

This Adobe Acrobat file contains the following three figure setting packets that were presented to the Joint Budget Committee for the Department of Regulatory Agencies:

<b>Figure Setting Packet</b>	<b>Adobe Acrobat Page Numbers</b>
1. March 15, 2007 – Figure Setting Staff Technical Comeback	Pages 2 through 3
2. March 9, 2007 – Regular Figure Setting Document	Pages 4 through 54

# M E M O R A N D U M

**TO:** Members of the Joint Budget Committee

**FROM:** Bernie Gallagher, JBC Staff (866-4957)

**SUBJECT:** Department of Regulatory Agencies – Figure Setting Staff Technical Comeback

**DATE:** March 15, 2007

Subsequent to figure setting recommendations for the Department of Regulatory Agencies on March 9, 2007, it has been brought to staff's attention that technical errors are included in staff's recommendation. The following table provides a summary of staff's recommended technical corrections.

<b>TABLE A. Recommended Corrections</b>			
Division/Line Item/Fund Source	Previous Committee Action	REVISED Staff Recommendation	Difference
<b>(1) EXECUTIVE DIRECTOR'S OFFICE AND ADMINISTRATIVE SERVICES &amp; (6) DIVISION OF INSURANCE</b>			
<i>Operating Expenses</i> (for both Divisions)			
<u>Description of Technical Correction:</u> When reducing one-time expenses associated with the Department's FY 2006-07 Budget Amendment #1 (Tax FTE), staff took away funding from the Division of Insurance Operating Expenses line item, however should have done so from the EDO's Operating Expenses line item. The following corrects this error:			
Total Change (Cash Funds)			<u>\$0</u>
Operating Expenses - EDO	101,730	97,448	(4,282)
Operating Expenses - Division of Insurance	379,737	384,019	4,282
<b>(5) DIVISION OF FINANCIAL SERVICES</b>			
<i>Operating Expenses</i>			
<u>Description of Technical Correction:</u> Staff did not include a revised request by the Department which corrected for operating expenses associated 2.0 FTE Financial/Credit Union Examiners, approved by the JBC during figure setting. The following corrects this omission:			
Cash Funds	73,409	86,921	13,512
<b>(6) DIVISION OF INSURANCE</b>			
<i>Personal Services</i>			

<b>TABLE A. Recommended Corrections</b>			
<b>Division/Line Item/Fund Source</b>	<b>Previous Committee Action</b>	<b>REVISED Staff Recommendation</b>	<b>Difference</b>
<u>Description of Technical Correction:</u> Staff did not include an ongoing appropriation, pursuant to H.B. 06-1330 (Property & Casualty) in the personal services calculation approved at figure setting. The following corrects the omission:			
Cash Funds	5,491,530	5,496,746	5,216
<b>(9) DIVISION OF REGISTRATIONS</b>			
<u>Description of Technical Correction:</u> There are two corrections for the Division of Registrations Cash Funds line item appropriation. (1) Staff learned that H.B. 06-1395 (Residential Treatment) was annualized incorrectly and as such this calculation has been adjusted. (2) On page 46 of staff's figure setting narrative, presented on March 9, 2007, accurately shows the Department's Cash Funds appropriation (less annualization of H.B. 06-1395), however on page 17 of the narrative (numbers pages), the appropriation does not correctly reflect the proper appropriation. The following corrects the errors:			
<i>Personal Services</i>			
Total Change			<u>(\$993,956)</u>
Cash Funds - annualization correction	9,160,698	9,166,742	6,044
Cash Funds - numbers pages correction ( <b>includes annualization correction – assuming the JBC approves of the this correction</b> )	9,166,742	8,166,742	(1,000,000)
<b>Net Cash Funds Appropriation</b>			<b>(\$975,228)</b>

**COLORADO GENERAL ASSEMBLY**

**JOINT BUDGET COMMITTEE**



**FY 2007-08 STAFF FIGURE SETTING:**

**DEPARTMENT OF REGULATORY AGENCIES**

**JBC Working Document - Subject to Change**

**Staff Recommendation Does Not Represent Committee Decision**

**Prepared By:**  
**Bernie Gallagher, JBC Staff**  
**March 9, 2007**

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**FY 2007-08 FIGURE SETTING  
STAFF PRESENTATION TO THE JOINT BUDGET COMMITTEE:  
DEPARTMENT OF REGULATORY AGENCIES**

**TABLE OF CONTENTS**

Numbers Pages .....	3
Narrative .....	21
Footnotes .....	50

	FY 2004-05 Actual	FY 2005-06 Actual	FY 2006-07 Appropriation	FY 2007-08		Change Requests
				Request	Recommendation	
<b>DEPARTMENT OF REGULATORY AGENCIES</b>						
<b>Rico Munn, Executive Director</b>						
<b>(1) EXECUTIVE DIRECTOR'S OFFICE</b>						
<b>Primary Function:</b> conducting sunrise and sunset evaluations of divisions, commissions, and boards; promoting divisional efficiency and effectiveness; departmental administrative functions including accounting, budgeting, data processing, personnel, purchasing, facilities planning, and management reporting. The primary funding source is indirect cost recoveries that draw upon a variety of cash funds within the department.						
Personal Services	3,335,136	3,563,837	3,731,369	\$ 3,810,667	3,799,042	
FTE	<u>49.2</u>	<u>51.0</u>	<u>53.0</u>	<u>53.0</u>	<u>53.0</u>	
General Fund	3,500	0	10,000	56,500	56,450	
Cash Funds	0	0	43,000	23,000	22,785	
Cash Funds Exempt	3,331,636	3,563,837	3,678,369	3,731,167	3,719,807	
FTE	49.2	51.0	53.0	53.0	53.0	
Health, Life, and Dental	<u>1,091,015</u>	<u>1,247,228</u>	<u>1,643,160</u>	<u>2,186,348</u>	<u>2,253,091</u>	
General Fund	33,551	38,057	59,376	106,453	120,081	
Cash Funds	944,244	1,089,003	1,348,248	1,811,283	1,847,073	
Cash Funds Exempt	113,220	120,168	235,536	268,612	285,937	
Short-Term Disability	<u>42,819</u>	<u>41,531</u>	<u>35,812</u>	<u>43,250</u>	<u>41,774</u>	
General Fund	1,454	1,311	878	1,564	1,183	
Cash Funds	35,847	36,399	28,807	35,648	33,542	
Cash Funds Exempt	5,518	3,821	6,127	6,038	7,049	
Salary Survey and Senior Executive Service	<u>644,218</u>	<u>952,907</u>	<u>899,451</u>	<u>1,224,390</u>	<u>1,008,654</u>	
General Fund	19,212	28,471	29,611	51,680	36,244	
Cash Funds	548,249	844,636	714,991	983,321	821,846	
Cash Funds Exempt	76,757	79,800	154,849	189,389	150,564	

