers, the American Legacy Foundation provided five years of grant funding for youth anti-tobacco programs. Fiscal year 2004-05 was the last year of this funding.

Elimination of Dental Loan Repayment fund balance grants: In FY 2004-05, the Dental Loan Repayment program used a fund balance that had accumulated during the slower-than-expected program start-up to finance loan repayments for three additional dental professionals who will serve approximately 5,000 low-income patients during their contract terms.

Elimination of Nurse Home Visitor contingency fee: During FY 2003-04 and FY 2004-05, the Department paid a consultant to help the Nurse Home Visitor Program recover federal matching funds for Targeted Case Management (TCM) services provided to Medicaid-eligible families within this program. This outside assistance will no longer be needed during FY 2005-06.

Personal services base reduction: The appropriation includes a 0.2 percent personal services base reduction.

Additional legislation: For information on additional legislation, see the "Recent Legislation" section at the end of this department.

Health Facilities and Emergency Medical Services Division

This division establishes and enforces standards for the operation of health care facilities throughout the state. This division's activities include: licensure of hospitals, other health care facilities, health maintenance organizations, and assisted living facilities; certification of nursing homes; training of non-licensed individuals to administer medications in residential care facilities and adult day programs; medical services training and certification of emergency personnel; technical assistance to local emergency medical services agencies; and grants to support local emergency services activities.

Health Facilities and Emergency Medical Services Division						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2004-05 Appropriation:						
HB 04-1422	\$15,074,891	\$1,196,352	\$1,492,578	\$8,924,663	\$3,461,298	122.6
SB 05-123	<u>(30,158)</u>	<u>0</u>	<u>(30,158)</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$15,044,733	\$1,196,352	\$1,462,420	\$8,924,663	\$3,461,298	122.6
FY 2005-06 Appropriation:						
FY 2004-05 Appropriation	\$15,044,733	\$1,196,352	\$1,462,420	\$8,924,663	\$3,461,298	122.6
Salary base increases	197,053	2,662	16,508	91,793	86,090	0.0
Federal funds and FTE adjustments	67,642	0	0	0	67,642	0.4
Annualize air ambulance licensing changes	15,900	0	15,900	0	0	0.0
Indirect cost assessment	(57,874)	0	0	(107,874)	50,000	0.0
Personal services base reduction	(16,093)	(177)	(2,424)	(8,270)	(5,222)	0.0
SB 05-209	<u>\$15,251,361</u>	<u>\$1,198,837</u>	<u>\$1,492,404</u>	<u>\$8,900,312</u>	<u>\$3,659,808</u>	<u>123.0</u>
TOTAL	\$15,251,361	\$1,198,837	\$1,492,404	\$8,900,312	\$3,659,808	123.0
Increase/(Decrease)	\$206,628	\$2,485	\$29,984	(\$24,351)	\$198,510	0.4
Percentage Change	1.4%	0.2%	2.1%	-0.3%	5.7%	0.3%

SB 05-209 (Long Bill) Issue Descriptions

Salary base increases: The salary survey and performance-based pay increases which were centrally appropriated (from the Administration and Support Division) in FY 2004-05 are incorporated in each division's personal services base amount for FY 2005-06.

Federal funds and FTE adjustments: In the past, actual federal grants and the FTE supported by these grants received have consistently exceeded the numbers shown in the Long Bill. Therefore, the appropriation includes an increase in federal funds and associated FTE.

Annualize air ambulance licensing changes: During FY 2004-05, the number of air ambulance services greatly exceeded the number projected when the licensing legislation was enacted. Therefore, cash funds spending authority for the program was increased. The appropriation for FY 2005-06 provides a full year of spending authority.

Indirect cost assessment: The indirect cost assessment to this division is increasing based upon departmental overhead used to support the statewide indirect cost allocation plan and current federal indirect cost recovery regulations.

Personal services base reduction: The appropriation includes a 0.2 percent personal services base reduction.

Recent Legislation

2004 Session Bills

H.B. 04-1013: Changes the statutory name of Division of Prevention and Intervention Services for Children and Youth to Prevention Services Division.

H.B. 04-1107: Transfers the Office of Homeless Youth Services from the Prevention Services Division to the Department of Human Services. Because the federal grant funds that supported this Office were not received by the Department of Public Health and Environment in FY 2003-04 and were not expected to be received in FY 2004-05, funds were not transferred to the Department of Human Services. The staffing level in the Department of Human Services was increased by 1.0 to administer the functions of the Office; funding is expected to come from existing federal grants within that Department.

H.B. 04-1331: Supplemental appropriation to the Department of Public Health and Environment to modify the appropriation included in the FY 2003-04 Long Bill (S.B. 03-258).

H.B. 04-1354: Establishes the Health Care Credentials Application Review Committee to recommend a uniform Colorado Health Care Professional Credentials Application to the Board of Health and to meet annually to consider modifications to uniform application. Requires the Board of Health to appoint seven members to the Committee. Repeals Committee effective July 1, 2008. Requires health care entities and health care plans to use the uniform application when collecting credentials data.

H.B. 04-1421: Changes the allocation formula for the state's annual tobacco settlement payment, beginning in FY 2004-05. Transfers the FY 2003-04 year-end balance in the Tobacco Litigation Settlement Trust Fund (\$20.6 million) to the General Fund for FY 2004-05. Also transfers the remainder of annual payment. The revised allocation formula is detailed in the first table below. Descriptions of adjustments to FY 2004-05 appropriations are shown in the second table below.

H.B. 04-1421: Modifications to Statutory Allocation Formula

Program/Fund	Previous Share of Annual Tobacco Settlement Payment	Share of Annual Tobacco Settlement Payment per H.B. 04-1421
Read-to-Achieve	19 percent of the annual payment up to a maximum of \$19.0 million	5 percent of the annual payment up to a maximum of \$8.0 million; for FY 2004-05 only, the allocation is reduced by \$500,000.
Children's Basic Health Plan Trust	\$17.5 million per year--funds will be taken from the annual transfer to the Tobacco Litigation Settlement Trust Fund, if necessary, to ensure the \$17.5 allocation to CHP+	24 percent of the annual payment up to a maximum of \$30.0 million; will receive minimum of \$17.5 million per year--funds will be taken from the annual transfer to the Tobacco Litigation Settlement Trust Fund and annual transfer to the General Fund, if necessary, to ensure \$17.5 million payment to Children's Basic Health Plan Trust
Comprehensive Primary and Preventive Care Grants	6 percent of the annual payment up to a maximum of \$6.0 million	3 percent of the annual payment up to a maximum of \$5.0 million
Child Mental Health Treatment Act	Not included in the previous allocation formula	\$300,000 of the annual payment
State Veterans Trust Fund	1 percent of the annual payment up to a maximum of \$1.0 million	1 percent of the annual payment up to a maximum of \$1.0 million
Ryan White HIV/AIDS Drug Assistance Program	Not included in the previous allocation formula	3.5 percent of the annual payment up to a maximum of \$5.0 million
Tobacco Education, Prevention and Cessation	15 percent of the annual payment up to a maximum of \$15.0 million	5 percent of the annual payment up to a maximum of \$8.0 million
Dental Loan Repayment Program	\$200,000 of the annual payment	\$200,000 of the annual payment
Tony Gramscas Youth Services	Half of the remainder of the annual payment after all other programs have received their allocations	4 percent of the annual payment up to a maximum of \$5.0 million
Nurse Home Visitor	11 percent of the annual payment rising 2 percent each year up to 19 percent in FY 2008-09, up to a maximum of \$19.0 million	9 percent of the annual payment, rising 1 percent each year to 19 percent in FY 2013-14, up to a maximum of \$19.0 million
Fitzsimons Trust Fund	The lesser of the amount due under the new facilities' lease-payment agreement or 8 percent of the annual payment up to a maximum of \$8.0 million	The lesser of the amount due under the new facilities' lease-payment agreement or 8 percent of the annual payment up to a maximum of \$8.0 million

H.B. 04-1421: Modifications to Statutory Allocation Formula		
Program/Fund	Previous Share of Annual Tobacco Settlement Payment	Share of Annual Tobacco Settlement Payment per H.B. 04-1421
Transfer to General Fund	Not included in the previous allocation formula	The lesser of 21 percent of annual payment or \$20.0 million, plus the remainder of the payment after all of the programs have received their allocations
Tobacco Litigation Settlement Trust Fund	21 percent of the annual payment plus the remainder of the annual payment after all programs have received their allocations	21 percent of annual payment less the amount of the annual transfer to the General Fund

H.B. 1421: Adjustments to FY 2004-05 Long Bill Appropriations			
Department/Line Item	Adjustments to Appropriations from Tobacco Litigation Settlement Cash Fund (Cash Funds Exempt)	Adjustments to Appropriations from Other Fund Sources	Description of Other Fund Sources
Education:			
Read-to-Achieve Cash Fund (1)		-	
Read to Achieve Grant Program (1)			- Read-to-Achieve Cash Fund
Health Care Policy and Financing:			
H.B. 97-1304 Children's Basic Health Plan Trust	3,472,958		
Comprehensive Primary and Preventive Care Fund	(2,621,120)		
Comprehensive Primary and Preventive Care Grants Program		(2,621,120)	
Mental Health, Residential Treatment for Youth	209,066	209,066	
Human Services:			
Mental Health, Residential Treatment for Youth	90,389	418,132	
Military and Veterans Affairs:			
Colorado State Veterans Trust Fund	(408)		
Colorado State Veterans Trust Fund Expenditures		(102)	

H.B. 1421: Adjustments to FY 2004-05 Long Bill Appropriations

Department/Line Item	Adjustments to Appropriations from Tobacco Litigation Settlement Cash Fund (Cash Funds Exempt)	Adjustments to Appropriations from Other Fund Sources	Description of Other Fund Sources
Public Health and Environment:			
Ryan White Act, Operating Expenditures	3,055,114		
Tobacco Education and Prevention, Tobacco Program Fund	(8,735,022)		
Tobacco Education and Prevention, Personal Services		(438,610)	
Tobacco Education and Prevention, Tobacco Cessation and Prevention Grants		(8,296,412)	
Rural - Primary Care, State Dental Loan Repayment Fund	(93)		
Rural - Primary Care, Dental Programs		(93)	
Tony Gramscas Youth Services Program	1,143,013		
Nurse Home Visitor Program Fund	(1,058,666)		
Nurse Home Visitor Program		(1,058,666)	
Totals	(4,444,769)	(11,787,805)	

Notes:

(1) House Bill 04-1421 reduces the appropriation to the Read-to-Achieve Cash Fund and the associated spending authority out of the Read-to-Achieve Cash Fund from \$16,592,664 to \$3,864,449 (a reduction of \$12,728,215). However, the Governor lined through the provisions making these reductions to Long Bill appropriations. House Bill 04-1421 modifies the statutory formula for allocating the annual payment and caps the FY 2004-05 allocation to the Read-to-Achieve Program at \$7,500,000. It is currently estimated that the actual allocation to the Read-to-Achieve Grant Program in FY 2004-05 pursuant to this revised allocation formula will total \$3,864,449. Thus, the FY 2004-05 appropriation for the Read-to-Achieve Grant Program exceeds the amount anticipated to be statutorily available for the Program by \$12,728,215.

H.B. 04-1422: General appropriations act for FY 2004-05. Also includes an add-on adjustment to the appropriation for FY 2003-04.

2005 Session Bills

S.B. 05-123: Supplemental appropriation to the Department of Public Health and Environment to modify appropriations included in the FY 2004-05 Long Bill (H.B. 04-1422).

S.B. 05-209: General appropriations act for FY 2005-06. Also includes an add-on adjustment to the appropriation for FY 2004-05.

S.B. 05-249: Increases the statutory allocation of tobacco settlement moneys to the Read-to-Achieve Grant Program for FY 2004-05. Makes the conforming increases in the FY 2004-05 appropriation of the tobacco settlement moneys for the Ryan White AIDS Drug Assistance, Tony Grampsas Youth Services, Nurse Home Visitor, Tobacco Education and Cessation, and Dental Loan Repayment programs based on a proportionate share of the costs incurred by the State's Auditor's Office to conduct statutorily-required performance reviews of various tobacco-funded programs. For more information on this bill, refer to the bill description contained in the Department of Education.

H.B. 05-1126: Appropriates \$21,375 cash funds from the Waste Tire Recycling Development Cash Fund, and 0.1 FTE, to the Hazardous Materials Waste Management Division to: conduct hearings and promulgate, monitor compliance with, and enforce rules regarding the disposal of waste tires; develop and maintain systems for waste tire hauler registration and waste tire hauler performance bonds; and respond to citizen complaints of illegal waste tire disposal.

H.B. 05-1161: Appropriates \$250,000 General Fund to the Infant Immunization Fund. Adds connection to and use of the immunization tracking system as a permitted use of moneys from the Infant Immunization Fund.

H.B. 05-1261: Changes the source for existing tobacco education and cessation programs from the annual tobacco settlement payment (from participating tobacco manufacturers) to the new tobacco taxes mandated by Amendment 35, which was passed by voters in the November 2004 election. The change affects a portion (\$1,352,500, the share for the months of May and June) of the funding for cessation programs from the settlement payment in FY 2004-05 and all of the funding (\$4,438,893) for cessation programs from the settlement payment in FY 2005-06.

H.B. 05-1262: Implements Section 21 of Article X of the Colorado Constitution, concerning taxes on tobacco products, which was adopted in the November 2004 election. Provisions specifically affecting the Department of Public Health and Environment include: (1) an appropriation of \$415,236 and 7.0 for personal services related to prevention, early detection and treatment programs; (2) an appropriation of \$32,836 for operating expenses related to prevention, early detection and treatment programs; (3) an appropriation of \$948,072 for independent program evaluation of prevention, early detection and treatment programs; (4) an appropriation of \$4,089,694 for breast and cervical cancer screenings; (5) an appropriation of \$910,306 to be transferred to the Department of Health Care Policy and Financing for treatment of breast and cervical cancer; (6) an appropriation of \$2,000,000 to be transferred to the Department of Health Care Policy and Financing for chronic disease management programs; (7) an appropriation of \$23,169,456 to fund competitive grants for prevention, detection and treatment of cancer, cardiovascular disease and chronic pulmonary disease; (8) an appropriation of \$379,849 and 7.0 FTE for personal services related to tobacco education programs; (9) an appropriation of \$65,868 for operating expenses related to tobacco education programs; and (10) an appropriation of \$30,563,556 for tobacco cessation and education grants. For additional information concerning other provisions of this bill, please see the bill descriptions for H.B. 05-1262 in the Department of Health Care Policy and Financing and Department of Human Services sections.

H.B. 05-1280: Authorizes each judicial district to establish, subject to available appropriations, a local child fatality prevention review team. Specifies the local entities that shall be represented on a local team, the types of cases that a local team shall review, and what each review shall entail. Creates the Colorado State Child Fatality Prevention Review Team in the Department of Public Health and Environment, and specifies the membership and duties of the state team. Authorizes the Department to receive contributions, grants, services, and donations for any costs associated with the duties of the state team, and creates the Child Fatality Prevention Cash Fund for such purpose.

H.B. 05-1287: Allows birth parents to file contact preference forms and medical history forms that can be accessed by adopted children. Appropriates \$8,657 cash funds spending authority and 0.2 FTE for creation, distribution and processing of the new forms.

DEPARTMENT OF PUBLIC SAFETY

The Department of Public Safety's responsibilities include: enforcing motor vehicle laws on state highways; 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 Appropriations

Funding Source	FY 2002-03	FY 2003-04	FY 2004-05	FY 2005-06
General Fund	\$53,759,065	\$54,171,145	\$56,498,955	\$59,412,207
Cash Funds	7,655,434	9,948,119	10,374,569	10,858,937
Cash Funds Exempt	88,899,811	87,771,436	109,623,522	115,048,688
Federal Funds	<u>39,020,804</u>	<u>43,085,120</u>	<u>42,081,845</u>	<u>35,493,271</u>
TOTAL	\$189,335,114	\$194,975,820	\$218,578,891	\$220,813,103
Full Time Equiv. Staff	1,253.5	1,247.4	1,265.7	1,259.3

General Factors Driving the Budget

Funding for this department consists of 26.9 percent General Fund, 4.9 percent cash funds, 52.1 percent cash funds exempt, and 16.1 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. Since FY 1999-00, the number of field troopers had remained constant until an increase of 6.0 FTE

field troopers was appropriated for FY 2004-05. The appropriation for FY 2005-06 does not increase the number of field troopers, but does increase the appropriation funding overtime for troopers.

	FY 2002-03 Actual	FY 2003-04 Actual	FY 2004-05 Approp.	FY 2005-06 Approp.
Number of Field Troopers	535.4	537.4	543.4	543.4

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. Senate Bill 03-267 allowed HUTF "off-the-top" funding appropriations to the Department of Revenue in the Motor Vehicle Division to offset General Fund. On July 1, 2005, S.B. 03-267 sunsets, consequently the FY 2004-05 HUTF "off-the-top" base, for FY 2005-06 allowed six percent growth, is reduced by the amount appropriated to the Motor Vehicle Division in the Department of Revenue. 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 2002-03, including the reduced total for FY 2005-06.

	FY 2002-03	FY 2003-04	FY 2004-05	FY 2005-06
Total HUTF Off-the-Top Funding	\$80,018,531	\$84,752,744	\$89,837,909	\$86,279,809
Dept. of Public Safety - HUTF Funding - Operating Budget	\$69,207,746	\$69,378,263	\$74,508,126	\$77,048,012
Dept. of Public Safety - HUTF Funding - Percentage of Total HUTF Off-the-Top Funding	86.5%	81.9%	82.9%	89.3%

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. The CICJIS is intended to improve the transfer of data between criminal justice agencies, and improve the accuracy of the data.
- Colorado Bureau of Investigation, Laboratory Services Equipment Upgrades: DNA Robotics automated instrument and laboratory information system for enhanced DNA database and analysis capabilities; and leases for new spectrometer, microspectrometer, and digital photographic equipment for forensic laboratory services.

Community Corrections – Residential Placements

The primary factor driving the Division of Criminal Justice's budget is the need for, availability of, and cost of community corrections beds. There are two types of residential placements: diversion and transition. Diversion placements are for offenders sentenced directly to community corrections by the Judicial Department. These offenders are placed in a residential community corrections facility rather than being sentenced to the Department of Corrections. Transition placements are for inmates who have served the majority of their sentence in the Department of Corrections and are nearing parole. These inmates are released to a residential community corrections bed in preparation for parole.

	Actual FY 01-02	Actual FY 02-03	Actual FY 03-04	Approp. FY 04-05	Approp. FY 05-06
Diversion Residential Beds Funded	1,231	1,231	1,231	1,231	1,231
Transition Residential Beds Funded	1,034	1,096	1,183	1,310	1,384
Residential Daily Rates per Bed	\$37.72	\$36.21	\$34.70	\$34.70	\$35.39
<i>Percent Change in Reimbursement Rate</i>	<i>n/a</i>	<i>-4.0%</i>	<i>-4.2%</i>	<i>0.0%</i>	<i>2.0%</i>
Total General Fund Expenditures (residential and non-residential programs)	\$36,650,797	\$35,327,418	\$35,982,499	\$37,908,187	\$40,193,048
<i>Growth of General Fund Expenditures</i>	<i>n/a</i>	<i>-3.6%</i>	<i>1.9%</i>	<i>5.4%</i>	<i>6.0%</i>

Summary of FY 2004-05 and FY 2005-06 Appropriations

Department of Public Safety						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2004-05 Total Appropriation:	\$218,578,891	\$56,498,955	\$10,374,569	\$109,623,522	\$42,081,845	1,265.7
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Executive Director's Office	15,992,224	2,497,678	382,154	12,540,022	572,370	40.5
Colorado State Patrol	100,822,167	1,242,352	2,848,109	92,896,345	3,835,361	937.0

Department of Public Safety						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
Office of Preparedness, Security and Fire Safety	1,799,157	91,703	325,764	192,990	1,188,700	16.8
Division of Criminal Justice	77,657,268	39,084,642	2,316,112	618,866	35,637,648	66.2
Colorado Bureau of Investigation	22,308,075	13,582,580	4,502,430	3,375,299	847,766	205.2
<u>Breakdown of Total Appropriation by Bill</u>						
SB 04-226	2,963	0	1,313	1,650	0	0.0
HB 04-1077	23,500	0	23,500	0	0	0.0
HB 04-1104	7,703	0	0	7,703	0	0.0
HB 04-1422	220,025,391	56,810,015	10,346,927	110,761,835	42,106,614	1,265.7
SB 05-124	(1,480,666)	(311,060)	2,829	(1,147,666)	(24,769)	0.0
FY 2005-06 Total Appropriation:	\$220,813,103	\$59,412,207	\$10,858,937	\$115,048,688	\$35,493,271	1,259.3
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Executive Director's Office	17,658,000	2,619,471	485,202	13,964,104	589,223	40.5
Colorado State Patrol	104,459,750	1,293,677	3,043,179	96,271,592	3,851,302	939.0
Office of Preparedness, Security and Fire Safety	1,351,873	91,367	340,161	139,719	780,626	11.5
Division of Criminal Justice	73,906,215	41,405,503	2,110,359	965,123	29,425,230	60.2
Colorado Bureau of Investigation	23,437,265	14,002,189	4,880,036	3,708,150	846,890	208.1
<u>Breakdown of Total Appropriation by Bill</u>						
SB 05-209	220,196,993	59,412,207	10,522,542	114,768,973	35,493,271	1,256.4
SB 05-013	473,999	0	192,025	281,974	0	2.3
SB 05-155	(15,413)	0	(15,413)	0	0	0.0
HB 05-1013	8,727	0	8,727	0	0	0.0
HB 05-1040	0	0	89,093	(89,093)	0	0.0
HB 05-1093	127,737	0	52,937	74,800	0	0.6
HB 05-1175	21,060	0	9,026	12,034	0	0.0
Increase/(Decrease)	\$2,234,212	\$2,913,252	\$484,368	\$5,425,166	(\$6,588,574)	(6.4)
Percentage Change	1.0%	5.2%	4.7%	4.9%	-15.7%	-0.5%

FY 2005-06 Appropriation Highlights:

1. Provides an increase of \$974,737 General Fund associated with caseload increases in community corrections. The increase will provide funding for 74 additional residential community corrections beds based on the anticipated increase in caseload of transition inmates in the custody of the Department of Corrections.
2. Provides \$947,688 in additional salary survey awards of 5.2 percent for state patrol troopers pursuant to Section 24-50-104 (1) (a) (III) (A), C.R.S. This includes \$847,482 from HUTF "off-the-top" revenues.
3. Provides \$808,200 in additional cash funds exempt spending authority for federal grants transferred from the Colorado Department of Transportation for overtime payments to troopers to provide coverage and increased safety for CDOT maintenance crews in overnight work zones.
4. Provides an increase of \$770,768 General Fund associated with a 2.0 percent increase in the reimbursement rates for community corrections providers.
5. Pursuant to S.B. 05-13, provides a \$473,999 increase to the Colorado Bureau of Investigation for background checks of applicants to renew real estate broker or salesperson licenses. Of this amount \$192,025 is cash funds and \$281,974 is cash funds exempt pass-through moneys to the FBI.
6. Provides an increase of \$343,719 General Fund for community corrections programs. Of this amount, \$217,084 funds 75 additional slots in the day reporting center, and \$126,635 funds 20 additional intensive residential treatment beds. The appropriation includes a corresponding reduction to the private prisons line item in the Department of Corrections.
7. Provides an additional \$280,821 Highway Users Tax Fund (HUTF) "off-the-top" for overtime payments to troopers to keep pace with recent salary increases, and to continue the state patrol's traffic safety improvement initiative.
8. Provides an increase of \$275,335 General Fund for continuing operating and personal services costs to help reduce the casework evidence analysis backlog in the DNA casework laboratory section of the Colorado Bureau of Investigation.
9. Provides an increase of \$178,273 HUTF "off-the-top" funding to add 2.0 FTE new communications (dispatch) officers and \$94,908 for overtime payments in the state patrol's dispatch centers.
10. Pursuant to H.B. 05-1093, provides a \$127,737 increase to the Colorado Bureau of Investigation for background checks of each prospective adoptive parent attempting to adopt a child placed for adoption. Of this amount \$52,937 is cash funds, and \$74,800 is cash funds exempt pass-through moneys to the FBI.
11. Decreases federal funding by \$408,074 in the Office of Preparedness, Security, and Fire Safety to reflect the transfer of federal Homeland Security grant administration responsibilities to the Department of Local Affairs.

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, it also 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.

Executive Director's Office						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2004-05 Appropriation:						
HB 04-1422	\$15,933,463	\$2,584,811	\$379,325	\$12,397,977	\$571,350	40.5
SB 05-124	<u>58,761</u>	<u>(87,133)</u>	<u>2,829</u>	<u>142,045</u>	<u>1,020</u>	<u>0.0</u>
TOTAL	\$15,992,224	\$2,497,678	\$382,154	\$12,540,022	\$572,370	40.5
FY 2005-06 Appropriation:						
FY 2004-05 Appropriation	\$15,992,224	\$2,497,678	\$382,154	\$12,540,022	\$572,370	40.5
Salary and benefits adjustments	1,479,846	143,708	101,338	1,072,685	162,115	0.0
Operating adjustments	185,930	(21,915)	1,710	351,397	(145,262)	0.0
SB 05-209	<u>\$17,658,000</u>	<u>\$2,619,471</u>	<u>\$485,202</u>	<u>\$13,964,104</u>	<u>\$589,223</u>	<u>40.5</u>
TOTAL	\$17,658,000	\$2,619,471	\$485,202	\$13,964,104	\$589,223	40.5
Increase/(Decrease)	\$1,665,776	\$121,793	\$103,048	\$1,424,082	\$16,853	0.0
Percentage Change	10.4%	4.9%	27.0%	11.4%	2.9%	0.0%

SB 05-209 (Long Bill) Issue Descriptions

Salary and benefits adjustments: The appropriation includes an increase of \$1,664,780 for salary survey awards for the divisions within the Department, of which \$847,482 in additional HUTF dollars is for the statutory 5.2 percent salary increase for Troopers in the state patrol. It also includes increases of \$263,662 for health, life, dental, \$179,000 in federal grants for salaries and contract services in CICJIS, and \$170,084 for the required amortization equalization PERA distribution. These increases are partially offset by the \$854,626 decrease in performance-based pay awards per the approved common policy of not funding these awards for FY 2005-06.

Operating adjustments: The appropriation provides increases for miscellaneous administrative costs including communications services, workers compensation, risk management and property insurance, and leased space payments. The increases are partially offset by decreases in federal funds for operating expenses in CICJIS, and a reduction in the appropriation for multiuse network payments for the Department.

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, the Auto Theft Prevention Fund, and user fees collected from state and non-state agencies.

Colorado State Patrol						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2004-05 Appropriation:						
HB 04-1422	\$102,137,667	\$1,242,352	\$2,848,109	\$94,186,056	\$3,861,150	937.0
SB 05-124	<u>(1,315,500)</u>	<u>0</u>	<u>0</u>	<u>(1,289,711)</u>	<u>(25,789)</u>	<u>0.0</u>
TOTAL	\$100,822,167	\$1,242,352	\$2,848,109	\$92,896,345	\$3,835,361	937.0
FY 2005-06 Appropriation:						
FY 2004-05 Appropriation	\$100,822,167	\$1,242,352	\$2,848,109	\$92,896,345	\$3,835,361	937.0
Salary and benefits adjustments	1,658,036	51,325	38,691	1,527,845	40,175	0.0
Maintenance zone grant spending authority	808,200	0	0	808,200	0	0.0
Indirect cost assessment	365,124	0	31,875	355,723	(22,474)	0.0
Operating adjustments	363,258	0	4,645	363,592	(4,979)	0.0
Overtime	280,821	0	0	280,821	0	0.0
Communications Services FTE and OT	162,144	0	0	162,144	0	2.0
Dispatch services fee schedule adjustment	0	0	119,859	(123,078)	3,219	0.0
SB 05-209	<u>\$104,459,750</u>	<u>\$1,293,677</u>	<u>\$3,043,179</u>	<u>\$96,271,592</u>	<u>\$3,851,302</u>	<u>939.0</u>
TOTAL	\$104,459,750	\$1,293,677	\$3,043,179	\$96,271,592	\$3,851,302	939.0
Increase/(Decrease)	\$3,637,583	\$51,325	\$195,070	\$3,375,247	\$15,941	2.0
Percentage Change	3.6%	4.1%	6.8%	3.6%	0.4%	0.2%

SB 05-209 (Long Bill) Issue Descriptions

Salary and benefits adjustments: The appropriation includes an increase of \$1,776,129 for salary survey and performance-based pay awards in FY 2004-05, partially offset by the approved common policy 0.2 percent base reduction.

Maintenance zone grant spending authority: The appropriation provides an increase in cash funds exempt spending authority for overtime payments to troopers assigned to overnight Colorado Department of Transportation (CDOT) maintenance highway work zones for increased safety for CDOT maintenance crews. The CDOT funding will be from federal safety grants.

Indirect cost assessment: The appropriation represents the associated increases in indirect cost recoveries based on various centrally appropriated common policy items, and the trooper overtime increase.

Operating adjustments: The appropriation includes miscellaneous adjustments to operating expense appropriations including a \$763,474 increase for statewide adjustments to vehicle lease reconciliations and payments. The appropriated increases are partially offset by miscellaneous decreases including \$44,944 in the CSP Operating Expenses line, and \$28,963 in the Training Academy operating expenses due to one-time appropriations in FY 2004-05.

Overtime: The appropriation provides additional HUTF "off-the-top" funding within the current six percent growth for "off-the-top" HUTF moneys for overtime payments to troopers to keep pace with recent salary increases and allow the patrol to continue its traffic safety improvement initiative.

Communication Services FTE and OT: This appropriation provides the personal services and operating increases for adding 2.0 FTE communications officers, plus overtime, to the Patrol's Communications Services (Dispatch) line item. An additional \$16,129 in this initiative is included in the indirect cost assessment appropriation.

Dispatch services fee schedule adjustment: This appropriation represents changes in cash fund source amounts for expected fees to be received to support the Patrol's Communication Services (Dispatch) operations from users, based on a new updated fee schedule for FY 2005-06. This is a net zero change as the increases for certain users are offset by decreases for other users under the new schedule.

Additional legislation: For information on additional legislation, see the "Recent Legislation" section at the end of this department.

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 OPSFS creates and implements terrorist preparedness plans and develop protocols concerning the State's response to terrorism. The Division creates law enforcement guidelines; 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 transferred from the Department of Revenue.

Office of Preparedness, Security, and Fire Safety

	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2004-05 Appropriation:						
HB 04-1422	<u>\$1,799,157</u>	<u>\$91,703</u>	<u>\$325,764</u>	<u>\$192,990</u>	<u>\$1,188,700</u>	<u>16.8</u>
TOTAL	\$1,799,157	\$91,703	\$325,764	\$192,990	\$1,188,700	16.8
FY 2005-06 Appropriation:						
FY 2004-05 Appropriation	\$1,799,157	\$91,703	\$325,764	\$192,990	\$1,188,700	16.8
Salary and benefits adjustments	11,804	(336)	12,578	(438)	0	0.0
Federal grants	(247,059)	0	0	0	(247,059)	(4.3)
Indirect cost assessment	(160,707)	0	1,819	(1,511)	(161,015)	0.0
Federal grants administration	(38,651)	0	0	(38,651)	0	(1.0)
Operating adjustments	(12,671)	0	0	(12,671)	0	0.0
SB 05-209	<u>\$1,351,873</u>	<u>\$91,367</u>	<u>\$340,161</u>	<u>\$139,719</u>	<u>\$780,626</u>	<u>11.5</u>
TOTAL	\$1,351,873	\$91,367	\$340,161	\$139,719	\$780,626	11.5
Increase/(Decrease)	(\$447,284)	(\$336)	\$14,397	(\$53,271)	(\$408,074)	(5.3)
Percentage Change	-24.9%	-0.4%	4.4%	-27.6%	-34.3%	-31.5%

SB 05-209 (Long Bill) Issue Descriptions

Salary and benefits adjustments: The appropriation includes the increases for FY 2004-05 salary survey and performance-based pay awards in the Division of Fire Safety, partially offset by the Joint Budget Committee approved 0.2 percent base personal services reduction.

Federal grants: The appropriation reflects decreases in federal funds and FTE as a result of the transfer of the administration responsibilities for federal Homeland Security grants received by the state, to the Department of Local Affairs as of July, 2004, from the Office of Anti-terrorism Planning and Training.

Indirect cost assessment: The appropriation reflects a decrease of \$161,015 federal funds based on reduced Homeland Security federal funding in OPSFS.

Federal grants administration: The appropriation reflects a decrease of \$38,651 cash funds exempt and 1.0 FTE for program administration required indirect costs from federal Homeland Security grants that were never used based on the transfer of Homeland Security grants administration to the Department of Local Affairs.

Operating adjustments: The appropriation includes a \$12,671 decrease in cash funds exempt corresponding to the 1.0 FTE reduction for federal grants administration.

Additional legislation: For information on additional legislation, see the "Recent Legislation" section at the end of this department.

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.

Division of Criminal Justice						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2004-05 Appropriation:						
HB 04-1077	\$23,500	\$0	\$23,500	\$0	\$0	0.0
HB 04-1422	77,857,695	39,308,569	2,292,612	618,866	35,637,648	66.2
SB 05-124	<u>(223,927)</u>	<u>(223,927)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$77,657,268	\$39,084,642	\$2,316,112	\$618,866	\$35,637,648	66.2
FY 2005-06 Appropriation:						
FY 2004-05 Appropriation	\$77,657,268	\$39,084,642	\$2,316,112	\$618,866	\$35,637,648	66.2
Caseload increase for community corrections transition programs	974,737	974,737	0	0	0	0.0
2.0 percent provider rate increase	770,768	770,768	0	0	0	0.0
Increase funding for Colorado Regional Policing Institute	317,763	0	0	317,763	0	2.5
Increase in day reporting slots	217,084	217,084	0	0	0	0.0
Fund additional intensive residential treatment (IRT) beds	126,635	126,635	0	0	0	0.0
Personal services adjustments	73,235	36,000	14,632	13,096	9,507	0.0
Refinance Substance Abuse Treatment Program	0	195,637	(195,637)	0	0	0.0

Division of Criminal Justice						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
Change in federal funds	(6,169,803)	0	0	0	(6,169,803)	(8.5)
Change in indirect cost assessment	(33,810)	0	2,914	15,398	(52,122)	0.0
Reduction from Sex Offender Surcharge Fund	(27,662)	0	(27,662)	0	0	0.0
SB 05-209	<u>\$73,906,215</u>	<u>\$41,405,503</u>	<u>\$2,110,359</u>	<u>\$965,123</u>	<u>\$29,425,230</u>	<u>60.2</u>
TOTAL	<u>\$73,906,215</u>	<u>\$41,405,503</u>	<u>\$2,110,359</u>	<u>\$965,123</u>	<u>\$29,425,230</u>	<u>60.2</u>
Increase/(Decrease)	(\$3,751,053)	\$2,320,861	(\$205,753)	\$346,257	(\$6,212,418)	(6.0)
Percentage Change	-4.8%	5.9%	-8.9%	56.0%	-17.4%	-9.1%

SB 05-209 (Long Bill) Issue Descriptions

Caseload increase for community corrections transition programs: The appropriation includes funding for 74 additional residential community corrections placements based on the anticipated increase in the prison population using the December 2004 Legislative Council Staff inmate population projections.

