COLORADO GENERAL ASSEMBLY
JOINT BUDGET COMMITTEE

SUPPLEMENTAL REQUESTS FOR FY 2008-09

DEPARTMENT OF NATURAL RESOURCES

(Division of Reclamation, Mining, and Safety, Colorado Geological Survey, Oil and Gas Conservation Commission, State Board of Land Commissioners)

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

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DEPARTMENT OF NATURAL RESOURCES
FY 2008-09 SUPPLEMENTAL RECOMMENDATIONS
JBC WORKING DOCUMENT - SUBJECT TO CHANGE

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Non-Prioritized Supplementals

JBC Staff Initiated Supplemental
Oil and Gas Conservation Commission Vacancy Savings

	Request	Recommendation
Total	$0	($800,000)
FTE	0.0	0.0
CF - OGC Enviro. Response Fund	0	(368,000)
CF - Severance	0	(432,000)

Does JBC staff believe the request meets the Joint Budget Committee's supplemental criteria? [An emergency or act of God; a technical error in calculating the original appropriation; data that was not available when the original appropriation was made; or an unforseen contingency.]	**YES**
The delays the Department has experienced in filling newly authorized positions for the Oil and Gas Conservation Commission represent an *unforseen contingency*.	

Department Request: The Department did not request an adjustment in funding for the Oil and Gas Conservation Commission. This is a staff-initiated supplemental recommendation.

Staff Recommendation: Staff recommends that the Committee reduce the appropriation for the Oil and Gas Conservation Commission by $800,000 cash funds. Of this amount, $368,000 is from the Operational Account of the Severance Tax Trust Fund and $432,000 is from mill levy fee revenues in the Oil and Gas Conservation and Environmental Response Fund.

For FY 2008-09, the General Assembly approved an increase of 21.0 FTE and $1.7 million for the Oil and Gas Conservation Commission (OGCC) to address changes in the workload, including increases in the number of active wells and permit requests, and changes in the regulatory process anticipated with new rules. However, there have been delays in filling the new positions and to date only 2.0 of the FTE have been hired. The Department explains that these delays are due to the high level of industry activity and the ongoing rulemaking. Managers and supervisors involved in the hiring have not been able to devote time to developing position descriptions, creating (and grading) written exams, and conducting interviews. The position descriptions are tied up in decisions about the procedures for implementing the new rules, which are still in development.

The Department's most recent estimate indicates it will revert $800,000 and 7.2 FTE from the appropriation. Consistent with the JBC's policy on vacancy savings from the hiring freeze, the staff recommendation does not include a reduction in FTE. These vacancy savings are one-time. The funding will need to be replaced in FY 2008-09. The reduction in approrpiations does not directly help the General Fund, but it does help address the projected shortfall in the Operational Account of the Severance Tax Trust Fund. Addressing the shortfall in the Operational Account of the Severance Tax Trust Fund could indirectly benefit the General Fund if the JBC adopts the second staff-initiated supplemental in this packet.

It should be noted that the Department has concerns about reducing the entire $800,000 from the FY 2008-09 budget and recommends reducing $650,000 instead. The Department indicates that some of the vacancy savings from the unfilled positions has already been applied toward unexpected operating expenses such as a new VoIP telephone system, and notification and telecommunication costs associated with providing public access to the rule making process. However, staff would argue that the estimated $800,000 in vacancy savings is a very conservative estimate of what is likely to actually occur. The estimate is predicated on most of the positions being filled in March, with the final three positions filled in April. Given the private sector competition described by the Department, and the Department's current pace in filling positions, this seems highly unlikely. Also, staff notes that the Governor's office has not yet granted waivers from the hiring freeze for 7 of the unfilled positions. Competing the waiver process for these positions could delay the Department's plans even further.

Of the total recommended reduction, $100,000 would be applied to the Health, Life, and Dental line item in the Executive Director's Office. The remainder impacts the Program Costs line item in the Division.