	FY 2004-05	FY 2005-06	FY 2006-07	FY 2007-08		Change Requests
	Actual	Actual	Appropriation	Request	Recommendation	
Performance-based Pay Awards	<u>374,166</u>	<u>0</u>	<u>0</u>	<u>306,073</u>	<u>475,057</u>	
General Fund	11,091	0	0	11,073	13,741	
Cash Funds	322,470	0	0	252,279	393,951	
Cash Funds Exempt	40,605	0	0	42,721	67,365	
Workers' Compensation	<u>83,544</u>	<u>73,502</u>	<u>89,485</u> S	<u>140,820</u>	<b>Pending BA N/P</b>	
General Fund	2,630	2,313	3,254	5,121		
Cash Funds	70,812	62,133	75,800	119,284		
Cash Funds Exempt	8,844	8,151	9,105	14,329		
Federal Funds	1,258	905	1,326	2,086		
Amortization Equalization Distribution	<u>0</u>	<u>67,348</u>	<u>237,365</u>	<u>486,842</u>	<u>385,299</u>	
General Fund	0	1,858	5,503	17,610	10,620	
Cash Funds	0	60,188	191,198	401,272	309,613	
Cash Funds Exempt	0	5,302	40,664	67,960	65,066	
Supplemental Amortization Equalization Distribution	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>79,954</u>	
General Fund	0	0	0	0	1,896	
Cash Funds	0	0	0	0	64,503	
Cash Funds Exempt	0	0	0	0	13,555	
Operating Expenses	<u>145,245</u>	<u>135,606</u>	<u>259,751</u>	<u>215,974</u>	<u>215,974</u>	
General Fund	3,689	3,689	9,752 a/	3,689	3,689	
Cash Funds	32,441	24,267	140,884 b/,c/	101,730	101,730	DI #5
Cash Funds Exempt	109,115	107,650	109,115	110,555	110,555	

	FY 2004-05	FY 2005-06	FY 2006-07	FY 2007-08		Change Requests
	Actual	Actual	Appropriation	Request	Recommendation	
Legal Services	5,110,127	5,347,619	5,872,828	S	5,811,083	Pending
Hours Equivalent	<u>82,997</u>	<u>82,973</u>	<u>86,658</u>		<u>85,747</u>	
General Fund	45,008	47,113	52,929		52,929	
Cash Funds	4,847,564	5,159,415	5,580,819	d/,e/,f/	5,519,074	DI #3
Cash Funds Exempt	99,892	83,829	111,334		111,334	
Federal Funds	117,663	57,262	127,746		127,746	
Administrative Law Judges	<u>177,966</u>	<u>170,820</u>	<u>214,701</u>	S	<u>224,740</u>	Pending
General Fund	4,344	3,687	8,413		4,851	
Cash Funds	169,938	165,801	204,879		218,137	
Cash Funds Exempt	3,684	1,332	1,409		1,752	
Purchase of Services from Computer Center	<u>29,185</u>	<u>23,563</u>	<u>1,237</u>	S	<u>10,026</u>	Pending
General Fund	653	242	13		103	
Cash Funds	21,869	19,806	1,140		9,239	
Cash Funds Exempt	6,663	3,515	84		684	
Multiuse Network Payments	<u>1,615</u>	<u>2,318</u>	<u>0</u>	S	<u>0</u>	Pending
General Fund	0	1,502	0		0	
Cash Funds	1,615	0	0		0	
Cash Funds Exempt	0	816	0		0	
Payment to Risk Management Fund	<u>77,460</u>	<u>24,834</u>	<u>81,449</u>	S	<u>76,202</u>	Pending BA N/P
General Fund	2,412	767	3,073		2,878	
Cash Funds	61,796	19,537	65,058		60,868	
Cash Funds Exempt	11,595	4,099	11,626		10,873	
Federal Funds	1,657	431	1,692		1,583	
Vehicle Lease Payments - CF	136,574	141,417	163,193	S	213,808	Pending DI #4

	FY 2004-05	FY 2005-06	FY 2006-07	FY 2007-08		Change Requests
	Actual	Actual	Appropriation	Request	Recommendation	
Information Technology Asset Maintenance	<u>498,093</u>	<u>462,572</u>	<u>471,706</u>	<u>578,701</u>	<u>570,087</u>	
General Fund	0	0	3,801	0	0	
Cash Funds	215,768	212,549	274,594	283,180	280,646	<b>DI #2, #3, BA #2</b>
Cash Funds Exempt	282,325	250,023	193,311	295,521	289,441	<b>DI #1</b>
Leased Space	<u>2,268,770</u>	<u>2,304,701</u>	<u>2,252,161</u> S	<u>2,535,019</u>	<u>2,532,604</u>	
General Fund	102,493	104,463	82,978	87,472	87,472	
Cash Funds	1,795,725	1,728,368	1,778,454	2,020,361	2,017,946	<b>DI #3</b>
Cash Funds Exempt	345,355	446,252	367,201	401,062	401,062	
Federal Funds	25,197	25,618	23,528	26,124	26,124	
Capital Complex Leased Space - CF	1,064	1,076	1,222 S	1,278	<b>Pending</b>	<b>BA N/P</b>
Hardware / Software Maintenance	<u>674,422</u>	<u>657,699</u>	<u>659,831</u>	<u>660,320</u>	<u>660,320</u>	
General Fund	800	800	800	800	800	
Cash Funds	327,371	323,863	400,429	400,918	400,918	<b>DI #3</b>
Cash Funds Exempt	346,251	333,036	258,602	258,602	258,602	
Cover Colorado	<u>305,598</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	
Cash Funds	0	0	0	0	0	
Cash Funds Exempt	305,598	0	0	0	0	
IT Systems Modification - CF	0	0	162,641 S	0	0	

	FY 2004-05	FY 2005-06	FY 2006-07	FY 2007-08		Change Requests
	Actual	Actual	Appropriation	Request	Recommendation	
<b>TOTAL - (1) EXECUTIVE DIRECTOR</b>	<b>14,997,017</b>	<b>15,218,578</b>	<b>16,777,362</b>	<b>18,525,541</b>		<b>Pending</b>
<b>FTE</b>	<b><u>49.2</u></b>	<b><u>51.0</u></b>	<b><u>53.0</u></b>	<b><u>53.0</u></b>		<b><u>53.0</u></b>
General Fund	230,837	234,273	270,381	402,723		Pending
Cash Funds	9,533,347	9,888,458	11,175,357	12,454,680		Pending
Cash Funds Exempt	5,087,058	5,011,631	5,177,332	5,510,599		Pending
FTE	49.2	51.0	53.0	53.0		53.0
Federal Funds	145,775	84,216	154,292	157,539		Pending

a/ This appropriation excludes \$33,885 General Fund that was appropriated through H.B. 06-1344 and reflected in the FY 2006-07 Appropriations

Report. This bill was contingent on the passage of Referendum I, which was not approved by voters in November 2006.

b/ Reflects an increase of \$24,800. Of said sum, \$4,800 is from the Division of Registrations cash fund, \$10,000 is from the Division of Insurance cash fund, \$10,000 is from the Division of Real Estate cash fund, pursuant to H.B. 06S-1009.

c/ Reflects an increase of \$10,312 from the Division of Registrations cash fund, pursuant to S.B. 06-020.

d/ Reflects an increase of \$25,780 from the Mortgage Broker Registration cash fund, pursuant to H.B. 06-1161.

e/ Reflects an increase of \$28,874 from the Division of Registrations cash fund, pursuant to S.B. 06-230.

f/ Reflects an increase of \$322 from the Division of Registrations cash fund, pursuant to H.B. 06-1395.