2.0 percent provider rate increase: The appropriation includes funding for a 2.0 percent increase to community corrections providers.

Increase funding for Colorado Regional Policing Institute: The appropriation provides \$317,763 cash funds exempt (transfer from the Department of Law). The funds will be from the Police Officer Standards and Training (P.O.S.T.) Board cash fund for the purposes of providing training to local law enforcement agencies.

Increase in day reporting slots: The appropriation provides funds for 75 additional community corrections day reporting slots. The increase for these slots includes a corresponding reduction to payments to private prisons in the Department of Corrections.

Fund additional intensive residential treatment (IRT) beds: The appropriation provides funding for 20 additional intensive residential treatment beds. The increase for these beds includes a corresponding reduction to payments to private prisons in the Department of Corrections.

Personal services adjustments: The appropriation includes the following adjustments to the line items used for personal services: (1) an increase of \$44,204 in total funds to annualize salary survey awarded in FY 2004-05; (2) an increase of \$33,583 in total funds to annualize performance-based pay awarded in FY 2004-05; and (3) a reduction of \$4,552 associated with a 0.2 percent base personal services reduction.

Refinance Substance Abuse Treatment Program: The appropriation refinances the appropriation for substance abuse programs based on a shortage of funds in the Drug Offender Surcharge Fund.

Change in federal funds: The appropriation reflects the anticipated level of federal funds to be received by the Division of Criminal Justice in FY 2005-06.

Change in indirect cost assessment: The appropriation makes technical changes to reflect the anticipated indirect cost recoveries from cash funds, exempt cash funds, and federal funds.

Reduction from Sex Offender Surcharge Fund: The appropriation reduces the funding from the Sex Offender Surcharge Fund to prevent a negative fund balance.

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.

Colorado Bureau of Investigation						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2004-05 Appropriation:						
SB 04-226	\$2,963	\$0	\$1,313	\$1,650	\$0	0.0
HB 04-1104	7,703	0	0	7,703	0	0.0
HB 04-1422	<u>22,297,409</u>	<u>13,582,580</u>	<u>4,501,117</u>	<u>3,365,946</u>	<u>847,766</u>	<u>205.2</u>
TOTAL	\$22,308,075	\$13,582,580	\$4,502,430	\$3,375,299	\$847,766	205.2
FY 2005-06 Appropriation:						
FY 2004-05 Appropriation	\$22,308,075	\$13,582,580	\$4,502,430	\$3,375,299	\$847,766	205.2
Salary and benefits adjustments	283,729	229,514	30,360	23,855	0	0.0
DNA database automation project	275,335	275,335	0	0	0	0.0
Operating adjustments	(45,984)	(85,240)	10,851	29,281	(876)	0.0
SB 05-209	\$22,821,155	\$14,002,189	\$4,543,641	\$3,428,435	\$846,890	205.2
SB 05-013	473,999	0	192,025	281,974	0	2.3
SB 05-155	(15,413)	0	(15,413)	0	0	0.0
HB 05-1013	8,727	0	8,727	0	0	0.0
HB 05-1040	0	0	89,093	(89,093)	0	0.0
HB 05-1093	127,737	0	52,937	74,800	0	0.6
HB 05-1175	<u>21,060</u>	<u>0</u>	<u>9,026</u>	<u>12,034</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$23,437,265	\$14,002,189	\$4,880,036	\$3,708,150	\$846,890	208.1

Colorado Bureau of Investigation						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
Increase/(Decrease)	\$1,129,190	\$419,609	\$377,606	\$332,851	(\$876)	2.9
Percentage Change	5.1%	3.1%	8.4%	9.9%	-0.1%	1.4%

SB 05-209 (Long Bill) Issue Descriptions

Salary and benefits adjustments: The appropriation includes a \$385,713 increase for salary survey and performance-based pay awards for FY 2004-05, partially offset by a \$70,000 decrease in General Fund for one-time contract services expenditures in FY 2004-05 and the approved common policy 0.2 percent base reduction in personal services costs.

DNA database automation project: This appropriation provides increases of \$240,815 for operating expenses and \$34,520 for personal services expenses associated with on-going laboratory services costs to support the DNA Offender Database section new robotics instrumentation and the DNA casework section FTE transfer.

Operating adjustments: The appropriation includes increases of \$25,162 cash funds exempt from the Offender Identification Fund to offset the same amount of General Fund, and \$12,955 for indirect cost assessments, offset by a \$58,939 decrease for vehicle lease payments and reconciliations.

Additional legislation: For information on additional legislation, see the "Recent Legislation" section at the end of this department.

Recent Legislation

2004 Session Bills

S.B. 04-226: Requires applicants for explosives permits to submit to a criminal history check by the Department of Labor and Employment and to submit fingerprints to the department. The department is required to forward the fingerprints to the Colorado Bureau of Investigation for a state and national fingerprint criminal history check if deemed necessary. Appropriates \$1,313 cash funds and \$1,650 cash funds exempt to the Colorado Bureau of Investigation for FY 2004-05 for the cost of the fingerprint criminal history checks.

H.B. 04-1077: Appropriates \$12,500 from the domestic violence offender treatment provider fund and \$11,000 from cash funds in the sex offender treatment provider fund for FY 2004-05. Requires a person who applies for placement or continued placement on the list of sex offender treatment and services providers to submit to a current background investigation that goes beyond the scope of a criminal history record check. Permits the sex offender management board to assess a fee to cover the costs of the current background investigation. Requires a person who applies for placement or continued placement on the list of domestic violence offender treatment services providers to submit to a current background investigation that goes beyond the scope of a criminal history record check. Permits the domestic violence offender management board to assess a fee to cover the costs of the current background investigation.

H.B. 04-1104: Repeals and reenacts statutory provisions concerning educator licensure. For FY 2004-05, makes an appropriation from the Educator Licensure Cash Fund to the Department of Education for implementation of provisions related to the issuance of teaching authorizations, and appropriates \$7,703 of such appropriation to the Colorado Bureau of Investigation for related fingerprint card processing services. For a more detailed explanation of this bill, refer to the bill description in the Department of Education.

H.B. 04-1332: Supplemental appropriation for the Department of Public Safety for FY 2003-04.

H.B. 04-1422: General appropriations act for FY 2004-05.

2005 Session Bills

S.B. 05-13: Requires individuals applying for renewal of real estate broker or salesperson licenses to first submit fingerprints and a fee to the Colorado Bureau of Investigation (CBI) for a background check. Since renewed licenses are effective for three years, each applicant will only be required to have one check, before the act is repealed effective July 1, 2008. Persons maintaining an inactive license are not required to submit fingerprints for a background check. For FY 2005-06, authorizes the Colorado Bureau of Investigation to receive \$192,015 cash funds, \$281,974 cash funds exempt pass-through moneys, and 2.3 FTE for the purpose of providing related fingerprint processing services. Includes a provision stating that S.B. 05-013 shall only take effect if: (a) H.B. 05-1131 is enacted and becomes law; and (b) the estimated decrease in state General Fund revenues resulting from H.B. 05-1131 for FY 2005-06 is equal to or greater than the estimated increase in state cash fund revenues resulting from S.B. 05-013.

S.B. 05-124: Supplemental appropriation for the Department of Public Safety for FY 2004-05.

S.B. 05-148: Extends the automatic termination of the fire suppression program of the Division of Fire Safety to July 1, 2014, pursuant to the provisions of the sunset law. Requires the administrator of the program to implement a formal system to track the disposition of complaints and to make the information available on the internet. Authorizes the administrator to issue letters of admonition. Restates the grounds for discipline to prohibit conduct likely to deceive, defraud, or harm the public. Requires fines associated with the program to be credited to the General Fund.

S.B. 05-155: Repeals the requirement for Certified Nurse Aids (CNAs) to have a criminal history background check prior to applying for a license. For FY 2005-06, reduces the cash funds appropriation to the Colorado Bureau of Investigation by \$15,413. For more information, refer to the bill description in the Department of Regulatory Agencies.

S.B. 05-209: General appropriations act for FY 2005-06.

H.B. 05-1013: Requires a nominee for guardian, emergency guardian, conservator, or special conservator to file a signed statement of acceptance of office and specifies what the statement must include. Requires the nominee to obtain and attach a name-based criminal history record check through the Colorado Bureau of Investigation (CBI). Authorizes the court to waive the noted requirements for good cause shown when making an emergency appointment of a guardian, and exempts specified professions from the noted requirements. For FY 2005-06, authorizes the Colorado Bureau of Investigation to receive \$8,727 cash funds for the purpose of providing related criminal history record check services. Includes a provision stating that H.B. 05-1013 shall only take effect if: (a) H.B. 05-1264 is enacted and becomes law; and (b) the estimated decrease in state cash

fund revenues resulting from H.B. 05-1264 for FY 2005-06 is equal to or greater than the estimated increase in state cash fund revenues resulting from H.B. 05-1013.

H.B. 05-1040: Streamlines current statutes requiring the submission of fingerprints by applicants for real estate broker licenses, by requiring a license applicant to submit a set of fingerprints and the fee directly to the Colorado Bureau of Investigation (CBI), rather than the Real Estate Commission, for purposes of conducting a fingerprint-based criminal history record check. Specifies that the CBI is to forward the results of the record check to the Commission upon completion. For FY 2005-06, authorizes the Colorado Bureau of Investigation to receive \$89,093 cash funds, and reduces cash funds exempt pass-through moneys by \$89,093 for the purpose of providing related fingerprint processing services. For more information, refer to the bill description in the Department of Regulatory Agencies.

H.B. 05-1078: Modifies the governing structure for the Colorado Integrated Criminal Justice Information System (CICJIS) by replacing the CICJIS program task force with an executive board. Specifies the composition of the executive board. Changes the title of "chief officer" of the task force to "chief information officer" of the executive board. Modifies the method by which the chief information officer is designated. Requires the Colorado Bureau of Investigation (CBI) to create a state identification number for fingerprints not already in the system; to electronically submit the identification number to CICJIS, which will then report the number to the court and the district attorney with jurisdiction over the offense; and to keep records of all fingerprints that are rejected and publish them to other CICJIS agencies.

H.B. 05-1093: Requires each prospective adoptive parent attempting to adopt a child placed for adoption by a county department of social services, a licensed child placement agency, or an individual, to obtain and pay for a state and federal fingerprint-based criminal history record check through the Colorado Bureau of Investigation. For FY 2005-06, authorizes the Colorado Bureau of Investigation to receive \$52,937 cash funds, \$74,800 cash funds exempt pass-through moneys, and 0.6 FTE for the purpose of providing related fingerprint processing services. Includes a provision stating that H.B. 05-1093 shall only take effect if: (a) H.B. 05-1264 is enacted and becomes law; and (b) the estimated decrease in state cash fund revenues resulting from H.B. 05-1264 for FY 2005-06 is equal to or greater than the estimated increase in state cash fund revenues resulting from H.B. 05-1093.

H.B. 05-1175: When a child is taken into temporary custody by law enforcement or the court places temporary custody of a child with a county department of social services, authorizes the county department to collaborate with local law enforcement to perform an initial criminal history record check of a person who is identified as a potential emergency placement for the child. Requires local law enforcement to follow such an initial check with a fingerprint-based criminal history record check obtained through the Colorado Bureau of Investigation. For FY 2005-06, authorizes the Colorado Bureau of Investigation to receive \$9,026 cash funds and \$12,034 cash funds exempt pass-through moneys for the purpose of providing related fingerprint processing services.

DEPARTMENT OF REGULATORY AGENCIES

The Department of Regulatory Agencies is comprised of ten divisions: the Executive Director's Office, the Division of Banking, the Division of Civil Rights, the Office of Consumer Counsel, the Division of Financial Services, the Division of Insurance, the Public Utilities Commission, the Division of Real Estate, the Division of Registrations, and the Division of Securities. While one division, Civil Rights, receives substantial General Fund support, the other divisions are funded primarily through fees and assessments.

The Department protects the citizens of Colorado from fraudulent or dangerous businesses and professionals by regulating the following: (1) state-chartered financial institutions such as banks, trust companies, credit unions and money transmitters (Divisions of Banking and Financial Services); (2) public utilities such as electricity, gas and telecommunications (Public Utilities Commission and Office of Consumer Counsel); (3) providers of automobile, homeowners', life, health and other types of insurance (Division of Insurance); and (4) professionals in more than thirty occupations, including accountants, barbers, chiropractors, dentists, nurses, physicians, pharmacists, psychologists, stockbrokers and real estate agents (Divisions of Registrations, Real Estate, and Securities). The Department also administers and enforces Colorado's civil rights laws (Division of Civil Rights), conducts sunrise and sunset reviews of state-run programs, and evaluates the economic impact of rules proposed by state agencies.

Department Budget: Recent Appropriations

Funding Source	FY 2002-03	FY 2003-04	FY 2004-05	FY 2005-06
General Fund	\$1,499,339	\$1,051,133	\$1,029,665	\$1,096,392
Cash Funds	50,303,616	50,941,141	51,095,062	52,022,519
Cash Funds Exempt	23,660,629	14,136,326	11,404,339	7,799,241
Federal Funds	<u>916,467</u>	<u>1,090,361</u>	<u>1,087,152</u>	<u>1,789,036</u>
Total Funds	\$76,380,051	\$67,218,961	\$64,616,218	\$62,707,188
Full Time Equiv. Staff	527.4	518.2	520.1	525.3

General Factors Driving the Budget

Funding for the Department consists of 1.7 percent General Fund, 83.0 percent cash funds, 12.4 percent cash funds exempt, and 2.9 percent federal funds. Some of the most important factors driving the budget are reviewed below.

Legal Services

The Department purchases more legal services from the Department of Law than any other state agency. Excluding special bills, the Department's appropriation for legal services for FY 2005-06 represents 29.4 percent

of the corresponding appropriation for all state agencies and 8.8 percent of the Department's total appropriation, the largest component of the Department's budget after personal services. Given the large stakes involved in many of the Department's regulatory activities, legal services will continue to be a driving factor. The following table shows the allocation of the Department's FY 2003-04 legal expenditures among divisions.

Division	Percentage of legal expenditures
Administration	0.2%
Banking	0.4%
Civil Rights	2.6%
Consumer Counsel	7.2%
Financial Services	0.2%
Insurance	9.6%
PUC	19.8%
Real Estate	5.5%
Registrations	47.9%
Securities	6.6%
Total	100.0%

Population Growth

Population growth affects the Department in two ways. First, more individuals apply for professional and occupational licenses and more regulated businesses are established. Likewise, more consumers file complaints against regulated 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 offender. The following table shows the number of individuals and entities licensed by several of the Department's divisions in recent years.

Division	FY 00-01	FY 01-02	FY 02-03	FY 03-04
Insurance	63,956	73,924	82,800	93,000
Real Estate	41,931	41,496	46,604	49,386
Registrations	236,312	251,236	261,280	265,569
Total	342,199	366,656	390,684	407,955

Summary of FY 2004-05 and FY 2005-06 Appropriations

Department of Regulatory Agencies						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2004-05 Total Appropriation:	\$64,616,218	\$1,029,665	\$51,095,062	\$11,404,339	\$1,087,152	520.1
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Executive Director's Office and Administrative Services	18,802,683	230,837	10,180,493	8,242,306	149,047	53.0
Division of Banking	3,268,157	0	3,268,157	0	0	38.5
Civil Rights Division	1,590,226	798,828	0	211,318	580,080	25.0
Office of Consumer Counsel	841,363	0	841,363	0	0	7.0
Division of Financial Services	974,803	0	974,803	0	0	11.0
Division of Insurance	6,965,209	0	6,607,184	0	358,025	78.5
Public Utilities Commission	12,151,040	0	11,187,605	963,435	0	92.7
Division of Real Estate	3,730,355	0	3,730,355	0	0	37.0
Division of Registrations	14,036,091	0	12,048,811	1,987,280	0	157.4
Division of Securities	2,256,291	0	2,256,291	0	0	20.0
<u>Breakdown of Total Appropriation by Bill</u>						
HB 04-1015	2,904	0	2,904	0	0	0.0
HB 04-1251	(13,404)	0	(13,404)	0	0	0.0
HB 04-1422	64,778,355	1,032,389	51,243,324	11,415,142	1,087,500	520.1
SB 05-125	(151,637)	(2,724)	(137,762)	(10,803)	(348)	0.0
FY 2005-06 Total Appropriation:	\$62,707,188	\$1,096,392	\$52,022,519	\$7,799,241	\$1,789,036	525.3
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Executive Director's Office and Administrative Services	15,827,127	237,235	10,340,443	5,094,688	154,761	56.0
Division of Banking	3,339,761	0	3,339,761	0	0	38.5
Civil Rights Division	1,821,695	859,157	0	179,306	783,232	25.0
Office of Consumer Counsel	859,971	0	859,971	0	0	7.0
Division of Financial Services	997,473	0	997,473	0	0	11.0
Division of Insurance	7,141,135	0	6,686,056	4,036	451,043	79.1
Public Utilities Commission	12,072,760	0	11,735,818	336,942	0	93.5

Department of Regulatory Agencies						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
Division of Real Estate	3,275,237	0	3,275,237	0	0	37.0
Division of Registrations	15,077,228	0	12,492,959	2,184,269	400,000	158.2
Division of Securities	2,294,801	0	2,294,801	0	0	20.0
<u>Breakdown of Total Appropriation by Bill</u>						
SB 05-209	62,404,657	1,096,392	52,267,144	7,652,085	1,389,036	522.2
SB 05-107	5,626	0	5,626	0	0	0.1
SB 05-155	21,322	0	21,322	0	0	0.0
HB 05-1040	(185,255)	0	(185,255)	0	0	0.0
HB 05-1130	547,156	0	0	147,156	400,000	3.0
HB 05-1213	(75,000)	0	(75,000)	0	0	0.0
HB 05-1264	(11,318)	0	(11,318)	0	0	0.0
Increase/(Decrease)	(\$1,909,030)	\$66,727	\$927,457	(\$3,605,098)	\$701,884	5.2
Percentage Change	-3.0%	6.5%	1.8%	-31.6%	64.6%	1.0%

FY 2005-06 Appropriation Highlights:

1. An increase of \$244,000 for legal expenses, comprised of General Fund, cash funds, and cash funds exempt. The number of legal hours is unchanged, but the common-policy blended legal rate is higher.
2. An increase of \$76,000 cash funds and 1.5 FTE to allow the Electrical Board in the Division of Registrations to hire extra electrical inspectors for the Durango area.
3. An increase of \$62,000 cash funds for implementation of Amendment 37, the Renewable Energy initiative voters approved in November 2004.
4. A decrease of \$109,000 cash funds and 0.7 FTE from outsourcing barber and cosmetologist exams.
5. A reduction of \$73,000 cash funds for the Personal Injury Protection (PIP) Exam Program, which is being phased out due to the elimination of no fault auto insurance.

Detail of Appropriation by Administrative Section

Executive Director's Office and Administrative Services

The Executive Director's 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. The Division also includes funding and staff for the Office of Policy and Research, which conducts sunrise and sunset evaluations for state programs. The Division's cash funds derive from a variety of cash funds within the Department. The cash funds exempt come from indirect cost recoveries within the Department plus occasional transfers from other departments, while the federal funds come from indirect cost recoveries from the Civil Rights and Insurance Divisions.

Executive Director's Office and Administrative Services						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2004-05 Appropriation:						
HB 04-1422	\$18,995,881	\$233,561	\$10,359,816	\$8,253,109	\$149,395	53.0
SB 05-125	<u>(193,198)</u>	<u>(2,724)</u>	<u>(179,323)</u>	<u>(10,803)</u>	<u>(348)</u>	<u>0.0</u>
TOTAL	\$18,802,683	\$230,837	\$10,180,493	\$8,242,306	\$149,047	53.0
FY 2005-06 Appropriation:						
FY 2004-05 Appropriation	\$18,802,683	\$230,837	\$10,180,493	\$8,242,306	\$149,047	53.0
Legal services rate increase	244,128	2,105	219,935	16,659	5,429	0.0
Salary and benefit adjustments	137,578	43	(32,887)	170,827	(405)	0.0
Leased space	66,329	1,970	(77,241)	141,107	493	0.0
Operating adjustments	54,583	2,280	53,483	(1,377)	197	0.0
New initiatives	9,370	0	9,370	0	0	0.0
CoverColorado	(3,515,251)	0	(12,710)	(3,502,541)	0	0.0
SB 05-209	\$15,799,420	\$237,235	\$10,340,443	\$5,066,981	\$154,761	53.0
HB 05-1130	<u>27,707</u>	<u>0</u>	<u>0</u>	<u>27,707</u>	<u>0</u>	<u>3.0</u>
TOTAL	\$15,827,127	\$237,235	\$10,340,443	\$5,094,688	\$154,761	56.0
Increase/(Decrease)	(\$2,975,556)	\$6,398	\$159,950	(\$3,147,618)	\$5,714	3.0
Percentage Change	-15.8%	2.8%	1.6%	-38.2%	3.8%	5.7%

SB 05-209 (Long Bill) Issue Descriptions

Legal services rate increase: The increase provides an additional \$244,128 for legal services. The number of legal hours is unchanged, but the common-policy blended legal rate is higher.

Salary and benefit adjustments: The increase reflects the FY 2004-05 distribution of \$40,605 of performance-based pay and \$70,992 of salary survey; a 0.2 percent salary base reduction; an increase of \$105,864 for Health, Life, and Dental, Short Term Disability, S.B. 04-257 Amortization Equalization Disbursement, and Workers' Compensation; an increase of \$304,554 for FY 2005-06 salary survey and the elimination of \$377,166 for performance-based pay in FY 2005-06.

Leased space: The increase is due to escalator provisions in the Department's leases and increases in operating expenses, including utilities.

Operating adjustments: The increase reflects changes in the following centrally appropriated items that are governed by common policy: Administrative Law Judges, Purchase of Services from Computer Center, Multiuse Network Payments, Payment to Risk Management and Property Funds, and the statewide Indirect Cost Assessment.

New initiatives: The increase includes central appropriations arising from two new initiatives approved by the General Assembly this year, Renewable Energy and Electrical Inspectors, plus an initiative that was approved last year, Expedited Settlement. These initiatives are explained in more detail in the Division of Registrations and Public Utility Commission sections below.

CoverColorado: The appropriation for CoverColorado, which is included in the Long Bill for informational purposes only, has been moved to the Treasury portion of the Long Bill. The decrease reflects that transfer.

Additional legislation: For information on H.B. 05-1130, see the "Recent Legislation" section at the end of this Department.

Division of Banking

This division regulates state-chartered commercial and industrial banks, trust companies, debt adjusters, and money order companies. Staff conduct examinations and enforce compliance related to the Public Deposit Protection Act, trust department operations, electronic funds transfers, electronic data processing, and the Uniform Consumer Credit Code. The eight-member Colorado State Banking Board is the policy and rule making authority for the Division. The Division is funded entirely through cash funds from fees and assessments paid by regulated entities.

Division of Banking						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2004-05 Appropriation:						
HB 04-1422	\$3,268,536	\$0	\$3,268,536	\$0	\$0	38.5
SB 05-125	(379)	0	(379)	0	0	0.0
TOTAL	\$3,268,157	\$0	\$3,268,157	\$0	\$0	38.5

Division of Banking						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Appropriation:						
FY 2004-05 Appropriation	\$3,268,157	\$0	\$3,268,157	\$0	\$0	38.5
Salary and benefit adjustments	71,859	0	71,859	0	0	0.0
Other	(255)	0	(255)	0	0	0.0
SB 05-209	<u>\$3,339,761</u>	<u>\$0</u>	<u>\$3,339,761</u>	<u>\$0</u>	<u>\$0</u>	<u>38.5</u>
TOTAL	\$3,339,761	\$0	\$3,339,761	\$0	\$0	38.5
Increase/(Decrease)	\$71,604	\$0	\$71,604	\$0	\$0	0.0
Percentage Change	2.2%	n/a	2.2%	n/a	n/a	0.0%

SB 05-209 (Long Bill) Issue Descriptions

Salary and benefit adjustments: The increase reflects the FY 2004-05 distribution of \$26,540 of performance-based pay and \$50,601 of salary survey, less a 0.2 percent base reduction.

Other: The decrease reflects a reduced indirect cost assessment.

Civil Rights Division

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

Civil Rights Division						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2004-05 Appropriation:						
HB 04-1422	<u>\$1,590,226</u>	<u>\$798,828</u>	<u>\$0</u>	<u>\$211,318</u>	<u>\$580,080</u>	<u>25.0</u>
TOTAL	<u>\$1,590,226</u>	<u>\$798,828</u>	<u>\$0</u>	<u>\$211,318</u>	<u>\$580,080</u>	<u>25.0</u>

Civil Rights Division						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Appropriation:						
FY 2004-05 Appropriation	\$1,590,226	\$798,828	\$0	\$211,318	\$580,080	25.0
Increased federal contract services	160,061	0	0	0	160,061	0.0
Other	43,969	31,589	0	(31,589)	43,969	0.0
Salary and benefit adjustments	27,439	28,740	0	(423)	(878)	0.0
SB 05-209	<u>\$1,821,695</u>	<u>\$859,157</u>	<u>\$0</u>	<u>\$179,306</u>	<u>\$783,232</u>	<u>25.0</u>
TOTAL	\$1,821,695	\$859,157	\$0	\$179,306	\$783,232	25.0
Increase/(Decrease)	\$231,469	\$60,329	\$0	(\$32,012)	\$203,152	0.0
Percentage Change	14.6%	7.6%	n/a	-15.1%	35.0%	0.0%

SB 05-209 (Long Bill) Issue Descriptions

Increased federal contract services: The appropriation reflects the increased use of contract funding from the Department of Housing and Urban Development and the Equal Employment Opportunity Commission.

Other: The increase includes a fund mix change and an increase in indirect cost assessments that will be paid from federal funds.

Salary and benefit adjustments: The increase reflects the FY 2004-05 distribution of \$11,091 of performance-based pay and \$19,212 of salary survey, less a 0.2 percent base reduction.

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.

Office of Consumer Counsel						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2004-05 Appropriation:						
HB 04-1422	\$841,432	\$0	\$841,432	\$0	\$0	7.0
SB 05-125	<u>(69)</u>	<u>0</u>	<u>(69)</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$841,363	\$0	\$841,363	\$0	\$0	7.0

Office of Consumer Counsel						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Appropriation:						
FY 2004-05 Appropriation	\$841,363	\$0	\$841,363	\$0	\$0	7.0
Salary and benefit adjustments	18,655	0	18,655	0	0	0.0
Other	(47)	0	(47)	0	0	0.0
SB 05-209	<u>\$859,971</u>	<u>\$0</u>	<u>\$859,971</u>	<u>\$0</u>	<u>\$0</u>	<u>7.0</u>
TOTAL	\$859,971	\$0	\$859,971	\$0	\$0	7.0
Increase/(Decrease)	\$18,608	\$0	\$18,608	\$0	\$0	0.0
Percentage Change	2.2%	n/a	2.2%	n/a	n/a	0.0%

SB 05-209 (Long Bill) Issue Descriptions

Salary and benefit adjustments: The increase reflects the FY 2004-05 distribution of \$8,174 of performance-based pay and \$11,939 of salary survey, less a 0.2 percent base reduction.

Other: The decline reflects a reduced indirect cost assessment.

Division of Financial Services

This division regulates state-chartered credit unions, savings and loans, and life-care institutions. It also administers the Public Deposit Protection Act, which safeguards the uninsured deposits of public moneys in 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 five-member Financial Services Board provides policy guidance to the Division. The Division is funded with cash funds from fees and assessments paid by regulated entities.

Division of Financial Services						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2004-05 Appropriation:						
HB 04-1422	\$974,911	\$0	\$974,911	\$0	\$0	11.0
SB 05-125	<u>(108)</u>	<u>0</u>	<u>(108)</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$974,803	\$0	\$974,803	\$0	\$0	11.0

Division of Financial Services						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Appropriation:						
FY 2004-05 Appropriation	\$974,803	\$0	\$974,803	\$0	\$0	11.0
Salary and benefit adjustments	22,744	0	22,744	0	0	0.0
Other	(74)	0	(74)	0	0	0.0
SB 05-209	<u>\$997,473</u>	<u>\$0</u>	<u>\$997,473</u>	<u>\$0</u>	<u>\$0</u>	<u>11.0</u>
TOTAL	\$997,473	\$0	\$997,473	\$0	\$0	11.0
Increase/(Decrease)	\$22,670	\$0	\$22,670	\$0	\$0	0.0
Percentage Change	2.3%	n/a	2.3%	n/a	n/a	0.0%

SB 05-209 (Long Bill) Issue Descriptions

Salary and benefit adjustments: The increase reflects the FY 2004-05 distribution of \$9,003 of performance-based pay and \$15,352 of salary survey, less a 0.2 percent base reduction.

Other: The decline reflects a reduced indirect cost assessment.

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 cash funds are from tax assessments and license fees paid by regulated entities. The federal funds support the Senior Health Counseling Program.

Division of Insurance						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2004-05 Appropriation:						
HB 04-1422	\$6,965,962	\$0	\$6,607,937	\$0	\$358,025	78.5
SB 05-125	<u>(753)</u>	<u>0</u>	<u>(753)</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$6,965,209	\$0	\$6,607,184	\$0	\$358,025	78.5
FY 2005-06 Appropriation:						
FY 2004-05 Appropriation	\$6,965,209	\$0	\$6,607,184	\$0	\$358,025	78.5
Salary and benefit adjustments	141,793	0	137,757	4,036	0	0.0

Division of Insurance						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
Senior Health Counseling Program	90,000	0	0	0	90,000	0.0
Workers' Compensation Studies	75,000	0	75,000	0	0	0.0
Other	11,784	0	8,766	0	3,018	0.0
PIP (Personal Injury Protection) Exam Program	(73,277)	0	(73,277)	0	0	0.5
SB 05-209	\$7,210,509	\$0	\$6,755,430	\$4,036	\$451,043	79.0
SB 05-107	5,626	0	5,626	0	0	0.1
HB 05-1213	(75,000)	0	(75,000)	0	0	0.0
TOTAL	\$7,141,135	\$0	\$6,686,056	\$4,036	\$451,043	79.1
Increase/(Decrease)	\$175,926	\$0	\$78,872	\$4,036	\$93,018	0.6
Percentage Change	2.5%	n/a	1.2%	n/a	26.0%	0.8%

SB 05-209 (Long Bill) Issue Descriptions

Salary and benefit adjustments: The increase reflects the FY 2004-05 distribution of \$57,449 of performance-based pay and \$94,660 of salary survey, less a 0.2 percent base reduction.

Senior Health Counseling Program: This federally funded program provides senior citizens with Medicare information. The state expects to receive increased funding in FY 2005-06 for work resulting from the Medicare Modernization Act, which added prescription drug benefits for seniors.

Workers' Compensation Studies: The increase funds Workers' Compensation studies, which were suspended for two years by S.B. 03-302.

Other: The appropriation includes a \$4,194 increase for insurance fraud prosecutions conducted by the Department of Law and an increase of \$7,590 in the Division's indirect cost assessment.

PIP (Personal Injury Protection) Exam Program: The PIP exam program is being phased out due to the elimination of no-fault auto insurance. The appropriation, which includes an additional 0.5 FTE, will allow the Division to end its contract with a vendor and administer the program itself. The FTE will be eliminated when the exam program is no longer needed.

Additional legislation: For information on S.B. 05-107 and H.B. 05-1213, see the "Recent Legislation" section at the end of this Department.

Public Utilities Commission

The three-member Public Utilities Commission (PUC) regulates the rates and services of fixed utilities and transportation utilities located in the state. It possesses quasi-legislative and quasi-judicial authority. 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. The PUC is primarily funded with cash funds from assessments and licensing fees paid by regulated entities.

Public Utilities Commission						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2004-05 Appropriation:						
HB 04-1422	\$12,151,953	\$0	\$11,188,518	\$963,435	\$0	92.7
SB 05-125	(913)	0	(913)	0	0	0.0
TOTAL	\$12,151,040	\$0	\$11,187,605	\$963,435	\$0	92.7
FY 2005-06 Appropriation:						
FY 2004-05 Appropriation	\$12,151,040	\$0	\$11,187,605	\$963,435	\$0	92.7
Salary and benefit adjustments	201,027	0	202,401	(1,374)	0	0.0
Transfer to Reading Services for the Blind Cash Fund	96,200	0	96,200	0	0	0.0
Amendment 37, Renewable Energy	62,362	0	62,362	0	0	0.8
Other	8,158	0	485,327	(477,169)	0	0.0
Disabled Telephone Users Fund	(293,725)	0	(144,598)	(149,127)	0	0.0
Low Income Telephone Assistance	(152,302)	0	(153,479)	1,177	0	0.0
SB 05-209	\$12,072,760	\$0	\$11,735,818	\$336,942	\$0	93.5
TOTAL	\$12,072,760	\$0	\$11,735,818	\$336,942	\$0	93.5
Increase/(Decrease)	(\$78,280)	\$0	\$548,213	(\$626,493)	\$0	0.8
Percentage Change	-0.6%	n/a	4.9%	-65.0%	n/a	0.9%

SB 05-209 (Long Bill) Issue Descriptions

Salary and benefit adjustments: The increase reflects the FY 2004-05 distribution of \$79,552 of performance-based pay and \$135,818 of salary survey, less a 0.2 percent base reduction.

Transfer to Reading Services for the Blind Cash Fund: The appropriation includes an additional \$96,200 for reading services for the blind.

Amendment 37, Renewable Energy: The increase, which includes an extra 0.8 FTE, provides the PUC with additional resources to develop policies and rules for the implementation of Amendment 37, which was passed by voters in the November 2004 election.

Other: The increase includes a fund-mix adjustment and a \$8,158 increase in the Division's indirect cost assessment.

Disabled Telephone Users Fund: This appropriation is included in the Long Bill for informational purposes only since the related program, which provides relay telephone service for the hearing and speech impaired, is continuously appropriated. The decrease reflects a reduction in expected program expenditures in FY 2005-06.

Low Income Telephone Assistance: This appropriation is included in the Long Bill for informational purposes only since the related program, which subsidizes phone service for certain low-income individuals, is continuously appropriated. The decrease corresponds to a reduction in expected program expenditures in FY 2005-06.

Division of Real Estate

The Division of Real Estate licenses real estate brokers and appraisers, analyzes subdivision offerings on undeveloped land, and administers an enforcement program that responds to the needs of the industry and the consumer. The five-member Real Estate Commission and the seven-member Appraisal Board serve as the policy-making bodies of the Division. The Division is funded entirely with cash funds from fees and assessments paid by regulated entities.