At the hearing, the Department described another potential issue with the appropriation. The Department believes that application of the JBC's common policies for new FTE resulted in insufficient insufficient funding to hire 21.0 FTE, due to lag associated with the salary survey and extraordinary wage inflation the last few years in the oil and gas industry. Staff is in the process of analyzing the Department's arguments and will make a recommendation at figure setting for how the JBC should respond. This recommendation could include reducing the FTE to the number of positions actually filled, or maintaining the FTE and increasing the dollars, or maintaining the status quo.

JBC Staff Initiated Transfer Recommendation
Transfer from the Operational Account of the Severance Tax Trust Fund
Statutory Change Required

FY 2008-09	Recommendation
Transfer from Operational Account to General Fund	$12,000,000

Staff Analysis: The table on the following page presents an overview of projected revenues and expenditures for the Operational Account of the Severance Tax Trust Fund. Historically, severance tax revenues have been highly variable. Based on the the most recent January Legislative Council Revenue forecast, it appears there will be insufficient revenue in FY 2009-10 for all of the expenditures authorized in statute. Section 39-29-109.3 (4), C.R.S. stipulates a process for reducing Tier 2 expenditures proportionally when revenues are projected to be insufficient. Staff calculates that if the Legislative Council Revenue forecast remains unchanged in June, and the General Assembly does nothing between now and then to change current law, then each Tier 2 program would be reduced by 54.6 percent in FY 2009-10.

The General Assembly could take action to reduce obligations from the Operational Account in a more strategic manner to match the projected revenues. Although reducing $23.9 million worth of obligations may appear daunting, staff believes a few key changes could make it possible not only to balance to the projected revenue, but also save enough to transfer a portion of the Operational Account to the General Fund. Two concepts to keep in mind are: 1) any savings in FY 2008-09 carry forward to FY 2009-10, helping to address the projected shortfall; and 2) savings from FY 2009-10 expenditures also reduce the reserve requirement. The later is especially relevant for savings from Tier 1 programs, because the statutory reserve requirement for Tier 1 programs is 100 percent of authorized expenditures. The reserve requirement for Tier 2 programs is 15 percent of authorized expenditures.

The following pages describe a scenario that would allow a transfer of $12 million from the Operational Account to the General Fund. There are many possible variations on the staff recommendation. Most of the program reductions recommended by staff could be substituted in whole or part with reductions to other programs. However, there are two programs where the staff recommendation utilizes alternative sources of funds to the severance tax. Specifically, staff recommends: 1) using federal funds and utility rate increases to fund low income energy assistance; and 2) using an increase in the mill levy fee on oil and gas prodution to refinance the operations of the Oil and Gas Conservation Commission. If the JBC is not willing to adopt the majority or whole of the staff recommendations for these two programs, the remaining alternatives that save enough to allow a transfer to the General Fund would involve significant disruption to the existing programs.