	FY 2004-05	FY 2005-06	FY 2006-07	FY 2007-08		Change Requests
	Actual	Actual	Appropriation	Request	Recommendation	
<b>(2) DIVISION OF BANKING</b>						
<b>Primary Function:</b> regulating state chartered commercial banks, industrial banks and trust companies; licensi order companies. The funding source is the Division of Banking Cash Fund.						
Personal Services - CF	2,290,851	2,435,860	2,698,720	2,749,746	2,741,481	
FTE - CF	31.8	33.4	38.5	38.5	38.5	
Operating Expenses - CF	270,246	258,601	270,547	279,905	279,905	<b>DI #5</b>
Board Meetings - CF	11,473	10,174	11,500	11,500	11,500	
Indirect Cost Assessments - CF	419,176	416,082	435,762	445,974	<b>Pending</b>	
<b>TOTAL - (2) BANKING - CF</b>	<b>2,991,746</b>	<b>3,120,717</b>	<b>3,416,529</b>	<b>3,487,125</b>	<b>Pending</b>	
<b>FTE - CF</b>	<b>31.8</b>	<b>33.4</b>	<b>38.5</b>	<b>38.5</b>	<b>38.5</b>	

	FY 2004-05	FY 2005-06	FY 2006-07	FY 2007-08		Change Requests
	Actual	Actual	Appropriation	Request	Recommendation	
<b>(3) DIVISION OF CIVIL RIGHTS</b>						
<b>Primary Function:</b> investigating/adjudicating discrimination complaints relating to employment, housing and public accommodation.						
The CFE funding source is various cash funds within the department.						
Personal Services	1,591,630	1,484,590	1,558,639	1,585,073	1,580,309	
FTE	<u>23.3</u>	<u>23.9</u>	<u>29.0</u>	<u>31.0</u>	<u>31.0</u>	
General Fund	751,274	969,092	959,807 a/	951,219	948,251	
FTE	13.1	15.2	18.0 a/	18.0	18.0	
Cash Funds Exempt	211,318	179,706	234,347	270,098	269,395	
FTE	2.2	2.2	2.0	2.0	2.0	
Federal Funds	629,038	335,792	364,485	363,756	362,663	
FTE	8.0	6.5	9.0	11.0	11.0	<b>BA #1</b>
Operating Expenses	<u>84,959</u>	<u>84,094</u>	<u>97,977</u>	<u>97,977</u>	<u>97,977</u>	
General Fund	42,380	68,925	56,857	56,857	56,857	
Federal Funds	42,579	15,169	41,120	41,120	41,120	
Hearings	<u>0</u>	<u>5,000</u>	<u>6,000</u>	<u>6,000</u>	<u>6,000</u>	
General Fund	0	5,000	5,000	5,000	5,000	
Federal Funds	0	0	1,000	1,000	1,000	
Commission Meetings	<u>11,229</u>	<u>5,174</u>	<u>12,374</u>	<u>12,374</u>	<u>12,374</u>	
General Fund	5,174	5,174	5,174	5,174	5,174	
Federal Funds	6,055	0	7,200	7,200	7,200	

	FY 2004-05	FY 2005-06	FY 2006-07	FY 2007-08		Change Requests
	Actual	Actual	Appropriation	Request	Recommendation	
Indirect Cost Assessment - FF	37,624	81,594	62,978	54,832		<b>Pending</b>
<b>TOTAL - (3) CIVIL RIGHTS</b>	<b>1,725,442</b>	<b>1,660,452</b>	<b>1,737,968</b>	<b>1,756,256</b>		<b>Pending</b>
<b>FTE</b>	<b><u>23.3</u></b>	<b><u>23.9</u></b>	<b><u>29.0</u></b>	<b><u>31.0</u></b>		<b><u>31.0</u></b>
General Fund	798,828	1,048,191	1,026,838	1,018,250		1,015,282
FTE	13.1	15.2	18.0	18.0		18.0
Cash Funds Exempt	211,318	179,706	234,347	270,098		269,395
FTE	2.2	2.2	2.0	2.0		2.0
Federal Funds	715,296	432,555	476,783	467,908		Pending
FTE	8.0	6.5	9.0	11.0		11.0

a/ This appropriation excludes \$24,167 General Fund and 0.5 FTE that was appropriated through H.B. 06-1344 and reflected in the FY 2006-07 Appropriations Report. This bill was contingent on the passage of Referendum I, which was not approved by voters in November 2006.

**(4) DIVISION OF CONSUMER COUNSEL**

**Primary Function:** representing interests of residential, agricultural and small business consumers in electric, gas, telecommunications utility rate and service proceedings before the Public Utility Commission (PUC). The funding source is the PUC Fixed Utility fund.

Personal Services - CF	652,511	631,726	744,602	755,462		753,191
FTE - CF	5.9	5.9	7.0	7.0		7.0
Operating Expenses - CF	45,051	34,333	55,572	55,572		55,572
Indirect Cost Assessments - CF	76,214	75,651	79,229	81,086		<b>Pending</b>
<b>TOTAL - (4) CONSUMER COUNSEL - CF</b>	<b>773,776</b>	<b>741,710</b>	<b>879,403</b>	<b>892,120</b>		<b>Pending</b>
<b>FTE - CF</b>	<b>5.9</b>	<b>5.9</b>	<b>7.0</b>	<b>7.0</b>		<b>7.0</b>

	FY 2004-05 Actual	FY 2005-06 Actual	FY 2006-07 Appropriation	FY 2007-08		Change Requests
				Request	Recommendation	
<b>(5) DIVISION OF FINANCIAL SERVICES</b>						
<b>Primary Function:</b> regulating state-chartered savings and loan associations and credit unions; and financial oversight of life care institutions. The funding source is the Division of Financial Services Cash Fund.						
Personal Services - CF	656,684	683,231	819,791	931,174	928,668	DI #2
FTE - CF	9.3	9.9	11.0	13.0	13.0	DI #2
Operating Expenses - CF	70,241	65,864	72,763	79,253	73,409	DI #2
Indirect Cost Assessments - CF	119,765	118,882	124,503	127,421	Pending	
<b>TOTAL - (5) FINANCIAL SERVICES - CF</b>	<b>846,690</b>	<b>867,977</b>	<b>1,017,057</b>	<b>1,137,848</b>	<b>Pending</b>	
<b>    FTE - CF</b>	<b>9.3</b>	<b>9.9</b>	<b>11.0</b>	<b>13.0</b>	<b>13.0</b>	