Division of Real Estate						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2004-05 Appropriation:						
HB 04-1422	\$3,683,319	\$0	\$3,683,319	\$0	\$0	37.0
SB 05-125	<u>47,036</u>	<u>0</u>	<u>47,036</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$3,730,355	\$0	\$3,730,355	\$0	\$0	37.0
FY 2005-06 Appropriation:						
FY 2004-05 Appropriation	\$3,730,355	\$0	\$3,730,355	\$0	\$0	37.0
Salary and benefit adjustments	66,194	0	66,194	0	0	0.0
Payments from the Real Estate Recovery Fund	(323,067)	0	(323,067)	0	0	0.0
Hearings Pursuant to Complaint	(1,427)	0	(1,427)	0	0	0.0
Other	(245)	0	(245)	0	0	0.0
SB 05-209	\$3,471,810	\$0	\$3,471,810	\$0	\$0	37.0

Division of Real Estate						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
HB 05-1040	(185,255)	0	(185,255)	0	0	0.0
HB 05-1264	<u>(11,318)</u>	<u>0</u>	<u>(11,318)</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$3,275,237	\$0	\$3,275,237	\$0	\$0	37.0
Increase/(Decrease)	(\$455,118)	\$0	(\$455,118)	\$0	\$0	0.0
Percentage Change	-12.2%	n/a	-12.2%	n/a	n/a	0.0%

SB 05-209 (Long Bill) Issue Descriptions

Salary and benefit adjustments: The increase reflects the FY 2004-05 distribution of \$28,771 of performance-based pay and \$42,299 of salary survey, less a 0.2 percent base reduction.

Payments from the Real Estate Recovery Fund: The reduction adjusts the appropriation to equal expected distributions from the fund, which is continuously appropriated.

Hearings Pursuant to Complaint: The reduction aligns the appropriation with actual expenditures in recent years.

Other: The decrease reduces the indirect cost assessment.

Additional legislation: For information on H.B. 05-1040 and H.B. 05-1264, see the "Recent Legislation" section at the end of this Department.

Division of Registrations

This division regulates over 265,000 licensees in more than 30 professions and occupations. Its boards and licensing programs ensure a minimum level of competency among the practitioners, facilities, programs, and equipment that it licenses. The Division also conducts inspections, investigates complaints, and restricts or revokes 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 Department of Health Care Policy and Financing and the Department of Public Health and Environment for the nurse aide program.

Division of Registrations						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2004-05 Appropriation:						
HB 04-1015	\$2,904	\$0	\$2,904	\$0	\$0	0.0

Division of Registrations						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
HB 04-1251	(13,404)	0	(13,404)	0	0	0.0
HB 04-1422	14,049,647	0	12,062,367	1,987,280	0	157.4
SB 05-125	<u>(3,056)</u>	<u>0</u>	<u>(3,056)</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$14,036,091	\$0	\$12,048,811	\$1,987,280	\$0	157.4
FY 2005-06 Appropriation:						
FY 2004-05 Appropriation	\$14,036,091	\$0	\$12,048,811	\$1,987,280	\$0	157.4
Indirect cost assessment	302,103	0	302,103	0	0	0.0
Salary and benefit adjustments	256,250	0	254,167	2,083	0	0.0
Increased inspector FTE for the Electrical Board	76,356	0	76,356	0	0	1.5
Other	1,808	0	(73,649)	75,457	0	0.0
Barber and cosmetologists exam costs	(108,760)	0	(108,760)	0	0	(0.7)
Expedited settlement	(27,391)	0	(27,391)	0	0	0.0
SB 05-209	\$14,536,457	\$0	\$12,471,637	\$2,064,820	\$0	158.2
SB 05-155	21,322	0	21,322	0	0	0.0
HB 05-1130	<u>519,449</u>	<u>0</u>	<u>0</u>	<u>119,449</u>	<u>400,000</u>	<u>0.0</u>
TOTAL	\$15,077,228	\$0	\$12,492,959	\$2,184,269	\$400,000	158.2
Increase/(Decrease)	\$1,041,137	\$0	\$444,148	\$196,989	\$400,000	0.8
Percentage Change	7.4%	n/a	3.7%	9.9%	n/a	0.5%

SB 05-209 (Long Bill) Issue Descriptions

Indirect cost assessment: The increase provides an extra \$302,103 cash funds for indirect cost assessments.

Salary and benefit adjustments: The increase reflects the FY 2004-05 distribution of \$97,969 of performance-based pay and \$177,438 of salary survey, less a 0.2 percent base reduction.

Increased inspector FTE for the Electrical Board: The increase will allow the Electrical Board to hire an additional 1.5 FTE to perform electrical inspections in the Durango area.

Other: The increase includes \$1,808 cash funds for nurse aide background checks, which will be offset by a reduction of \$1,808 General Fund in the Department of Health Care Policy and Financing, and a \$75,457 fund mix adjustment.

Barber and cosmetologists exam costs: Senate Bills 04-251 and 04-24 allowed the Division to utilize a private contractor to administer Barber and Cosmetologist exams. The decrease reflects the lower level of Division expenditures and FTE resulting from this change.

Expedited settlement: During the 2004 session, the General Assembly approved a new initiative called expedited settlement that was designed to reduce legal costs by more aggressively seeking settlements with licensees before cases are referred to the Attorney General. The decrease reflects the end of the new program's start-up expenditures.

Additional legislation: For information on S.B. 05-155 and H.B. 05-1130, see the "Recent Legislation" section at the end of this Department.

Division of Securities

The Division of Securities monitors the conduct of broker-dealers and sales representatives throughout Colorado. It also investigates citizen complaints and other indications of investment fraud. In addition to license application screening, Division personnel perform on-site examinations of broker-dealer offices. The Division enforces the following programs: the Colorado Securities Act, the Colorado Commodity Code, the Colorado Municipal Bond Supervision Act, and the Local Government Investment Pool Trust Fund Administration and Enforcement Act.

Division of Securities						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2004-05 Appropriation:						
HB 04-1422	\$2,256,488	\$0	\$2,256,488	\$0	\$0	20.0
SB 05-125	<u>(197)</u>	<u>0</u>	<u>(197)</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$2,256,291	\$0	\$2,256,291	\$0	\$0	20.0
FY 2005-06 Appropriation:						
FY 2004-05 Appropriation	\$2,256,291	\$0	\$2,256,291	\$0	\$0	20.0
Salary and benefit adjustments	44,833	0	44,833	0	0	0.0
Securities Fraud Prosecution	10,493	0	10,493	0	0	0.0
Hearings Pursuant to Complaint	(15,242)	0	(15,242)	0	0	0.0
Board Meeting Costs	(1,246)	0	(1,246)	0	0	0.0
Other	(328)	0	(328)	0	0	0.0
SB 05-209	<u>\$2,294,801</u>	<u>\$0</u>	<u>\$2,294,801</u>	<u>\$0</u>	<u>\$0</u>	<u>20.0</u>
TOTAL	\$2,294,801	\$0	\$2,294,801	\$0	\$0	20.0

Division of Securities						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
Increase/(Decrease)	\$38,510	\$0	\$38,510	\$0	\$0	0.0
Percentage Change	1.7%	n/a	1.7%	n/a	n/a	0.0%

SB 05-209 (Long Bill) Issue Descriptions

Salary and benefit adjustments: The increase reflects the FY 2004-05 distribution of \$18,012 of performance-based pay and \$30,043 of salary survey, less a 0.2 percent base reduction.

Securities Fraud Prosecution: The increase provides an extra \$10,493 for insurance fraud prosecutions conducted by the Department of Law.

Hearings Pursuant to Complaint: During FY 2004-05, the Division received increased funding for the Hearings Pursuant to Complaint line item to pay for the cost of investigating local mutual funds implicated in scandals uncovered by New York's Attorney General. The reduction returns this appropriation to the base funding level.

Board Meeting Costs: The decrease brings the appropriation in line with actual board meeting costs in recent years.

Other: The decrease reduces the indirect cost assessment.

Recent Legislation

2004 Session Bills

S.B. 04-22: Establishes the Interstate Insurance Product Regulation Compact, which creates a multi-state commission to regulate insurance according to uniform national standards. The commission is a not-for-profit entity, separate and distinct from the compacting state, but is an instrumentality of the compacting states.

S.B. 04-211: Transfers the principal in the Unclaimed Property Trust Fund plus any interest earnings to CoverColorado to the degree that moneys are available in the trust fund and are needed to fund CoverColorado's program. Eliminates the CoverColorado Cash Fund and transfers the fund balance to CoverColorado.

S.B. 04-251: Authorizes the Department to enter into contracts under which the contractor collects fees directly from regulated individuals and entities.

H.B. 04-1015: Directs the State Board of Pharmacy to license humane societies to use catamenia and other drugs for animal control purposes. Increases the FY 2004-05 appropriation to the Department by \$2,904 cash funds.

H.B. 04-1244: Authorizes use of the Risk Management Fund to pay for the defense of liability claims, including related expenses, brought against expert witnesses and consultants who have been retained by the Department.

H.B. 04-1251: Extends the regulation of mental health professionals thru July 1, 2013. Creates the Mental Health Peer Assistance Diversion Program. Eliminates the oral exam for licensing of psychologists. Reduces the FY 2004-05 appropriation to the Department by \$13,404 cash funds.

H.B. 04-1333: Supplemental FY 2003-04 appropriation for the Department.

H.B. 04-1422: General appropriations act for FY 2004-05.

2005 Session Bills

S.B. 05-107: Regulates viatical settlements (agreements to assign, transfer, sell or bequest the death benefit from a life insurance policy or ownership of a life insurance policy in exchange for compensation). Appropriates \$5,626 cash funds from the Viatical Settlements Cash Fund and 0.1 FTE to the Department for FY 2005-06.

S.B. 05-125: Supplemental FY 2004-05 appropriation for the Department.

S.B. 05-155: Permits certified nurse aides to become medication aides provided they have sufficient nurse-aide experience, have completed a specified program of study, and have passed an exam. Medication aides can administer oral medications in a nursing facility and are regulated by the State Board of Nursing. Appropriates \$21,322 cash funds to the Department for FY 2005-06. Of this amount, \$739 will be transferred as cash funds exempt to the Department of Law.

S.B. 05-209: General appropriations act for FY 2005-06.

H.B. 05-1040: Under prior law, an applicant for a real estate broker's license submitted fingerprints and a fee to the Real Estate Commission, which forwarded them to the Colorado Bureau of Investigation (CBI) for a criminal history check. This act requires the applicant to submit the fingerprints and fee directly to the CBI. The CBI then forwards the results to the Real Estate Commission. Reduces the FY 2005-06 cash funds appropriation to the Department by \$185,255.

H.B. 05-1130: Requires the State Board of Pharmacy to develop a program to track controlled-substance prescriptions. The program relies upon gifts, grants and donations; if sufficient moneys for implementation are not obtained by October 1, 2006, the act will not take effect. Appropriates \$147,156 cash funds exempt, \$400,000 federal funds and 3.0 FTE to the Department for FY 2005-06. The federal funds are included for informational purposes only. Of these amounts, \$27,707 will be transferred as cash funds exempt to the Department of Law.

H.B. 05-1213: Eliminates the collection of statistics from licensed workers' compensation insurance carriers and eliminates the annual updating of the Workers' Compensation Closed Claim Study. Reduces the FY 2005-06 cash fund appropriation to the Division of Insurance by \$75,000.

H.B. 05-1264: Eliminates the Real Estate Recovery Fund and the related program that provides limited compensation for victims of willful wrongdoing by real estate brokers. Reduces the FY 2005-06 cash fund appropriation to the Division of Real Estate by \$11,318.

DEPARTMENT OF REVENUE

Functions performed by the Department of Revenue 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. This department also operates the State's commercial ports of entry.

The Department of Revenue is organized into the following administrative groups: (1) the Executive Director's Office; (2) Cash and Document Processing; (3) Information Technology Division; (4) Taxation Business Group; (5) Motor Vehicle Business Group; (6) Motor Carrier Services; (7) Enforcement Business Group; and (8) the State Lottery Division.

Department Budget: Recent Appropriations

Funding Source	FY 2002-03	FY 2003-04	FY 2004-05	FY 2005-06
General Fund	\$98,975,438	\$90,654,825	\$87,137,300	\$82,655,186
Cash Funds	37,680,477	44,804,075	44,545,391	44,171,603
Cash Funds Exempt	391,173,994	379,766,587	389,183,398	391,135,292
Federal Funds	<u>1,663,491</u>	<u>1,925,618</u>	<u>1,806,849</u>	<u>1,674,459</u>
Total Funds	\$529,493,400	\$517,151,105	\$522,672,938	\$519,636,540
Full Time Equiv. Staff	1,518.3	1,455.7	1,444.6	1,430.2

General Factors Driving the Budget

The Department of Revenue's funding for FY 2005-06 consists of 15.9 percent General Fund, 8.5 percent cash funds, 75.3 percent cash funds exempt (including 3.5 percent comprised of moneys from the Highway Users Tax Fund), and 0.3 percent federal funds. Significant factors driving the Department's overall budget are discussed below.

Revenue and Tax Collection

The improving economy means an increased workload for the Taxation Business Group and also has direct implications for Cash and Document Processing, as well as the Information Technology Division. The creation of new companies and proprietorships translates into more audits and compliance verification, which has often been alleviated by the application of various imaging and electronic data interchange technologies. Additionally, Colorado's perpetually-changing tax structure continues to create challenges because of recent legislation that has increased both the number and complexity of special taxing districts, as well as the quantity of exemptions and modifications to the State's sales and income taxes. These factors also affect the Taxpayer Services Division, which is responsible for providing information and assistance to Colorado's taxpayers.

Taxation Business Group: Appropriations for Personal Services and Operating Expenses

	FY 2002-03		FY 2003-04		FY 2004-05		FY 2005-06	
	Approp.	FTE	Approp.	FTE	Approp.	FTE	Approp.	FTE
Taxation & Compliance	12,201,677	200.4	13,878,546	217.4	13,852,064	217.4	13,790,940	217.4
Taxpayer Services	4,198,255	80.2	4,364,875	74.2	4,346,702	74.2	4,638,799	79.4
Tax Conferee	783,990	9.0	793,082	9.0	791,526	9.0	814,502	9.0

Motor Vehicle Licensing and Registration

A majority of the programs in the Motor Vehicle Business Group are managed through General Fund appropriations and fees deposited into sub-accounts of the Highway Users Tax Fund. They are heavily affected by population growth, federal mandates, and the health of Colorado's consumer economy. Since February 2002, the number of driver's license offices operated by the Motor Vehicle Division has dropped from 69 branches to 39 branches. During that time, though staffing has been reduced from 226.5 FTE to 180.5 FTE, the number of documents processed has been trending upward. This has often meant longer wait times for customers and a significant amount of overtime for remaining employees. The Motor Vehicle Business Group has greatly improved license plate ordering through the implementation of an inventory system that tracks purchases to usage.

Motor Vehicle Business Group: Program Appropriations

	FY 2002-03		FY 2003-04		FY 2004-05		FY 2005-06	
	Approp.	FTE	Approp.	FTE	Approp.	FTE	Approp.	FTE
Motor Vehicle Division	13,742,951	368.6	14,548,273	324.6	14,209,169	324.6	14,413,690	323.3
Vehicle Emissions	1,015,145	15.5	1,062,546	15.5	1,060,730	15.5	1,016,204	15.5
Titles	1,564,021	38.5	1,647,114	38.5	1,644,215	38.5	1,634,812	34.5
License Documents	3,603,575	n/a	3,478,361	n/a	3,478,361	n/a	3,110,000	n/a
License Plate Ordering	6,277,198	n/a	3,718,973	n/a	4,909,869	n/a	5,196,788	n/a

Population and Postage

The Department interacts with a broad segment of Colorado's population through the mail because of its various motor vehicle and tax-related functions. Consequently, the State's continued growth has often driven increases in the costs of mailing documents. In applicable fiscal years, these higher expenses will affect the operating budgets of Cash and Document Processing, the Taxpayer Services Division, and the Motor Vehicle Division.

	Actual FY 99-00	Actual FY 00-01	Actual FY 01-02	Actual FY 02-03	Actual FY 03-04	Estimate FY 04-05
Pieces of Incoming Mail	5,000,981	4,914,908	4,833,885	4,530,806	4,753,172	4,650,000
Pieces of Outgoing Mail	8,155,300	9,083,448	8,564,245	7,309,329	6,708,336	7,494,308
Tax Refunds Processed	1,892,603	1,971,183	2,120,348	1,879,289	1,433,590	1,450,000
Driver's License Documents Issued	1,335,918	1,329,228	1,401,010	1,330,904	1,064,466	1,254,348
Number of Tax Assistance Phone Calls	1,214,858	1,728,158	1,774,855	1,583,448	1,273,518	1,273,518

Commercial Vehicle Traffic

The number of commercial vehicles crossing the state's borders affects the workload of Motor Carrier Services, which operates Colorado's seventeen ports of entry. These facilities are primarily responsible for monitoring overweight trucks, collecting the commercial vehicle registration fee, and enforcing related safety regulations. The number of commercial vehicles traveling the State's highways and other secondary roads over the last six years is summarized below. Staffing levels and funding for Motor Carrier Services has remained relatively constant over that time.

	Actual FY 99-00	Actual FY 00-01	Actual FY 01-02	Actual FY 02-03	Actual FY 03-04	Estimate FY 04-05
Number of Vehicles at Fixed Ports	5,611,152	4,982,004	5,265,627	5,403,807	5,134,518	5,302,000

Information Technology Projects

Much of the Department's workload centers around the collection of information and its frequent compilation into complex databases. The Taxation Business Group utilizes 51 separate computer systems, which are comprised of more than 4,500 programs and 2.5 million lines of code. Although the Income Tax Initiative proved largely unproductive, the General Assembly approved the Colorado Integrated Tax Architecture (CiTA) Feasibility Study in FY 2004-05. This one-time appropriation will assess the most efficient and cost-effective way to upgrade the Department's primary revenue and tax systems, some of which are more than 30 years old.

This division is also responsible for providing data processing services and for supporting current applications within the Motor Vehicle and Enforcement Business Groups. Such service and support are related to the maintenance of drivers license records; tracking fuel taxes; the issuance of liquor and gaming licenses; and managing case management systems for fraud investigations.

Summary of FY 2004-05 and FY 2005-06 Appropriations

Department of Revenue						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2004-05 Total Appropriation:	\$522,672,938	\$87,137,300	\$44,545,391	\$389,183,398	\$1,806,849	1,444.6
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Executive Director's Office	19,943,541	12,950,245	1,570,069	5,423,227	0	41.5
Cash and Document Processing Division	11,156,807	10,141,294	450,373	565,140	0	122.2
Information Technology Division	11,647,471	5,254,369	319,201	6,073,901	0	119.2
Taxation Business Group	53,500,172	50,248,899	504,412	1,558,959	1,187,902	323.9
Motor Vehicle Business Group	27,328,501	8,079,483	4,928,758	14,320,260	0	393.8
Motor Carrier Services Division	7,819,234	288,220	240,647	6,671,420	618,947	145.8
Enforcement Business Group	38,967,485	174,790	36,531,931	2,260,764	0	172.2
State Lottery Division	352,309,727	0	0	352,309,727	0	126.0

Department of Revenue

	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
<u>Breakdown of Total Appropriation by Bill</u>						
SB 04-178	501	0	0	501	0	0.0
SB 04-230	8,460	0	8,460	0	0	0.0
HB 04-1017	(49,261)	(49,261)	0	0	0	(0.8)
HB 04-1021	83,950	0	0	83,950	0	0.4
HB 04-1358	501	0	0	501	0	0.0
HB 04-1418	47,196	47,196	0	0	0	0.0
HB 04-1422	523,358,109	89,077,571	44,666,357	387,807,332	1,806,849	1,449.1
SB 05-126	(1,342,618)	(1,938,206)	(129,426)	725,014	0	(4.1)
HB 05-1262	566,100	0	0	566,100	0	0.0
FY 2005-06 Total Appropriation:	\$519,636,540	\$82,655,186	\$44,171,603	\$391,135,292	\$1,674,459	1,430.2
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Executive Director's Office	22,232,598	13,425,902	2,590,433	6,216,263	0	43.5
Cash and Document Processing Division	11,076,313	10,291,199	287,924	497,190	0	114.5
Information Technology Division	12,663,591	5,295,434	349,614	7,018,543	0	115.3
Taxation Business Group	49,778,974	46,000,119	206,964	2,516,379	1,055,512	324.3
Motor Vehicle Business Group	27,687,676	7,302,038	5,201,586	15,184,052	0	389.3
Motor Carrier Services Division	7,931,746	167,365	248,436	6,896,998	618,947	145.2
Enforcement Business Group	37,800,421	173,129	35,286,646	2,340,646	0	172.1
State Lottery Division	350,465,221	0	0	350,465,221	0	126.0
<u>Breakdown of Total Appropriation by Bill</u>						
SB 05-209	518,113,040	91,603,561	44,171,603	380,663,417	1,674,459	1,430.2
SB 05-52	350	0	0	350	0	0.0
HB 05-1056	350	0	0	350	0	0.0
HB 05-1196	0	(8,948,375)	0	8,948,375	0	0.0
HB 05-1262	1,522,800	0	0	1,522,800	0	0.0
Increase/(Decrease)	(\$3,036,398)	(\$4,482,114)	(\$373,788)	\$1,951,894	(\$132,390)	(14.4)
Percentage Change	-0.6%	-5.1%	-0.8%	0.5%	-7.3%	-1.0%

FY 2005-06 Appropriation Highlights:

1. Includes an increase of \$1.4 million cash funds exempt to implement the following two projects related to the Colorado State Titling and Registration System (CSTARS):
 - a. **CSTARS Deployment** - These moneys will pay the salaries of nine contract trainers, as well as their related travel expenses and those of the current 4.5 FTE trainers in the Department's Information Technology Division. This is the final phase to implement the new CSTARS platform, which was started during FY 2001-02.
 - b. **CSTARS Infrastructure Replacement** - These moneys establish a four-year infrastructure replacement cycle for servers, uninterrupted power supplies (UPS), switches, and desktop PCs in all county and branch offices beginning in FY 2005-06.
2. Includes an increase of \$8.4 million General Fund and a corresponding decrease to cash fund exempt sources related to the sunset of S.B. 03-267. This legislation established a refinancing mechanism that permitted the General Assembly to offset General Fund expenditures in the Motor Vehicle Division from the six percent 'off-the-top' limit of the Highway Users Tax Fund.
3. Reflects a decrease of \$4.9 million General Fund to reflect Legislative Council Staff's March 2005 Revenue Forecast for the Cigarette Tax Rebate, Old Age Heat and Fuel Assistance Grants, and Old Age Property Tax Assistance Grants.
4. Contains a total decrease of \$1.8 million cash funds exempt to the State Lottery Division, which is the result of consolidating centrally-appropriated line items in the Executive Director's Office, and eliminating a one-time supplemental approved in FY 2004-05.

JBC Budget Package Legislation:

H.B. 05-1196: This legislation extends the refinance mechanism originally enacted in S.B. 03-267 through the end of FY 2005-06. Exercising the full benefit of this mechanism, H.B. 05-1196 refinances \$8.9 million of General Fund expenditures in the Motor Vehicle Division from the six percent 'off-the-top' limit of the Highway Users Tax Fund in FY 2005-06.

Detail of Appropriation by Administrative Section

Executive Director's Office

The Executive Director's Office is comprised of the Administration section, the Policy Analysis and Financial Services section, the Internal Auditor, and the Human Resources section. The Executive Director's Office is supported by various sources of cash funds and cash funds exempt including indirect cost recoveries.

Executive Director's Office						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2004-05 Appropriation:						
HB 04-1021	\$3,789	\$0	\$0	\$3,789	\$0	0.0
HB 04-1422	19,807,968	12,889,142	1,565,316	5,353,510	0	41.5
SB 05-126	<u>131,784</u>	<u>61,103</u>	<u>4,753</u>	<u>65,928</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$19,943,541	\$12,950,245	\$1,570,069	\$5,423,227	\$0	41.5
FY 2005-06 Appropriation:						
FY 2004-05 Appropriation	\$19,943,541	\$12,950,245	\$1,570,069	\$5,423,227	\$0	41.5
'POTS' consolidation	1,945,144	0	1,119,001	826,143	0	0.0
Salary Survey	659,334	381,095	38,253	239,986	0	0.0
Health, Life and Dental	469,945	293,912	34,713	141,320	0	0.0
Salary and benefits adjustments	201,871	201,871	0	0	0	0.0
Department re-organization	141,392	141,392	0	0	0	2.0
Fund mix adjustment	0	87,472	(48,436)	(39,036)	0	0.0
Elimination of Performance-based Pay	(839,522)	(491,493)	(61,302)	(286,727)	0	0.0
Other 'POTS' adjustments	(282,619)	(134,964)	(60,872)	(86,783)	0	0.0
JBC Personal Services reduction	(6,488)	(3,628)	(993)	(1,867)	0	0.0
SB 05-209	<u>\$22,232,598</u>	<u>\$13,425,902</u>	<u>\$2,590,433</u>	<u>\$6,216,263</u>	<u>\$0</u>	<u>43.5</u>
TOTAL	\$22,232,598	\$13,425,902	\$2,590,433	\$6,216,263	\$0	43.5
Increase/(Decrease)	\$2,289,057	\$475,657	\$1,020,364	\$793,036	\$0	2.0
Percentage Change	11.5%	3.7%	65.0%	14.6%	n/a	4.8%

SB 05-209 (Long Bill) Issue Descriptions

'POTS' consolidation: The Department presently accounts for centrally-appropriated items ('POTS') in the Executive Director's Office, the Limited Gaming Division, and the State Lottery Division. Consolidation of 'POTS' into the Executive Director's Office will make it easier to track these appropriations. This means that fewer line items will be shown under the Limited Gaming and State Lottery Divisions and should help to avoid double counting through unnecessary transfers. Moneys for 'POTS' related to these two divisions will be appropriated directly to the Executive Director's Office.

Salary Survey: These amounts reflect the common policy of three percent for all classified employees as approved by the JBC for this line item.

Health, Life, and Dental: These amounts reflect the common policy approved by the JBC to increase contributions between 6.2 percent and 9.6 percent depending on the tier of elected coverage.

Salary and benefits adjustments: These amounts reflect salary survey of \$166,404 and performance-based pay of \$35,467 distributed in FY 2004-05.

Department re-organization: This increase reflects the transfer of 2.0 FTE from the Cash and Document Processing Division to the Executive Director's Office to consolidate business analysis functions within the Department. The transfer requires no additional funding and is a net zero to the Department's total budget.

Fund mix adjustment: This line represents changes to the Department's indirect cost recovery plan for FY 2005-06, which fluctuates according to various cash and cash exempt sources that can be charged for work performed by the Executive Director's Office for other divisions within the Department.

Elimination of Performance-based Pay: This reduction is consistent with the JBC common policy to eliminate the distribution of performance-based pay in FY 2005-06.

Other 'POTS' adjustments: These amounts summarize changes to other centrally-appropriated line items ('POTS') through common policies approved by the JBC. Such line items include the following: Short-term Disability, Amortization Equalization Disbursement for S.B. 04-257, Workers' Compensation, Purchase of Services from Computer Center, Payments to Risk Management and Property Funds, and Vehicle Lease Payments.

JBC Personal Services reduction: This line represents a common policy approved by the Joint Budget Committee to reduce the personal services base appropriation for all programs by 0.2 percent.

Cash and Document Processing Division

Prior to 1999, this division functioned as a 'stand-alone' unit. The General Assembly approved a departmental re-organization for FY 2004-05, which moved Cash and Document Processing out of the Taxation Business Group.

This division maintains documents and records transactions that enable the Department to meet its various statutory responsibilities, many of which are related to taxes, licensing and other fee payments; the deposit of tax remittances; the processing of tax documents from the receipt of returns through the issuance of applicable refunds; the processing of income tax refund warrants; and a variety of incoming and outgoing mail services. In FY 2003-04, the Cash and Document Processing Division handled over 11.5 million pieces of mail and more than 1.4 million tax refunds.

Cash and Document Processing Division						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2004-05 Appropriation:						
SB 04-178	\$501	\$0	\$0	\$501	\$0	0.0
HB 04-1358	501	0	0	501	0	0.0

Cash and Document Processing Division						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
HB 04-1418	47,196	47,196	0	0	0	0.0
HB 04-1422	<u>11,108,609</u>	<u>10,094,098</u>	<u>450,373</u>	<u>564,138</u>	<u>0</u>	<u>122.2</u>
TOTAL	\$11,156,807	\$10,141,294	\$450,373	\$565,140	\$0	122.2
FY 2005-06 Appropriation:						
FY 2004-05 Appropriation	\$11,156,807	\$10,141,294	\$450,373	\$565,140	\$0	122.2
Salary and benefits adjustments	160,179	160,179	0	0	0	0.0
Adjustment for special bills	119,110	135,213	(16,103)	0	0	0.3
Fund mix adjustment	0	212,650	(145,462)	(67,188)	0	0.0
Reduction for vacant positions	0	0	0	0	0	(6.0)
Department re-organization	(141,392)	(141,392)	0	0	0	(2.0)
Operating Expenses reduction	(125,000)	(125,000)	0	0	0	0.0
Personal Services base reduction	(54,731)	(54,731)	0	0	0	0.0
Seasonal Tax Processing reduction	(27,500)	(27,500)	0	0	0	0.0
JBC Personal Services reduction	(11,160)	(9,514)	(884)	(762)	0	0.0
SB 05-209	<u>\$11,076,313</u>	<u>\$10,291,199</u>	<u>\$287,924</u>	<u>\$497,190</u>	<u>\$0</u>	<u>114.5</u>
TOTAL	\$11,076,313	\$10,291,199	\$287,924	\$497,190	\$0	114.5
Increase/(Decrease)	(\$80,494)	\$149,905	(\$162,449)	(\$67,950)	\$0	(7.7)
Percentage Change	-0.7%	1.5%	-36.1%	-12.0%	n/a	-6.3%

SB 05-209 (Long Bill) Issue Descriptions

Salary and benefits adjustments: This amount reflects salary survey of \$102,107 and performance-based pay of \$58,072 distributed in FY 2004-05.

Adjustment for special bills: These amounts reflect the out-year fiscal impact of legislation affecting the Cash and Document Processing Division.

Reduction for vacant positions: This reduction reflects the Division's utilization of appropriated FTE over the last three fiscal years, which has favored temporary employees over permanent hires.

Fund mix adjustment: This line represents changes to the Department's indirect cost recovery plan for FY 2005-06, which fluctuates according to various cash and cash exempt sources that can be charged for work performed by the Cash and Document Processing Division.

Department re-organization: This reduction is related to the transfer of 2.0 FTE from the Cash and Document Processing Division to the Executive Director's Office to consolidate business analysis functions within the Department. The transfer requires no additional funding and is a net zero to the Department's total budget.

Operating Expenses reduction: This reduction reflects reversions over the last two actual years.

Personal Services base reduction: This reduction was requested by the Department to eliminate vacancy savings that have caused personal services for this division to become slightly over-funded.

Seasonal Tax Processing reduction: This reduction reflects reversions over the last three actual years.

JBC Personal Services reduction: This change represents a common policy approved by the Joint Budget Committee to reduce the personal services base appropriation for all programs by 0.2 percent.

Information Technology Division

This division contains two subsections: Systems Support, which provides the bulk of the Department's various information technology requirements; and the Colorado State Titling and Registration System (CSTARS), which was created in 1983 to automate the distribution of vehicle registration taxes among the State, the counties, and the Highway Users Tax Fund (HUTF).

Systems Support: This unit provides data processing services and supports existing applications within the Executive Director's Office and the Department's three business groups. Much of this support occurs in the Taxation Business Group, where the information technology staff are responsible for maintaining 51 separate programming systems and more than 4,500 computer programs. The Motor Vehicle Business Group requires system and database maintenance related to drivers licenses, vehicle records, accident statistics, and fuel taxes. Support for the Enforcement Business Group - comprised of the State Lottery and the Limited Gaming Divisions as well as liquor, tobacco and racing regulation - includes maintenance of databases related to licensing, compliance, and investigation.

Colorado State Titling and Registration System: In 1983, the Colorado State Titling and Registration System (CSTARS) was created to automate the distribution of registration taxes among the State, the 64 counties, and the Highway Users Tax Fund (HUTF) through a database administered by the Department of Revenue. Over the years, the CSTARS has been expanded to provide support for the Motorist Insurance Identification Database and Enviro-test emissions compliance data. Pursuant to Section 42-1-211, C.R.S., the Department is authorized to coordinate the management of a statewide system to process title and registration documents as well as provide county clerks a means to access the master list of the State's registered voters. The CSTARS enables Colorado's 64 county clerks offices to process approximately 2.1 million vehicle titles and 4.3 million vehicle registrations every year. Appropriations made to the CSTARS program provide the necessary hardware, software, and technical support to maintain the system and ensure adequate access for the county clerks.

Information Technology Division						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2004-05 Appropriation:						
HB 04-1021	\$3,520	\$0	\$0	\$3,520	\$0	0.0
HB 04-1422	11,631,213	5,249,553	319,201	6,062,459	0	120.3
SB 05-126	<u>12,738</u>	<u>4,816</u>	<u>0</u>	<u>7,922</u>	<u>0</u>	<u>(1.1)</u>
TOTAL	\$11,647,471	\$5,254,369	\$319,201	\$6,073,901	\$0	119.2
FY 2005-06 Appropriation:						
FY 2004-05 Appropriation	\$11,647,471	\$5,254,369	\$319,201	\$6,073,901	\$0	119.2
CSTARS deployment	828,815	0	0	828,815	0	0.0
CSTARS infrastructure replacement	568,230	0	0	568,230	0	0.0
Salary and benefits adjustments	205,014	151,983	0	53,031	0	0.0
CSTARS expansion	22,256	0	0	22,256	0	0.0
Fund mix adjustment	0	136,531	28,301	(164,832)	0	0.0
Personal Services base reduction	(345,906)	0	0	(345,906)	0	(5.0)
Adjustment for special bills	(247,287)	(238,593)	2,748	(11,442)	0	1.1
JBC Personal Services reduction	(15,702)	(8,856)	(636)	(6,210)	0	0.0
SB 05-209	\$12,662,891	\$5,295,434	\$349,614	\$7,017,843	\$0	115.3
SB 05-52	350	0	0	350	0	0.0
HB 05-1056	<u>350</u>	<u>0</u>	<u>0</u>	<u>350</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$12,663,591	\$5,295,434	\$349,614	\$7,018,543	\$0	115.3
Increase/(Decrease)	\$1,016,120	\$41,065	\$30,413	\$944,642	\$0	(3.9)
Percentage Change	8.7%	0.8%	9.5%	15.6%	n/a	-3.3%

SB 05-209 (Long Bill) Issue Descriptions

CSTARS deployment: The appropriated increase reflects the salaries of nine contract trainers, as well as their related travel expenses, and the travel expenses of the current 4.5 FTE trainers in the Department's Information Technology Division. This is the final phase to implement the new CSTARS platform, which was started during FY 2001-02.

CSTARS infrastructure replacement: These moneys establish a four-year infrastructure replacement cycle for servers, uninterrupted power supplies (UPS), switches, and desktop PCs in all county and branch offices beginning in FY 2005-06.