Severance Tax Trust Fund
Operational Account

		Statutory Site	Actual FY 06-07		Actual FY 07-08		Appropriation FY 08-09		Estimated FY 09-10		Estimated FY 10-11		Estimated FY 11-12		Key Bills
1	Beginning balance		$50,851,612		$40,012,876		$46,588,101		$36,003,305		($3,482,609)		($17,876,014)		
2	Revenue		33,312,271		39,457,043		54,999,000 (est.)		14,610,000 (est.)		37,232,250 (est.)		45,431,000 (est.)		
3	Public School Energy Fund	39-29-109.5	0		(89,096)		TBD		TBD		TBD		TBD		
4	**TOTAL Available for Expenditure**		**84,163,883**	100.0%	**79,380,823**	100.0%	**101,587,101**	100.0%	**50,613,305**	100.0%	**33,749,641**	100.0%	**27,554,986**	100.0%	
5	Roll-forwards		0		0		747,210	0.7%	0		0		0		
	Tier 1	39-29-109.3 (1)													
6	Colorado Geological Survey	(a)	2,291,469	2.7%	2,197,478	2.8%	2,482,814	2.4%	2,704,968	5.3%	2,947,000	8.7%	3,210,687	11.7%	
7	Oil and Gas Conservation Commission	(b)	2,117,279	2.5%	2,300,213	2.9%	3,255,372	3.2%	3,072,038	6.1%	3,166,111	9.4%	3,263,064	11.8%	
8	Division of Reclamation, Mining, and Safety	(c)	3,392,252	4.0%	3,925,306	4.9%	4,409,576	4.3%	4,595,384	9.1%	4,789,021	14.2%	4,990,818	18.1%	
9	Colorado Water Conservation Board	(d)	868,679	1.0%	1,292,890	1.6%	1,319,250	1.3%	1,319,250	2.6%	1,319,250	3.9%	1,319,250	4.8%	
10	Division of Parks and Outdoor Recreation	(e)	0	0.0%	0	0.0%	1,984,058	2.0%	1,234,058	2.4%	1,234,058	3.7%	1,234,058	4.5%	SB 08-13
11	Division of Wildlife	(f)	0	0.0%	0	0.0%	1,519,927	1.5%	1,569,144	3.1%	1,569,144	4.6%	1,569,144	5.7%	SB 08-13
12	**SUBTOTAL Tier 1**		8,669,679	10.3%	9,715,887	12.2%	14,970,997	14.7%	14,494,842	28.6%	15,024,584	44.5%	15,587,022	56.6%	
	Tier 2	39-29-109.3 (2)													
13	Water Conservation Board Litigation Fund		1,403,272		0		0		0		0		0		HB 06-1313 (Sect. 17)
14	Underground water storage		146,000		0		0		0		0		0		SB 06-193
15	Water infrastructure development	(a)	10,000,000		6,000,000		10,000,000		10,000,000		6,000,000		0		SB 06-179
16	Soil Conservation Districts matching grants	(b)	450,000		0		450,000		450,000		450,000		0		HB 06-1393
17	Water efficiency grants	(c)	0		800,000		1,800,000		1,000,000		0		0		SB 07-008/HB 08-1398
18	Species Conservation Trust Fund	(d) & (e)	8,800,000		0		12,513,886		9,000,000		11,000,000		4,000,000		SB 08-168/SB 08-226
19	Low income energy assistance	(f)	11,000,000		12,000,000		13,000,000		13,000,000		13,000,000		13,000,000		HB 08-1387
20	Renewable energy - Higher ed consortium	(g)	2,135,000		2,000,000		2,000,000		0		0		0		HB 06-1322
21	Renewable energy - Agriculture	(h)	500,000		500,000		500,000		0		0		0		HB 06-1322
22	Interbasin water compacts	(i)	547,056		1,626,835		1,145,067		1,145,067		1,145,067		1,145,067		HB 05-1177/HB 06-1400
23	CO Water Research Institute - CSU	(j)	500,000		150,000		500,000		0		0		0		HB 08-1405
24	Forest restoration grants	(k)	0		0		1,000,000		1,000,000		1,000,000		1,000,000		SB 08-71
25	Tamarisk control	(l)	0		0		1,000,000		0		0		0		HB 08-1346 (Sect. 29)
26	Acquatic Nuisance Species Fund	(m)	0		0		5,956,636		4,006,005		4,006,005		4,006,005		SB 08-226
27	**SUBTOTAL Tier 2**		35,481,328	42.2%	23,076,835	29.1%	49,865,589	49.1%	39,601,072	78.2%	36,601,072	108.4%	23,151,072	84.0%	
28	**TOTAL Expenditures**		**44,151,007**		**32,792,722**		**65,583,796**		**54,095,914**		**51,625,656**		**38,738,094**		
29	**Ending Balance**		40,012,876		46,588,101		36,003,305		(3,482,609)		(17,876,014)		(11,183,109)		
30	Tier 1 Reserve	39-29-109.3 (3)	16,864,470		19,431,774		14,970,997		14,494,842		15,024,584		15,587,022		HB 02-1041/HB 08-1398
31	Tier 2 Reserve	39-29-109.3 (3)	0		0		7,479,838		5,940,161		5,490,161		3,472,661		HB 08-1398
32	Low income energy assistance reserve		12,000,000		13,000,000		0		0		0		0		HB 06-1200/HB 08-1387
33	**TOTAL Reserve Requirement**		28,864,470	34.3%	32,431,774	40.9%	22,450,835	22.1%	20,435,003	40.4%	20,514,745	60.8%	19,059,683	69.2%	
34	**UNOBLIGATED BALANCE**		**11,148,406**	13.2%	**14,156,327**	17.8%	**13,552,470**	13.3%	**(23,917,611)**	-47.3%	**(38,390,759)**	-113.8%	**(30,242,791)**	-109.8%	