	FY 2004-05 Actual	FY 2005-06 Actual	FY 2006-07 Appropriation	FY 2007-08		Change Requests
				Request	Recommendation	
<b>(6) DIVISION OF INSURANCE</b>						
<b>Primary Function:</b> regulating insurance companies doing business and/or domiciled in Colorado; licensing insurance agents and adjusters; regulating non-profit hospital and health service corporations, prepaid dental plans, health maintenance organizations, self-insurance pools for workers' compensation, fraternal benefit societies, bail bondsmen, and pre-need funeral contracts. Unless otherwise indicated, the funding source is the Division of Insurance cash fund.						
Personal Services	4,885,051	5,106,058	5,396,749	5,513,319	5,491,530	
FTE	<u>71.4</u>	<u>72.6</u>	<u>78.5</u>	<u>78.5</u>	<u>78.5</u>	
Cash Funds	4,872,187	5,106,058	5,391,721	5,513,319	5,491,530	
FTE	71.4	72.6	78.5	78.5	78.5	
Cash Funds Exempt	12,864	0	5,028	0	0	
Operating Expenses	<u>271,014</u>	<u>372,603</u>	<u>544,963</u> S	<u>384,019</u>	<u>399,737</u>	
General Fund	0	100,000 a/	0	0	0	
Cash Funds	271,014	272,603	394,963 b/	384,019	379,737	<b>DI #5</b>
Cash Funds Exempt	0	0	150,000 c/	0	20,000	
Senior Health Counseling Program - FF	238,741	421,795	509,000	509,000	509,000	
FTE - FF	1.8	2.0	2.0	2.0	2.0	
PIP Exam Program - CF	100,000	26,723	26,670	26,670	26,670	
FTE - CF	0.0	0.0	0.5	0.5	0.5	

	FY 2004-05	FY 2005-06	FY 2006-07	FY 2007-08		Change Requests
	Actual	Actual	Appropriation	Request	Recommendation	
Insurance Fraud Prosecution - CF	280,257	272,895	685,729 d/	656,704		Pending
Indirect Cost Assessments	<u>847,336</u>	<u>849,203</u>	906,348	<u>928,032</u>		Pending
Cash Funds	833,311	832,164	894,161	915,115		
Federal Funds	14,025	17,039	12,187	12,917		
<b>TOTAL - (6) INSURANCE</b>	<b>6,622,399</b>	<b>7,049,277</b>	8,069,459	<b>8,017,744</b>		<b>Pending</b>
<b>FTE</b>	<b><u>73.2</u></b>	<b><u>74.6</u></b>	81.0	<b><u>81.0</u></b>		<b><u>81.0</u></b>
General Fund	0	100,000	0	0		0
Cash Funds	6,356,769	6,510,443	7,393,244	7,495,827		Pending
FTE	71.4	72.6	79.0	79.0		79.0
Cash Funds Exempt	12,864	0	155,028	0		20,000
Federal Funds	252,766	438,834	521,187	521,917		Pending
FTE	1.8	2.0	2.0	2.0		2.0

a/ Reflects an increase of \$100,000 from the General Fund, pursuant to S.B. 06-208.

b/ Reflects an increase of \$150,000 from the Health Care Reform cash fund, pursuant to S.B. 06-208.

c/ Reflects an increase of \$5,243 from the Division of Insurance cash fund, pursuant to H.B. 06-1330.

d/ Reflects an increase of \$379,950 from the Division of Insurance cash fund, pursuant to S.B. 06-038.

	FY 2004-05	FY 2005-06	FY 2006-07	FY 2007-08		Change Requests
	Actual	Actual	Appropriation	Request	Recommendation	
<b>(7) PUBLIC UTILITIES COMMISSION</b>						
<b>Primary Function:</b> regulating public utilities in regard to rates and service; regulating transportation and gas pipeline safety programs; overseeing railroad crossing safety standards; regulating the transport of hazardous materials. Approximately half of the division's funding is from the Public Utilities Commission Fixed Utility fund, with the remainder coming from cash fund sources indicated in the letternotes.						
Personal Services	6,646,746	7,218,611	7,589,209	7,703,799	7,680,267	
FTE	<u>84.1</u>	<u>88.5</u>	<u>93.5</u>	<u>93.5</u>	<u>93.5</u>	
Cash Funds	5,959,891	6,882,861	7,391,917	7,327,565	7,304,033	
FTE	84.1	88.5	93.5	93.5	93.5	
Cash Funds Exempt	686,855	335,750	197,292	376,234	376,234	
Operating Expenses	<u>387,511</u>	<u>381,260</u>	<u>436,910</u> S	<u>394,202</u>	<u>394,202</u>	
Cash Funds	387,511	381,260	392,310	394,202	394,202	DI #5
Cash Funds Exempt	0	0	44,600 a/	0	0	
Expert Testimony - CF	25,000	25,000	25,000	25,000	25,000	
Highway Crossing Payments - CFE	0	212,272	0	0	0	
Disabled Telephone Users Payment	<u>2,296,490</u>	<u>1,926,959</u>	<u>2,083,400</u>	<u>2,011,788</u>	<u>2,011,788</u>	
Cash Funds	1,569,910	1,523,564	2,020,283 b/	2,011,788	2,011,788	
Cash Funds Exempt	726,580	403,395	63,117	0	0	
Transfer to Reading Services for the Blind						
Cash Fund (Disabled Fund) - CF	93,800	190,000	200,000	200,000	200,000	

	FY 2004-05	FY 2005-06	FY 2006-07	FY 2007-08		Change Requests
	Actual	Actual	Appropriation	Request	Recommendation	
Transfer to Commission for the Deaf and Hard of Hearing Cash Fund - CF	25,000	25,000	25,000	0	0	
Low Income Telephone Assistance	<u>394,746</u>	<u>298,212</u>	<u>1,097,367</u>	<u>2,238,600</u>	<u>2,238,600</u>	
Cash Funds	355,164	298,212	0	2,238,600	2,238,600	
Cash Funds Exempt	39,582	0	1,097,367	0	0	
Indirect Cost Assessments	<u>1,009,288</u>	<u>1,010,485</u>	<u>1,058,279</u>	<u>1,083,079</u>	<b>Pending</b>	
Cash Funds	1,009,288	1,010,485	1,058,279	1,083,079		
Cash Funds Exempt	0	0	0	0		
<b>TOTAL - (7) PUBLIC UTILITIES COMM.</b>	<b>10,878,581</b>	<b>11,287,799</b>	12,515,165	<b>13,656,468</b>	<b>Pending</b>	
<b>FTE</b>	<b><u>84.1</u></b>	<b><u>88.5</u></b>	93.5	<b><u>93.5</u></b>	<b><u>93.5</u></b>	
Cash Funds	9,425,564	10,336,382	11,112,789	13,280,234	Pending	
FTE	84.1	88.5	93.5	93.5	93.5	
Cash Funds Exempt	1,453,017	951,417	1,402,376	376,234	Pending	

a/ Reflects an increase of \$44,600 from the Public Utilities Commission Fixed Utility fund, pursuant to H.B. 06-1325.

b/ Reflects a reduction of \$25,000 from the Colorado Disabled Telephone Users cash fund, pursuant to S.B. 06-218.