Salary and benefits adjustments: These amounts reflect salary survey of \$130,221 and performance-based pay of \$74,793 distributed in FY 2004-05.

CSTARS expansion: Section 42-1-210 (2), C.R.S., requires the Department to provide the necessary equipment and services to support motor vehicle titling and registration services that are easily accessible to the public. This funding will be used to establish an additional branch office in Pueblo County and to purchase new equipment for Jefferson County for the relocation of a current office.

Fund mix adjustment: This line represents changes to the Department's indirect cost recovery plan for FY 2005-06, which fluctuates according to various cash and cash exempt sources that can be charged for work performed by the Information Technology Division.

Personal Services base reduction: This reduction was requested by the Department to eliminate resources for the CSTARS Re-Write Project that are no longer necessary.

Adjustment for special bills: These amounts reflect the out-year fiscal impact of legislation or the elimination of one-time initiatives related to the Information Technology Division.

JBC Personal Services reduction: This amount represents a common policy approved by the Joint Budget Committee to reduce the personal services base appropriation for all programs by 0.2 percent.

Taxation Business Group

This is the first of the Department's three business groups. Divisions within this Group are responsible for implementation of programs related to collecting and processing taxes; providing customer service to taxpayers; resolving tax disputes; and administering tax rebate and assistance programs. The Taxation Business Group is primarily comprised of the following programs:

- ▶ **Taxation and Compliance Division.** Responsible for auditing and compliance enforcement of Colorado tax laws, including tax collections and returns.
- ▶ **Taxpayer Services 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. Maintains a central office in Denver, a telephone information center, and five regional service centers in Grand Junction, Fort Collins, Denver, Colorado Springs, and Pueblo.
- ▶ **Tax Conferee.** Responsible for resolving protests regarding tax adjustments made by the Department. Authorized by Section 29-2-106.1, C.R.S., to review home rule city sales taxes as well as city and county use taxes.
- ▶ **Special Purpose.** Includes the Cigarette Tax Rebate; Old Age Heat, Fuel, and Property Tax Assistance; and the Alternative Fuels Rebate.

Taxation Business Group						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2004-05 Appropriation:						
HB 04-1422	\$52,539,239	\$50,333,592	\$504,412	\$513,333	\$1,187,902	317.6
SB 05-126	394,833	(84,693)	0	479,526	0	6.3
HB 05-1262	<u>566,100</u>	<u>0</u>	<u>0</u>	<u>566,100</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$53,500,172	\$50,248,899	\$504,412	\$1,558,959	\$1,187,902	323.9
FY 2005-06 Appropriation:						
FY 2004-05 Appropriation	\$53,500,172	\$50,248,899	\$504,412	\$1,558,959	\$1,187,902	323.9
Salary and benefits adjustments	425,165	425,165	0	0	0	0.0
Adjustment for special bills	(548,344)	(6,043)	23,079	(565,380)	0	0.4
Old Age Grants estimate adjustment	(3,100,000)	(3,100,000)	0	0	0	0.0
Cigarette Rebate estimate adjustment	(1,800,000)	(1,800,000)	0	0	0	0.0
Funding mix adjustment	(132,390)	319,224	(319,546)	322	(132,390)	0.0
Personal Services base reductions	(48,405)	(48,405)	0	0	0	0.0
JBC Personal Services reduction	(40,024)	(38,721)	(981)	(322)	0	0.0
SB 05-209	\$48,256,174	\$46,000,119	\$206,964	\$993,579	\$1,055,512	324.3
HB 05-1262	<u>1,522,800</u>	<u>0</u>	<u>0</u>	<u>1,522,800</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$49,778,974	\$46,000,119	\$206,964	\$2,516,379	\$1,055,512	324.3
Increase/(Decrease)	(\$3,721,198)	(\$4,248,780)	(\$297,448)	\$957,420	(\$132,390)	0.4
Percentage Change	-7.0%	-8.5%	-59.0%	61.4%	-11.1%	0.1%

SB 05-209 (Long Bill) Issue Descriptions

Salary and benefits adjustments: This amount reflects salary survey of \$234,806 and performance-based pay of \$190,359 distributed in FY 2004-05.

Adjustment for special bills: These amounts reflect the out-year fiscal impact of legislation related to the Taxation Business Group.

Old Age Grants estimate adjustment: This amount reflects adjustments to Legislative Council Staff's estimate for distribution of these grants from the previous fiscal year. Sections 39-31-101 and 104, C.R.S., specify the qualifications for low-income individuals and couples to receive heat, fuel and property tax assistance grants. The actual General Fund disbursement for these programs may vary because any qualified applicants must receive the grants. This appropriation is exempt from the six percent limit on General Fund appropriations as set forth in Section 24-75-201.1 (1) (a) (III) (C), C.R.S.

Cigarette Tax Rebate estimate adjustment: This amount reflects adjustments to Legislative Council Staff's estimate of rebate distributions from the previous fiscal year. Pursuant to Section 39-22-623, C.R.S., this program distributes 27 percent of the gross state cigarette tax to incorporated cities and towns that levy taxes and adopt formal budgets, as well as to counties. Distributions are made according to a state sales tax collection formula that is certified each year by the State Treasurer. In order to qualify for the rebate, units of local government are prohibited from imposing fees, licenses or taxes on cigarettes. This appropriation is exempt from the six percent limit on General Fund appropriations as set forth in Section 24-75-201.1 (1) (a) (III) (C), C.R.S.

Fund mix adjustment: This line represents changes to the Department's indirect cost recovery plan for FY 2005-06, which fluctuates according to various cash and cash exempt sources that can be charged for work performed by the Taxation Business Group. There is also an adjustment to reflect reduced federal funds for the Mineral Audit Program.

Personal Services base reduction: This reduction was requested by the Department to reflect vacancy savings that have caused personal services in the Taxpayer Services Division to become slightly over-funded.

JBC Personal Services reduction: This amount represents a common policy approved by the Joint Budget Committee to reduce the personal services base appropriation for all programs by 0.2 percent.

Motor Vehicle Business Group

The Motor Vehicle Business Group is the second of three business groups in the Department. It is responsible for the following: licensing drivers; titling and registering motor vehicles; regulating commercial driving schools; enforcing interstate trucking laws through the ports of entry system; enforcing the state's emissions program; and implementing the Motorist Insurance Identification Database program. The Motor Vehicle Business Group is comprised of the following programs:

- ▶ **Motor Vehicle Division.** Administers and enforces laws relating to all classes of drivers licenses; titling and registering motor vehicles; regulating commercial driving schools; and supports local law enforcement agencies in the prevention of identification fraud. Appropriations to this division from the General Fund have decreased significantly since FY 2001-02; however, S.B. 03-267 sunsets at the end of FY 2004-05, which would quickly reverse this trend.
- ▶ **Vehicle Emissions.** Inspects vehicle emissions stations to ensure compliance with established standards under the State's Automobile Inspection and Readjustment (AIR) program. Also responsible for the prevention of fraud and abuse within the system. Receives cash fund exempt appropriations from the AIR Account, a special purpose account in the Highway Users Tax Fund (HUTF).
- ▶ **Titles.** Provides administrative support for the statewide system of motor vehicle titling and registration. Receives cash fund exempt appropriations from the Colorado State Titling and Registration (CSTARS) Account, a special purpose account in the HUTF.
- ▶ **Motorist Insurance Identification Database Program.** Manages a database that compares vehicle registrations to insured motorist records. Helps law enforcement officials enforce compliance with vehicle insurance laws by authorizing the suspension of drivers licenses belonging to uninsured motorists. Receives cash funds exempt appropriations from the Motorist Insurance Identification Database Account, a special purpose account in the HUTF.

Motor Vehicle Business Group						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2004-05 Appropriation:						
SB 04-230	\$8,460	\$0	\$8,460	\$0	\$0	0.0
HB 04-1017	(49,261)	(49,261)	0	0	0	(0.8)
HB 04-1422	27,626,410	9,783,229	4,920,298	12,922,883	0	394.6
SB 05-126	<u>(257,108)</u>	<u>(1,654,485)</u>	<u>0</u>	<u>1,397,377</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$27,328,501	\$8,079,483	\$4,928,758	\$14,320,260	\$0	393.8
FY 2005-06 Appropriation:						
FY 2004-05 Appropriation	\$27,328,501	\$8,079,483	\$4,928,758	\$14,320,260	\$0	393.8
Salary and benefits adjustments	495,271	409,387	0	85,884	0	0.0
License Plate Ordering	278,459	0	278,459	0	0	0.0
Sunset of S.B. 03-267	0	8,441,863	0	(8,441,863)	0	0.0
Funding mix adjustment	0	(339,141)	(5,614)	344,755	0	0.0
Reduction for vacant positions	0	0	0	0	0	(4.0)
Drivers License Documents reduction	(317,517)	(253,296)	0	(64,221)	0	0.0
Adjustment for special bills	(34,254)	(32,783)	0	(1,471)	0	(0.5)
JBC Personal Services reduction	(33,622)	(25,938)	(17)	(7,667)	0	0.0
Personal Services base reduction	(20,008)	(20,008)	0	0	0	0.0
Operating Expenses reduction	(9,154)	(9,154)	0	0	0	0.0
SB 05-209	\$27,687,676	\$16,250,413	\$5,201,586	\$6,235,677	\$0	389.3
HB 05-1196	<u>0</u>	<u>(8,948,375)</u>	<u>0</u>	<u>8,948,375</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$27,687,676	\$7,302,038	\$5,201,586	\$15,184,052	\$0	389.3
Increase/(Decrease)	\$359,175	(\$777,445)	\$272,828	\$863,792	\$0	(4.5)
Percentage Change	1.3%	(9.6)%	5.5%	6.0%	n/a	(1.1)%

SB 05-209 (Long Bill) Issue Descriptions

Salary and benefits adjustments: These amounts reflect salary survey of \$309,991 and performance-based pay of \$185,280 distributed in FY 2004-05.

License Plate Ordering: The increase reflects the Department's estimate of statewide license plate demand in FY 2005-06. This line item is used to pay Correctional Industries for the costs associated with producing and distributing motor vehicle license plates to the State's 64 counties.

Sunset of S.B. 03-267: The refinancing mechanism of this legislation - which permits the General Assembly to offset specific General Fund expenditures in the Motor Vehicle Division with moneys under the six percent 'off-the-top' limit of the Highway Users Tax Fund - will expire at the end of FY 2004-05.

Fund mix adjustment: This line represents changes to the Department's indirect cost recovery plan for FY 2005-06, which fluctuates according to various cash and cash exempt sources that can be charged for work performed by the Motor Vehicle Business Group.

Reduction for vacant positions: This reduction reflects positions the Department has held open during the last two fiscal years to manage the personal services appropriation for the Titles section.

Drivers License Documents reduction: This appropriation reflects a reduction for significant reversions over the last two actual years. This line item funds production of drivers license documents, which includes both licenses and identification cards.

Adjustment for special bills: These amounts reflect the out-year fiscal impact of legislation related to the Cash and Document Processing Division.

JBC Personal Services reduction: This amount represents a common policy approved by the Joint Budget Committee to reduce the personal services base appropriation for all programs by 0.2 percent.

Personal Services base reduction: This reduction was requested by the Department to eliminate vacancy savings that have caused personal services in the Administration section to become slightly over-funded.

Operating Expenses reduction: This appropriation reflects a reduction for reversions in the Administration section over the last two actual years.

Additional legislation: For information on H.B. 05-1196, see the "Recent Legislation" section at the end of the Department of Revenue. This bill extends the sunset of the refinance mechanism originally enacted by S.B. 03-267 as previously described.

Motor Carrier Services Division

This division is responsible for registering motor carriers; collecting fuel taxes; collecting registration fees charged to fuel distributors, petroleum storage companies, and interstate carriers; ensuring compliance with vehicle safety regulations; and enforcing laws concerning both owners and operators of motor carriers. As part of these responsibilities, the Division operates 17 port of entry buildings and ten mobile port scales. Beginning in FY 2004-05, Motor Carrier Services was designated as a 'stand-alone' unit; however, the division continues to be managed by the director of the Motor Vehicle Business Group. Pursuant to the State Auditor's June 2004 Performance Audit related to distribution and collection of Highway Users Tax Fund (HUTF) revenue, the General Assembly approved the Department of Revenue's proposal to transfer this function to the Taxpayer Services Division.

Motor Carrier Services Division						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2004-05 Appropriation:						
HB 04-1422	\$8,640,780	\$553,167	\$240,647	\$7,228,019	\$618,947	152.7
SB 05-126	<u>(821,546)</u>	<u>(264,947)</u>	<u>0</u>	<u>(556,599)</u>	<u>0</u>	<u>(6.9)</u>
TOTAL	\$7,819,234	\$288,220	\$240,647	\$6,671,420	\$618,947	145.8
FY 2005-06 Appropriation:						
FY 2004-05 Appropriation	\$7,819,234	\$288,220	\$240,647	\$6,671,420	\$618,947	145.8
Salary and benefits adjustments	220,855	33,365	4,410	183,080	0	0.0
Funding mix adjustment	0	(100,366)	3,499	96,867	0	0.5
Tax collection system transfer	(94,339)	(52,759)	0	(41,580)	0	(1.1)
JBC Personal Services reduction	(14,004)	(1,095)	(120)	(12,789)	0	0.0
SB 05-209	<u>\$7,931,746</u>	<u>\$167,365</u>	<u>\$248,436</u>	<u>\$6,896,998</u>	<u>\$618,947</u>	<u>145.2</u>
TOTAL	\$7,931,746	\$167,365	\$248,436	\$6,896,998	\$618,947	145.2
Increase/(Decrease)	\$112,512	(\$120,855)	\$7,789	\$225,578	\$0	(0.6)
Percentage Change	1.4%	-41.9%	3.2%	3.4%	0.0%	-0.4%

SB 05-209 (Long Bill) Issue Descriptions

Salary and benefits adjustments: These amounts reflect salary survey of \$140,630 and performance-based pay of \$80,225 distributed in FY 2004-05.

Fund mix adjustment: This line represents changes to the Department's indirect cost recovery plan for FY 2005-06, which fluctuates according to various cash and cash exempt sources that can be charged for work performed by the Motor Carrier Services Division.

Tax collection system transfer: This decrease to the previous year's appropriation reflects transferring responsibilities related to the International Fuel Tax Agreement to the Taxpayer Services Division, which annualizes a supplemental adjustment made during FY 2004-05.

JBC Personal Services reduction: This amount represents a common policy approved by the Joint Budget Committee to reduce the personal services base appropriation for all programs by 0.2 percent.

Enforcement Business Group

This is the last of the three enforcement business groups in the Department. Its broad purview of responsibilities include the regulation of limited gaming; the enforcement of the State's liquor and tobacco laws; the licensing of liquor retailers, wholesalers, and manufacturers; the regulation of horse and dog racing events; the regulation of the sale and distribution of motor vehicles; and the adjudication of hearings related to drivers licenses, liquor licenses, certain racing licenses, and some tax disputes. The Enforcement Business Group is comprised of the following programs:

- ▶ **Limited Gaming Division.** Responsible for the licensing, regulation, and supervision of devices, persons, locations, and activities related to limited gaming in Cripple Creek, Black Hawk, and Central City. Receives appropriations from the Limited Gaming Fund.
- ▶ **Liquor Enforcement Division.** Provides liquor licenses or permits to all manufacturers, importers, wholesalers, retailers. Enforces liquor laws and regulations. Receives moneys from the Liquor Enforcement Division and State Licensing Authority Cash Fund.
- ▶ **Tobacco Enforcement Program.** Enforces State laws prohibiting the sale of tobacco to minors. Receives some General Fund and a transfer of tobacco settlement moneys from the Department of Public Health and Environment.
- ▶ **Division of Racing Events.** Regulates greyhound and horse racing and also supervises pari-mutuel racing activities throughout Colorado. Allocates race dates to various racing associations. Receives appropriations from the Racing Cash Fund.
- ▶ **Hearings Division.** Conducts hearings on drivers license suspensions, revocations, probationary licenses, habitual traffic offenses, and misuse of temporary registration permits, as well as hearings related to horse and dog racing licenses. Supported by the Drivers License Revocation sub-account of the Highway Users Tax Fund (HUTF).
- ▶ **Motor Vehicle Dealer Licensing Board.** Licenses and regulates entities that manufacture, sell, and distribute motorized vehicles in Colorado. Supported by the Auto Dealers License Fund.

Enforcement Business Group						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2004-05 Appropriation:						
HB 04-1021	\$76,641	\$0	\$0	\$76,641	\$0	0.4
HB 04-1422	39,083,433	174,790	36,666,110	2,242,533	0	172.2
SB 05-126	<u>(192,589)</u>	<u>0</u>	<u>(134,179)</u>	<u>(58,410)</u>	<u>0</u>	<u>(0.4)</u>
TOTAL	\$38,967,485	\$174,790	\$36,531,931	\$2,260,764	\$0	172.2

Enforcement Business Group						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Appropriation:						
FY 2004-05 Appropriation	\$38,967,485	\$174,790	\$36,531,931	\$2,260,764	\$0	172.2
Salary and benefits adjustments	197,479	5,391	129,996	62,092	0	0.0
Other changes	11,936	(402)	8,847	3,491	0	(0.1)
Fund mix adjustment	0	(6,302)	(12,563)	18,865	0	0.0
'POTS' consolidation	(1,119,001)	0	(1,119,001)	0	0	0.0
Distribution to Gaming Cities and Counties adjustment	(233,648)	0	(233,648)	0	0	0.0
JBC Personal Services reduction	(23,830)	(348)	(18,916)	(4,566)	0	0.0
SB 05-209	<u>\$37,800,421</u>	<u>\$173,129</u>	<u>\$35,286,646</u>	<u>\$2,340,646</u>	<u>\$0</u>	<u>172.1</u>
TOTAL	<u>\$37,800,421</u>	<u>\$173,129</u>	<u>\$35,286,646</u>	<u>\$2,340,646</u>	<u>\$0</u>	<u>172.1</u>
Increase/(Decrease)	(\$1,167,064)	(\$1,661)	(\$1,245,285)	\$79,882	\$0	(0.1)
Percentage Change	-3.0%	-1.0%	-3.4%	3.5%	n/a	-0.1%

SB 05-209 (Long Bill) Issue Descriptions

Salary and benefits adjustments: These amounts reflect salary survey of \$127,958 and performance-based pay of \$69,521 distributed in FY 2004-05.

Other changes: This line includes the elimination and inclusion of special bills, as well as the annualization of a supplemental base reduction made during FY 2004-05.

Fund mix adjustment: This line represents changes to the Department's indirect cost recovery plan for FY 2005-06, which fluctuates according to various cash and cash exempt sources that can be charged for work performed by the Enforcement Business Group.

'POTS' consolidation: The Department presently accounts for centrally-appropriated items ('POTS') in the Executive Director's Office, the Limited Gaming Division, and the State Lottery Division. Consolidation of 'POTS' into the Executive Director's Office will make it easier to track these appropriations. This means that fewer line items will be shown under the Limited Gaming Division. Moneys for 'POTS' related to these two divisions will be appropriated directly to the Executive Director's Office.

Distribution to Gaming Cities and Counties adjustment: As designated by Section 12-47.1-701 (1) (c), C.R.S., this line reflects adjustments to the FY 2005-06 estimate of distributions to the State Historical Fund; to the governing bodies of Gilpin and Teller counties; to the governing bodies for the cities of Black Hawk, Central, and Cripple Creek; and to the General Fund or such other funds as determined by the General Assembly.

JBC Personal Services reduction: This amount represents a common policy approved by the Joint Budget Committee to reduce the personal services base appropriation for all programs by 0.2 percent.

State Lottery Division

The State Lottery Division is designated as an enterprise under the provisions of TABOR per Article X, Section 20 of the Colorado Constitution. Expenditures on behalf of this division are paid from the State Lottery Fund and appropriated as cash funds exempt. Beginning in FY 2003-04, as approved by the General Assembly, the State Lottery Division exists as a stand-alone unit that reports directly to the Executive Director.

State Lottery Division						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2004-05 Appropriation:						
HB 04-1422	\$352,920,457	\$0	\$0	\$352,920,457	\$0	128.0
SB 05-126	<u>(610,730)</u>	<u>0</u>	<u>0</u>	<u>(610,730)</u>	<u>0</u>	<u>(2.0)</u>
TOTAL	\$352,309,727	\$0	\$0	\$352,309,727	\$0	126.0
FY 2005-06 Appropriation:						
FY 2004-05 Appropriation	\$352,309,727	\$0	\$0	\$352,309,727	\$0	126.0
Salary and benefits adjustments	233,174	0	0	233,174	0	0.0
Other changes	2,243	0	0	2,243	0	0.0
POTS' consolidation	(1,128,284)	0	0	(1,128,284)	0	0.0
Vendor Fees adjustment	(542,298)	0	0	(542,298)	0	0.0
Elimination of Telecommunications	(216,809)	0	0	(216,809)	0	0.0
Operating efficiencies	(176,100)	0	0	(176,100)	0	0.0
JBC Personal Services reduction	(16,432)	0	0	(16,432)	0	0.0
SB 05-209	<u>\$350,465,221</u>	<u>\$0</u>	<u>\$0</u>	<u>\$350,465,221</u>	<u>\$0</u>	<u>126.0</u>
TOTAL	\$350,465,221	\$0	\$0	\$350,465,221	\$0	126.0
Increase/(Decrease)	(\$1,844,506)	\$0	\$0	(\$1,844,506)	\$0	0.0
Percentage Change	-0.5%	n/a	n/a	-0.5%	n/a	0.0%

SB 05-209 (Long Bill) Issue Descriptions

Salary and benefits adjustments: These amounts reflect salary survey of \$144,264 and performance-based pay of \$88,910 distributed in FY 2004-05.

Other changes: This amount reflects an increase to indirect cost recoveries paid by the State Lottery Division to the other divisions within the Department.

'POTS' consolidation: The Department presently accounts for centrally-appropriated items ('POTS') in the Executive Director's Office, the Limited Gaming Division, and the State Lottery Division. Consolidation of 'POTS' into the Executive Director's Office will make it easier to track these appropriations. This means that fewer line items will be shown under the State Lottery Division. Moneys for 'POTS' related to these two divisions will be appropriated directly to the Executive Director's Office.

Vendor Fees adjustment: This amount reflects the elimination of FY 2004-05 supplemental funding to extend the transition period between the old vendor and the new vendor.

Elimination of Telecommunications: Under the terms of the new on-line vendor contract with Scientific Games International, this funding is no longer necessary.

Operating efficiencies: This amount reflects the annualization of savings under the new on-line vendor contract, which were partially recognized in FY 2004-05.

JBC Personal Services reduction: This amount represents a common policy approved by the Joint Budget Committee to reduce the personal services base appropriation for all programs by 0.2 percent.

Recent Legislation

2004 Session Bills

S.B. 04-178: Eliminates requirement that an individual who authorizes an anatomical donation by driver's license or identification card sign the back of the license or card. Requires that a voluntary contribution designation line for the Organ and Tissue Donation Awareness Fund appear on individual tax returns for a period of three years starting on January 1, 2004. Appropriates \$501 cash funds exempt to the Department of Revenue for operating expenses.

S.B. 04-230: Creates a statutory Vietnam veteran special license plate. Authorizes such plates for trucks less than 12,001 pounds, passenger cars, motorcycles, and recreational vehicles. Appropriates \$8,460 cash funds to the Department of Revenue to implement this legislation.

H.B. 04-1017: Requires that a teenager hold an instruction permit for 6 months before being eligible to get a driver's license. Raises the age at which a person is eligible for an instruction permit, unless he or she has taken a driver training course that meets National Safety Council standards, from 15 years and 6 months to 16 years. Reduces the Department of Revenue's total appropriation by \$49,261 General Fund and 0.8 FTE.

H.B. 04-1021: Reduces the blood alcohol content level related to driving under the influence from 0.10 grams of alcohol per 100 milliliters of blood to 0.08 grams. Establishes guidelines to conduct wine tastings at liquor stores and other liquor-licensed businesses. Appropriates \$83,950 cash funds exempt and 0.4 FTE to the Department of Revenue for increased expenses in the Hearings Division.

H.B. 04-1334: Supplemental appropriation for the Department of Revenue for FY 2003-04.

H.B. 04-1358: Requires that a voluntary contribution designation line to support the Colorado State Fair appear on individual tax returns for a period of three years beginning on January 1, 2004. Appropriates \$501 cash funds exempt to the Department of Revenue for operating expenses.

H.B. 04-1418: Specifies that the State's property tax and heat/fuel assistance grants for qualified elderly or disabled applicants shall be paid on a quarterly basis. Appropriates \$22,223 General Fund in FY 2003-04 and \$47,196 General Fund in FY 2004-05 to the Department of Revenue. For more information, refer to the corresponding bill description in the Department of Human Services.

H.B. 04-1422: General appropriations act for FY 2004-05.

H.B. 05-1262: Directs the allocation of moneys collected from the cigarette and tobacco taxes imposed pursuant to Section 21 of Article X (Amendment 35) of the Colorado Constitution among several state agencies. Replaces Tobacco Education, Prevention, and Cessation Program grant funding related to tobacco enforcement in the Department of Revenue with moneys from the Tobacco Tax Cash Fund as created by this legislation, and also ensures that levels of program funding are unaffected. Appropriates \$566,100 cash funds exempt to the Department of Revenue for apportionment to municipal and county governments in amounts that are consistent with Section 39-22-623, C.R.S. For additional information on this legislation, please refer to the Department of Health Care Policy and Financing.

2005 Session Bills

S.B. 05-47: Makes several changes to laws regarding driver's licenses and identification cards, the most significant of which is reducing expiration periods from ten years to five years. Reduces fees that would have increased to \$30 for ten-year licenses beginning on July 1, 2006, back to \$15 for five-year licenses.

S.B. 05-52: Requires that a voluntary contribution designation line to support the Military Family Relief Fund appear on individual tax returns for a period of three years beginning on January 1, 2005. Appropriates \$350 cash funds exempt to the Department of Revenue for estimated operating expenses.

S.B. 05-126: Supplemental appropriation for the Department of Revenue for FY 2004-05.

S.B. 05-153: Repeals the statutory requirement to replace all motor vehicle license plates by July 1, 2007, as originally mandated by H.B. 98-1075 and later modified by H.B. 02-1066.

S.B. 05-209: General appropriations act for FY 2005-06.

H.B. 05-1056: Requires that a voluntary contribution designation line to support the Alzheimer's Association Fund appear on individual tax returns for a period of three years beginning on January 1, 2005. Appropriates \$350 cash funds exempt to the Department of Revenue in FY 2005-06 for estimated operating expenses.

H.B. 05-1196: Extends the statutory authority that created a refinance mechanism to support the Motor Vehicle Division with moneys from the Highway Users Tax Fund (HUTF) for one additional year. Sunsets at the close of FY 2005-06. Reduces the General Fund personal services appropriation to the Motor Vehicle Division in the FY 2005-06 Long Bill by \$8,948,375 million and increases the cash funds exempt appropriation for this line item by the same amount.

H.B. 05-1262: Appropriates \$1,522,800 cash funds exempt to the Department of Revenue for apportionment to municipal and county governments in amounts that are consistent with Section 39-22-623, C.R.S., as described above. For additional information on this legislation, refer to the Department of Health Care Policy and Financing.

DEPARTMENT OF STATE

The Department of State administers Colorado's elections laws, including voter registration laws, initiative and referendum laws, and the Help America Vote Act. It regulates charitable solicitations, charitable gaming, and notaries public, and serves as the depository for many state records. It also collects, stores and provides public access to disclosure statements filed by public officials and lobbyists and to business documents filed by for-profit and not-for-profit businesses.

Department Budget: Recent Appropriations

Funding Source	FY 2002-03	FY 2003-04	FY 2004-05	FY 2005-06
General Fund	\$0	\$0	\$0	\$0
Cash Funds	12,644,545	14,297,176	15,937,115	16,633,814
Cash Funds Exempt	253,000	879,395	9,433,366	15,203,349
Federal Funds	<u>0</u>	<u>36,729,252</u>	<u>31,897</u>	<u>0</u>
Total Funds	\$12,897,545	\$51,905,823	\$25,402,378	\$31,837,163
Full Time Equiv. Staff	103.1	113.6	128.3	129.0

General Factors Driving the Budget

Funding for the Department in FY 2005-06 consists of 52.2 percent cash funds and 47.8 percent cash funds exempt. Most of the cash funds derive from fees collected for business filings and document searches while the cash funds exempt represent expenditures from the Federal Elections Assistance Fund in support of the Help America Vote Act program.

Information Technology Services

Since FY 1999-2000 the General Assembly has enacted a stream of Information Technology (IT) legislation for the Department of State. As a consequence of this legislation, businesses, public officials, lobbyists, charitable solicitors and others can now file many reports and documents online and many of these filings can be accessed over the internet. In June 2004, aging floor panels in the Department's IT data center began shedding microscopic metal fibers, known as zinc whiskers, that shorted out a large number of departmental computers. To deal with these problems the Department received supplemental appropriations that initially repaired and ultimately replaced nearly all the data center's equipment. In FY 2005-06, the Department received a \$3.6 million IT funding increase to establish a disaster recovery center for its IT operation. The center will be large enough to also house backup computers for a number of other agencies of state government.

IT Division	FY 01-02 Actual	FY 02-03 Actual	FY 03-04 Actual	FY 04-05 Approp.	FY 05-06 Approp.
Personal Services	\$1,760,830	\$2,342,106	\$2,626,996	\$2,075,158	\$3,225,695
Operating	663,372	794,066	249,994	619,697	2,689,052
Hardware/Software Maintenance	660,632	697,832	780,704	876,120	967,228
IT Asset Management	227,087	541,219	296,678	445,418	802,618
Emergency Repairs to Data Center	0	0	252,210	0	0
Data Center Replacement Costs	0	0	0	2,743,995	0
Total	\$3,311,921	\$4,375,223	\$4,206,582	\$6,760,388	\$7,684,593
FTE	18.5	22.0	23.5	24.1	29.5

Help America Vote Act Program

The Federal Help America Vote Act of 2002 (HAVA) required the state to replace outdated voting technology, improve voter education and institute a statewide voter registration system. House Bill 03-1356 established the Federal Elections Assistance Fund to receive federal HAVA grants and appropriated \$1.3 million from the Department of State Cash Fund as the state's matching contribution. Expenditures from the Federal Elections Assistance Fund are continuously appropriated and are included in the Long Bill for informational purposes only. The following table shows actual and projected program expenditures and FTE.

	FY 2002-03 Actual	FY 2003-04 Actual	FY 2004-05 Appropriation	FY 2005-06 Appropriation
Program expenditures	n/a	\$801,394	\$9,254,469	\$14,908,166
Program FTE	n/a	4.5	18.0	15.0

Summary of FY 2004-05 and FY 2005-06 Appropriations

Department of State						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2004-05 Total Appropriation:	\$25,402,378	\$0	\$15,937,115	\$9,433,366	\$31,897	128.3
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Administration	6,392,132	0	6,315,235	45,000	31,897	86.2
Special Purpose	12,249,858	0	2,995,389	9,254,469	0	18.0
Information Technology Services	6,760,388	0	6,626,491	133,897	0	24.1

Department of State						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
<u>Breakdown of Total Appropriation by Bill</u>						
SB 04-231	(35,200)	0	(35,200)	0	0	(1.1)
HB 04-1300	47,746	0	47,746	0	0	0.3
HB 04-1422	22,218,824	0	13,066,355	9,120,572	31,897	129.1
SB 05-127	3,171,008	0	2,858,214	312,794	0	0.0
FY 2005-06 Total Appropriation:	\$31,837,163	\$0	\$16,633,814	\$15,203,349	\$0	129.0
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Administration	6,594,698	0	6,307,075	287,623	0	84.2
Special Purpose	17,453,555	0	2,545,389	14,908,166	0	15.0
Information Technology Services	7,788,910	0	7,781,350	7,560	0	29.8
<u>Breakdown of Total Appropriation by Bill</u>						
SB 05-209	31,682,830	0	16,479,481	15,203,349	0	128.7
SB 05-198	25,008	0	25,008	0	0	0.0
SB 05-205	104,317	0	104,317	0	0	0.3
SB 05-206	25,008	0	25,008	0	0	0.0
Increase/(Decrease)	\$6,434,785	\$0	\$696,699	\$5,769,983	(\$31,897)	0.7
Percentage Change	25.3%	n/a	4.4%	61.2%	-100.0%	0.5%

FY 2005-06 Appropriation Highlights:

1. Reflects an increase of \$5.6 million cash funds exempt in expected expenditures by the Help America Vote Act Program for development of a statewide voter registration system.
2. Includes an increase of \$3.6 million cash funds for Department of State disaster recovery computers and for a statewide center that will house disaster recovery computers of the Department and other state agencies.

Detail of Appropriation by Administrative Section

Administration

The Administration Division includes upper management for the Department. It is responsible for budgeting, accounting, human resources, and responding to inquiries from the public. It also arranges for administrative hearings as authorized or required by statute. Most of the Division's functions are carried out by the following sections:

Business Filings Section: The Business Filings Section has two parts: (1) Business Organizations and Entities and (2) Uniform Commercial Code (UCC). Business Organizations collects, stores and provides public access to articles of incorporation, annual reports, and a variety of other documents filed by for-profit and not-for-profit entities under Colorado’s Corporation and Association laws. UCC collects, stores and provides public access to a variety of UCC documents, including security interests, liens and other items that are of vital importance to lending institutions. Business Organizations charges for many of its services, thus creating the bulk of the revenue that flows into the Department of State Cash Fund. This fund supports many of the activities of the Department.

Elections Section: 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. It also helps the Secretary of State, the state's chief elections officer, to supervise the 64 county clerks in the execution of their statutory responsibilities relating to voter registration and elections.

Licensing and Enforcement Section: The Licensing and Enforcement Section is responsible for the Administrative Rules Code, a body of statutes governing the rule-making authority of many state agencies. It also regulates bingo and raffles pursuant to Article XVIII, Section 2 of the State Constitution; administers the Charitable Solicitations Act, which forbids fraudulent charitable solicitations; administers the Credit Services Organization Act, which protects the public from unfair or deceptive practices related to consumer credit; regulates lobbyists pursuant to Section 24-6-301 through 309, C.R.S.; and regulates notaries public pursuant to Section 12-55-101 through 211, C.R.S.