(est.) = estimate. Revenue Estimates based on Legislative Council's September 2008 Economic Forecast, not including interest.
TBD = To be determined

Low-income Energy Assistance Program

Chief among the policy changes staff believes would be necessary to allow a transfer from the Opearational Account to the General Fund would be to eliminate the $13 million per year transfer for the Low-income Energy Assistance Program (LEAP). The rationale for eliminating the transfer includes the following:

- Through a series of actions the Secretary of the U.S. Department of Health and Human Services has made available an **additional $43.2 million federal funds** to Colorado in FY 2008-09 from energy emergency contingency funds;
- As of January 26, the National Conference of State Legilatures reports there is **$1 billion for low income energy assistance as part of the economic stimulus package** under consideration by Congress (no estimate was available for Colorado's share, but the formula for the most recent contingency funds provided Colorado with 1.6 percent, which would equate to $16 million);
- **The Public Utilities Commission may now consider the needs of low-income households when setting utility rates for energy**, pursuant to the recently passed S.B. 07-022 (Veiga/Frangas) and the provisions it added in Section 40-3-106 (1) (d), C.R.S.

According to the Colorado Department of Human Services, there are no matching requirements or prohibitions on supplanting state funds associated with the $43.2 million additional federal funds. However, there are some subtle differences in how the federal money can be spent versus the state money. For example, federal rules require money spent for energy efficiency to provide a suite of upgrades, while state money can be used for just high-impact upgrades, which allows the state money to be spread over a larger number of households.

The majority of the $43.2 million additional federal funds must be spent in FY 2008-09, but roughly $7.4 million could be rolled forward to FY 2009-10. Thus, Colorado could spend more than it's typical share of federal money for low income energy assistance for two fiscal years, even if Colorado doesn't get a significant amount of federal low income energy assistance from an economic stimulas package. The amount of federal funds Colorado can roll forward to FY 2009-10 would be close to the amount of severance tax money allocated for low income energy assistance if the Legislative Council Staff revenue forecast is accurate, and the General Assembly does nothing to change the proportional reduction of Tier 2 programs.

Current law permits, but does not require, the Public Utilities Commission (PUC) to approve rates based on the needs of low income households. This could partially or fully compensate for a loss of severance tax funds for low income energy assistance. If the General Assembly wanted to require full replacement of the severance tax funds, and/or design how a rate-funded energy assistance program would operate, it would need to pass legislation. The PUC estimates that raising $13 million for low income energy assistance from retail ratepayers of direct invester owned utilities (regulated by the PUC) would require an increase of apprixamately $8.44 per year, or $0.70 per month.

The staff recommendation is to sponsor legislation to eliminate the $13 million per year transfer to the Low-income Energy Assistance Program. The unexpexted increase in federal funds should more than compensates for the loss of state funding for FY 2008-09 and FY 2009-10. Beyond those years, the PUC could choose to increase utility rates to continue the program. ***Requiring a utility rate increase to replace severance funding is not part of the base staff recommendation, but if the JBC decides to sponsor legislation it should consider whether a utility rate increase should be part of the bill.***

Some of the money authorized for FY 2008-09 can not be recovered because it has already been spent. For this scenario, staff conservatively estimated $5.0 million could be recovered from the FY 2008-09 total authorization. This figure will need to be refined with more information from the impacted departments.

<u>Refinance Operations of the Oil and Gas Conservation Commission</u>

Refinancing the operations of the Oil and Gas Conservation Commission is not quite as critical to the staff recommendation as eliminating the transfer for low-income energy assistance. However, each severance tax dollar saved from refinancing this Tier 1 program also saves a dollar from the reserve requirement. If the JBC is not willing to refinance the entire program, it may want to consider a partial refinance.