	FY 2004-05 Actual	FY 2005-06 Actual	FY 2006-07 Appropriation	FY 2007-08		Change Requests
				Request	Recommendation	
<b>(8) DIVISION OF REAL ESTATE</b>						
<b>Primary Function:</b> licensing real estate brokers, agents and appraisers; regulating subdivision developers. The funding source is the Division of Real Estate Cash Fund unless otherwise indicated.						
Personal Services - CF	2,239,546	2,070,067	2,494,057	2,668,873	2,661,047	BA #2
FTE - CF	34.2	31.4	38.5 a/	40.5	40.5	BA #2
Operating Expenses - CF	182,236	162,459	283,996 a/, S	192,681	192,196	BA #2
Commission Meetings - CF	19,095	16,755	21,925	21,925	21,925	
Hearings - CF	0	450	3,000	4,000	4,000	
CBI / FBI Record Checks - CF	209,350	24,095	0	0	0	
Payments from Real Estate Recovery - CF	518,773	0	0	0	0	
Indirect Cost Assessment - CF	402,845	399,871	418,784	445,974	<b>Pending</b>	
<b>TOTAL - (8) REAL ESTATE - CF</b>	<b>3,571,845</b>	<b>2,673,697</b>	<b>3,221,762</b>	<b>3,333,453</b>	<b>Pending</b>	
<b>FTE - CF</b>	<b>34.2</b>	<b>31.4</b>	<b>38.5</b>	<b>40.5</b>	<b>40.5</b>	

a/ Reflects an increase in \$97,373 from the Mortgage Broker Registration cash fund and 1.5 FTE, pursuant to H.B. 06-1161.

	FY 2004-05	FY 2005-06	FY 2006-07	FY 2007-08		Change Requests
	Actual	Actual	Appropriation	Request	Recommendation	
<b>(9) DIVISION OF REGISTRATIONS</b>						
<b>Primary Function:</b> Examining, licensing and regulating various professions and occupations. The primary funding source is the Division of Registrations Cash Fund.						
Personal Services	9,190,141	9,551,010	9,845,595	10,445,608	11,373,327	
FTE	<u>154.4</u>	<u>157.7</u>	<u>165.2</u>	<u>167.2</u>	<u>166.2</u>	
Cash Funds	7,490,198	7,770,516	8,009,859	8,221,717	9,160,698	<b>DI #3, BA #3</b>
FTE	132.0	135.3	141.5	143.5	142.5	<b>BA #3</b>
Cash Funds Exempt	1,699,943	1,780,494	1,835,736	2,223,891	2,212,629	
FTE	22.4	22.4	23.7	23.7	23.7	
Operating Expenses	<u>1,180,631</u>	<u>1,164,034</u>	<u>1,748,349</u>	<u>1,248,555</u>	<u>1,236,529</u>	
Cash Funds	1,062,629	1,042,770	1,642,528	1,248,555	1,236,529	<b>DI #3, #4, #5</b>
Cash Funds Exempt	118,002	121,264	105,821	0	0	
Hearings Pursuant to Complaint	<u>240,009</u>	<u>236,834</u>	<u>307,075</u>	<u>307,075</u>	<u>307,075</u>	
Cash Funds	236,525	226,089	304,075	307,075	307,075	
Cash Funds Exempt	3,484	10,745	3,000	0	0	

	FY 2004-05	FY 2005-06	FY 2006-07	FY 2007-08		Change Requests
	Actual	Actual	Appropriation	Request	Recommendation	
Payments to Department of Health						
Care Policy and Financing	<u>12,844</u>	<u>146,812</u>	<u>154,383</u> S	<u>14,652</u>	<u>14,652</u>	
Cash Funds	12,844	0	14,652	14,652	14,652	
Cash Funds Exempt	0	146,812	139,731	0	0	
Indirect Cost Assessment	<u>3,184,411</u>	<u>3,440,022</u>	<u>3,742,695</u>	<u>3,804,927</u>	<b>Pending</b>	
Cash Funds	2,917,956	3,208,884	3,490,198	3,804,927		
Cash Funds Exempt	266,455	231,138	252,497	0		
<b>TOTAL - (9) REGISTRATIONS</b>	<b>13,808,036</b>	<b>14,538,712</b>	15,798,097	<b>15,820,817</b>	<b>Pending</b>	
<b>FTE</b>	<b><u>154.4</u></b>	<b><u>157.7</u></b>	165.2	<b><u>167.2</u></b>	<b><u>166.2</u></b>	
Cash Funds	11,720,152	12,248,259	13,461,312	13,596,926	Pending	
FTE	132.0	135.3	141.5	143.5	142.5	
Cash Funds Exempt	2,087,884	2,290,453	2,336,785	2,223,891	Pending	
FTE	22.4	22.4	23.7	23.7	23.7	

a/ Reflects an increase of \$317,149 from the Division of Registrations cash fund and 2.0 FTE, pursuant to S.B. 06-020.

b/ Reflects an increase of \$191,041 from the Division of Registrations cash fund and 3.3 FTE, pursuant to S.B. 06-230.

c/ Reflects an increase of \$30,075 from the Division of Registrations cash fund and 0.4 FTE, pursuant to H.B. 06-1395.

d/ Reflects an increase of \$2,542 from the Division of Registrations cash fund, pursuant to H.B. 06-1196.

	FY 2004-05	FY 2005-06	FY 2006-07	FY 2007-08		Change Requests
	Actual	Actual	Appropriation	Request	Recommendation	
<b>(10) DIVISION OF SECURITIES</b>						
<b>Primary Function:</b> registering securities sales agents and broker-dealers; regulating non-exempt securities; registering government investment pools; regulating municipal bonds. The funding source is the Division of Securities cash fund.						
Personal Services - CF	1,466,180	1,546,865	1,649,861	1,689,772	1,684,692	
FTE - CF	19.3	19.3	20.0	20.0	20.0	
Operating Expenses - CF	45,051	45,550	45,656	47,816	47,816	<b>DI #5</b>
Hearings - CF	23,165	18,726	19,594	19,594	19,594	
Board Meetings - CF	1,030	3,983	4,500	4,500	4,500	
Securities Fraud Prosecution - CF	331,499	370,417	421,274	421,274	<b>Pending</b>	
Indirect Cost Assessment - CF	217,753	216,513	226,370	231,675	<b>Pending</b>	
<b>TOTAL - (10) SECURITIES - CF</b>	<b>2,084,678</b>	<b>2,202,054</b>	<b>2,367,255</b>	<b>2,414,631</b>	<b>Pending</b>	
<b>FTE - CF</b>	<b>19.3</b>	<b>19.3</b>	<b>20.0</b>	<b>20.0</b>	<b>20.0</b>	

	FY 2004-05 Actual	FY 2005-06 Actual	FY 2006-07 Appropriation	FY 2007-08		Change Requests
				Request	Recommendation	
<b>DEPARTMENT OF REGULATORY AGENCIES</b>						
<b>TOTALS</b>	<b>58,300,210</b>	<b>59,360,973</b>	<b>65,800,057</b>	<b>69,042,003</b>		<b>Pending</b>
<b>FTE</b>	<b><u>484.7</u></b>	<b><u>495.6</u></b>	<b><u>536.7</u></b>	<b><u>544.7</u></b>		<b><u>543.7</u></b>
General Fund	1,029,665	1,382,464	1,297,219	1,420,973		Pending
FTE	13.1	15.2	18.0	18.0		18.0
Cash Funds	47,304,567	48,589,697	54,044,708	58,092,844		Pending
FTE	388.0	396.3	429.0	435.0		434.0
Cash Funds Exempt	8,852,141	8,433,207	9,305,868	8,380,822		Pending
FTE	73.8	75.6	78.7	78.7		78.7
Federal Funds	1,113,837	955,605	1,152,262	1,147,364		Pending
FTE	9.8	8.5	11.0	13.0		13.0

**DEPARTMENT OF REGULATORY AGENCIES  
FY 2007-08  
FIGURE SETTING**

**(1) EXECUTIVE DIRECTOR'S OFFICE AND ADMINISTRATIVE SERVICES**

This Office oversees and coordinates the operations of the Department's various divisions. It also performs departmental administrative functions, including accounting, budgeting, data processing, human resources, purchasing, facilities planning, and management reporting. The Office of Policy and Research, which is also within this office, conducts sunrise and sunset evaluations of divisions, commissions, and boards located throughout state government.