Administration						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2004-05 Appropriation:						
SB 04-231	(\$35,200)	\$0	(\$35,200)	\$0	\$0	(1.1)
HB 04-1300	5,397	0	5,397	0	0	0.2
HB 04-1442	6,245,106	0	6,213,209	0	31,897	87.1
SB 05-127	<u>176,829</u>	<u>0</u>	<u>131,829</u>	<u>45,000</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$6,392,132	\$0	\$6,315,235	\$45,000	\$31,897	86.2
FY 2005-06 Appropriation:						
FY 2004-05 Appropriation	\$6,392,132	\$0	\$6,315,235	\$45,000	\$31,897	86.2
Salary and benefit adjustments	189,932	0	147,135	74,694	(31,897)	0.0
HAVA indirect costs	124,143	0	(88,050)	212,193	0	1.0
Leased Space	115,100	0	115,100	0	0	0.0
Operating adjustments	11,251	0	10,515	736	0	0.0
Legal Services	(150,471)	0	(105,471)	(45,000)	0	0.0
Bills from the 2004 session	(85,988)	0	(85,988)	0	0	(3.0)

Administration						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
Zinc whiskers adjustments	(51,417)	0	(51,417)	0	0	0.0
SB 05-209	\$6,544,682	\$0	\$6,257,059	\$287,623	\$0	84.2
SB 05-198	25,008	0	25,008	0	0	0.0
SB 05-206	<u>25,008</u>	<u>0</u>	<u>25,008</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$6,594,698	\$0	\$6,307,075	\$287,623	\$0	84.2
Increase/(Decrease)	\$202,566	\$0	(\$8,160)	\$242,623	(\$31,897)	(2.0)
Percentage Change	3.2%	n/a	-0.1%	539.2%	-100.0%	-2.3%

SB 05-209 (Long Bill) Issue Descriptions

Salary and benefit adjustments: Reflects the FY 2004-05 distribution of \$108,559 of performance-based pay and salary survey increases; a 0.2 percent salary base reduction; an increase of \$77,022 for Health, Life, and Dental, Short-term Disability, S.B. 04-257 Amortization Equalization Disbursement and Workers' Compensation; an increase of \$71,275 for FY 2005-06 salary survey; and the elimination of \$58,817 for performance-based pay in FY 2005-06.

HAVA indirect costs: The Help America Vote Act (HAVA) Program will begin paying indirect cost assessments in FY 2005-06 for support provided by the Administration Division. The Department will use the moneys from these assessments to hire 1.0 new FTE and some contract workers, to increase operating expenses, and to pay for a portion of the Department's leased space. Because HAVA is continuously appropriated, the increase is shown for informational purposes only.

Leased Space: The Department is moving to a new location in June 2005. While the lease for the new location is less expensive than the lease for the Department's current location, the Department's current lease does not expire until the end of FY 2005-06, so the Department must continue to pay rent on its old location. The increase will provide a sufficient appropriation to pay the final year's lease expense for the old offices.

Operating adjustments: The increase reflects changes in the following centrally appropriated items that are governed by common policies approved by the Joint Budget Committee: Administrative Law Judges, Purchase of Services from Computer Center, Multiuse Network Payments, Payment to Risk Management and Property Funds, and the statewide Indirect Cost Assessment.

Legal Services: During FY 2004-05, the Department received a supplemental appropriation to pay legal expenses related to the November 2004 election. The decrease reflects a return to base spending levels. The decrease is offset somewhat by new legal expenditures for the HAVA program.

Bills from the 2004 session: The decrease equals the net FY 2005-06 impact of the following bills: a \$13,705 increase for H.B. 04-1448 (Regulation of Trade Names), a \$80,000 decrease for S.B. 04-231 (Electronic Filing with the Department of State), and a \$19,693 decrease for H.B. 04-1300 (Regulation of Notaries Public). For more information on these bills, see the "Recent Legislation" section at the end of this Department.

Zinc whiskers adjustments: The Department received a \$51,417 supplemental appropriation to help it catch up on the backlog of work created by the zinc whiskers problems that struck the Department in June 2004. The decrease reflects a return to base spending levels. Zinc whiskers are described in more detail above in the section titled "General Factors Driving the Budget".

Additional legislation: For information on S.B. 05-198 and S.B. 05-206, see the "Recent Legislation" section at the end of this Department.

Special Purpose

This division includes: (1) the state's Help America Vote Act (HAVA) program; (2) Electronic Filing Grants to County Clerk and Recorders; (3) the Master Distribution List, in which agricultural-product security interests are recorded; (4) reimbursements for certain election expenses of local governments; and (5) initiative and referendum appropriations, which fund petition-related activities such as signature verification and the Title Setting Board. The Federal Elections Assistance Fund supports the HAVA program; the Department of State Cash Fund supports other Division appropriations.

Special Purpose						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2004-05 Appropriation:						
HB 04-1422	\$12,115,961	\$0	\$2,995,389	\$9,120,572	\$0	18.0
SB 05-127	<u>133,897</u>	<u>0</u>	<u>0</u>	<u>133,897</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$12,249,858	\$0	\$2,995,389	\$9,254,469	\$0	18.0
FY 2005-06 Appropriation:						
FY 2004-05 Appropriation	\$12,249,858	\$0	\$2,995,389	\$9,254,469	\$0	18.0
Help America Vote Act Program	5,653,697	0	0	5,653,697	0	(3.0)
Initiative and Referendum	(450,000)	0	(450,000)	0	0	0.0
SB 05-209	<u>\$17,453,555</u>	<u>\$0</u>	<u>\$2,545,389</u>	<u>\$14,908,166</u>	<u>\$0</u>	<u>15.0</u>
TOTAL	\$17,453,555	\$0	\$2,545,389	\$14,908,166	\$0	15.0
Increase/(Decrease)	\$5,203,697	\$0	(\$450,000)	\$5,653,697	\$0	(3.0)
Percentage Change	42.5%	n/a	-15.0%	61.1%	n/a	-16.7%

SB 05-209 (Long Bill) Issue Descriptions

Help America Vote Act Program: The increase reflects the cost of developing and implementing a statewide voter registration system. This appropriation equals expected expenditures by the HAVA program and is included for informational purposes only as HAVA moneys are continuously appropriated from reserves in the Federal Elections Assistance Fund.

Initiative and Referendum: These expenses rise and fall with the two-year election cycle. The reduced appropriation reflects the biannual decline.

Information Technology Services

This division provides information technology support for the rest of the Department. The Department of State Cash Fund is the source of most of the Division's cash fund appropriations. The Division's cash funds exempt appropriations are from the Federal Elections Assistance Fund.

Information Technology Services						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2004-05 Appropriation:						
HB 04-1300	\$42,349	\$0	\$42,349	\$0	\$0	0.1
HB 04-1422	3,857,757	0	3,857,757	0	0	24.0
SB 05-127	<u>2,860,282</u>	<u>0</u>	<u>2,726,385</u>	<u>133,897</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$6,760,388	\$0	\$6,626,491	\$133,897	\$0	24.1
FY 2005-06 Appropriation:						
FY 2004-05 Appropriation	\$6,760,388	\$0	\$6,626,491	\$133,897	\$0	24.1
Statewide disaster recovery center	3,559,986	0	3,559,986	0	0	4.0
2004 session bills	360,057	0	360,057		0	1.4
Salary and benefit adjustments	45,602	0	45,602	0	0	0.0
HAVA indirect costs	7,560	0	0	7,560	0	0.0
Zinc whiskers adjustments	(3,049,000)	0	(2,915,103)	(133,897)	0	0.0
SB 05-209	\$7,684,593	\$0	\$7,677,033	\$7,560	\$0	29.5
SB 05-205	<u>104,317</u>	<u>0</u>	<u>104,317</u>	<u>0</u>	<u>0</u>	<u>0.3</u>
TOTAL	\$7,788,910	\$0	\$7,781,350	\$7,560	\$0	29.8
Increase/(Decrease)	\$1,028,522	\$0	\$1,154,859	(\$126,337)	\$0	5.7
Percentage Change	15.2%	n/a	17.4%	-94.4%	n/a	23.7%

SB 05-209 (Long Bill) Issue Descriptions

Statewide disaster recovery center: The appropriation includes \$3,559,986 cash funds and 4.0 FTE that will allow the Department to acquire backup computers for its own disaster recovery needs; and establish a statewide disaster recovery center that will host the Department's disaster recovery computers and disaster recovery computers provided by other state agencies.

2004 session bills: The increase equals the FY 2005-06 impact, as projected in Legislative Council Staff Fiscal Notes, of the following bills: \$94,800 for H.B. 04-1300 (Regulation of Notaries Public) and \$265,257 for H.B. 04-1448 (Regulation of Trade Names). For information on these bills see the "Recent Legislation" section at the end of this Department.

Salary and benefit adjustments: The increase reflects the FY 2004-05 distribution of \$18,025 of performance-based pay and \$32,328 of salary survey, less a 0.2 percent base reduction.

HAVA indirect costs: The HAVA program will begin paying indirect cost assessments in FY 2005-06 for support provided by the Information Technology Services Division. The Department will use these moneys to increase the Division's operating expense outlays. This appropriation is shown for informational purposes only as moneys for HAVA are continuously appropriated.

Zinc whiskers adjustments: The decrease reflects a return to base funding levels following one-time spending for zinc-whiskers related repairs in FY 2004-05. Zinc whiskers are described in more detail above in the section titled "General Factors Driving the Budget".

Additional legislation: For information on S.B. 05-205, see the "Recent Legislation" section at the end of this Department.

Recent Legislation

2004 Session Bills

S.B. 04-219: Changes statute as modified by H.B. 04-1413 (discussed below). Retains the \$1 surcharge imposed by H.B. 02-1119 on filings with clerk and recorders but directs clerk and recorders to keep the entire dollar, rather than sending half to the state as happened under prior law. Extends the surcharge to July 1, 2007. Grants rule making authority to the Secretary of State.

S.B. 04-231: Authorizes the Department to require that certain filings be made electronically. Allows the Department to designate electronic access as the sole means of public access to certain information. Decreases the appropriation to the department by \$35,200 and 1.1 FTE.

H.B. 04-1227: Requires the Department to test and certify voting systems before they can be used in the state.

H.B. 04-1300: Allows the Department to establish an electronic application process for notaries public. Authorizes the Department to create and notaries to use electronic journals. Modifies the qualifications to be a notary. Increases the appropriation to the department by \$47,746 cash funds from the Notary Administration Cash Fund and 0.3 FTE.

H.B. 04-1335: Supplemental FY 2003-04 appropriation for the Department.

H.B. 04-1413: Reduces the surcharge imposed by House Bill 02-1119 on filings with clerk and recorders, effective July 1, 2004. Directs clerk and recorders to keep the entire surcharge, rather than sending half to the State as happened under prior law. (Also see S.B. 04-219.)

H.B. 04-1422: General appropriations act for FY 2004-05. Also reduces the FY 2003-04 appropriation to the Department by \$1.2 million while increasing FTE by 4.5.

H.B. 04-1448: Consolidates the filing of trade names in a central database maintained by the Department, effective May 30, 2006. Under prior law, some trade names were filed with the Department of State and some with the Department of Revenue.

2005 Session Bills

S.B. 05-127: Supplemental FY 2004-05 appropriation for the Department.

S.B. 05-198 and S.B. 05-206: These identical acts require that there be a paper record of all votes cast, regulate voter registration drives, modify laws governing provisional ballots, require local election officials to be trained and certified by the Secretary of State, make changes to the election calendar, add new types of identification that voters may show to vote, and allow emergency voter registration. Each act appropriates \$25,008 cash funds from the Department of State Cash Fund for implementation.

S.B. 05-205: Requires the Department to cooperate in a joint state and federal project that will allow charitable organizations to electronically file uniform multi-state registration statements and information returns. Allows the Department to participate in a national online charity information system. Appropriates \$104,317 cash funds from the Department of State Cash Fund for implementation.

S.B. 05-206: See the explanation for S.B. 05-198.

S.B. 05-209: General appropriations act for FY 2005-06.

DEPARTMENT OF TRANSPORTATION

The Department is responsible for operating and maintaining Colorado's 9,135-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, with the balance of state and federal revenues appropriated to the Construction, Maintenance, & Operations line item. 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.

The Department's administrative organization includes two primary areas: Administration and the Division of Aeronautics. The FY 2005-06 Long Bill includes these two areas, with additional lines for Construction, Maintenance & Operations; and the Statewide Tolling Enterprise.

Department Budget: Recent Appropriations

Funding Source	FY 2002-03	FY 2003-04	FY 2004-05	FY 2005-06
General Fund	\$0	\$0	\$0	\$0
Cash Funds	56,591,376	64,902,123	64,501,672	54,570,492
Cash Funds Exempt	624,097,986	469,487,824	551,952,803	433,417,395
Federal Funds	<u>303,207,053</u>	<u>312,110,611</u>	<u>299,745,225</u>	<u>334,332,742</u>
Total Funds	\$983,896,415	\$846,500,558	\$916,199,700	\$822,320,629
Full Time Equiv. Staff	3,299.2	3,297.2	3,301.2	3,307.2

General Factors Driving the Budget

Funding for this department in FY 2005-06 consists of 6.6 percent cash funds, 52.7 percent cash funds exempt, and 40.7 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. A Statewide Long-Range Plan was executed in 2000 to more accurately reflect the planned expenditures necessary to match expected revenues. Since 1997, the General Assembly has passed legislation to assist in the completion of priority transportation projects. This legislation has provided additional funding to the State Highway Fund in ways that reduce the General Fund. This has included legislation that provides 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 Highway Users Tax Fund (HUTF), Limited Gaming Fund appropriations (which use cash funds that would otherwise be credited to the General Fund), and two-thirds of excess General Fund revenues annually based on population growth adjustments (H.B. 02-1310).

Recent economic conditions have precluded most of the transfers of General Fund to the State Highway Fund, thus limiting the Department's budget. The Department has received no Capital Construction Funds since FY 2000-01, no S.B. 97-1 funds since FY 2001-02, nor any Limited Gaming Impact Funds since FY 2002-03. However, the Department did receive \$81.5 million in FY 2004-05, based on H.B. 02-1310 and FY 2003-04 excess revenues. The latest revenue forecasts (March 2005 Legislative Council) do not project future funding from S.B. 97-1, nor any excess revenue funding based on H.B. 02-1310 through FY 2009-10.

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 six 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. Including the June 2004 issuance, the Commission has issued approximately \$1.5 billion in bonds with an annual debt service cost of approximately \$85 million through FY 2004-05 and \$168 million beginning in FY 2005-06 and thereafter. The Transportation Commission matches 50 percent of this using state highway funds. While some additional room exists under the \$1.7 billion maximum principal amount, based on current interest rates and repayment schedules the statutory \$2.3 billion maximum repayment amount for all the bonds currently outstanding has been reached. Bonds issued to date will be retired by 2017 at a total repayment cost of \$2.3 billion. The final bond issuances allowed were issued late in FY 2003-04. The line item indicating expected issuances for the fiscal year for informational purposes has been removed from the 2005 Long Bill.

Summary of FY 2004-05 and FY 2005-06 Appropriations

Department of Transportation						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2004-05 Total Appropriation:	\$916,199,700	\$0	\$64,501,672	\$551,952,803	\$299,745,225	3,301.2
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Office of Transportation Safety	100,000	0	100,000	0	0	0.0
Division of Aeronautics	12,835,126	0	12,509,932	0	325,194	8.0
Administration	21,929,552	0	0	21,929,552	0	219.7
Construction, Maintenance, and Operations	756,112,590	0	51,891,740	404,800,819	299,420,031	3,073.5
Transportation Revenue Anticipation Notes	125,000,000	0	0	125,000,000	0	0.0
Statewide Tolling Enterprise	222,432	0	0	222,432	0	0.0
<u>Breakdown of Total Appropriation by Bill</u>						
HB 04-1422	917,355,011	0	64,499,612	553,110,174	299,745,225	3,301.2
SB 05-128	(1,155,311)	0	2,060	(1,157,371)	0	0.0
FY 2005-06 Total Appropriation:	\$822,320,629	\$0	\$54,570,492	\$433,417,395	\$334,332,742	3,307.2
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Office of Transportation Safety	0	0	0	0	0	0.0
Division of Aeronautics	12,794,151	0	12,462,453	0	331,698	8.0
Administration	22,550,361	0	0	22,550,361	0	219.7
Construction, Maintenance, and Operations	784,976,117	0	42,108,039	408,867,034	334,001,044	3,079.5
Transportation Revenue Anticipation Notes	0	0	0	0	0	0.0
Statewide Tolling Enterprise	2,000,000	0	0	2,000,000	0	0.0
<u>Breakdown of Total Appropriation by Bill</u>						
SB 05-209	822,320,629	0	54,570,492	433,417,395	334,332,742	3,307.2
Increase/(Decrease)	(\$93,879,071)	\$0	(\$9,931,180)	(\$118,535,408)	\$34,587,517	6.0
Percentage Change	-10.2%	n/a	-15.4%	-21.5%	11.5%	0.2%

FY 2005-06 Appropriation Highlights:

1. Provides a \$28.6 million increase based on estimated revenues for the Transportation Commission allocated construction, maintenance, and operations budget.

2. Provides a \$1.8 million state highway fund allocation increase from the Transportation Commission to the Tolling Enterprise for tolling project start-up costs.
3. Provides a \$620,809 increase in the state highway funded Administration program line appropriation for centrally allocated personal services and miscellaneous operating costs.
4. Indicates a 6.0 FTE increase for the Transportation Commission allocated budget for the engineering and development environmental sections.
5. Removes the \$125.0 million TRANS bond issuances informational line item from the Long Bill. The bond program has currently reached its statutory debt service limits, and no further bond issuances are anticipated in FY 2005-06.
6. Eliminates the \$100,000 appropriation from the Persistent Drunk Driver Fund to the Office of Transportation Safety. To maximize the receipt of federal funding eligible to Colorado, the appropriation will be moved to the Department of Human Services to allow state matching funds for additional federal funds.

Detail of Appropriation by Administrative Section

Office of Transportation Safety

This office prepares data and analyzes highway safety problems, as well as identifies appropriate transportation safety measures. Specific projects are designed to address traffic fatalities and injuries, reduce alcohol and impaired driving, increase the use of seat belts, and improve compliance with speed limits. 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. Through FY 2004-05, the single remaining line within the Office of Transportation Safety was the Persistent Drunk Driver Program, authorized by H.B. 98-1334 (the Persistent Drunk Driver Act). The Department will no longer receive an appropriation for this program from the Persistent Drunk Driver Cash Fund. The line item for this program has been removed from the 2005 Long Bill.

Office of Transportation Safety						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2004-05 Appropriation:						
HB 04-1422	<u>\$100,000</u>	<u>\$0</u>	<u>\$100,000</u>	<u>\$0</u>	<u>\$0</u>	<u>0.0</u>
TOTAL	\$100,000	\$0	\$100,000	\$0	\$0	0.0
FY 2005-06 Appropriation:						
FY 2004-05 Appropriation	\$100,000	\$0	\$100,000	\$0	\$0	0.0
Persistent Drunk Driver Program	(100,000)	0	(100,000)	0	0	0.0
SB 05-209	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>0.0</u>
TOTAL	\$0	\$0	\$0	\$0	\$0	0.0

Office of Transportation Safety						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
Increase/(Decrease)	(\$100,000)	\$0	(\$100,000)	\$0	\$0	0.0
Percentage Change	-100.0%	n/a	-100.0%	n/a	n/a	n/a

SB 05-209 (Long Bill) Issue Descriptions

Persistent Drunk Driver Program: To maximize the receipt of federal funding eligible to Colorado, the appropriation will be moved to the Department of Human Services to allow state matching funds for additional federal funds. The Office of Transportation Safety will still participate in the program for planning and advisement purposes.

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.

Division of Aeronautics						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2004-05 Appropriation:						
HB 04-1422	\$12,833,066	\$0	\$12,507,872	\$0	\$325,194	8.0
SB 05-128	<u>2,060</u>	<u>0</u>	<u>2,060</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$12,835,126	\$0	\$12,509,932	\$0	\$325,194	8.0
FY 2005-06 Appropriation:						
FY 2004-05 Appropriation	\$12,835,126	\$0	\$12,509,932	\$0	\$325,194	8.0
Salary and benefits adjustments	20,002	0	13,986	0	6,016	0.0
Operating adjustments	6,412	0	6,412	0	0	0.0
Other	(67,389)	0	(67,877)	0	488	0.0
SB 05-209	<u>\$12,794,151</u>	<u>\$0</u>	<u>\$12,462,453</u>	<u>\$0</u>	<u>\$331,698</u>	<u>8.0</u>
TOTAL	\$12,794,151	\$0	\$12,462,453	\$0	\$331,698	8.0

Division of Aeronautics						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
Increase/(Decrease)	(\$40,975)	\$0	(\$47,479)	\$0	\$6,504	0.0
Percentage Change	-0.3%	n/a	-0.4%	n/a	2.0%	0.0%

SB 05-209 (Long Bill) Issue Descriptions

Salary and benefits adjustments: The appropriation reflects an increase of \$14,065 in salary survey and performance-based pay awards distributed in FY 2004-05, and an increase amount of \$11,273 for common policy centrally appropriated benefits items for FY 2005-06. These increases are partially offset by a decrease of \$5,297 in performance-based pay awards pursuant to the approved common policy of not funding these awards in FY 2005-06.

Operating adjustments: The appropriation of \$6,412 includes small changes in funding for workers' compensation, legal services, leased space, vehicle lease payments, and communications services payments.

Other: The appropriation includes decreases of \$60,174 in discretionary grants funding, and \$7,702 in formula refunds. Both items are returned and distributed to local airports.

Administration

The Administration section consists of the following: the Transportation Commission; the Office of the Executive Director; the Office of Public Information; the Office of Information Technology; 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 130 in FY 1999-00, 175 in FY 2000-01, 180 during FY 2001-02, 166 during FY 2002-03, 174 during FY 2003-04, 157 during FY 2004-05, and 160 at the beginning of FY 2005-06.

Administration						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2004-05 Appropriation:						
HB 04-1422	\$23,086,923	\$0	\$0	\$23,086,923	\$0	219.7
SB 05-128	<u>(1,157,371)</u>	<u>0</u>	<u>0</u>	<u>(1,157,371)</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$21,929,552	\$0	\$0	\$21,929,552	\$0	219.7

Administration						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Appropriation:						
FY 2004-05 Appropriation	\$21,929,552	\$0	\$0	\$21,929,552	\$0	219.7
Salary and benefits adjustments	733,004	0	0	733,004	0	0.0
Operating adjustments	511,534	0	0	511,534	0	0.0
Statewide indirect costs adjustment	(623,729)	0	0	(623,729)	0	0.0
SB 05-209	<u>\$22,550,361</u>	<u>\$0</u>	<u>\$0</u>	<u>\$22,550,361</u>	<u>\$0</u>	<u>219.7</u>
TOTAL	\$22,550,361	\$0	\$0	\$22,550,361	\$0	219.7
Increase/(Decrease)	\$620,809	\$0	\$0	\$620,809	\$0	0.0
Percentage Change	2.8%	n/a	n/a	2.8%	n/a	0.0%

SB 05-209 (Long Bill) Issue Descriptions

Salary and benefits adjustments: The appropriation includes an increase of \$390,640 in salary survey and performance-based pay awards for FY 2004-05, a \$251,000 increase for contract services, and the remainder for other centrally allocated items for FY 2005-06.

Operating adjustments: The appropriation contains various changes in centrally appropriated items including workers' compensation, risk management and property, vehicle lease payments, and legal services. The specific amount includes an increase of \$758,846 for risk management and property insurance payments, partially offset by a \$251,000 decrease in operating expenses to fund anticipated personal services costs for contract services.

Statewide indirect cost adjustment: The appropriation reflects a decrease based on a change in the billing method by the Department of Personnel and Administration in how it charges the Department for its share of statewide indirect costs.

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, 61 percent of which is rated as being in "fair" or "good" condition in calendar year 2004. Past ratings of Colorado roadways are summarized below.

Colorado Roadways	1997	1998	1999	2000	2001	2002	2003
Percent Rated "Fair" or "Good"	62%	58%	51%	54%	54%	58%	58%

This line reflects revenues that are continuously appropriated to the Department for construction, maintenance, and operations of state highways and transportation systems. Cash funds include miscellaneous permit fees, interest earnings, and local matching funds made available for federal dollars. Appropriation authority over these revenues rests with the Transportation Commission.

Construction, Maintenance, and Operations						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2004-05 Appropriation:						
HB 04-1422	<u>\$756,112,590</u>	<u>\$0</u>	<u>\$51,891,740</u>	<u>\$404,800,819</u>	<u>\$299,420,031</u>	<u>3,073.5</u>
TOTAL	\$756,112,590	\$0	\$51,891,740	\$404,800,819	\$299,420,031	3,073.5
FY 2005-06 Appropriation:						
FY 2004-05 Appropriation	\$756,112,590	\$0	\$51,891,740	\$404,800,819	\$299,420,031	3,073.5
Federal funds	34,581,013	0	0	0	34,581,013	0.0
State Highway Funds (HUTF)	4,066,215	0	0	4,066,215	0	6.0
Cash funds (locals, miscellaneous, interest)	(9,783,701)	0	(9,783,701)	0	0	0.0
SB 05-209	<u>\$784,976,117</u>	<u>\$0</u>	<u>\$42,108,039</u>	<u>\$408,867,034</u>	<u>\$334,001,044</u>	<u>3,079.5</u>
TOTAL	\$784,976,117	\$0	\$42,108,039	\$408,867,034	\$334,001,044	3,079.5
Increase/(Decrease)	\$28,863,527	\$0	(\$9,783,701)	\$4,066,215	\$34,581,013	6.0
Percentage Change	3.8%	n/a	-18.9%	1.0%	11.5%	0.2%

SB 05-209 (Long Bill) Issue Descriptions

Federal funds: This appropriation represents the Department's new estimated apportionment increase in federal funds from the Federal Highway Administration federal transportation program.

State Highway Funds (HUTF): The appropriation represents the Department's forecasted increased share of Highway User Tax Fund (HUTF) revenues per statutory formulas. The increase in FTE is for additional engineering positions and positions in the environmental development section.

Cash funds (locals, miscellaneous, interest): This appropriation includes anticipated decreases of \$6.5 million in bond interest received, and \$3.7 million in miscellaneous revenues (fines, permit fees, etc.). These are partially offset by an increase of \$360,000 in matches and reimbursements for highway projects from local governments.

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 estimated value of anticipated bond issuances for the budget year.

Transportation Revenue Anticipation Notes (TRANS)

	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2004-05 Appropriation:						
HB 04-1422	<u>\$125,000,000</u>	<u>\$0</u>	<u>\$0</u>	<u>\$125,000,000</u>	<u>\$0</u>	<u>0.0</u>
TOTAL	\$125,000,000	\$0	\$0	\$125,000,000	\$0	0.0
FY 2005-06 Appropriation:						
FY 2004-05 Appropriation	\$125,000,000	\$0	\$0	\$125,000,000	\$0	0.0
TRANS bond issuances	(125,000,000)	0	0	(125,000,000)	0	0.0
SB 05-209	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>0.0</u>
TOTAL	\$0	\$0	\$0	\$0	\$0	0.0
Increase/(Decrease)	(\$125,000,000)	\$0	\$0	(\$125,000,000)	\$0	0.0
Percentage Change	-100.0%	n/a	n/a	-100.0%	n/a	n/a

SB 05-209 (Long Bill) Issue Descriptions

TRANS bond issuances: The anticipated FY 2004-05 TRANS bonds were actually issued in late FY 2003-04 due to favorable market conditions. With those late FY 2003-04 bond issues, the program reached its statutory limitations on debt service amounts. Therefore, no new bond issuances are planned for FY 2005-06. The line item indicating expected issuances for the fiscal year for informational purposes has been removed from the 2005 Long Bill.

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 transfer (subject to repayment) from the State Highway Fund to establish the Statewide Tolling Enterprise Operating Fund to be available for the start-up costs of the enterprise.

Statewide Tolling Enterprise						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2004-05 Appropriation:						
HB 04-1422	<u>\$222,432</u>	<u>\$0</u>	<u>\$0</u>	<u>\$222,432</u>	<u>\$0</u>	<u>0.0</u>
TOTAL	\$222,432	\$0	\$0	\$222,432	\$0	0.0
FY 2005-06 Appropriation:						
FY 2004-05 Appropriation	\$222,432	\$0	\$0	\$222,432	\$0	0.0
Transportation Commission allocation	1,777,568	0	0	1,777,568	0	0.0
SB 05-209	<u>\$2,000,000</u>	<u>\$0</u>	<u>\$0</u>	<u>\$2,000,000</u>	<u>\$0</u>	<u>0.0</u>
TOTAL	\$2,000,000	\$0	\$0	\$2,000,000	\$0	0.0
Increase/(Decrease)	\$1,777,568	\$0	\$0	\$1,777,568	\$0	0.0
Percentage Change	799.2%	n/a	n/a	799.2%	n/a	n/a

SB 05-209 (Long Bill) Issue Descriptions

Transportation Commission allocation: This appropriation represents the increase in state highway funds allocated by the Transportation Commission to the Tolling Enterprise for tolling projects start-up costs in FY 2005-06.

Recent Legislation

2004 Session Bills

H.B. 04-1021: Lowers the blood alcohol content (BAC) level for driving under the influence (DUI) to the federally mandated .08 grams per 100 ml from the .10 BAC level. This will allow the Department to receive \$49.3 million in withheld and future federal highway funds for FY 2003-04 through FY 2006-07.

H.B. 04-1309: Directs the Department to establish and administer a Safe Routes to School Program to distribute eligible federal funds to local governments to improve safety for pedestrians and bicyclists in school areas. The administrative costs will be from current continuously appropriated state highway funds controlled by the Transportation Commission.

H.B. 04-1336: Supplemental appropriation for the Department of Transportation for FY 2003-04.

H.B. 04-1422: General appropriations act for FY 2004-05.

H.B. 04-1456: Authorizes the Department of Transportation to sell and lease back non-right-of-way property. Revenue from the sale (expected to be \$9.0 million) will be annually appropriated for lease obligations, and continuously appropriated for the purpose of renovations to the Department of Transportation headquarters complex.

2005 Session Bills

S.B. 05-128: Supplemental appropriation for FY 2004-05.

S.B. 05-209: General appropriations act for FY 2005-06.

H.B. 05-1122: Makes it a class A traffic infraction for a person knowingly to drink an alcoholic beverage or possess an open alcoholic beverage container in the passenger area of a motor vehicle while the vehicle is on a public highway or the right-of-way of a public highway. The bill conforms the state to the provisions of the Federal Transportation Equity Act for the 21st Century (TEA-21), which sanctions that states adopt an open container law or risk having federal highway construction funds redirected to safety education programs. This will allow federal highway construction funds, which had been redirected by the federal government to safety programs, to be distributed for highway construction once again.

H.B. 05-1148: Establishes a separate account within the Statewide Tolling Enterprise special revenue fund for toll revenues from each toll highway corridor. Requires toll revenues to be used within the toll highway corridor in which they were collected except that some of the revenues may be used for the enterprise's general operating costs and expenses. Specifies the board of the enterprise must develop a plan for the construction of a toll highway, and each toll highway plan in a system must be separately approved by each metropolitan planning organization or regional planning commission that is located in whole or in part within the toll highway system.

H.B. 05-1194: Refers to the voters of the state a measure that authorizes the state to retain, for the 2004-05 fiscal year and each succeeding fiscal year, all state revenues greater than the limitation on state fiscal year spending but less, as a percentage of the overall state economy, than state fiscal year spending for the 1999-2000 fiscal year. If approved by the voters, the excess retained state revenues would be appropriated or transferred by the General Assembly for specific purposes, including strategic transportation projects in the Department of Transportation's strategic transportation project investment program. For more information, refer to the bill description in the Department of Revenue.

H.B. 05-1333: Takes effect only if voters of the state approve ballot issues authorized by H.B 05-1194 and H.J.R. 05-1057. Creates the Critical State Needs Financing Act and the Critical Needs Financing Corporation, and its governing board of directors. Specifies the general powers of the Corporation, and conditions whereby the Corporation or the Department of Transportation may issue or refund critical needs notes, and limits the maximum amount of notes the Department may issue prior to January 1, 2007, to \$600 million. The bill creates the Critical Needs Fund to consist of moneys appropriated by the General Assembly and investment earnings, and states the intent to appropriate General Fund moneys into the fund sufficient to make all note principal and interest payments and ensure the amount available for the Department to expend is \$30 million for FY 2005-06, \$70 million for FY 2006-07, and \$100 million for each subsequent fiscal year.

H.J.R. 05-1057: Refers to the voters of the state a ballot issue to authorize the state to issue critical needs notes of up to \$2.072 billion, with a maximum total repayment cost of up to \$3.125 billion, and with maximum annual principal and interest payments of \$55 million for FY 2005-06, \$95 million for FY 2006-07, and \$125 million for each subsequent fiscal year, of which a maximum of \$25 million per fiscal year is for notes issued for non-transportation purposes. Sets the maximum amount of notes issued for transportation purposes at \$1.7 billion, with maximum annual principal and interest payments of \$30 million for FY 2005-06, \$70 million for FY 2006-07, and \$100 million for each subsequent fiscal year, to be credited to the State Highway Fund.

DEPARTMENT OF THE TREASURY

The Department has the following duties: acts as the state's banker and investment officer, providing investment, accounting, and cash management services and preparing related reports; administers the Unclaimed Property Program; makes loans under the Elderly Property Tax Deferral Program; disburses Senior Citizen Property Tax Exemption payments to local governments; provides short-term interest-free financing to school districts under the Interest Free School Loan Program; helps charter schools with long-term financing obtained under the Charter School Facilities Financing Act; transfers the state contribution for underfunded fire and police pensions to the Fire and Police Pension Association; and distributes counties' and municipalities' shares of the Highway Users Tax Fund (HUTF).

Department Budget: Recent Appropriations

Funding Source	FY 2002-03	FY 2003-04	FY 2004-05	FY 2005-06
General Fund	\$92,006,317	\$4,353,913	\$749,822	\$26,071,018
Cash Funds	587,116	2,205,076	2,300,955	2,492,488
Cash Funds Exempt	261,491,227	255,213,000	261,627,000	279,615,432
Federal Funds	0	0	0	0
Total Funds	\$354,084,660	\$261,771,989	\$264,677,777	\$308,178,938
Full Time Equiv. Staff	25.0	25.5	25.5	26.0

General Factors Driving the Budget

Funding for the Department consists of 8.5 percent General Fund, 0.8 percent cash funds, and 90.7 percent cash funds exempt. Most of the General Fund appropriation supports fire and police pensions, with the remainder supporting the Administration Division. The Department's cash fund appropriation derives from the Treasury Transactions Fee, which supports the Administration Division, and the Unclaimed Property Trust Fund, which supports the Unclaimed Property Division. The cash funds exempt appropriation reflects transmittals to CoverColorado and payments from the HUTF to counties and municipalities.

Highway Users Tax Fund Payments

The Department distributes revenues from the HUTF to counties and municipalities for use on local transportation projects pursuant to formulas in Sections 43-4-207 and 208, C.R.S. The cash funds exempt appropriations for these items in the Long Bill equal anticipated payments; the appropriations are included in the Long Bill for informational purposes only. The following table shows funding levels in recent years.