The Oil and Gas Conservation Commission (OGCC) is currently funded in part from a 0.7 mill levy on the value of oil and gas production and in part from severance taxes in the Operational Account. Severance taxes for the OGCC total a little more than $3 million and represent just under 50 percent of the Program Costs line item. Statutes allow the Department to set the mill levy rate, but cap the rate at 1.7 mills. The Department has an informal opinion from the Attorney General's Office that the mill levy is a fee rather than a tax, and thus a vote is not required to change the rate. In November the Department estimated that completely replacing the current severance tax appropriation with mill levy revenue would require an increase in the rate of between 0.3 and 0.4 mills. With the continued decline in oil and gas prices, the mill rate increase required today may be closer to 0.5 mills. The Department is currently projecting an uncommitted balance at the end of FY 2008-09 from the mill levy fee of a little more than $2 million, but that assumes that oil and gas prices don't further decline. Mill levy revenue is not as variable as severance tax revenue, but it can still fluctuate significantly with oil and gas prices.

The staff recommendation is to:

- Refinance $500,000 of FY 2008-09 severance tax appropriations for the Oil and Gas Conservation Commission with mill levy fee reserves, leaving a reserve of approximately $1.5 million in case oil and gas prices further decline.
- For FY 2009-10, refinance the entire projected $3.1 million severance tax expenditures for the Oil and Gas Conservation Commission with an increase in the mill levy rate. The Department needs approximately 3 months to implement a rate increase, and for administratve reasons rate increases must be implemented at the beginning of a quarter.

These changes could be accomplished through a supplemental bill and the Long Bill, and would not necessarily require separate legislation. ***However, the JBC may want to consider changing two statutes.*** First, Section 39-29-109.3 (1) (a) (II), C.R.S. requires the OGCC when determining the use of severance tax moneys to, "give priority to uses that reduce industry fees and mill levies." If severance tax appropriations to the OGCC are eliminated, this statutory direction would be meaningless, and so the JBC may want to consider removing it. Second, Section 34-60-122 (1) (b), C.R.S. limits the unobligated reserve of mill levy revenues that may be retained by the Department to a two-year average of four million. If all OGCC funding depends on the mill levy, the JBC may want to increase the allowable reserve as a buffer against unstable oil and gas prices.

<u>Suspend Mine Site Reclamation Funded with Severance Taxes for Two Years</u>

The FY 2008-09 appropriation includes $342,000 for the Division of Reclamation, Mining and Safety to clean up mines forfeited between 1977 and 1993. Between 1977 and 1993 mine operators were required to post bonds, but the bonds were capped in statute by mine type and were frequently inadequate for the reclamation required. There are currently 40 underfunded forfeited sites from this time period. The appropriation supplements the bond recoveries from these mines and allows the cleanup to proceed more quickly. The Department estimates the funding allows the cleanup of approximately 10 sites per year. A footnote allows the appropriation to roll forward for up to three years. This is a Tier 1 program, and so any expenditure savings also reduces the reserve requirement by an equal amount. To date, the Department has not spent anything from the FY 2008-09 appropriation.

Staff recommends suspending funding for this program for FY 2008-09 and FY 2009-10. Suspending funding for two years would slow down the recovery of mine sites, but it would not stop recovery work. The Division has other sources of revenue for mine site reclamation, including federal funds and bond forfeitures. There are plenty of other projects to keep staff at the division busy. The unreclaimed sites pose possible health and environmental risks, such as acid mine drainage and hazardous mine openings. Reclamation costs escalate over time with construction inflation. However, these mine sites have been unreclaimed for several years. The staff recommendation would merely delay the reclamation a few more years.

These changes could be accomplished through a supplemental bill and the Long Bill and would not require separate legislation.

Water Supply Studies

Of the appropriations from the Operational Account for the Colorado Water Conservation Board (CWCB), $1,250,000 is devoted to water supply studies and planning efforts, instream flow projects, water conservation planning, and flood protection efforts. The Department indicates that some funding is necessary to address critical needs and ensure that on-going projects continue uninterupted. However, the Department also indicated that there may be room to prioritize projects to manage a short-term reduction in funding.