Staff Summary Executive Director's Office	FY 2005-06 Actual	FY 2006-07 Appropriation	FY 2007-08 Request	FY 2007-08 Recommend.
Executive Director, Deputy, and Support	3.0	3.0	3.0	<b>3.0</b>
Legislative Liaison & Public Information	2.6	2.5	2.5	<b>2.5</b>
Policy and Research (sunrise/sunset review staff)	5.0	5.5	5.5	<b>5.5</b>
Planning and Budgeting	2.0	2.0	2.0	<b>2.0</b>
Accounting and Purchasing	7.8	8.0	8.0	<b>8.0</b>
Information Technology	25.8	27.0	27.0	<b>27.0</b>
Human Resources	4.8	5.0	5.0	<b>5.0</b>
<b>TOTAL</b>	<b>51.0</b>	<b>53.0</b>	<b>53.0</b>	<b>53.0</b>

**Indirect Cost Assessments and Funding for the Executive Director's Office**

Appropriations in the Executive Director's Office (EDO) portion of the Long Bill fall into two categories: appropriations that pay the actual cost of running the EDO, such as salaries for EDO personnel, and appropriations that will be allocated among all divisions in the Department, such as legal services. The EDO obtains moneys for its actual costs from indirect cost assessments that are collected from the divisions and transferred to the EDO. The Department allocates these actual costs -- known as "departmental overhead" -- among its divisions proportionate to FTE.

**Personal Services**

The following table, which employs the Option 8 common policy approved by the Committee, summarizes Staff's calculation of the FY 2007-08 personal services recommendation for the Executive Director's office.

Personal Services - Executive Director's Office						
	GF	CF	CFE	FF	FTE	Total
FY 2006-07 Long Bill Appropriation	\$10,000	\$43,000	\$3,665,633	\$0	53.0	\$3,718,633

Personal Services - Executive Director's Office						
	GF	CF	CFE	FF	FTE	Total
Special Bills - H.B. 06S-1009/1023	0	0	12,736	0	0.0	12,736
Salary Survey	0	0	99,564	0	0.0	99,564
<i>FY 2006-07 Subtotal</i>	<i>10,000</i>	<i>43,000</i>	<i>3,777,933</i>	<i>0</i>	<i>53.0</i>	<i>3,830,933</i>
0.5% base reduction	(50)	(215)	(18,890)	0	0.0	(19,155)
Special Bills - H.B. 06S-1009/1023	0	0	(12,736)	0	0.0	(12,736)
Fund source adjustment	46,500	(20,000)	(26,500)	0	0.0	0
<b>Staff Recommendation for FY 2007-08</b>	<b>\$56,450</b>	<b>\$22,785</b>	<b>\$3,719,807</b>	<b>\$0</b>	<b>53.0</b>	<b>\$3,799,042</b>

The Department requests an appropriation of \$3,810,667 cash funds and 53.0 FTE. It has come to the attention of the Department that the source designation for sunset reviews costs should be depicted differently. **Staff recommends an appropriation of \$3,799,042 and 53.0 FTE. This will be comprised of \$56,450 General Fund and \$22,785 cash funds from sunset review fees paid by other Departments and \$3,719,807 from cash funds exempt from sunset review fees paid by other Departments and indirect cost assessments.** Staff requests permission to adjust the fund sources for sunset review fees as necessary.

#### **Health, Life, and Dental**

The Department requests \$2,267,235, comprised of \$106,453 General Fund, \$1,811,283 cash funds, and \$268,612 cash funds exempt. **Staff recommends an appropriation of \$2,253,091 for this line**, comprised of \$120,081 General Fund, \$1,847,073 cash funds, and \$285,937 cash funds exempt, which corresponds to Committee common policy.

#### **Short-Term Disability**

The Department requests \$43,250, comprised of \$1,564 General Fund, \$35,648 cash funds, and \$6,038 cash funds exempt. **Staff recommends an appropriation of \$41,774 for this line item**, comprised of \$1,183 General Fund, \$33,542 cash funds, and \$7,049 cash funds, which corresponds to Committee common policy.

#### **Salary Survey**

The Department requests no appropriation for this line item. **Staff recommends an appropriation of \$1,008,654**, comprised of \$36,244 General Fund, \$821,846 cash funds, and \$150,564 cash funds exempt, which corresponds to Committee common policy.

#### **Performance-based Pay**

The Department requests an appropriation of \$306,073, comprised of \$11,073 General Fund, \$252,279 cash funds \$42,721 cash funds exempt. **Staff recommends \$475,057 comprised of \$13,741 General Fund, \$393,951 cash funds, and \$67,365 cash funds exempt**, which corresponds to Committee common policy.

### **Workers' Compensation**

The Department requests \$140,820, consisting of \$5,121 General Fund, \$119,284 cash funds, \$14,329 cash funds exempt, and \$2,086 federal funds. Staff recommendation for this line item is **pending** Committee approval of a common policy.

### **Amortization Equalization Disbursement**

The Department requests an appropriation of \$486,842, comprised of \$17,610 General Fund, \$401,272 cash funds, a \$67,960 cash funds exempt. **Staff recommends an appropriation of \$385,299**, comprised of \$10,620 General Fund, \$309,613 cash funds, and \$65,066 cash funds exempt, which corresponds to Committee common policy.

### **Supplemental Amortization Equalization Disbursement**

The Department requests no appropriation for this line item. **Staff recommends an appropriation of \$79,954**, comprised of \$1,896 General Fund, \$64,503 cash funds, and \$13,555 cash funds exempt. Pursuant to Committee policy and S.B. 06-235, SAED was taken out of salary increases approved by the Legislature for the next fiscal year.

### **Decision Item #5 – Wireless Broadband**

For **Decision Item #5**, The Department is requesting an appropriation to purchase and maintain 50 secure wireless broadband cards, 21 external antennas, and monthly service fees for unlimited data transfer. Currently DORA inspectors and examiners must connect from remote locations to the DORA network using a non-secure, dial-up connection. The Department's inspectors and examiners require access to information on the DORA Network and through various other resources on the internet in order to complete the inspections and audits for their job.

DORA's examiners and inspectors work statewide, including outlying areas and existing IT access by dial-up connection is not secure, reliable, or fast, which present numerous reliability, security, and speed problems. While some inspectors and examiners must maintain a connection for many hours a day, others must perform daily data uploads and data "dumps" which often require a substantial amount of time to complete.

The request includes 21 antenna ready wireless broadband cards which when connected to an external antenna, can provide inspectors and examiners in remote locations of the state a substantially boosted signal where wireless service is not strong. The use of the external antenna has been tested with the State Patrol and was found to be effective.