HUTF Payments	FY 01-02 Actual	FY 02-03 Actual	FY 03-04 Actual	FY 04-05 Approp.	FY 05-06 Approp.
Counties	\$152,674,376	\$150,275,510	\$153,822,038	\$157,940,000	\$158,882,623
Municipalities	100,398,268	100,019,066	101,666,670	103,687,000	104,232,809

Senior Citizen Property Tax Exemption

Article X, Section 3 of the state constitution, implemented in Sections 39-3-201 to 208, C.R.S., took effect in 2002; it grants a property tax exemption to qualifying senior citizens equal to 50 percent of the first \$200,000 of residential property value. The Department reimburses local governments for the resulting lost property tax revenues. The constitution also grants the General Assembly the power to raise and lower the amount of residence value that is exempt from taxation. Senate Bill 03-265 lowered this amount to zero for property tax years beginning between January 1, 2003 and January 1, 2006, thus eliminating payments for property tax years commencing during 2003, 2004 or 2005. State payments will resume in FY 2006-07. The following table shows funding levels in recent years.

	FY 01-02 Actual	FY 02-03 Actual	FY 03-04 Actual	FY 04-05 Approp.	FY 05-06 Approp.
County Reimbursement for Senior Citizen Property Tax Exemption	n/a	\$61,491,764	\$0	\$0	\$0

Fire and Police Contributions

Section 31-30.5-307, C.R.S., requires the State to pay part of the unfunded liability of retirement plans for police and firefighters who were hired before 1978 ("Old Hire Plans"). The Department annually transfers the required amount from the General Fund to the Fire and Police Pension Association (FPPA), which administers these plans. Senate Bill 03-263 suspended for two years the state's annual \$25.3 million contribution; the payment resumes in FY 2005-06 and continues annually through FY 2011-12.

Sections 31-30-1112 and 31-30-1134, C.R.S., require the state to help pay for volunteer firefighter pensions and to pay for a statewide volunteer firefighter death and disability plan. Under prior law, the Department annually transferred the required amount from the General Fund to the FPPA, which administered the program. Senate Bill 04-198 moved program administration from the FPPA to the Department of Local Affairs (DOLA), effective July 1, 2004.

The size of the annual General Fund transfers to the FPPA and DOLA is determined by statute and is included in the Long Bill for informational purposes; because these are transfers, rather than appropriations, they are exempt from the six percent limit on General Fund appropriations. The following table shows funding levels in recent years. See DOLA for information on the Volunteer Firefighter programs in FY 2004-05 and later.

	FY 01-02 Actual	FY 02-03 Actual	FY 03-04 Actual	FY 04-05 Approp.	FY 05-06 Approp.
Fire and Police Pension Association - Old Hire Plans	\$25,321,079	\$25,321,079	\$0	\$0	\$25,321,079
Volunteer Firefighter Retirement, Death and Disability	3,585,110	3,790,894	3,621,955	n/a	n/a
Total	\$28,906,189	\$29,111,973	\$3,621,955	\$0	\$25,321,079

CoverColorado

CoverColorado is a nonprofit unincorporated public entity, established by Section 10-8-504 C.R.S., which provides subsidized health insurance to those who cannot purchase insurance from commercial insurance

companies because of pre-existing medical conditions. The CoverColorado appropriation previously appeared in the Department of Regulatory Agencies' (DORA) portion of the Long Bill, but S.B. 04-211 changed state funding for the program by requiring the Treasury to transmit both interest and principal from the Unclaimed Property Trust Fund to CoverColorado in order to cover expenses of the program that are not met by premiums paid by those insured. These transmittals are exempt from the State's TABOR limits. Since CoverColorado is a special purpose authority, as defined in Section 24-77-102, C.R.S., its expenditures are also exempt from TABOR. The following table shows funding levels in recent years. See DORA for information on funding prior to FY 2005-06.

	FY 03-04 Actual	FY 04-05 Approp.	FY 05-06 Approp.
CoverColorado	n/a	n/a	\$16,500,000

Summary of FY 2004-05 and FY 2005-06 Appropriations

Department of Treasury						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2004-05 Total Appropriation:	\$264,677,777	\$749,822	\$2,300,955	\$261,627,000	\$0	25.5
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Administration	1,473,319	749,822	723,497	0	0	16.0
Unclaimed Property Program	1,577,458	0	1,577,458	0	0	9.5
Special Purpose	261,627,000	0	0	261,627,000	0	0.0
<u>Breakdown of Total Appropriation by Bill</u>						
HB 04-1422	268,305,258	4,525,569	2,152,689	261,627,000	0	25.5
SB 05-129	(3,627,481)	(3,775,747)	148,266	0	0	0.0
FY 2005-06 Total Appropriation:	\$308,178,938	\$26,071,018	\$2,492,488	\$279,615,432	\$0	26.0
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Administration	1,492,215	749,939	742,276	0	0	16.0
Unclaimed Property Program	1,750,212	0	1,750,212	0	0	10.0
Special Purpose	304,936,511	25,321,079	0	279,615,432	0	0.0
<u>Breakdown of Total Appropriation by Bill</u>						
SB 05-209	308,163,652	26,071,018	2,477,202	279,615,432	0	25.5
HB 05-1044	15,286	0	15,286	0	0	0.5

Department of Treasury						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
Increase/(Decrease)	\$43,501,161	\$25,321,196	\$191,533	\$17,988,432	\$0	0.5
Percentage Change	16.4%	3377.0%	8.3%	6.9%	n/a	2.0%

FY 2005-06 Appropriation Highlights:

1. Resumption of the \$25.3 million annual General Fund transfer to the Fire and Police Pension Association to help pay the unfunded liability of "old hire" pensions. This statutory transfer is included for informational purposes in the Long Bill.
2. Transmittal of an expected \$16.5 million cash funds exempt to the CoverColorado health insurance program from the Unclaimed Property Trust Fund. This statutory transmittal is included for informational purposes in the Long Bill.
3. A \$1.5 million increase in expected Highway Users Tax Fund payments to counties and municipalities. These cash funds exempt payments are controlled by statute and are included for informational purposes in the Long Bill.
4. An increase of \$103,000 cash funds for a new contract with an auditing firm that looks in other states for unclaimed property that belongs to Colorado citizens.
5. An additional \$38,000 cash funds to purchase new unclaimed-property software.

Detail of Appropriation by Administrative Section

Administration

This office is responsible for the operation and oversight of the Department. The Division provides accounting, cash management, and investment services for the State. Its investment activities generated \$10 million of interest income for the General Fund and \$83 million of interest income for various cash funds during FY 2005-06. The Division's cash funds derive from the Treasury transactions fee imposed in Section 24-36-120, C.R.S. Fluctuations in transactions fee revenues determine the Division's General Fund/cash fund mix.

Administration						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2004-05 Appropriation:						
HB 04-1422	\$1,407,335	\$734,675	\$672,660	\$0	\$0	16.0
SB 05-129	<u>65,984</u>	<u>15,147</u>	<u>50,837</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$1,473,319	\$749,822	\$723,497	\$0	\$0	16.0

Administration						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Appropriation:						
FY 2004-05 Appropriation	\$1,473,319	\$749,822	\$723,497	\$0	\$0	16.0
Salary and benefit adjustments	50,574	46,761	3,813	0	0	0.0
Investment management tools	9,456	9,456	0	0	0	0.0
Replacement computers	6,776	(724)	7,500	0	0	0.0
Operating adjustments	955	955	0	0	0	0.0
Treasury transactions fee	0	(23,582)	23,582	0	0	0.0
Legal services	(48,865)	(32,749)	(16,116)	0	0	0.0
SB 05-209	<u>\$1,492,215</u>	<u>\$749,939</u>	<u>\$742,276</u>	<u>\$0</u>	<u>\$0</u>	<u>16.0</u>
TOTAL	\$1,492,215	\$749,939	\$742,276	\$0	\$0	16.0
Increase/(Decrease)	\$18,896	\$117	\$18,779	\$0	\$0	0.0
Percentage Change	1.3%	0.0%	2.6%	n/a	n/a	0.0%

SB 05-209 (Long Bill) Issue Descriptions

Salary and benefit adjustments: Reflects the FY 2004-05 distribution of \$31,555 of performance-based pay and salary survey increases; an increase of \$22,137 for Health, Life, and Dental, Short Term Disability, and S.B. 04-257 Amortization Equalization Disbursement; an increase of \$14,595 for FY 2005-06 salary survey; the elimination of \$15,591 for performance-based pay in FY 2005-06; and a 0.2 percent salary base reduction.

Investment management tools: Provides an extra \$7,761 to lease Bloomberg Terminals and an extra \$1,695 to subscribe to a credit research service; both are used to manage the state's investments.

Replacement computers: Provides a total appropriation of \$12,568 for Information Technology Asset Maintenance, which will replace aging computers used in the Administration and Unclaimed Property Divisions.

Operating adjustments: Reflects changes in the following centrally appropriated items: Purchase of Services from Computer Center, Payment to Risk Management and Property Funds, and Capitol Complex Leased Space.

Treasury transactions fee: The Department imposes a fee on cash transactions conducted on behalf of the more than 100 interest-earning cash funds that are subject to the fee. The fund mix adjustment reflects the increased cash fund revenues the fee will generate next year.

Legal services: Reflects a return to base funding levels following unusually high legal expenses in FY 2004-05 for the "cash funds" lawsuit (Barber et al v. Owens and Coffman) and for legal opinions on such matters as school district debt, the ability of the Treasurer to delegate authority, and College Invest.

Unclaimed Property Program

Pursuant to Section 38-13-101, C.R.S. ("The Unclaimed Property Act"), the state takes possession of dormant properties held by a wide range of institutions and tries to return the properties to their rightful owners. The program recovers property from banks, savings and loans, credit unions, insurance companies, governmental agencies, public corporations or authorities, non-profit entities, hospitals, utilities, estates, trusts, and most other legal or commercial entities. Recovered items include uncashed checks, unclaimed stocks and securities, safety deposit box contents, dormant bank accounts, unclaimed utility deposits, unclaimed insurance benefits, and intangible properties held by the courts, government agencies, and businesses. The Department publicizes these activities and maintains an internet-accessible property list. Historically, about 75 percent of the property that the state recovers is never claimed. During FY 2004-05, the Division paid 25,000 claims and returned \$10 million of property.

The vast majority of the recovered property is either money or securities. The Department deposits recovered moneys in the Unclaimed Property Trust Fund, using the principal and interest to pay claims and to pay the cash funds cost of running the program. The remaining principal and interest help support the CoverColorado insurance program. The Department holds recovered securities for at least a year and then sells those that have not been returned, depositing sales proceeds in the Unclaimed Property Tourism Promotion Trust Fund. The State uses the interest earned by this fund to promote tourism and the State Fair. The Division's funding source is the Unclaimed Property Trust Fund.

Unclaimed Property Program						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2004-05 Appropriation:						
HB 04-1422	\$1,480,029	\$0	\$1,480,029	\$0	\$0	9.5
SB 05-129	<u>97,429</u>	<u>0</u>	<u>97,429</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$1,577,458	\$0	\$1,577,458	\$0	\$0	9.5
FY 2005-06 Appropriation:						
FY 2004-05 Appropriation	\$1,577,458	\$0	\$1,577,458	\$0	\$0	9.5
Contract auditor services	102,571	0	102,571	0	0	0.0
Unclaimed property software upgrade	38,150	0	38,150	0	0	0.0
Salary and benefit adjustments	13,498	0	13,498	0	0	0.0
Leased space	3,249	0	3,249	0	0	0.0
SB 05-209	\$1,734,926	\$0	\$1,734,926	\$0	\$0	9.5
HB 05-1044	<u>15,286</u>	<u>0</u>	<u>15,286</u>	<u>0</u>	<u>0</u>	<u>0.5</u>
TOTAL	\$1,750,212	\$0	\$1,750,212	\$0	\$0	10.0
Increase/(Decrease)	\$172,754	\$0	\$172,754	\$0	\$0	0.5
Percentage Change	11.0%	n/a	11.0%	n/a	n/a	5.3%

SB 05-209 (Long Bill) Issue Descriptions

Contract auditor services: Reflects the cost of a new contract with an auditing firm that examines businesses in other states, looking for unclaimed property that belongs to Colorado citizens. The added appropriation equals the amount the auditor will subtract as its 12 percent fee from amounts recovered. About a quarter of the remainder will probably be claimed by Colorado citizens with the other three quarters available to support CoverColorado, pursuant to Section 38-13-116.5, C.R.S.

Unclaimed property software upgrade: The increase will pay half the cost of replacing old unclaimed-property software. Existing appropriations will pay the remainder.

Salary and benefit adjustments: Reflects the FY 2004-05 distribution of \$6,748 of performance-based pay and \$7,997 of salary survey, less a 0.2 percent base reduction.

Leased space: Reflects 4 percent rent increase.

Additional legislation: For information on H.B. 05-1044 see the "Recent Legislation" section at the end of this department.

Special Purpose

The expenditures in this portion of the Long Bill are included for informational purposes only; they reflect continuous appropriations that are contained in statute. Included are (1) Expected transmittals from the Unclaimed Property Trust Fund to the CoverColorado health insurance program; (2) Transfers to the Fire and Police Pension Association to help pay the unfunded liability of "old hire" fire and police pension plans; and (3) Expected payments to counties and municipalities from the Highway Users Tax Fund.

	Special Purpose					
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2004-05 Appropriation:						
HB 04-1422	\$265,417,894	\$3,790,894	\$0	\$261,627,000	\$0	0.0
SB 05-129	<u>(3,790,894)</u>	<u>(3,790,894)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$261,627,000	\$0	\$0	\$261,627,000	\$0	0.0
FY 2005-06 Appropriation:						
FY 2004-05 Appropriation	\$261,627,000	\$0	\$0	\$261,627,000	\$0	0.0
Transfer for old hire pensions	25,321,079	25,321,079	0	0	0	0.0
Transmittals to CoverColorado	16,500,000	0	0	16,500,000	0	0.0
HUTF payments to counties and municipalities	1,488,432	0	0	1,488,432	0	0.0
SB 05-209	<u>\$304,936,511</u>	<u>\$25,321,079</u>	<u>\$0</u>	<u>\$279,615,432</u>	<u>\$0</u>	<u>0.0</u>
TOTAL	\$304,936,511	\$25,321,079	\$0	\$279,615,432	\$0	0.0

	Special Purpose					
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
Increase/(Decrease)	\$43,309,511	\$25,321,079	\$0	\$17,988,432	\$0	0.0
Percentage Change	16.6%	n/a	n/a	6.9%	n/a	n/a

SB 05-209 (Long Bill) Issue Descriptions

Transfer for old hire pensions: This informational appropriation reports the amount that will be transferred to the Fire and Police Pension Association for "old hire" pension plans in FY 2005-06. Senate Bill 03-263 suspended for two years the state's annual transfer, which amortizes a portion of the unfunded liability of these plans. The plans cover police and fire officers who were hired by local governments before 1978. Pursuant to Section 31-30.5-307 (5), C.R.S., these annual payments resume in April 2006 and continue through April 2012.

Transmittals to CoverColorado: This informational appropriation reflects the state's expected transmittal to CoverColorado, a program that offers health insurance to those who are otherwise uninsurable. Senate Bill 04-211 changed state support for CoverColorado; it requires the Treasurer to transmit both interest and principal from the Unclaimed Property Trust Fund to CoverColorado in order to pay program expenses that are not met by health insurance premiums.

HUTF payments to counties and municipalities: The informational appropriation reports expected HUTF (Highway Users Tax Fund) payments to counties and municipalities under the rules of Sections 43-4-207 and 208, C.R.S.

Recent Legislation

2004 Session Bills

S.B. 04-108: Exempts certain property held by gaming establishments from the State's unclaimed property rules. Also allows unclaimed property owners to waive their rights to unclaimed property; the Department must then transfer such property to CoverColorado.

S.B. 04-198: Transfers administration of the program that pays part of the cost of volunteer firefighter pensions and death and disability insurance from the Fire and Police Pension Association to the Department of Local Affairs.

S.B. 04-211: Eliminates the requirement that the Department annually publish an unclaimed property list in newspapers. Limits the program's publication and correspondence expenditures to two percent of paid claims. Requires that an electronic unclaimed property list be made available via the internet. Specifies that the principal in the Unclaimed Property Trust Fund plus any interest earnings be transferred to CoverColorado to the degree that moneys are available in the trust fund and are needed to fund CoverColorado's program. Eliminates the CoverColorado Cash Fund and transfers the fund balance to CoverColorado.

S.B. 04-256: Directs the Department to sell securities that have been held as unclaimed property for at least a year and deposit the proceeds in the Unclaimed Property Tourism Promotion Trust Fund. Fund principal may only be used to pay unclaimed property claims. Interest earned by the fund is credited to the Colorado Travel and Tourism Promotion Cash Fund, and, beginning in FY 2005-06, is subject to appropriation by the General Assembly for the promotion of tourism and the promotion of the Colorado State Fair.

H.B. 04-1337: Treasury Department supplemental appropriation for FY 2003-04.

H.B. 04-1422: General appropriations act for FY 2004-05.

2005 Session Bills

S.B. 05-129: Treasury Department supplemental appropriation for FY 2004-05.

S.B. 05-209: General appropriations act for FY 2005-06.

H.B. 05-1044: Intercepts payments in excess of \$600 to owners of unclaimed property when the owner owes delinquent fines, child support, or taxes. Uses the intercepted money to pay those obligations. Appropriates \$15,286 cash funds from the Unclaimed Property Trust Fund and 0.5 FTE to the Department to implement and administer the program.

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.

Department Budget: Recent Appropriations

Funding Source	FY 2002-03	FY 2003-04	FY 2004-05	FY 2005-06
Capital Construction Fund Exempt	\$22,385,134	\$9,484,556	\$7,746,144	\$51,803,611
Cash Funds	45,126,854	19,879,208	19,400,000	19,750,000
Cash Funds Exempt	122,852,016	405,420,384	301,533,110	222,859,642
Federal Funds	<u>19,288,249</u>	<u>51,898,217</u>	<u>36,183,117</u>	<u>8,979,866</u>
Total Funds	\$209,652,253	\$486,682,365	\$364,862,371	\$303,393,119

General Factors Driving the Budget

The amount appropriated for capital construction is primarily based on the recommendations of the Capital Development Committee regarding the priority order of projects, and the most recent forecast of revenues available for capital construction given constitutional and statutory constraints on the budget. The sources of revenue to the Capital Construction Fund to support appropriations in FY 2004-05 and FY 2005-06 are as follows:

Revenue Source	FY 2004-05	FY 2005-06
Transfer of General Fund in Excess of 4.0 percent Statutory Reserve Pursuant to Section 24-75-218, C.R.S.	\$2,775,722	\$40,800,000
Reversions from prior years appropriated in Long Bill	3,304,000	1,958,576
Interest appropriated in Long Bill	1,580,000	1,500,000
Reversions and interest appropriated in S.B. 05-130	219,404	0
Supplemental adjustment to prior years in Section 11 of S.B. 05-209	<u>0</u>	<u>353,865</u>
Subtotal - Funds from Prior Years	\$7,879,126	\$44,612,441
<u>General Fund Transfers Pursuant to Section 24-75-302 (2), C.R.S.:</u>		
<i>5-year Sentencing Bills:</i>		
H.B. 00-1201	233,872	0
H.B. 01-1242	79,887	0
S.B. 02-50	486,269	449,799

Revenue Source	FY 2004-05	FY 2005-06
H.B. 02-1038	972,538	0
H.B. 02S-1006	4,012	0
H.B. 03-1138	0	138,934
H.B. 03-1317	69,467	69,467
H.B. 04-1021	0	76,414
H.B. 04-1412	(1,846,045)	(658,200)
<i>Other Transfers:</i>		
H.B. 00-1055	100,000,000	100,000,000
H.B. 04-1412	<u>(100,285,782)</u>	<u>(100,000,000)</u>
Subtotal - General Fund Transfers	(\$285,782)	\$76,414
H.B. 04-1003 - General Fund Appropriation	152,800	0
Appropriation of tobacco settlement funds to comply with Section 23-20-136 (3.5) (a), C.R.S.¹		
H.B. 04-1422	1,900,000	0
S.B. 05-209	(1,900,000)	7,114,756
Total Revenue to the Capital Construction Fund Available for Appropriation	\$7,746,144	\$51,803,611

In FY 2005-06, capital construction appropriations consist of 17.1 percent Capital Construction Funds Exempt (CCFE), 6.5 percent cash funds, 73.5 percent cash funds exempt, and 3.0 percent federal funds. The departments with the largest percentage of Capital Construction Funds Exempt appropriations are listed in the table below.

Department	Percent of CCFE Appropriations
Higher Education	68.6%
Personnel and Administration	12.4%
Human Services	7.1%
Corrections/Corrections Expansion Reserve	6.5%

¹ These appropriations only takes effect if there is a final court order allowing lease purchase agreements pursuant to H.B. 03-1256 and the amount is due to a lessor for the lease purchase of academic buildings at Fitzsimons in FY 2004-05.

Summary of FY 2004-05 and FY 2005-06 Appropriations

Capital Construction					
	Total Funds	Capital Construction Funds Exempt	Cash Funds	Cash Funds Exempt	Federal Funds
FY 2004-05 Total Appropriation:	\$364,862,371	\$7,746,144	\$19,400,000	\$301,533,110	\$36,183,117
<u>Breakdown of Total Appropriation by Department</u>					
Corrections	430,000	0	0	430,000	0
Corrections Expansion Reserve Fund	152,800	152,800	0	0	0
Higher Education	296,175,765	2,300,000	0	272,182,578	21,693,187
Human Services	6,113,959	219,404	0	0	5,894,555
Labor and Employment	19,000,000	0	18,200,000	0	800,000
Military and Veterans' Affairs	1,026,000	0	0	276,000	750,000
Natural Resources	32,850,038	0	1,200,000	25,119,663	6,530,375
Personnel and Administration	6,121,432	5,073,940	0	1,047,492	0
Public Health and Environment	765,000	0	0	250,000	515,000
Revenue	2,227,377	0	0	2,227,377	0
<u>Breakdown of Total Appropriation by Bill</u>					
HB 00-1201	233,872	233,872	0	0	0
HB 01-1242	79,887	79,887	0	0	0
SB 02-50	486,269	486,269	0	0	0
HB 02-1038	972,538	972,538	0	0	0
HB 02S-1006	4,012	4,012	0	0	0
HB 03-1317	69,467	69,467	0	0	0
HB 04-1003	152,800	152,800	0	0	0
HB 04-1412	(1,846,045)	(1,846,045)	0	0	0
HB 04-1422	267,657,856	9,273,940	19,400,000	212,300,354	26,683,562
SB 05-130	81,534,218	219,404	0	71,815,259	9,499,555
SB 05-209	15,517,497	(1,900,000)	0	17,417,497	0
FY 2005-06 Total Appropriation:	\$303,393,119	\$51,803,611	\$19,750,000	\$222,859,642	\$8,979,866
<u>Breakdown of Total Appropriation by Department</u>					
Agriculture	750,000	750,000	0	0	0
Corrections	3,753,530	3,312,530	0	441,000	0
Corrections Expansion Reserve Fund	76,414	76,414	0	0	0

Capital Construction					
	Total Funds	Capital Construction Funds Exempt	Cash Funds	Cash Funds Exempt	Federal Funds
Education	425,400	425,400	0	0	0
Higher Education	216,201,220	35,543,243	0	180,657,977	0
Human Services	3,679,382	3,679,382	0	0	0
Judicial Department	262,200	262,200	0	0	0
Labor and Employment	19,000,000	0	18,200,000	0	800,000
Military and Veterans' Affairs	2,991,180	1,312,402	0	950,000	728,778
Natural Resources	35,503,725	0	1,300,000	26,752,637	7,451,088
Personnel and Administration	11,745,282	6,442,040	0	5,303,242	0
Public Health and Environment	7,750,000	0	250,000	7,500,000	0
Revenue	1,254,786	0	0	1,254,786	0
<u>Breakdown of Total Appropriation by Bill</u>					
SB 02-50	449,799	449,799	0	0	0
HB 03-1138	138,934	138,934	0	0	0
HB 03-1317	69,467	69,467	0	0	0
HB 04-1021	76,414	76,414	0	0	0
HB 04-1412	(658,200)	(658,200)	0	0	0
SB 05-209	303,316,705	51,727,197	19,750,000	222,859,642	8,979,866

FY 2005-06 Appropriation Highlights:

1. Provide \$21.0 million for controlled maintenance projects from the capital construction fund;
2. Provide \$20.6 million for new construction or major renovation projects from the capital construction fund;
3. Provide \$7.1 million from tobacco funds for the lease purchase of academic buildings at Fitzsimons; and
4. Provide \$3.0 million for ongoing certificates of participation from the capital construction fund.

Detail of Appropriation by Department (FY 2005-06 Only)

Project	Total	CCFE	CF	CFE	FF
<u>AGRICULTURE</u>					
Colorado State Fair, Repair/Replace Primary Electrical Infrastructure	\$750,000	\$750,000	\$0	\$0	\$0
Replaces the primary, overhead, medium-voltage electrical system with an underground, low-voltage system.					
TOTAL - AGRICULTURE	\$750,000	\$750,000	\$0	\$0	\$0
<u>CORRECTIONS</u>					
Arkansas Valley Correctional Facility, Replace Security System Door Controllers	437,511	437,511	0	0	0
Phase 2 completes the project with construction of door control touch screens and programmable logic cards at the housing units.					
Colorado Territorial Correctional Facility, Sanitary Sewer/Storm Distribution Improvements	529,785	529,785	0	0	0
Corrects the cross-connection deficiencies of the storm sewer and sanitary sewer systems throughout the facility.					
Correctional Industries, Minor Construction Projects	441,000	0	0	441,000	0
This ongoing appropriation allows Correctional Industries to accommodate growth and new business opportunities and to maintain safe operations.					
Freemont Correctional Facility, Repair Utility Tunnel	643,642	643,642	0	0	0
Repairs the utility tunnel including reinforcing the concrete beam and pilasters.					
Upgrade Fire Detection/ Alarm/Suppression Systems	1,701,592	1,701,592	0	0	0
Upgrades systems at Buena Vista, Colorado Correctional, Territorial, Fremont, Centennial, Skyline, Limon, and Pueblo Minimum.					
TOTAL - CORRECTIONS	\$3,753,530	\$3,312,530	\$0	\$441,000	\$0
<u>CORRECTIONS EXPANSION RESERVE FUND (CERF)</u>					
Appropriations from prior years to comply with Section 2-2-703, C.R.S.	76,414	76,414	0	0	0
These appropriations include \$76,414 pursuant to H.B. 04-1021					
TOTAL - CERF	\$76,414	\$76,414	\$0	\$0	\$0
<u>EDUCATION</u>					
School for the Deaf and Blind, Adams HVAC Repair	425,400	425,400	0	0	0
Install a control system for heating, ventilation and air condition systems, replace the domestic hot water heat exchanger, install a back-flow prevention, replace the circulating pumps, repair the condensate line, and install equipment to allow chilled water to be used to cool the building.					
TOTAL - EDUCATION	\$425,400	\$425,400	\$0	\$0	\$0

Project	Total	CCFE	CF	CFE	FF
<u>HIGHER EDUCATION</u>					
Adams State College					
Card Lock System and Door Replacement (202)	490,000	0	0	490,000	0
Replace the current key card lock system and replace 200 doors in the college's dormitories.					
Coronado Dormitory Renovation (202)	375,000	0	0	375,000	0
Repair and replace floor tile, repaint walls, provide plumbing and electrical upgrades, and install new furniture in three floors of the wing.					
Mesa State College					
Emergency Lighting, Fire Suppression and Alarm Systems Upgrade	311,570	311,570	0	0	0
Replaces the existing lighting and alarm systems and installs a suppression system.					
Business and Information Technology Center, Phase I	1,150,000	0	0	1,150,000	0
Construct a 51,240 GSF Business and Information Technology Center that will serve as a consolidated location for technology intensive programs on campus.					
House Demolition and Ground Recovery	20,638,800	0	0	20,638,800	0
Survey and re-plat lots into one parcel, and demolish existing structures on the lots.					
Western State College					
Repair/Replace Pool and Filter System	496,125	496,125	0	0	0
Replaces the pool filter system, associated piping, pool lights, and the chemical dispenser system, and repairs tile and installs a stainless steel gutter system in the Paul Wright Gymnasium.					
Colorado State University					
Replace Deteriorated Plumbing Items	481,390	481,390	0	0	0
Replaces deteriorated plumbing components in the Administration, Chemistry, Physiology, Auditorium/Gym, Pathology, Ayleworth Hall, and Engineering South/Glover buildings on campus.					
AIDL Annex Renovation	2,239,000	0	0	2,239,000	0
Renovate 2,380 GSF of the Antropod and Infections Disease Laboratory (AIDL) Annex to an Animal Biosafety Level 3 facility and construct an additional 2,300 GSF for small animal holding and support space.					
Engineering Entrance Enhancement and Office Addition	3,147,575	0	0	3,147,575	0
Construct a 13,500 GSF addition to the Engineering Building and remodel 4,700 GSF of existing space. The project will replace existing computer lab space in a more centralized location; provide updated technological equipment for the lab; expand office space in the Engineering Building; enhance the entrance to the Engineering Building to be more consistent with adjacent structures; and provide a waiting area and student project display area outside of room 100, a 265 seat auditorium.					
Marketplace at Corbett Hall (202)	904,437	0	0	904,437	0
Converts a 3,500 ASF dining hall into an open "marketplace" serving style, renovates beverage areas, cereal stations, waffle bar, and related movable equipment.					
Natural Resources Research Center (202)	1,497,380	0	0	1,497,380	0

Project	Total	CCFE	CF	CFE	FF
Upgrades the electrical power supply system in the Natural Resources Research Center to accommodate the needs of federal agencies that occupy space in the center.					
New Academic Village (202)	43,848,576	0	0	43,848,576	0
Construct 128,500 GSF of residential student housing for 175 honors students and 240 engineering students as a "living learning center"; construct 42,300 GSF of central dining commons; construct 12,240 GSF of residence life operations space; and demolish the 86,198 GSF Ellis Hall.					
Regulated Materials Handling Facility	1,502,078	1,502,078	0	0	0
Builds a single-story 5,600 GSF Regulated Materials Handling Facility for the temporary storage and processing of hazardous waste, radiation waste, and mixed waste.					
Shortgrass Steppe Field Station Additions/Alterations	3,800,000	0	0	3,800,000	0
Construct 18,808 GSF and renovate 3,398 GSF of existing facilities at the Shortgrass Steppe Field Station located on the Central Plains Experimental Range in northeastern Colorado, seven miles north of Nunn on County Road 114.					
Colorado State University at Pueblo					
HPER Building Renovation, Life/Safety Upgrade, Phase I and II	3,275,600	3,275,600	0	0	0
Renovates 61,683 GSF and adds 15,000 GSF to the Health, Physical Education and Recreation (HPER) building used by the Exercise Science, Health Promotion and Recreation, Experiential Learning Center, Athletic Department, Intramurals, and Student Recreation programs. Phase I and II include architectural and engineering studies, roof replacement, air handling units, and replacement of the gym bleachers and the building entrance.					
University of Colorado at Boulder					
Campus Steam Line Upgrades	361,961	361,961	0	0	0
Replace direct buried steam and condensate lines serving the Speech Learning and Health Sciences buildings.					
Steam Tunnel Structural Repairs	359,755	359,755	0	0	0
Replaces the top section of the steam tunnel.					
Upgrade Fire Sprinklers and Alarms, Various Buildings	914,654	914,654	0	0	0
Provides fire sprinkler coverage. This phases addresses the Duane Physics Building.					
Business School Renovation and Addition	25,072,420	0	0	25,072,420	0
Constructs a 54,000 GSF annex to the College of Business building and renovates 36,200 GSF of the existing building. The new annex will house outreach centers, new programs, and an expanded library. The current business library will be remodeled to house improved undergraduate computer laboratories, classrooms , and student space.					
Information Technology Infrastructure	13,524,930	0	0	13,524,930	0
Upgrade information technology infrastructure to add fiber optic cabling, provide secure communication rooms within buildings, and install new copper cabling to ensure high-speed network connections, as well as networking electronics and servers.					
Recreation Center, Curtain Wall at Pool	613,644	0	0	613,644	0
Replaces the deteriorating glass and steel curtain around the pool at the student recreation center using student activity fees.					
Backflow Prevention, Research Properties	1,271,280	0	0	1,271,280	0
Instals backflow prevention devices and resolves cross-connection issues in seven research buildings, also includes minor asbestos testing removal and ADA improvements.					

Project	Total	CCFE	CF	CFE	FF
University of Colorado at Colorado Springs					
Dwire Hall Renovation and Technology Upgrade	3,000,000	1,500,000	0	1,500,000	0
Renovate utilities equipment, and facilities to provide additional classroom, research and facility spaces for the College of Business and Administration.					
Repair Campus Infrastructure Science/Engineering Buildings	516,796	516,796	0	0	0
Repairs roads and fire lanes. This phase stabilizes slope failure behind Dwire Hall, upgrades drainage behind the Housing Village, and addresses the main access road to three separate entrances.					
Parking Garage and Public Safety Facility (202)	4,802,000	0	0	4,802,000	0
Adds additional square footage to a parking garage, public safety facility, and student health center, and constructs a new signalized entrance to the campus from the Austin Bluffs Parkway to the Cragmor parcel immediately east of the parking garage.					
Science / Engineering Buildings	21,800,000	0	0	21,800,000	0
Construct approximately 220,000 GSF to house the College of Engineering and Applied Science, the Dean and several departments of the College of Liberal Arts and Sciences, the Institute of BioEnergetics, the NISSC, and the Science/Health Science Learning Center.					
University of Colorado Health Sciences Center					
Fire Protection Upgrade, Building 500	496,430	496,430	0	0	0
Improves fire detection equipment and expands sprinkler system.					
Fitzsimons, Infrastructure Phase 9	5,424,376	0	0	5,424,376	0
The project develops infrastructure to provide the foundation for the development of Fitzsimons into a campus with modern, up-to-date, high-tech research, education, and health care facilities.					
Fitzsimons Trust Fund	7,114,756	7,114,756	0	0	0
Pursuant to H.B. 03-1256, when an amount is due to a lessor under a lease purchase agreement for Fitzsimons, the General Assembly shall appropriate from tobacco funds to the Capital Construction Fund the smallest of the amount due to the lessor, eight percent of tobacco revenues, or \$8.0 million. The amount shall then be appropriated from the Capital Construction Fund to the Fitzsimons Trust Fund and from the Fitzsimons Trust Fund for the payments due to the lessor. This project is for the appropriation from the Capital Construction Fund to the Fitzsimons Trust Fund.					
Lease Purchase of Academic Facilities at Fitzsimons	7,114,756	0	0	7,114,756	0
Pursuant to H.B. 03-1256, when an amount is due to a lessor under a lease purchase agreement for Fitzsimons, the General Assembly shall appropriate from tobacco funds to the Capital Construction Fund the smallest of the amount due to the lessor, eight percent of tobacco revenues, or \$8.0 million. The amount shall then be appropriated from the Capital Construction Fund to the Fitzsimons Trust Fund and from the Fitzsimons Trust Fund for the payments due to the lessor. This project is for the appropriation from the Fitzsimons Trust Fund to make the payments due to the lessor.					
Colorado School of Mines					
Addition to Center for Teaching and Learning Media	5,077,735	5,077,735	0	0	0
Completes construction of the addition, includes \$241,000 for Green Center Roof repair, and locates academic computing and networking staff in facilities adjacent to the relocated equipment room.					
Wellness Center (202)	18,095,348	0	0	18,095,348	0

Project	Total	CCFE	CF	CFE	FF
Builds an 84,500 GSF athletic facility.					
University of Northern Colorado					
Central/West Campus, Water Main Improvements	885,606	885,606	0	0	0
Increases the size of the Central Campus piping and upgrades the West Campus water supply including valving.					
Infrastructure Renewal Project - Replace Buried Mains from Heating Plant to 19th Street Vault	6,040,153	6,040,153	0	0	0
Replace high-temperature hot water mains.					
Arapahoe Community College					
Telephone Switch Deterioration and Life Safety Equipment	285,000	254,100	0	30,900	0
Upgrades a deteriorated telephone switch and installs life safety equipment.					
Colorado Northwestern Community College					
Fire Detection and Protection System Upgrade	845,500	845,500	0	0	0
Installs a fire detection and response system in 18 buildings on the Rangely and Craig campuses.					
Rangely Campus, Southern Area Sewer Replacement and Repair	813,540	813,540	0	0	0
Install new sewer lines and manholes throughout the southern half of the campus.					
Front Range Community College					
Larimer Campus, Red Cloud Peak and Maroon Peak Buildings, Repair/Replace Rooftop HVAC Units	310,200	310,200	0	0	0
Repair and replace 30-year-old HVAC units.					
Morgan Community College					
Cottonwood Hall, Replace HVAC Units and Controls	647,737	647,737	0	0	0
Prepares design for replacing seven HVAC units that are 20+ years old, and pays for replacement of four HVAC units, all in the Cottonwood buildings.					
Northeastern Junior College					
Early Learners/Cosmetology Electrical/Mechanical/Fire Alarm System Upgrades	202,565	202,565	0	0	0
Replaces inadequate light fixtures and electrical panels, and installs a new fire alarm system.					
Otero Junior College					
Wheeler Hall and Life Science Building, HVAC Equipment Replacement	341,798	341,798	0	0	0
Provides for design work and replacement of all unit ventilators.					