Staff recommends a one-year reduction from the current funding level of $500,000 in FY 2009-10. The size of the proposed reduction was determined by the JBC staff. The Department indicates that the majority of the FY 2008-09 appropriation is already obligated, and so the staff recommendation only impacts FY 2009-10. This is a Tier 1 program, and so any expenditure savings also reduces the reserve requirement by an equal amount. This change could be accomplished through the Long Bill and would not require separate legislation.

Wildlife Studies

Senate Bill 08-013 authorized severance tax appropriations to the Division of Wildlife to study the impacts of energy development on habitat and best practices to reduce such impacts. The work will be done primarily by contract researchers. As with the water supply studies, the Department indicated that there may be room to prioritize projects to manage a short-term reduction in funding.

Staff recommends reducing the FY 2008-09 appropriation by $500,000 and the projected FY 2009-10 appropriation by a like amount. The size of the proposed reductions was determined by the JBC staff. This is a Tier 1 program, and so any expenditure savings also reduces the reserve requirement by an equal amount. These changes could be accomplished through a supplemental bill and the Long Bill and would not require separate legislation.

Water Infrastructure Development

This money provides grants and loans for water supply and environmental projects and/or studies. Requests for expenditures must be approved by Basin Roundtables established under Section 37-75-104, C.R.S. Once approved by a Basin Roundtable, requests are forwarded to the Colorado Water Conservation Board (CWCB) to evaluate and make decisions regarding funding.

The Department believes that this money provides important incentives for local governments to participate in interbasin discussions, and it increases the likelihood of mutually benefitial interbasin water transfers. Part of the Department's legislative agenda for the 2009 session includes extending the authorization for the program for another five years at $10 million per year. However, funding for this program in FY 2007-08 was $6 million and in FY 2010-11 the authorization is $6 million.

Staff recommends sponsoring legislation to reduce funding in FY 2009-10 by $4 million. For planning purposes, the staff-prepared scenario shows the fiscal impact if the program is extended to FY 2011-12. However, extension of the program is not part of the staff recommendation. Extending the program is not necessary to balance the budget, and the Department is already working with other legislators to extend the program. This is a Tier 2 program. Changing this authorization would require legislation.

Water Efficiency Grants

Current statutes provide $1.8 million in FY 2008-09 and $1.0 million in FY 2009-10 to a cash fund for grants to improve water efficiency. However, the FY 2008-09 appropriation and FY 2009-10 request from the cash fund are both $600,029. The remainder will stay in the cash fund and roll forward for expenditure in a future year. Staff speculates that the program was designed this way to take advantage of years when there was a large projected increase in severance tax reveneus.

Staff recommends reducing FY 2008-09 and FY 2009-10 transfers to the cash fund to match projected expenditures, and creating new transfers to the cash fund for FY 2010-11 and FY 2011-12 so that the program can continue to operate into these years. It appears that the front-loaded funding for the program was intended to keep it operating through at least FY 2011-12. If this interpretation is correct, the staff recommendation is consistent with the original funding intent. The JBC could increase the out-year authorizations from the staff recommended amounts in order to exactly match the original total appropriation, if this is important to the Committee. This is a Tier 2 program. Changing this authorization would require legislation.

DEPARTMENT OF NATURAL RESOURCES
FY 2008-09 SUPPLEMENTAL RECOMMENDATIONS
JBC WORKING DOCUMENT - SUBJECT TO CHANGE

Summary

The table on the next page provides an overview of projected revenues and expenditures from the Operational Account if the JBC adopts all of the staff recommendations. The staff recommendations would allow a transfer of $12 million from the Operational Account to the General Fund. Such a transfer would require legislation. The table shows the transfer occuring in FY 2008-09, but it could just as easily be done in FY 2009-10. However, some of the staff recommendations involved reducing FY 2008-09 expenditures. If the JBC waits to act on the staff recommendations, more of the FY 2008-09 amounts may be spent.

Differences from the current law authorizations are shaded. For a summary of the current law authorizations, refer to the table on page 4.