The request is for \$36,886 cash funds which would be funded through various cash fund sources across the Department's affected divisions. It is important to note that because wireless broadband service comprises 98 percent of the request, approximately \$36,000 will be included in the affected divisions' operating line items in each subsequent year. The following table outlines how each division contributes to the overall cost of the Decision Item and the fund source:

<b>Decision Item #5– Wireless Broadband</b>	
<b>Division and Cash Fund Source</b>	<b>Contribution</b>
EDO: Indirect Costs	\$1,440
Division of Banking Cash Fund	9,358
Division of Insurance Cash Fund	3,599
PUC: Motor Carrier Cash Fund	1,440
PUC: Fixed Utilities Cash Fund	1,440
Division of Registrations Cash Fund	17,449
Division of Securities Cash Fund	2,160
<b>Total</b>	<b>\$36,886</b>

**The Department Requests and Staff recommends approval of this Decision Item.**

**Operating Expenses (Decision Item #5)**

**The Department requests and Staff recommends an appropriation of \$215,974 for this line,** consisting of \$3,689 General Fund, \$101,730 cash funds, and \$110,555 cash funds exempt. This recommendation includes \$1,440 for Decision Item #5 (Wireless Broadband).

**Legal Services (Decision Item #3)**

The Department requests an appropriation of \$5,811,083 for 85,747 hours of legal services, consisting of \$52,929 General Fund, \$5,519,074 cash funds, \$111,334 cash funds exempt, and \$127,746 federal funds. **Staff recommends funding for 85,988 hours of legal services and requests permission to determine the actual appropriation when the Committee establishes a rate per hour for legal services.** The recommendation includes a reduction of 1,112 hours for Decision Item #3 (Office of Expedited Settlement Staffing) and an increase of 670 hours for the annualization of FY 2006-07 legislation. The following table summarizes Staff's calculation of the FY 2007-08 legal services recommendation:

	<b>Legal Services</b>				<b>Hours</b>	<b>Total</b>
	<b>GF</b>	<b>CF</b>	<b>CFE</b>	<b>FF</b>		
FY 2006-07 Appropriation	\$52,929	\$5,475,015	\$111,334	\$127,746	85,097	\$5,767,024
Regulation of Prescription Drug Wholesalers (S.B. 06-230)	0	25,780	0	0	380	25,780
Regulation of Mortgage Brokers (H.B. 06-1161)	0	28,874	0	0	426	28,874
Residential Child Health Care (H.B. 06-1395)	0	322	0	0	5	322

Legal Services						
	GF	CF	CFE	FF	Hours	Total
Illegal Alien Legislation (H.B. 06S-1009 & H.B. 06S-1023)	0	50,828	0	0	750	50,828
<i>FY 2006-07 Subtotal</i>	<i>52,929</i>	<i>5,580,819</i>	<i>111,334</i>	<i>127,746</i>	<i>86,658</i>	<i>5,872,828</i>
Decision Item #3 - Office of Expedited Settlement FTE	0	(75,360)	0	0	(1,112)	(75,360)
FY 2006-07 Special Bills (06-230, 06-1161, 06S-1009/1023)**	0	45,398	0	0	670	45,398
<b>Staff Recommendation for FY 2007-08</b>					<b>86,216</b>	

\*\* Legal expenditures were obtained from fiscal note estimated FY 07-08 expenditures (S.B. 06-230 and H.B. 06-1161) or from Staff's September 20, 2006 Emergency 1331 Supplemental Memo to the JBC (H.B. 06S-1009 and H.B. 06S-1023).

### **Administrative Law Judge (ALJ) Services**

The Department requests \$224,740, consisting of \$4,851 General Fund, \$218,137 cash funds and \$1,752 cash funds exempt. Staff recommendation for this line item is **pending** Committee approval of a common policy.

### **Purchase of Services from Computer Center**

The Department requests \$10,026, consisting of \$103 General Fund, \$9,239 cash funds, and \$684 cash funds exempt. Staff recommendation for this line item is **pending** Committee approval of a common policy.

### **Multi-use Network Payments**

The Department requests no appropriation for this line item. Staff recommendation for this line item is **pending** Committee approval of a common policy.

### **Payment to Risk Management and Property Funds**

The department requests \$76,202, consisting of \$2,878 General Fund, \$60,868 cash funds, \$10,873 cash funds exempt, and \$1,583 federal funds. Staff recommendation for this line item is **pending** Committee approval of a common policy.

### **Decision Item #4 – Leased Vehicles for Tramway and Pharmacy Inspection Programs**

The Department is requesting three leased vehicles. Two sedans for the Pharmacy Board Inspection Program and one 4-wheel drive vehicle for the Colorado Tramway Safety Board Inspection Program. Currently these two Division of Registrations' programs utilize the State Motor Pool, managed through the Department of Personnel and Administration (DPA), when required to conduct inspections.

*Background:*

Tramway Safety Board (Request: 1 Leased 4-wheel Drive Vehicle). The Colorado Passenger Tramway Safety Inspection Program is fee-based and has jurisdiction over 375 tramways across the state. Pursuant to Section 25-5-712 (1) (b), C.R.S., each passenger tramway must be inspected by an inspector designated by the board, twice annually or every 2,000 hours of operation. The program enlists six contract inspectors and employs one Supervisory Tramway Engineer FTE whom perform 740 inspection per year, traveling approximately 90-120 days per year to perform their duties, and log approximately 15,000 miles per year. Presently the program has no leased vehicle for the Supervisory FTE, whom must resource the State Motor Pool to obtain a vehicle on an as-needed basis. The six contracted inspectors utilize their own vehicles. The Department requests the leasing of a 4-wheel drive vehicle as there are numerous passenger tramways located in remote locations requiring the inspector to drive through treacherous conditions.

Pharmacy Board (Request: 2 Leased Sedans). The Pharmacy Board Inspection Program is fee-based and has jurisdiction over pharmacists, pharmacist interns, and 1,243 facilities (pharmacies, wholesalers, limited licenses, and other outlets) located within the state. Pursuant to Section 12-22-122 (1) (a), C.R.S., Pharmacy Board Inspectors are required to inspect all outlets and investigate violations. The program has three full-time inspectors whom perform approximately 1,445 inspections a year and log approximately 60,000 miles per year. Presently the program has only two leased vehicles, requiring an inspector to resource the State Motor Pool to obtain a vehicle on an as-needed basis. Further, S.B. 06-230 (Prescription Drug Wholesaler) was enacted, appropriating an FTE to implement the legislation, however a vehicle was not included in the appropriation.

Directive by the Governor's Office: In December 2002, the Governor issued a directive to all departments of the state to reduce the size of its vehicle fleet by 10 percent. The Pharmacy Board and the Tramway Safety Board were each required to eliminate one leased vehicle in 2003.