Project	Total	CCFE	CF	CFE	FF
Pikes Peak Community College					
Telephone System	834,793	834,793	0	0	0
Replace the college's telephone system					
Pueblo Community College					
College Center Roof Replacement (202)	314,000	0	0	314,000	0
Replaces the roof for the student union.					
Parking Expansion - Valdez and GATC Area (202)	453,000	0	0	453,000	0
Two new parking areas will be installed at Valdez Field and behind the GATC building to create 260 new parking spaces: 51 parking spaces at GATC and 200 at Valdez, with an additional three spaces at GATC and six spaces at Valdez for designated users. Paving, curbing, sidewalks, security lighting, drainage, signage, stops, striping, and landscaping will be included.					
Repair/Replace Electrical Distribution Panels, HVAC, and Interior Doors	301,290	301,290	0	0	0
Upgrades the fire alarm and monitoring system in the Academic Building and upgrades panels and wiring in four other campus buildings.					
Red Rocks Community College					
Upper West Parking Lot Resurface (202)	566,071	0	0	566,071	0
Resurface the upper west parking lot and improve associated roads, walkways, parking areas, curbing, drainage, erosion control, parking lot control, fencing and recreation facilities.					
Trinidad State Junior College					
Replace/Upgrade Campus Boilers and Distribution System	725,000	725,000	0	0	0
Remove the 250- and 200-horse power boilers and install a new boiler with updated controls, replace buried piping and piping in the building chases.					
Colorado Community College System at Lowry					
Install Pedestrian Lighting	302,313	302,313	0	0	0
Finish building connections for new fire security monitoring system.					
Auraria Higher Education Center					
Replace Fire Security Monitoring Infrastructure System	478,921	478,921	0	0	0
Finish building connections for new fire security monitoring system.					
Parking Lots K and L Renovation	1,422,484	0	0	1,422,484	0
Replace asphalt, upgrade lighting and upgrade storm water detention.					
Colorado Historical Society					
Fort Vasquez Energy and Site Security Upgrade	150,877	150,877	0	0	0
Upgrades site security and improves lighting, replaces the roof, insulates walls, provides a vault for the propane tank, and upgrades the drinking water system.					

Project	Total	CCFE	CF	CFE	FF
Regional Museum Preservation Projects	562,000	0	0	562,000	0
The project will address a number of historic preservation issues at regional museums with money in the State Historical Fund.					
TOTAL - HIGHER EDUCATION	\$216,201,220	\$35,543,243	\$0	\$180,657,977	\$0

HUMAN SERVICES

Executive Director's Office

Grand Junction Regional Center, Replace Mechanical Equipment and Steam Lines	807,071	807,071	0	0	0
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Install new chiller, air handlers, ductwork, piping, controls, and required electrical and code upgrades.

Office of Direct Services

Colorado Mental Health Institute at Fort Logan, Repair Mechanical Equipment	225,563	225,563	0	0	0
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Replaces the boiler in Building #23.

Colorado Mental Health Institute at Fort Logan, Replace Panic/Duress and Fire Alarm Systems	749,900	749,900	0	0	0
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Completes the replacement of the system, including testing, installation of fire alarms in Building E, and installation of the central fire alarm reporting and monitoring panels.

Colorado Mental Health Institute at Pueblo, Critical Heat Plant Repairs	658,740	658,740	0	0	0
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Repairs the heat plant.

Colorado Mental Health Institute at Pueblo, Repair Automatic Transfer Switches and Electrical Panels	279,575	279,575	0	0	0
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Repairs 50-year-old transfer switches.

Division of Youth Corrections

Lookout Mountain, Repair/Replace Tunnel Structure	274,173	274,173	0	0	0
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Repairs tunnel structure including mitigating water infiltration, repairing steam leaks, and bringing chillers into code compliance.

Lookout Mountain, Replace Emergency Generator and Transfer Switch	342,589	342,589	0	0	0
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Replace the center's emergency generator and transfer switch.

Repair/Replace Security Panels, Fire Alarm and Mechanical Equipment	341,771	341,771	0	0	0
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Replaces door control panels at Grand Mesa.

TOTAL - HUMAN SERVICES	\$3,679,382	\$3,679,382	\$0	\$0	\$0
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JUDICIAL DEPARTMENT

Judicial Building, Judicial Heritage Complex, Replace Roof	262,200	262,200	0	0	0
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Replaces the 26-year-old roof.

Project	Total	CCFE	CF	CFE	FF
TOTAL - JUDICIAL DEPARTMENT	\$262,200	\$262,200	\$0	\$0	\$0
<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.					
TOTAL - LABOR & EMPLOYMENT	\$19,000,000	\$0	\$18,200,000	\$0	\$800,000
<u>MILITARY AFFAIRS</u>					
Joint Forces Headquarters, Window Wall Replacement	1,111,086	555,543	0	0	555,543
Replaces leaking window walls in building #268.					
Safety Standards Compliance, Various Locations	930,094	756,859	0	0	173,235
Modify existing construction to address unsafe conditions. This phase will address issues at the La Junta and Aurora armories.					
Colorado Springs Armory	900,000	0	0	900,000	0
Purchases a new armory site in Colorado Springs nearer to Fort Carson than the current site using moneys available in the Real Estate Proceeds Fund.					
Security Enhancements, Headquarters Complex	50,000	0	0	50,000	0
Supplements federal funds that were provided to reconfigure parking areas and add fencing and electronic gates at the Department's headquarters in order to upgrade security.					
TOTAL - MILITARY AFFAIRS	\$2,991,180	\$1,312,402	\$0	\$950,000	\$728,778
<u>NATURAL RESOURCES</u>					
Division of Parks and Outdoor Recreation					
Cheyenne Mountain State Park	3,618,000	0	0	3,043,000	575,000
The project is to develop the first state park in El Paso County, the Cheyenne Mountain State Park. The park will be open for limited day use in September 2005.					
Corps Cost Share Improvements Phase III	4,000,000	0	0	2,000,000	2,000,000
The project allows the division to make improvements to the Chatfield, Cherry Creek, and Trinidad State Parks. The project is a Corps of Engineers cost share project.					
Elkhead Reservoir	1,000,000	0	0	1,000,000	0
Rehabilitate existing facilities and construct new facilities at Elkhead Reservoir including upgrading and constructing campgrounds, roads, restrooms, parking areas, boat ramps and swim beaches.					
Front Range Trail	550,000	0	0	550,000	0
The project creates a continuous trail to link the Colorado Front Range's communities and landscapes with a multi-use trail from New Mexico to Wyoming. The Colorado Front Range Trail (CFRT) will link existing and planned trail systems with new trail corridors.					
Major Repairs, Minor Recreation Improvements	4,250,000	0	0	4,250,000	0
Provides various repairs, replacements, and improvements, such as picnic and campsite renovations, water, sewer and electrical system improvements, toilets, docks, and ramps.					

Project	Total	CCFE	CF	CFE	FF
Off-Highway Vehicle Program Grants and Minor New Construction and Renovation	1,410,000	0	1,300,000	0	110,000
Provides grants for project sponsors, which include local governments, federal agencies, and not-for-profit organizations.					
Park Improvements and Buffer Acquisitions	340,000	0	0	340,000	0
Acquire adjacent lands and in-fills to preserve the integrity of the parks, improve public access, address visitor safety and trespass issues, and to address boundary disputes, right-of-way problems, and easements.					
Reservoir Enhancements	1,573,000	0	0	0	1,573,000
The project allows the division to preserve and enhance reservoirs through various projects.					
Saint Vrain Corridor	5,052,000	0	0	5,052,000	0
The project allows the division to acquire land and water along the Saint Vrain River Corridor.					
State Trails Grant Program	1,685,000	0	0	500,000	1,185,000
Provides grant assistance for planning, design and construction of trails.					
Water Acquisitions/Lease Options and Dam Repairs	600,000	0	0	600,000	0
Provides lottery funds to 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
The project proposes 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
Increases the quality and quantity of habitats on private property and improves small game hunting opportunities.					
Dam Maintenance, Repair, and Improvement	136,500	0	0	136,500	0
This is an annual appropriation for ongoing maintenance, repair, and improvements to dams located on division-owned or leased property.					
Denver Headquarters Reroofing Project	399,000	0	0	399,000	0
Replace the entire main roof of the Division of Wildlife headquarters building in Denver.					
Employee Housing Repairs	290,850	0	0	290,850	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	1,231,125	0	0	1,231,125	0
The project is for emergency repairs and improvements at five fish hatcheries, including water diversion, structural repair, building repair, major hatchery equipment purchases, and pollution control.					
Small Maintenance and Improvement Projects	195,300	0	0	195,300	0
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	2,090,500	0	0	585,340	1,505,160

Project	Total	CCFE	CF	CFE	FF
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 Acquisition	3,500,000	0	0	3,500,000	0
The project allows the division to acquire fee title to property through a competitive bidding process. When the division identifies specific parcels to acquire, it provides a more detailed justification to the Capital Development Committee pursuant to Section 33-1-105 (3) (a), C.R.S.					
Property Maintenance, Improvement, and Development	587,200	0	0	484,272	102,928
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	845,250	0	0	845,250	0
Upgrades and renovates the Division of Wildlife's service centers.					
Stream and Lake Improvements	200,000	0	0	200,000	0
Funds habitat projects for selected streams and lakes such as replacing boulders in stream channels, seeding eroded banks, and fencing to keep livestock away.					
Wetlands Improvement Projects	800,000	0	0	800,000	0
Funds the Colorado Wetlands Initiative, a joint project with other private and government partners.					
TOTAL - NATURAL RESOURCES	\$35,503,725	\$0	\$1,300,000	\$26,752,637	\$7,451,088
<u>PERSONNEL</u>					
2002 Issue (Refunding of 1992 Issue)	2,013,028	2,013,028	0	0	0
Makes 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	1,784,190	980,948	0	803,242	0
Makes the annual payment for this building, which is occupied by the Department of Revenue.					
Emergency Controlled Maintenance	2,163,181	2,163,181	0	0	0
Provides a pool of funds for emergency controlled maintenance needs.					
Camp George West, Soil Remediation and Courtyard Drainage Improvements	248,315	248,315	0	0	0
Remediates soil contaminated by an underground petroleum storage tank and improves courtyard drainage at the Colorado State Patrol Training Academy					
Capitol Complex, Upgrade/Replace Domestic Water Pump Systems and Heat Exchangers	359,535	359,535	0	0	0
Upgrades and replaces heat exchangers.					
Replace Exterior Doors, State Office Building	416,500	416,500	0	0	0
Replaces seven deteriorated doors to address security and safety concerns and historical standards.					
Replace Microwave Site Rectifier/Chargers	125,000	125,000	0	0	0

Project	Total	CCFE	CF	CFE	FF
Replaces units critical to 24 hour operation of public safety microwave radio traffic in 25 sites.					
Life/Safety Upgrade for the State Capitol Building	4,635,533	135,533	0	4,500,000	0
Provides for lease and moving costs to temporarily relocate tenant and contents during the completion of various construction phases of the project.					
TOTAL - PERSONNEL	\$11,745,282	\$6,442,040	\$0	\$5,303,242	\$0
<u>PUBLIC HEALTH AND ENVIRONMENT</u>					
Contaminated Sites Redevelopment Pursuant to H.B. 00-1306	250,000	0	250,000	0	0
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.					
Natural Resources Damage Restoration	7,500,000	0	0	7,500,000	0
Restore or replace natural resources contaminated by hazardous substances at Cotter, Eagle, Globeville, Idarado, Shattuck, and Uravan.					
TOTAL - PUBLIC HEALTH & ENVIRONMENT	\$7,750,000	\$0	\$250,000	\$7,500,000	\$0
<u>REVENUE</u>					
Fort Collins Port-of-Entry Building Replacement	325,000	0	0	325,000	0
Replace the northbound building at the Fort Collins Port-of-Entry facility.					
Port-of-Entry Mobile Scale Replacement	270,000	0	0	270,000	0
Purchase five sets of semi-portable scales and 26 handheld scales.					
Titling and Registration System	659,786	0	0	659,786	0
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.					
TOTAL - REVENUE	\$1,254,786	\$0	\$0	\$1,254,786	\$0
TOTAL - CAPITAL CONSTRUCTION	\$303,393,119	\$51,803,611	\$19,750,000	\$222,859,642	\$8,979,866

Recent Legislation

2004 Session Bills

S.B. 04-40: Authorizes the Division of Wildlife to purchase three parcels of land commonly referred to as the Frisco Creek Wildlife Hospital and Rehabilitation Center, and to purchase water and mineral rights. Provides that the sales price shall not exceed \$1,200,000, paid with moneys previously allocated by the Great Outdoors Colorado Trust Fund (GOCO).

S.B. 04-97: Authorizes the Division of Wildlife to purchase a building in Colorado Springs without engaging in a competitive bid process. Appropriates \$1,600,000 cash funds exempt from the Wildlife Cash fund to the Department of Natural Resources, Division of Wildlife for FY 2004-05.

S.B. 04-220: Modifies the authority provided in S.B. 03-249 for the executive director of the Department of Personnel and Administration to enter into leveraged leasing agreements by: restricting leveraged leases to qualified technology assets; allowing the director to enter into an indemnity agreement with a private party in a leveraged leasing agreement; waiving the state's sovereign immunity in an action for injuries resulting from the operation and maintenance of an asset that is the subject of a leveraged leasing agreement; allowing expenditures from the risk management fund to pay liability claims and expenses incurred pursuant to the indemnity agreement; and, removing the requirement that the State Treasurer review leveraged leasing agreements.

S.B. 04-233: Authorizes the Department of Personnel and Administration, through a newly created Capitol Parking Authority, to finance the lease-purchase of a parking structure for the Capitol Complex. The structure is to be located on the southwest corner of 14th and Lincoln Streets in Denver and is limited to \$7.5 million, plus administrative and other closing costs and interest. The fiscal impact of the structure will begin in FY 2006-07 when payments are scheduled to begin. The authority is established for purposes of exempting the lease-purchase of the parking structure from requirements of Article X, Section 20 of the Colorado Constitution (TABOR). Eliminates the authority of the Department to demolish the Woodward House (1530 Sherman Street) and convert it to parking.

H.B. 04-1003: Increases the penalty for impersonating a peace officer to a class 6 felony. Makes the use or possession of red or blue lights that may be affixed to a vehicle a class 1 misdemeanor. Provides an affirmative defense to peace officers, persons specifically authorized by a chief of police or sheriff, a permitted volunteer firefighter, ambulance personnel, or a vendor of red and blue lights. Requires volunteer firefighters and ambulance attendants to obtain a permit prior to using special lights and alarm systems on their personal vehicles. Includes a five-year statutory appropriation pursuant to Section 2-2-703, C.R.S., for the following fiscal years:

- FY 2004-05: Appropriates \$152,800 from the Capital Construction Fund to the Corrections Expansion Reserve Fund;
- FY 2005-06: Appropriates \$61,200 General Fund to the Department of Corrections;
- FY 2006-07: Appropriates \$61,200 General Fund to the Department of Corrections;
- FY 2007-08: Appropriates \$61,200 General Fund to the Department of Corrections; and
- FY 2008-09: Appropriates \$61,200 General Fund to the Department of Corrections.

H.B. 04-1016: Adds wholesale promotion of obscenity to a minor and promotion of obscenity to a minor to the list of offenses requiring sex offender registration after conviction of the offense. Includes a five-year statutory appropriation pursuant to Section 2-2-703, C.R.S., for the following fiscal years:

- FY 2006-07: Appropriates \$69,467 from the Capital Construction Fund to the Corrections Expansion Reserve Fund; and
- FY 2007-08: Appropriates \$27,824 General Fund to the Department of Corrections.

H.B. 04-1021: Lowers the blood alcohol content level to 0.08 grams of alcohol per 100 milliliters of blood or per 210 liters of breath for the purposes of determining whether a person is driving under the influence of alcohol. Permits a county, city and county, or municipality to adopt an ordinance or resolution that authorizes "tastings" subject to certain limitations. Defines "tastings" to mean the sampling of malt, vinous, or spiritous

liquors on the premises of certain liquor licensees. Increases to \$1,000 the amount of malt, vinous, and spiritous liquors that a hotel and restaurant licensee may annually purchase from a retail liquor store. Authorizes a hotel or restaurant licensee to permit a customer to reseal and remove from the premises one opened container of partially consumed vinous liquor under certain circumstances.

For FY 2004-05, appropriates \$83,950 and 0.4 FTE from the Driver's License Administration Revocation Account in the Highway Users Tax Fund to the Department of Revenue, and appropriates \$8,377 General Fund and 0.2 FTE to the Judicial Department. Includes a five- year statutory appropriation pursuant to Section 2-2-703, C.R.S., for the following fiscal years:

- FY 2005-06: Appropriates \$76,414 from the Capital Construction Fund to the Corrections Expansion Reserve Fund;
- FY 2006-07: Appropriates \$90,307 from the Capital Construction Fund to the Corrections Expansion Reserve Fund and appropriates \$19,445 General Fund to the Department of Corrections;
- FY 2007-08: Appropriates \$13,893 from the Capital Construction Fund to the Corrections Expansion Reserve Fund and appropriates \$42,245 General Fund to the Department of Corrections; and
- FY 2008-09: Appropriates \$69,497 from the Capital Construction Fund to the Corrections Expansion Reserve Fund and appropriates \$45,960 General Fund to the Department of Corrections.

H.B. 04-1055: Changes the process for awarding matching grants from the School Construction and Renovation Fund to local school districts for capital construction projects. Grant payments are no longer subject to appropriation by the General Assembly.

H.B. 04-1222: Transfers approximately \$42.0 million from the designated cash flow reserve in the Controlled Maintenance Trust Fund to the General Fund. This equals the \$40 million that was transferred into the reserve in FY 2002-03 pursuant to S.B. 03-342, plus interest earned since the transfer.

H.B. 04-1267: Eliminates statutory General Fund transfers from the General Fund to the Controlled Maintenance Trust Fund in FY 2004-05 and FY 2005-06 of \$138.2 million each year.

H.B. 04-1338: Supplemental appropriation to modify capital construction appropriations from FY 2000-01 through FY 2003-04.

H.B. 04-1412: Repeals statutory transfers from the General Fund to the Capital Construction Fund in the amounts of \$101,846,045 for FY 2004-05, and \$100,658,200 for FY 2005-06. On July 1, 2004, transfers \$285,782 from the Capital Construction Fund to the General Fund. In addition, repeals transfers from the Capital Construction Fund to the Corrections Expansion Reserve Fund in the amounts of \$1,846,045 for FY 2004-05 and \$658,200 for FY 2005-06.

H.B. 04-1422: General appropriations act for FY 2004-05. Includes an appropriation of \$1.9 million from tobacco funds to the Capital Construction Fund for the lease purchase of academic buildings pursuant to H.B. 03-1256, contingent on a final court order allowing lease purchase agreements and a payment due to a lessor.

H.B. 04-1465: Changes the repeal date of the statutory authority for the Capital Development Committee from July 1, 2004 to July 1, 2009.

2005 Session Bills

S.B. 05-130: Supplemental appropriation to modify capital construction appropriations from FY 2000-01 through FY 2004-05.

S.B. 05-132: Specifies that a student who is eligible to receive a stipend may receive a stipend for graduate-level courses that apply toward the student's undergraduate degree. Requires the Colorado student loan program to reduce the amount of the stipend per credit hour for all students, subject to Joint Budget Committee approval, if moneys in the College Opportunity Fund in any fiscal year are not sufficient to pay the rate per credit hour established by the General Assembly. Effective July 1, 2006, allows an eligible student to receive a stipend payment for basic skills courses, courses taken under the "Postsecondary Enrollment Options Act", and high school fast-tracks courses. Correspondingly, repeals the ability of a governing board to receive fee-for-service contract payments for these courses. Allows the Colorado student loan program to charge a one-time fee to the State Board of Community Colleges and Occupational Education for the actual cost related to the computer system changes necessary to allow stipend payments for these courses.

Authorizes a governing board to approve and commence, without prior approval of the Colorado Commission on Higher Education (CCHE), capital construction projects that are constructed, operated, and maintained without state capital construction or General Fund moneys if the capital construction project costs less than \$1,000,000. Also, authorizes a governing board to approve and commence, without prior approval of the CCHE, capital construction projects that are not constructed with state moneys but may be operated and maintained with state moneys if the project costs less than \$500,000. For the 2004-05 fiscal year, changes the statutorily required reduction in state-funded administrative costs for the community college's system office (established by H.B. 04-1086) from 35 to 20 percent. Reduces the FY 2005-06 appropriation from indirect cost recoveries for the CCHE by \$8,553 and 0.3 FTE associated with the review of capital construction projects. The saved indirect cost recoveries are then used to offset the need for General Fund elsewhere in the budget (specifically the Division of Occupational Education).

S.B. 05-209: General appropriations act for FY 2005-06. Includes an appropriation of \$7.1 million from tobacco funds to the Capital Construction Fund for the lease purchase of academic buildings pursuant to H.B. 03-1256, contingent on a final court order allowing lease purchase agreements and a payment due to a lessor. Also includes supplemental adjustments to appropriations in prior years.

S.B. 05-210: Appropriates \$130,627,801 and transfers \$55,000,000 from the General Fund to the Controlled Maintenance Trust Fund in FY 2004-05. The appropriation is subject to the six percent statutory limit on annual growth of General Fund appropriations while the transfer is exempt from said limit. Transfers \$185,627,801 from the Controlled Maintenance Trust Fund to the General Fund on June 1, 2006.

H.B. 05-1194 (Referendum C): Refers a measure to the voters asking for permission to: spend all revenue collected for the next five years, thereby eliminating TABOR refunds during this period; reduce TABOR refunds after five years by establishing a new spending base equal to the maximum revenue collected during the initial five year period; allow the new spending base to increase annually by inflation and population; specify that revenue retained be used to fund health care, public education, transportation projects, and firefighter and police pension plans; and require an annual report that identifies the amount of additional revenue retained by the state and describes how it was spent.

H.B. 05-1330: Authorizes the Governor to sell a legal interest in one or more state facilities, if the revenue forecast by the Office of State Planning and Budgeting indicates that the General Fund reserve will drop below

two percent. Proceeds from the sale are deposited in the General Fund to maintain the reserve. The proceeds may not exceed the amount necessary to achieve a four percent reserve. The proceeds must be received before June 30, 2006. Any sale of a legal interest pursuant to this bill must include a provision for the state to lease back the facility under a lease purchase agreement of up to 30 years.

H.B. 05-1333 and H.J.R. 05-1057 (Referendum D): Refers a measure to the voters for permission to borrow up to \$2.1 billion with a maximum repayment cost of \$3.2 billion, including interest, for transportation projects, construction and maintenance projects for public education, and local fire and police pension obligations. The measure can only take effect if voters also approve Referendum C. Increases the revenue that Referendum C allows the state to keep beginning in budget year 2010-11 by up to \$100 million per year.

H.B. 05-1341: Authorizes state departments and institutions of higher education to enter into lease agreements for up to 30 years for rental of an approved building project subject to approval by the Office of State Planning and Budgeting, the Colorado Commission on Higher Education, the Capital Development Committee, and the Joint Budget Committee.

H.B. 05-1349: Requires a transfer of \$3.1 million in FY 2005-06 from the interest earnings on the Controlled Maintenance Trust Fund to the General Fund for the purpose of increasing safety net provider payments for private hospitals under the Colorado Indigent Care Program. The bill therefore, increases funding for the Safety Net Provider Payment line item by \$6.2 million. Of this amount, \$3.1 million is from the General Fund and \$3.1 million is federal funds.

H.B. 05-1350: If Referendum C passes, allocates a portion of the additional revenue for health care, pre-school through 12th grade education, and higher education. If Referendum D also passes, allocates a portion of the revenue for bond payments.

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.

Capital Construction Funds Exempt: Appropriations of General Fund dollars that are transferred to the Capital Construction Fund per Section 24-75-302, C.R.S. These appropriations are exempt from the six percent General Fund statutory appropriations limit.

Cash Funds: Separate funds set up to receive earmarked revenues, such as fees and fines. These funds typically 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 gifts, grants, donations, or 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. These funds are reflected as cash funds exempt in the recipient 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: Policies adopted by the General Assembly that are applicable to all departments, unless specifically exempted. Examples of common policies are the rates paid by agencies to the Department of Personnel for vehicle leases, capitol complex leased space, and information technology services. These rates are used to calculate appropriations for those line items for all departments, unless exempted.

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 programs requiring a state match 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 common policy 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 2003-04 are applied to the total costs of the Division of Administrative Hearings to produce each agency's FY 2005-06 appropriation. An amount of cash funds exempt spending authority that matches total agency appropriations is included for the Department of Personnel and Administration, Office of Administrative Courts. General Fund supports \$695,000 of the \$3.9 million in overhead for the Office of Administrative Courts.

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 \$10.68 per square foot for the Capitol Complex, \$3.75 per square foot for the North Campus, \$5.36 per square foot for the Pierce Street Building, \$6.21 per square foot for the Grand Junction State Office Building, and \$1.03 per square foot for Camp George West. These state facilities are administered by the Department of Personnel and Administration, Division of Central Services. Tenants of Camp George West are also appropriated funds in the capitol complex leased space line item for utility payments that are not included in that campus' square footage rate. The funds appropriated for capitol complex leased space may not be used for leased space outside of these facilities. A matching amount of transfer spending authority, \$9.7 million in FY 2005-06, is appropriated to the Department of Personnel and Administration to pay all costs associated with maintenance and upkeep for 755,441 square feet of space in the Capitol Complex, 42,871 square feet in the North Campus, 116,448 square feet for the Pierce Street Building, 34,499 in the Grand Junction State Office Building, and 285,755 square feet at Camp George West, located in Golden.

Communications Services Payments

During the 2003 Session, the Joint Budget Committee sponsored S.B. 03-178 to lift the restrictions on the revenue the Department of Personnel and Administration can collect regarding the telecommunications fund. This line item represents a department's share of the overhead related to the public safety communications infrastructure. For FY 2005-06, billings are sufficient to fund personal services, operating expenses, and indirect costs for the Communications Services program in the Division of Information Technology. This amounts to \$4.0 million, including \$1.8 million General Fund.

Community Provider Rates

For FY 2005-06, provider rates will increase 2.0 percent. Programs affected by this policy include those in the Department of Corrections, the Department of Health Care Policy and Financing, the Department of Human Services, and the Department of Public Safety. FY 2005-06 marks the first year since FY 2001-02 that provider rates are increasing. More detail on programs affected by this policy is located in the sections for the specific departments.

Health, Life, and Dental

For FY 2005-06, the total statewide cost of health, life, and dental (HLD) benefits for all employees (except Higher Education faculty and administration) is expected to be \$62.3 million, including approximately \$31.1 million General Fund. The state contribution rate for employee benefits is \$209.78 per month for single employees, \$346.79 per month for an employee and one or more children, \$357.02 per month for an employee and spouse, and \$488.07 per month for an employee and family. 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 16,000 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 for which no specific fee is charged for the 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 2005-06, the statewide indirect cost recovery plan is estimated to recover \$13.9 million, which is approximately \$1.1 million less than was recovered in FY 2004-05 from cash and federally-funded sources.

Lease Purchase

The appropriation is for continuation of existing lease purchase agreements, except for the Lease Purchase for Academic Facilities at Fitzsimons that will increase by \$7.1 million (the source is tobacco funds and the appropriation is located in the Capital Construction section of the Long Bill). Requests for additional lease purchase funds are examined on an individual basis and funded where appropriate. No funds may be expended for lease purchase except those specifically appropriated for that purpose.

Leased Space

This line item appears in each department's executive director's office, with some exceptions. 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 2005-06, agencies will pay a blended rate of \$64.45 per hour for the 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 303,913 hours of statewide legal services; this equates to \$19.3 million in FY 2005-06.

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; 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. 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. In FY 2005-06, billings to state agencies will recover \$8.1 million costs for supporting multiuse network payments.

Operating Expenses

For FY 2005-06, the appropriated amounts for operating expenses are funded at continuation levels, with the exception of base reductions, which may have occurred in various lines, and certain inflationary factors. Traditionally, inflationary factors have been applied to operating expenses related to food, medical, and laboratory services in departments in which these costs are not incidental. Appropriations for operating expenses in FY 2005-06 include common inflationary factors for these expenditures (2.9 percent for food and 2.5 percent for medical). 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 and Administration 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 2005-06, the risk management and property program will cost \$17.8 million.

Personal Services

In FY 2005-06, the General Assembly adopted a common policy for calculating personal services costs that decreased all line items by 0.2 percent of the previous year's base. 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. This policy will save the state approximately \$1.4 million in General Fund for FY 2005-06 budget for personal services.

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. For FY 2005-06, 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 13.66 percent of base salary, respectively. In general, state employees also contribute 8.0 percent of base salary to this defined benefit plan.

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 2005-06 represents the actual usage, in terms of percentages, of the state's departments in FY 2003-04. 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 2005-06 are approximately \$11.7 million statewide.

S.B. 04-257 Amortization Equalization Disbursement

Pursuant to S.B. 04-257, the State must contribute additional funds to assist in the amortization of the Public Employees' Retirement Association's (PERA) unfunded liability. The current amortization period is infinite. Beginning on January 1, 2006, the State will provide an additional 0.5 percent of base salaries to the PERA trust fund. This line item is created to provide the additional funds.

Salary Survey and Senior Executive Service

The "2005 Total Compensation Survey" published on August 1, 2004, submitted by the State Personnel Director pursuant to Section 24-50-104, C.R.S., and updated on January 17, 2005, called for an average salary increase of 2.15 percent with variations between 1.5 percent and 5.2 percent, depending on job classification. This survey used 19 third-party surveys to measure prevailing wages and adjust compensation for the ten occupational groups in the state's classified employee system.

These percentages will be applied to salary ranges of the various occupational groups; however, they will not be applied to the actual salary of an employee. Rather, employees will be eligible for a 3.0 percent salary increase if they score a 2, 3, or 4 on their performance evaluations. Additionally, any salaries of individuals falling below the adjusted minimum will receive enough of an increase to reach that minimum. The total cost

of salary survey increases for all classified and exempt state employees, excluding those in the Department of Higher Education, is approximately \$37.0 million, including approximately \$21.8 million General Fund.

Shift Differential

Shift differential payments provide higher wages for evening, night and weekend shifts. In FY 2005-06, shift differential payments for all state employees total approximately \$8.1 million including approximately \$6.4 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 0.147 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 2005-06 is dependant on specific circumstances regarding utilities in each department.

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 2005-06, the Joint Budget Committee approved the replacement of approximately 800 vehicles and the acquisition of 29 additional vehicles across all departments. Statewide vehicle variable costs (including fuel, maintenance, and insurance) are estimated to be \$14.5 million in FY 2005-06 to maintain approximately 4,600 vehicles yielding an average cost of \$3,161 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 2005-06, the General Assembly appropriated \$31.4 million for worker's compensation. Note that these figures include the Department of Higher Education that have not exempted themselves from this program under the provisions of H.B. 04-1009.