Severance tax revenues are highly variable. If the JBC decides to make a transfer from the Operational Account a part of the budget balancing package, there is a possibility that the March revenue forecast will indicate insufficient severance tax revenues. However, the JBC would not necessarily need to change it's budget balancing recommendations if it is willing to let the statutorily required proportional reductions occur at that time. It is also possible that the March revenue forecast will indicate higher severance tax revenues.

Severance Tax Trust Fund Operational Account
With JBC Staff Recommended Changes (Highlighted)

		Appropriation FY 08-09		Estimated FY 09-10		Estimated FY 10-11		Estimated FY 11-12	
1	Beginning balance	$46,588,101		$32,345,276		$14,673,371		$15,846,047	
2	Revenue	54,999,000 (est.)		14,610,000 (est.)		37,232,250 (est.)		45,431,000 (est.)	
3	Public School Energy Fund	TBD		TBD		TBD		TBD	
4	**TOTAL Available for Expenditure**	**101,587,101**	100.0%	**46,955,276**	100.0%	**51,905,621**	100.0%	**61,277,047**	100.0%
5	Roll-forwards	747,210	0.7%	0		0		0	
	Tier 1								
6	Colorado Geological Survey	2,482,814	2.4%	2,704,968	5.8%	2,947,000	5.7%	3,210,687	5.2%
7	Oil and Gas Conservation Commission	1,955,372	1.9%	0	0.0%	0	0.0%	0	0.0%
8	Division of Reclamation, Mining, and Safety	4,067,576	4.0%	4,253,384	9.1%	4,789,021	9.2%	4,990,818	8.1%
9	Colorado Water Conservation Board	1,319,250	1.3%	819,250	1.7%	1,319,250	2.5%	1,319,250	2.2%
10	Division of Parks and Outdoor Recreation	1,984,058	2.0%	1,234,058	2.6%	1,234,058	2.4%	1,234,058	2.0%
11	Division of Wildlife	1,019,927	1.0%	1,069,144	2.3%	1,569,144	3.0%	1,569,144	2.6%
12	**SUBTOTAL Tier 1**	12,828,997	12.6%	10,080,804	21.5%	11,858,473	22.8%	12,323,958	20.1%
	Tier 2								
13	Water Conservation Board Litigation Fund	0		0		0		0	
14	Underground water storage	0		0		0		0	
15	Water infrastructure development	10,000,000		6,000,000		6,000,000		10,000,000	
16	Soil Conservation Districts matching grants	450,000		450,000		450,000		0	
17	Water efficiency grants	600,029		600,029		600,029		600,029	
18	Species Conservation Trust Fund	12,513,886		9,000,000		11,000,000		4,000,000	
19	Low income energy assistance	8,000,000		0		0		0	
20	Renewable energy - Higher ed consortium	2,000,000		0		0		0	
21	Renewable energy - Agriculture	500,000		0		0		0	
22	Interbasin water compacts	1,145,067		1,145,067		1,145,067		1,145,067	
23	CO Water Research Institute - CSU	500,000		0		0		0	
24	Forest restoration grants	1,000,000		1,000,000		1,000,000		1,000,000	
25	Tamarisk control	1,000,000		0		0		0	
26	Acquatic Nuisance Species Fund	5,956,636		4,006,005		4,006,005		4,006,005	
27	**SUBTOTAL Tier 2**	43,665,618	43.0%	22,201,101	47.3%	24,201,101	46.6%	20,751,101	33.9%
28	**TOTAL Expenditures**	**57,241,825**		**32,281,905**		**36,059,574**		**33,075,059**	
28a	Transfer to General Fund	(12,000,000)		0		0		0	
29	**Ending Balance**	32,345,276		14,673,371		15,846,047		28,201,989	
30	Tier 1 Reserve	12,828,997		10,080,804		11,858,473		12,323,958	
31	Tier 2 Reserve	6,549,843		3,330,165		3,630,165		3,112,665	
32	Low income energy assistance reserve	0		0		0		0	
33	**TOTAL Reserve Requirement**	19,378,840	19.1%	13,410,969	28.6%	15,488,638	29.8%	15,436,623	25.2%
34	**UNOBLIGATED BALANCE**	**12,966,437**	12.8%	**1,262,402**	2.7%	**357,409**	0.7%	**12,765,366**	20.8%

(est.) = estimate. Revenue Estimates based on Legislative Council's September 2008 Economic Forecast, not including interest.
TBD = To be determined

	FY 2007-08 Actual	FY 2008-09 Appropriation	Fiscal Year 2008-09 Supplemental Requested Change	Recommended Change	New Total with Recommendation

DEPARTMENT OF NATURAL RESOURCES
Executive Director: Harris Sherman

Staff Initiated Supplemental #1 - Oil and Gas Conservation Commission Vacancy Savings

(1) EXECUTIVE DIRECTOR'S OFFICE

(A) Administration and Information Technology Services

	FY 2007-08 Actual	FY 2008-09 Appropriation	Requested Change	Recommended Change	New Total with Recommendation
Health, Life, and Dental	6,704,124	8,122,170	0	(100,000)	8,022,170
General Fund	1,614,859	1,878,076		0	1,878,076
Cash Funds	1,458,016	5,295,616		(100,000)	5,195,616
Cash Funds Exempt / Reappropriated Funds	3,179,794	292,835		0	292,835
Federal Funds	451,455	655,643		0	655,643
(4) OIL AND GAS CONSERVATION COMMISSION (David Neslin, Interim Director)					
Program Costs	4,836,176	6,355,411	0	(700,000)	5,655,411
FTE	51.0	74.0	0.0	0.0	74.0
CF - Severance Tax	2,199,310	3,148,178		(322,000)	2,826,178
CF - OGC Environmental Response Fund	1,946,095	3,207,233		(378,000)	2,829,233
RF/CFE - OGC Environmental Response F	690,771	0		0	0
Total for Supplemental #1	11,540,300	14,477,581	0	(800,000)	13,677,581
FTE	51.0	74.0	0.0	0.0	74.0
General Fund	1,614,859	1,878,076	0	0	1,878,076
Cash Funds	5,603,421	11,651,027	0	(800,000)	10,851,027
Reappropriated Funds	3,870,565	292,835	0	0	292,835
Federal Funds	451,455	655,643	0	0	655,643

	FY 2007-08 Actual	FY 2008-09 Appropriation	Fiscal Year 2008-09 Supplemental Requested Change	Recommended Change	New Total with Recommendation
Staff Initiated Supplemental #2 - Transfer from the Operational Account of the Severance Tax Trust Fund					
(2) DIVISION OF RECLAMATION, MINING, AND SAFETY (Ron Cattany, Director)					
Reclamation of Forfeited Mine Sites					
CF - Severance Tax	0	342,000	0	(342,000)	0
(4) OIL AND GAS CONSERVATION COMMISSION (David Neslin, Interim Director)					
Program Costs	4,836,176	6,355,411	0	(500,000)	5,855,411
FTE	51.0	74.0	0.0	0.0	74.0
CF - Severance Tax	2,199,310	3,148,178		(500,000)	2,648,178
CF - OGC Environmental Response Fund	1,946,095	3,207,233		0	3,207,233
RF/CFE - OGC Environmental Response F	690,771	0		0	0
(9) DIVISION OF WILDLIFE					
(2) Wildlife Management	66,505,722	64,911,962	0	(500,000)	64,411,962
FTE	565.7	554.4	0.0	0.0	0.0
Cash Funds	0	54,651,146		(500,000)	54,151,146
Cash Funds Exempt / Reappropriated Funds	54,259,742	0		0	0
Federal Funds	12,245,980	10,260,816		0	10,260,816
Statutory Changes	12,800,000	14,800,000	0	(6,199,971)	8,600,029
Water Efficiency Grants	800,000	1,800,000	0	(1,199,971)	600,029
Low Income Energy Assistance	12,000,000	13,000,000	0	(5,000,000)	8,000,000
Total for Supplemental #2					
CF - Severance Tax	N.A.	N.A.	0	(7,541,971)	N.A.