**C. 2005 SESSION SUPPLEMENTAL ADJUSTMENTS TO FY 2000-01, FY 2002-03,
AND FY 2003-04 APPROPRIATIONS**

DEPARTMENT / DIVISION	TOTAL	GENERAL FUND*	CASH FUNDS	CASH FUNDS EXEMPT	FEDERAL FUNDS	FTE
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OPERATING BUDGET

Adjustments to FY 2003-04 Appropriations:

DEPARTMENT OF CORRECTIONS:

S.B. 05-109:

Management	(\$828,793)	(\$828,793)	\$0	\$0	\$0	0.0
Community Corrections	107,844	107,844	0	0	0	0.0
Subtotal - S.B. 05-109	(720,949)	(720,949)	0	0	0	0.0

TOTAL - Corrections	(\$720,949)	(\$720,949)	\$0	\$0	\$0	0.0
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GOVERNOR - LIEUTENANT GOVERNOR - OFFICE OF STATE PLANNING AND BUDGETING:

S.B. 05-111:

Office of Innovation and Technology	\$61,590	\$0	\$0	\$61,590	\$0	0.0
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TOTAL - Governor	\$61,590	\$0	\$0	\$61,590	\$0	0.0
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DEPARTMENT OF HEALTH CARE POLICY AND FINANCING:

S.B. 05-112:

Executive Director's Office	\$55,060	\$55,060	\$0	\$0	\$0	0.0
Medical Services Premiums	8,437,980	8,437,980	0	0	0	0.0
Department of Human Services Medicaid-funded Programs	(37,391)	(18,696)	0	0	(18,695)	0.0
Subtotal - S.B. 05-112	\$8,455,649	\$8,474,344	\$0	\$0	(\$18,695)	0.0

DEPARTMENT / DIVISION	TOTAL	GENERAL FUND*	CASH FUNDS	CASH FUNDS EXEMPT	FEDERAL FUNDS	FTE
S.B. 05-209:						
Medicaid Mental Health Community Programs	\$669,075	\$669,075	\$0	\$0	\$0	0.0
TOTAL - Health Care Policy	\$9,124,724	\$9,143,419	\$0	\$0	(\$18,695)	0.0

DEPARTMENT OF HUMAN SERVICES:

S.B.05-209:

Executive Director's Office	(\$355,982)	(\$298,811)	\$0	(\$57,171)	\$0	0.0
Office of Information Technology Services	(36,371)	(36,371)	0	0	0	0.0
Office of Operations	(74,850)	(74,850)	0	0	0	0.0
Division of Child Welfare	1,044,829	970,033	0	0	74,796	0.0
Division of Child Care	(25,000)	(25,000)	0	0	0	0.0
Office of Self Sufficiency	(60,000)	(60,000)	0	0	0	0.0
Services for People with Disabilities	(10,000)	(10,000)	0	0	0	0.0
Division of Youth Corrections	(436,415)	(436,415)	0	0	0	0.0
Subtotal - S.B. 05-209	\$46,211	\$28,586	\$0	(\$57,171)	\$74,796	0.0
TOTAL - Human Services	\$46,211	\$28,586	\$0	(\$57,171)	\$74,796	0.0

DEPARTMENT OF NATURAL RESOURCES:

S.B. 05-121:

Oil and Gas Conservation Commission	\$50,000	\$0	\$0	\$50,000	\$0	0.0
TOTAL - Natural Resources	\$50,000	\$0	\$0	\$50,000	\$0	0.0

DEPARTMENT / DIVISION	TOTAL	GENERAL FUND*	CASH FUNDS	CASH FUNDS EXEMPT	FEDERAL FUNDS	FTE
DEPARTMENT OF PERSONNEL AND ADMINISTRATION :						
S.B. 05-122:						
Central Services	\$959,591	\$0	\$0	\$959,591	\$0	0.0
TOTAL - Personnel	\$959,591	\$0	\$0	\$959,591	\$0	0.0
DEPARTMENT OF STATE:						
S.B. 05-127:						
Information Technology Services	\$500,000	\$0	\$500,000	\$0	\$0	0.0
TOTAL - State	\$500,000	\$0	\$500,000	\$0	\$0	0.0
TOTAL - OPERATING BUDGET FY 2003-04	\$10,021,167	\$8,451,056	\$500,000	\$1,014,010	\$56,101	0.0

DEPARTMENT / DIVISION	TOTAL	GENERAL FUND*	CASH FUNDS	CASH FUNDS EXEMPT	FEDERAL FUNDS	FTE
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CAPITAL CONSTRUCTION

Adjustments to FY 2000-01 Appropriations:

S.B. 05-130:

Higher Education	(\$104,185)	(\$104,185)	\$0	\$0	\$0	0.0
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S.B. 05-209:

Higher Education	(\$353,865)	(\$353,865)	\$0	\$0	\$0	0.0
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TOTAL - CAPITAL CONSTRUCTION - FY 2000-01	(\$458,050)	(\$458,050)	\$0	\$0	\$0	0.0
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Adjustments to FY 2002-03 Appropriations:

S.B. 05-130:

Higher Education	\$190,000	\$0	\$0	\$0	\$190,000	0.0
Revenue	365,000	0	0	365,000	0	0.0
Subtotal - S.B. 05-130	\$555,000	\$0	\$0	\$365,000	\$190,000	0.0

TOTAL - CAPITAL CONSTRUCTION - FY 2002-03	\$555,000	\$0	\$0	\$365,000	\$190,000	0.0
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Adjustments to FY 2003-04 Appropriations:

S.B. 05-130:

Corrections	(\$500,001)	\$0	\$0	(\$500,001)	\$0	0.0
Health Care Policy and Financing	842,075	27,311	0	270	814,494	0.0
Higher Education	(896,025)	0	0	(896,025)	0	0.0
Human Services	789,868	(32,720)	50,431	842,075	(69,918)	0.0
Subtotal - S.B. 05-130	\$235,917	(\$5,409)	\$50,431	(\$553,681)	\$744,576	0.0

TOTAL - CAPITAL CONSTRUCTION - FY 2003-04	\$235,917	(\$5,409)	\$50,431	(\$553,681)	\$744,576	0.0
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*The General Fund column for the Capital Construction section reflects appropriations from the Capital Construction Fund.

D. SUMMARY OF STATE EDUCATION FUND APPROPRIATIONS

In November 2000, 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. State Education Fund revenues are not subject to the constitutional 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 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.

Table 1, which begins on the following page, provides a summary of appropriations from the State Education Fund for FY 2001-02 through FY 2005-06. To date, \$1.3 billion has been appropriated from the State Education Fund for public school finance, representing 86.9 percent of all appropriations from the Fund. Appropriations for categorical programs (\$92.4 million to date) and capital construction programs (\$63.3 million to date) comprise another 10.6 percent of Fund appropriations. Annual State Education Fund appropriations increased significantly in FY 2002-03, when the General Assembly increased State Education Fund appropriations by \$122.7 million mid-year to: (a) fund a higher than anticipated student enrollment and a higher than anticipated increase in the proportion of at-risk students; (b) offset lower than anticipated local property tax revenues; and (c) offset a \$90.2 million reduction in General Fund appropriations required due to a two-year decline in General Fund revenues. Appropriations from the Fund remained fairly consistent in FY 2003-04 and FY 2004-05.

Appropriations from the Fund for FY 2005-06, however, are \$73.5 million lower than in FY 2004-05. This reduction will reverse the decline in the State Education Fund balance. As detailed in Table 2, which provides a comparison of annual State Education Fund revenues to annual expenditures, expenditures from the Fund have exceeded annual Fund revenues for the last three fiscal years. If the Fund balance continues to decline, significant "spikes" in General Fund appropriations will be required in future fiscal years to comply with constitutional funding requirements. [This issue is discussed in more detail in the Department of Education, Public School Finance section of this report.]

TABLE 1

History of Appropriations from the State Education Fund

Description	FY 01-02	FY 02-03	FY 03-04	FY 04-05	FY 05-06	Cumulative
Public School Finance, State Share of Districts' Total Program Funding:						
Partial funding for required inflationary increases, and funding changes associated with statutory changes (e.g., adding Colorado Preschool Program or full-day kindergarten slots, changes to the at-risk factor, increases in minimum per pupil funding, etc.)	\$70,507,812	\$174,204,086	\$305,711,812	\$308,438,356	\$237,849,107	
Mid-year appropriation adjustments	<u>31,086,493</u>	<u>122,727,527</u>	<u>10,742,837</u>	<u>5,000,000</u>	n/a	
Subtotal: School Finance	101,594,305	296,931,613	316,454,649	313,438,356	237,849,107	1,266,268,030
<i>Percent of Total Appropriations</i>	65.8%	89.8%	90.0%	90.3%	86.9%	86.9%
Annual Required Increases for Categorical Programs (and continued funding of prior year increases)	7,207,141	15,715,680	20,291,334	23,700,826	25,524,255	92,439,236
<i>Percent of Total Appropriations</i>	4.7%	4.8%	5.8%	6.8%	9.3%	6.3%
School Capital Construction:						
Charter school capital construction	6,471,052	7,813,943	5,000,000	5,000,000	5,000,000	
School Capital Construction Expenditures Reserve	6,471,052	6,500,060	5,000,000	2,500,000	5,000,000	
School Construction and Renovation Fund	0	0	5,000,000	2,500,000	0	
Charter School Debt Reserve Fund	n/a	<u>1,000,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	
Subtotal: Capital Construction	12,942,104	15,314,003	15,000,000	10,000,000	10,000,000	63,256,107
<i>Percent of Total Appropriations</i>	8.4%	4.6%	4.3%	2.9%	3.7%	4.3%

TABLE 1

History of Appropriations from the State Education Fund

Description	FY 01-02	FY 02-03	FY 03-04	FY 04-05	FY 05-06	Cumulative
Various Grant Programs:						
Teacher Pay Incentive Program	12,630,000	0	0	0	0	
School Improvement Grant Program	2,675,000	2,675,000	0	0	0	
Science and Technology Education Center Grant Program	1,400,000	0	0	0	0	
Summer School Grant Program	945,800	0	0	0	0	
National Credential Fee Assistance	n/a	60,000	0	0	83,000	
Colorado History Day	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>	<u>10,000</u>	<u>10,000</u>	
Subtotal: Various Grant Programs	17,650,800	2,735,000	0	10,000	93,000	20,488,800
<i>Percent of Total Appropriations</i>	<i>11.4%</i>	<i>0.8%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>1.4%</i>
Funding for New Textbooks	14,144,066	0	0	0	0	14,144,066
<i>Percent of Total Appropriations</i>	<i>9.2%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>1.0%</i>
State Model Content Standards/ Student Assessments / State Accountability Reports:						
Annual review and update of non-English assessments	411,953	0	0	0	0	
Longitudinal analyses of assessment results	388,000	0	0	0	0	
Civic education	n/a	n/a	n/a	n/a	200,000	
Modifications to accountability reports and data system	75,000	0	0	0	0	
Study concerning non-English assessments	50,000	0	0	0	0	

TABLE 1						
History of Appropriations from the State Education Fund						
Description	FY 01-02	FY 02-03	FY 03-04	FY 04-05	FY 05-06	Cumulative
Study concerning administration of ACT Financial literacy resource bank and technical assistance	50,000	0	0	0	0	
	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>	<u>39,114</u>	<u>39,114</u>	
Subtotal: Standards/ CSAPs / SARs	974,953	0	0	39,114	239,114	1,253,181
<i>Percent of Total Appropriations</i>	<i>0.6%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.1%</i>	<i>0.1%</i>
TOTAL	\$154,513,369	\$330,696,296	\$351,745,983	\$347,188,296	\$273,705,476	\$1,457,849,420

TABLE 2						
Comparison of State Education Fund Revenues and Expenditures/Appropriations (\$ millions)						
Description	FY 00-01	FY 01-02	FY 02-03	FY 03-04	FY 04-05	FY 05-06
Beginning Fund Balance	\$0.0	\$166.2	\$298.5	\$202.4	\$144.1	\$120.6
Actual/Projected* Revenues	166.2	286.4	235.9	293.4	323.7	330.4
Actual Expenditures/ Appropriations**	<u>0.0</u>	<u>(154.1)</u>	<u>(331.9)</u>	<u>(351.7)</u>	<u>(347.2)</u>	<u>(273.7)</u>
Ending Fund Balance	\$166.2	\$298.5	\$202.4	\$144.1	\$120.6	\$177.3

*Projected State Education Fund revenues for FY 2004-05 and FY 2005-06 are based on the amount of General Fund revenues anticipated to be directed to the Fund in the March 2005 Legislative Council Staff forecast, as well as projections of interest earnings based on the State Education Fund model utilized by Legislative Council and Joint Budget Committee staff.

** Actual expenditures are reflected for FY 2000-01 through FY 2003-04; appropriations are reflected for FY 2004-05 and FY 2005-06.

E. 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 \$753.6 million during FY 2003-04. 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 are limited to the Department of Public Safety for the Colorado State Patrol, the Department of Revenue for ports-of-entry, and related capital projects. As modified by S.B. 03-267, appropriations are also allowed for motor vehicle programs in the Department of Revenue. With H.B. 05-1196 becoming law, the sunset of S.B. 03-267 was extended to July 1, 2006, and an "off-the-top" appropriation was made to the Motor Vehicles Division in the Department of Revenue for FY 2005-06. Table E shows the "off-the-top" appropriations from the Highway Users Tax Fund (HUTF), that are limited to six percent annual growth.

Table E	
Statutory HUTF Off-the-Top Appropriations Limit	
Section 43-4-201, C.R.S.	
FY 2004-05 HUTF Off-the-Top Appropriations Base	\$89,837,909
x Allowable growth of 6%	<u>1.06</u>
FY 2005-06 HUTF Off-the-Top Appropriations Limit	\$95,228,184
FY 2005-06 HUTF Off-the-Top Appropriations:	
S.B. 05-209 Department of Public Safety, Operating Appropriation	\$77,048,012
S..B. 05-209 Department of Revenue, Operating Appropriation	9,127,943
Amount exempt pursuant to H.B. 98-1333 (Fuel Tracking System)	(491,146)
S..B. 05-209 Capital Construction Projects (Ports of Entry, Department of Revenue)	595,000
H.B. 05-1196 (Extends S.B. 03-267 - Offset General Fund Motor Vehicles Division)	<u>8,948,375</u>
Total FY 2004-05 HUTF Off-the-Top Appropriations	\$95,228,184
Over / (Under) FY 2005-06 HUTF Off-the-Top Appropriations Limit	\$0

F. SUMMARY OF APPROPRIATIONS RELATED TO IMPLEMENTING AMENDMENT 35

In November 2004, a majority of Colorado voters approved Amendment 35, which added Section 21 to Article X of the Colorado Constitution. Amendment 35 has the following provisions:

- increases the tax on a pack of cigarettes from 20 cents to 84 cents;
- increases the tax on tobacco products other than cigarettes from 20 percent to 40 percent of the price;
- specifies that the new tax revenue is to be used for health care services and tobacco education and cessation programs;
- requires the General Assembly to maintain current funding levels for existing health-related programs and to use the new revenue only to expand these programs;
- excludes the new tax revenue from state revenue and spending limits and local government revenue limits; and
- allows the General Assembly, by a two-thirds vote, to declare a state fiscal emergency and to use all of the new revenue for any health-related purpose for up to one budget year.

During the 2005 Legislative Session, the General Assembly passed four bills to implement provisions of Amendment 35: H.B. 05-1086, H.B. 05-1261, H.B. 05-1262, and S.B. 05-209. This appendix has been added to explain the provisions and appropriations contained within these four bills.

- Table 1: Shows the allocation of the new cigarette and tobacco revenue based on the March 2005 forecast. The March 2005 forecast was used to set all of the appropriations in contained in the different bills.
- Table 2a: Shows the FY 2004-05 and FY 2005-06 fund balance for the Health Care Expansion Fund. Detailed appropriations for this fund are contained in H.B. 05-1086, S.B. 05-209, and H.B. 05-1262.
- Table 2b: Shows the FY 2004-05 and FY 2005-06 fund balance for the Primary Care Fund and appropriations from this fund contained in H.B. 05-1262.
- Table 2c: Shows the FY 2004-05 and FY 2005-06 fund balance for the Tobacco Education Programs Fund and appropriations from this fund contained in H.B. 05-1261 and H.B. 05-1262.
- Table 2d: Shows the FY 2004-05 and FY 2005-06 fund balance for the Prevention, Early Detection, and Treatment Fund and appropriations from this fund contained in H.B. 05-1262.
- Table 2e: Shows the FY 2004-05 and FY 2005-06 appropriations from the Tobacco Tax Cash Fund contained in H.B. 05-1262.
- Table 3: Shows the impact on the Medicaid and the Children's Basic Health Plan caseload from expanding eligibility pursuant to H.B. 05-1262.

**Table 1:
Allocation of New Cigarette and Tobacco Revenue
(Legislative Council Staff -- March 2005 Revenue Forecast)**

Fiscal Year (in Millions)	Health Care Expansion (46.0%)	Comprehensive Primary Care (19.0%)	Tobacco Education Programs (16.0%)	Cancer, Cardiovascular and Pulmonary Programs (16.0%)	General Fund, Old Age Pension, Local Governments (3.0%)	Total
2004-05	\$28.9	\$12.0	\$10.1	\$10.1	\$1.9	\$63.0
2005-06	\$77.8	\$32.1	\$27.1	\$27.1	\$5.1	\$169.2
2006-07	\$77.1	\$31.8	\$26.8	\$26.8	\$5.0	\$167.5
2007-08	\$76.3	\$31.5	\$26.5	\$26.5	\$5.0	\$165.8
2008-09	\$75.5	\$31.2	\$26.3	\$26.3	\$4.9	\$164.2
2009-10	\$74.1	\$30.6	\$25.8	\$25.8	\$4.8	\$161.1

Table 2a: Health Care Expansion Fund (appropriations contained in H.B. 05-1086, Long Bill (S.B. 05-209), and H.B. 05-1262)		
	FY 2004-05	FY 2005-06
Beginning Balance	\$0	\$26,272,276
Revenues	\$28,934,000	\$77,832,000
<i>Subtract the Appropriations</i> from the Health Care Expansion Fund for following programs:		
Fund Medicaid Services for Legal Immigrants ¹	(\$2,638,343)	(\$6,216,752)
Remove the Medicaid Asset Test	0	(18,447,517)
Increase CBHP for Children and Pregnant Women to 200% FPL	0	(3,049,490)
Increase Outreach for CBHP/Medicaid	0	(1,101,339)
Pay for Enrollment Increase in CBHP above the FY 2003-04 Enrollment	0	(4,874,843)
Eliminate the waiting lists for HCBS and CES Waivers	0	(6,527,418)
Presumptive Eligibility	0	(3,803,176)
Administrative and System Changes	(23,381)	(557,556)
Add parents of eligible children up to 60% of FPL ²	<u>0</u>	<u>(251,652)</u>
Total Appropriations	(\$2,661,724)	(\$44,829,743)
Unused Fund Balance (Amount in the Reserve)	\$26,272,276	\$59,274,533

/1 The appropriation for Legal Immigrants is contained in H.B. 05-1086 and S.B. 05-209. All other appropriations in the table are contained in H.B. 05-1262.

/2 The final version of the bill delayed implementing the increase in eligibility for parents until FY 2006-07. However, because of a technical error with the appropriation clause in H.B. 05-1262, funding for mental health services for this population remains in the bill.

Table 2b: Primary Care Fund (appropriations contained in H.B. 05-1262)		
	FY 2004-05	FY 2005-06
Balance Forward	\$0	\$11,951,000
Revenues	11,951,000	32,148,000
Expenditures/Appropriation	<u>0</u>	<u>(44,099,000)</u>
Remaining Balance	\$11,951,000	\$0

Table 2c: Tobacco Education Programs Fund (appropriations contained in H.B. 05-1261 and H.B. 05-1262)		
	FY 2004-05	FY 2005-06
Balance Forward	\$0	\$8,711,500
Revenues	10,064,000	27,072,000
Appropriation H.B. 05-1261	(1,352,500)	(4,438,893)
Appropriation H.B. 05-1262 Department of Revenue	0	(335,334)
Appropriation H.B. 05-1262 Department of Public Health and Environment	<u>0</u>	<u>(31,009,273)</u>
Remaining Balance	\$8,711,500	\$0

**Table 2d: Prevention, Early Detection, and Treatment Fund
(appropriations contained in H.B. 05-1262)**

	FY 2004-05	FY 2005-06
Balance Forward	\$0	\$10,064,000
Revenues	10,064,000	27,072,000
Allocations made by the Department of Public Health and Environment for the following programs:		
Breast and Cervical Cancer Screenings*	0	(4,089,694)
Breast and Cervical Cancer Treatment (transferred to HCPF)	0	(910,306)
Health Disparities Grant Program	0	(5,570,400)
Medicaid Disease Management Programs	0	(2,000,000)
Cancer, Cardiovascular Disease, and Chronic Pulmonary Disease Prevention, Early Detection, and Treatment Program	<u>0</u>	<u>(24,565,600)</u>
Remaining Balance	\$10,064,000	\$0

**Table 2e: Allocations from Tobacco Tax Cash Fund to the General Fund, Supplemental Old Age Pension Medical Fund, and to County and Municipal Governments
(appropriations contained in H.B. 05-1262)**

	FY 2004-05	FY 2005-06
State General Fund*	\$377,400	\$1,015,200
Supplemental Old Age Pension Health and Medical Care Fund	943,500	2,538,000
Amount to Counties and Cities	<u>566,100</u>	<u>1,522,800</u>
TOTAL	\$1,887,000	\$5,076,000

Table 3: Medicaid and Children Basic Health Plan Caseload Increases contained in H.B. 05-1262

H.B. 05-1262 Eligibility Expansion Populations ¹	SSI Disabled	Categorical Eligible Adults	Breast and Cervical Cancer Treatment	Children	Total New Medicaid Caseload	CBHP Children Caseload	CBHP Prenatal Member Months	CBHP Births	Total New CBHP Caseload
Remove Medicaid Asset Test	0	3,440	0	14,332	17,772	(15,063)	0	0	(15,063)
Increased Marketing for Children's Basic Health Plan	0	0	0	803	803	3,516	0	0	3,516
Increase Children's Basic Health Plan Eligibility to 200% of the federal poverty level	0	0	0	0	0	4,246	3,684	430	8,360
Eliminate Waiting List for the Children's Extensive Support Program and the Children's Home- and Community-Based Service Waiver Program	527	0	0	0	527	0	0	0	0
Increase eligibility for Breast and Cervical Cancer Treatment program to patients up to 250% of the federal poverty level	<u>0</u>	<u>0</u>	<u>91</u>	<u>0</u>	<u>91</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Caseload Added by H.B. 05-1262	527	3,440	91	15,135	19,193	(7,301)	3,684	430	(3,187)

INDEX OF APPROPRIATIONS, BY SUBJECT

<u>DIVISION / UNIT / PROGRAM</u>	<u>DEPARTMENT</u>	<u>PAGE</u>
Accountancy, Board of	Regulatory Agencies	382
Acupuncturist Licensure	Regulatory Agencies	382
Administrative Hearings	Personnel and Administration	319
Administrative Review Unit	Human Services	156
Adult Assistance Programs	Human Services	156
Adult Foster Care	Health Care Policy and Financing	95
Advisory Commission on Family Medicine	Higher Education	127
Aeronautics, Division of	Transportation	430
Agricultural Markets Division	Agriculture	23
Agricultural Services Division	Agriculture	23
Aid to the Needy Disabled (AND)	Human Services	156
Air National Guard	Military and Veterans Affairs	281
Air Quality Control Division	Public Health and Environment	339
Alcohol and Drug Abuse Division (ADAD)	Human Services	156
Alternate Defense Counsel	Judicial	214
Architects, Board of Examiners of	Regulatory Agencies	382
Army National Guard	Military and Veterans Affairs	281
Assistance to Public Schools	Education	59
Audiologists and Hearing Aid Dealers Licensure	Regulatory Agencies	382
Auraria Higher Education Center	Higher Education	127
Banking, Division of	Regulatory Agencies	382
Barbers and Cosmetologists, Board of	Regulatory Agencies	382
Bingo/Raffle Regulation	State	421
Brand Board	Agriculture	23
Canteen Operation	Corrections	35
Capital Construction Projects	Capital Construction	450
Capital Construction Funding for Public Schools	Education	59
Capital Crimes Prosecution Unit	Law	247
Cash and Document Processing Division	Revenue	400
Categorical Programs	Education	59
Center for Health and Environmental Information	Public Health and Environment	339
Central Services	Personnel and Administration	319
Charitable Solicitations	State	421
Child Care Assistance Program	Human Services	156
Child Care, Division of	Human Services	156
Child Care Licensing	Human Services	156

INDEX OF APPROPRIATIONS, BY SUBJECT

<u>DIVISION / UNIT / PROGRAM</u>	<u>DEPARTMENT</u>	<u>PAGE</u>
Child Support Enforcement	Human Services	156
Child Welfare, Division of	Human Services	156
Child's Representative, Office of the	Judicial	214
Children's Basic Health Plan	Health Care Policy and Financing	95
Children's Mental Health Services	Human Services	156
Chiropractic Examiners, Board of	Regulatory Agencies	382
Civil Air Patrol	Military and Veterans Affairs	281
Civil Rights Division	Regulatory Agencies	382
Collection Agency Board	Law	247
Collections Investigator Program	Judicial	214
College Opportunity Fund Program	Higher Education	127
Colorado Benefits Management System (CBMS)	Human Services	156
Colorado Bureau of Investigation (CBI)	Public Safety	367
Colorado Commission on Aging	Human Services	156
Colorado Commission on Higher Education (CCHE)	Higher Education	127
Colorado School for the Deaf and the Blind	Education	59
Colorado State Patrol	Public Safety	367
Colorado State Titling and Registration System (CSTARS)	Revenue	400
Colorado State University System	Higher Education	127
Colorado State Veterans Trust Fund	Military and Veterans Affairs	281
Colorado Student Assessment Program (CSAP)	Education	59
Colorado Virtual Library	Education	59
Colorado Works Program	Human Services	156
Commercial Recordings/U.C.C.	State	421
Community Accountability Program	Human Services	156
Community Corrections	Public Safety	367
Community Development	Local Affairs	271
Community Services	Corrections	35
Community Services for the Elderly	Human Services	156
Comprehensive Environmental Response, Compensation and Liability Act (CERCLA)	Law	247
Comprehensive Environmental Response, Compensation and Liability Act (CERCLA)	Public Health and Environment	339
Conservation Board	Agriculture	23
Conservation Trust Fund	Local Affairs	271
Construction, Maintenance and Operations	Transportation	430
Consumer Council, Office of (OCC)	Regulatory Agencies	382
Consumer Protection	Public Health and Environment	339

INDEX OF APPROPRIATIONS, BY SUBJECT

<u>DIVISION / UNIT / PROGRAM</u>	<u>DEPARTMENT</u>	<u>PAGE</u>
Controlled Maintenance Projects	Capital Construction	450
Correctional Industries	Corrections	35
Council on the Arts	Higher Education	127
County Administration	Human Services	156
Court of Appeals	Judicial	214
Courts Administration	Judicial	214
CoverColorado	Treasury	441
Criminal Justice and Appellate	Law	247
Criminal Justice, Division of	Public Safety	367
Dental Examiners, Board of	Regulatory Agencies	382
Developmental Disability Services	Human Services	156
Disabilities, Services for People with	Human Services	156
Disability Determination Services	Human Services	156
Disease Control and Epidemiology Division	Public Health and Environment	339
Disproportionate Share Payments	Health Care Policy and Financing	95
Domestic Abuse Program	Human Services	156
Economic Development Programs	Governor - Lt. Governor	87
Elections	State	421
Electrical Board	Regulatory Agencies	382
Electronic Benefits Transfer Service (EBTS)	Human Services	156
Emergency Medical Services	Public Health and Environment	339
Employment and Training, Division of	Labor and Employment	235
Enforcement Business Group	Revenue	400
Environmental Leadership and Pollution Prevention Program	Public Health and Environment	339
Examiners of Nursing Home Administrators, Board of	Regulatory Agencies	382
Finance and Procurement	Personnel and Administration	319
Financial Aid, Colorado Commission on Higher Education	Higher Education	127
Financial Services, Division of	Regulatory Agencies	382
Fire and Police Pension Association (FPPA)	Treasury	441
Food Distribution Program	Human Services	156
Food Stamp Program	Human Services	156
Gaming Impacts	Transportation	430

INDEX OF APPROPRIATIONS, BY SUBJECT

<u>DIVISION / UNIT / PROGRAM</u>	<u>DEPARTMENT</u>	<u>PAGE</u>
General Assembly	Legislative Branch	260
Geological Survey	Natural Resources	291
Goebel Lawsuit Settlement (Mental Health)	Human Services	156
Governing Boards	Higher Education	127
Governor, Office of the	Governor - Lt. Governor	87
Grievance Board (Mental Health)	Regulatory Agencies	382
Hazardous Materials and Waste Management Division	Public Health and Environment	339
Health Facilities Division	Public Health and Environment	339
Hearings Division	Revenue	400
Highway Users Tax Fund (HUTF) Payments to Counties and Municipalities	Treasury	441
Home Care Allowance	Health Care Policy and Financing	95
Homelake Domiciliary	Human Services	156
Housing, Division of	Local Affairs	271
Human Resources	Personnel and Administration	319
Indigent Care Program	Health Care Policy and Financing	95
Information Management Commission (IMC)	Governor - Lt. Governor	87
Information Technology	Personnel and Administration	319
Inmate Programs	Corrections	35
Innovation and Technology, Office of	Governor - Lt. Governor	87
Insurance, Division of	Regulatory Agencies	382
Joint Budget Committee	Legislative Branch	260
Judicial Heritage Program	Judicial	214
Judicial Performance	Judicial	214
Juvenile Parole Board (Youth Corrections)	Human Services	156
Labor, Division of	Labor and Employment	235
Labor Market Information	Labor and Employment	235
Laboratory Services	Public Health and Environment	339
Lay Midwives Licensure	Regulatory Agencies	382
Legal Services, Committee on	Legislative Branch	260
Legal Services to State Agencies	Law	247
Legislative Council	Legislative Branch	260
Library Programs	Education	59

INDEX OF APPROPRIATIONS, BY SUBJECT

<u>DIVISION / UNIT / PROGRAM</u>	<u>DEPARTMENT</u>	<u>PAGE</u>
Licensed Professional Counselor Examiners, Board of	Regulatory Agencies	382
Lieutenant Governor, Office of the	Governor - Lt. Governor	87
Limited Gaming Division	Revenue	400
Liquor Enforcement Division	Revenue	400
Local District Junior College Grants	Higher Education	127
Local Health Services	Public Health and Environment	339
Low-income Energy Assistance Program (LIEAP)	Human Services	156
Low-income Telephone Assistance Program	Human Services	156
Major Medical Insurance Fund	Labor and Employment	235
Marriage and Family Therapist Examiners, Board of	Regulatory Agencies	382
Medicaid	Health Care Policy and Financing	95
Medicaid Fraud Grant	Law	247
Medicaid Mental Health Capitation	Health Care Policy and Financing	95
Medicaid Mental Health Community Programs	Health Care Policy and Financing	95
Medical Examiners, Board of	Regulatory Agencies	382
Medical Programs Administration	Health Care Policy and Financing	95
Medical Services Premiums	Health Care Policy and Financing	95
Mental Health Community Programs	Human Services	156
Mental Health Institutes	Human Services	156
Minerals and Geology	Natural Resources	291
Motor Carrier Services	Revenue	400
Motor Vehicle Business Group	Revenue	400
Motor Vehicle Dealer Licensing Board	Revenue	400
Motor Vehicle Division	Revenue	400
National Guard Tuition Assistance	Military and Veterans Affairs	281
Notary Public	State	421
Nurse Home Visitor Program	Public Health and Environment	339
Nursing, Board of	Regulatory Agencies	382
Occupational Education, Division of	Higher Education	127
Oil and Gas Conservation Commission	Natural Resources	291
Oil and Public Safety, Division of	Labor and Employment	235
Old Age Heat and Fuel and Property Tax Assistance Grant	Revenue	400
Old Age Pension Health and Medical Program	Health Care Policy and Financing	95
Old Age Pension Program (OAP)	Human Services	156
Optometric Examiners, Board of	Regulatory Agencies	382

INDEX OF APPROPRIATIONS, BY SUBJECT

<u>DIVISION / UNIT / PROGRAM</u>	<u>DEPARTMENT</u>	<u>PAGE</u>
Outfitters and Guides Licensure	Regulatory Agencies	382
Parks and Outdoor Recreation	Natural Resources	291
Parole Board	Corrections	35
Passenger Tramway Safety Board	Regulatory Agencies	382
Peace Officers Standards and Training Board	Law	247
Personnel Board	Personnel and Administration	319
Petroleum Storage Tank Program	Labor and Employment	235
Pharmacy, Board of	Regulatory Agencies	382
Physical Therapy Licensure	Regulatory Agencies	382
Plumbers, Examining Board of	Regulatory Agencies	382
Podiatry, Board of	Regulatory Agencies	382
Preparedness, Security, and Fire Safety, Office of	Public Safety	367
Prevention Services Division	Public Health and Environment	339
Probation and Related Services	Judicial	214
Professional Engineers and Professional Land Surveyors, Board of	Regulatory Agencies	382
Programming costs for legislation	Revenue	400
Property Taxation	Local Affairs	271
Psychologist Examiners, Board of	Regulatory Agencies	382
Public Defender	Judicial	214
Public Safety Inspection Programs	Labor and Employment	235
Public School Finance	Education	59
Public Utilities Commission (PUC)	Regulatory Agencies	382
Racing Events, Division of	Revenue	400
Real Estate, Division of	Regulatory Agencies	382
Refugee Assistance	Human Services	156
Regents of the University of Colorado	Higher Education	127
Registrations, Division of	Regulatory Agencies	382
Rocky Flats Agreement	Public Health and Environment	339
Ryan White Act	Public Health and Environment	339
School Accountability Reports	Education	59
Securities, Division of	Regulatory Agencies	382
Self Sufficiency, Office of	Human Services	156
Senior Citizen Property Tax Exemption	Treasury	441
Social Work Examiners, Board of	Regulatory Agencies	382

INDEX OF APPROPRIATIONS, BY SUBJECT

<u>DIVISION / UNIT / PROGRAM</u>	<u>DEPARTMENT</u>	<u>PAGE</u>
Special Education for Children With Disabilities	Education	59
State and Veterans Nursing Homes	Human Services	156
State Auditor	Legislative Branch	260
State Board for Community Colleges and Occupational Education State System Colleges	Higher Education	127
State Board of Education	Education	59
State Board of Land Commissioners	Natural Resources	291
State Charter School Institute	Education	59
State Education Fund	Education	59
State Fair, Colorado	Agriculture	23
State Historical Society	Higher Education	127
State Lottery Division	Revenue	400
State Planning and Budgeting, Office of (OSPB)	Governor - Lt. Governor	87
Subsequent Injury Fund	Labor and Employment	235
Suicide Prevention	Public Health and Environment	339
Supreme Court/Court of Appeals	Judicial	214
Tax Analysis, Office of	Revenue	400
Taxation Business Group	Revenue	400
Taxation and Compliance Division	Revenue	400
Taxpayer Service Division	Revenue	400
Teacher/ Educator Licensure	Education	59
Temporary Assistance for Needy Families (TANF)	Human Services	156
Titles, Motor Vehicle	Revenue	400
Tobacco Education, Prevention, and Cessation Grant Program	Public Health and Environment	339
Tony Gramscas Youth Services Program	Public Health and Environment	339
Transportation Revenue Anticipation Notes	Transportation	430
Transportation Safety, Office of	Transportation	430
Trial Courts	Judicial	214
Trustees of State Colleges	Higher Education	127
Trustees of the Colorado School of Mines	Higher Education	127
Unclaimed Property Program	Treasury	441
Uniform Consumer Credit Code	Law	247
University of Northern Colorado	Higher Education	127
Vehicle Emissions Program	Revenue	400

INDEX OF APPROPRIATIONS, BY SUBJECT

<u>DIVISION / UNIT / PROGRAM</u>	<u>DEPARTMENT</u>	<u>PAGE</u>
Veterans Affairs, Division of	Military and Veterans Affairs	281
Veterinary Medicine, Board of	Regulatory Agencies	382
Victims' Assistance	Law	247
Vocational Education	Higher Education	127
Vocational Rehabilitation, Division of	Human Services	156
Water Conservation Board	Natural Resources	291
Water Quality Control Division	Public Health and Environment	339
Water Resources Division	Natural Resources	291
Western Slope Veterans Cemetery	Military and Veterans Affairs	281
Wildlife, Division of	Natural Resources	291
Wine Promotion Board	Agriculture	23
Women, Infants, and Children Supplemental Food Grant	Public Health and Environment	339
Women's Health - Family Planning	Public Health and Environment	339
Work Therapy Program	Human Services	156
Workers' Compensation, Division of	Labor and Employment	235
Youth Corrections, Division of (DYC)	Human Services	156
Youth Offender System	Corrections	35