*Analysis:*

The following table provides a cost overview of procuring the vehicles through the State Motor Pool and through leasing the vehicles through the State Fleet Management Program:

<b>Decision Item #4 – Request to Lease Three Vehicles from the State Fleet Management Program</b>			
Inspection Program	Status Quo	Request	Comparison
	<b>State Motor Pool (Per Year)</b>	<b>Lease from State Fleet (Per Year)</b>	
Tramway Safety (one 4WD vehicle)	\$8,320 (\$64/day, 130 days/yr)	\$6,084 (\$507/mo: lease, mgmt fee, gas)	(\$2,236)
	----- Operating: \$8,320 Vehicle Lease: \$0	----- Operating: \$3,000 Vehicle Lease: \$3,084	----- Operating: (\$5,320) Vehicle Lease: \$3,084

<b>Decision Item #4 – Request to Lease Three Vehicles from the State Fleet Management Program</b>			
Inspection Program	Status Quo	Request	Comparison
	<b>State Motor Pool (Per Year)</b>	<b>Lease from State Fleet (Per Year)</b>	
Pharmacy Board (two sedans)	\$14,040 (\$45/day, 156 days/yr)	\$9,988 (\$832/mo: lease, mgmt fee, gas)	(\$4,052)
	Operating: \$14,040 Vehicle Lease: \$0	Operating: \$6,400 Vehicle Lease: \$3,588	Operating: (\$7,640) Vehicle Lease: \$3,588
<b>Total</b>	<b>\$22,360</b>	<b>\$16,072</b>	<b>(\$6,288)</b>
	<b>Operating: \$22,360 Vehicle Lease: \$0</b>	<b>Operating: \$9,400 Vehicle Lease: \$6,672</b>	<b>Operating: (\$12,960) Vehicle Lease: \$6,672</b>

Based on the cost savings that are achieved through leasing the vehicles through the State Fleet Management Program, and by ensuring that the Tramway Safety Inspectors and the Pharmacy Board Inspectors are able to fulfill their statutory obligations, **the Department requests and Staff recommends the approval of this Decision Item.**

**Vehicle Lease Payments (Decision Item #4)**

The Department requests \$213,808 cash funds. **Staff recommendation is pending Committee approval of a common policy and will include \$6,672 for Decision Item #4.**

**Decision Item #1 – Document Imaging System**

The Department is requesting one-time funding to replace the Department's aging document imaging system by purchasing licenses to use the Electronic Data Warehouse (EDW) system, which is currently used by other state agencies. This system would provide the Department with the cost-efficient capability to organize and distribute captured electronic content such as documents, images, video, and e-mail for access by citizens, agency employees, and state personnel. The Electronic Data Warehouse (EDW) is housed, operated, and maintained by the Department of Personnel and Administration, Divisions of Information Technology and Central Services.

The current document imaging system employed by the Department is encumbered with operational inefficiencies, lacks proper programmatic documentation, has security vulnerabilities, and lacks adequate system functionality. LibertyNET, a single platform, client-thick application acquired in 1999, and was originally contracted for 5 years. Near the contract termination date, the Department believed that it had not maximized its investment and as such extended the contract for three additional years. Due to system aging the system has become more difficult to maintain and as such the Department must shoulder the integration and maintenance of applications with little vendor support.

The driving force behind the request lies in the increased use of electronic means of conducting business based on the expansion of online regulatory transactions in real estate, insurance, and

banking. There are six applications within the Division of Registrations which access LibertyNET and each of which have various incongruities with LibertyNET's document retrieval processes. These problems must be addressed with by technical assistance and user troubleshooting, which hinder productivity and data and information access by the public.

The following table outlines the costs associated with the Department's request.

<b>Decision Item #1– Document Imaging System</b>	
<b>Request</b>	<b>Cost</b>
30 Application Licenses (\$1,216 each)	\$36,480
Converting 1.1 million documents (\$0.042/image)	46,090
40 hours of conversion consulting services (\$213/hr)	8,520
Conversion consultants travel expenses	5,000
Software Development Kit	5,000
Training	1,140
<b>Total</b>	<b>\$102,230</b>

The request includes 30 application licenses at a cost of \$1,216 per license, or \$36,480 in total,. After further discussions with the Department, it was learned that while 30 application licenses are ideal, 25 would be minimally sufficient, and as such this decreases the requested total for Application Licenses by \$6,080.

The Department requests an appropriation of \$102,230 cash funds exempt. **Staff recommends the approval of Decision Item #1 and an appropriation of \$96,150 cash funds exempt.** This amount includes a reduction of \$6,080 for application licenses. The funding source will be from various cash funds within the Department.

**Information Technology Asset Maintenance (Decision Items #1, #2, #3, BA #2)**

This line item pays for replacement of the Department's IT assets on a predictable schedule. The useful life of an IT asset is determined at the time that the asset is placed in service, based on OIT guidelines, and the asset is retired when it reaches the end of that useful life. When properly implemented, such strategies can increase asset reliability, reduce maintenance costs, and create a more predictable stream of IT expenses, which makes it easier for the Department to set fees.

The Department requests \$578,701, comprised of \$283,180 cash funds and \$295,521 cash funds exempt. Based on its asset replacement schedule and the necessity to replace the Department's antiquated document imaging system, **Staff recommends an appropriation of \$570,087,** comprised of \$280,646 cash funds and \$289,441 cash funds exempt. This includes \$1,267 cash funds for Decision Item #3 (Office of Expedited Settlement Staffing) and \$2,534 for Budget

Amendment #2 (Real Estate Appraisers). This also includes *reductions* of \$2,534 cash funds for Decision Item #2 (Credit Union Inspection Staffing), and \$6,080 cash funds exempt for Decision Item #1 (Document Imaging System). The reductions are based on updated information provided by the Department subsequent to the submission of the FY 2007-08 budget request.

### **Leased Space (Decision Item #3)**

The Department requests a continuing appropriation of \$2,535,019 for leased space, comprised of \$87,472 General Fund, \$2,020,361 cash funds, \$401,062 cash funds exempt, and \$26,124 federal funds. **Staff recommends an appropriation of \$2,532,604 for this line**, consisting of \$87,472 General Fund, \$2,017,946 cash funds, \$401,062 cash funds exempt and \$26,124 federal funds. This includes a reduction of \$2,415 for Decision Item #3 (Office of Expedited Settlement Staffing) as the Department does not need to procure space for the additional FTE.

### **Capitol Complex Leased Space**

The Department requests an appropriation of \$1,278 cash funds for this item. The Department currently leases 169 square feet within the Capitol Complex Facilities in Grand Junction for use by the Electrical Board within the Division of Registrations. **Staff recommends funding for 169 square feet of space. The corresponding appropriation awaits Committee approval of a common policy rate for capitol complex leased space.**

### **Hardware/Software Maintenance**

This line item pays for licensing and maintenance agreements for the computer hardware and software used by the Department. Though most IT asset acquisitions are funded by the Information Technology Asset Maintenance appropriation, the Hardware/Software Maintenance appropriation is sometimes used to acquire new IT hardware when equipment upgrades or purchases are required by licensing and maintenance contracts. **The Department requests and Staff recommends \$660,320**, comprised of \$800 General Fund, \$400,918 Cash Funds, and \$258,602 Cash Funds Exempt. This represents a continuation level of funding.

### **CoverColorado**

An appropriation for CoverColorado still appears in the Department of Regulatory Agencies numbers pages, but it no longer will appear in DORA's section of the Long Bill. Senate Bill 04-211 (Hillman/Spradley) changed state funding for CoverColorado; it requires the Treasury Department to transmit both interest and principal from the Unclaimed Property Trust Fund to CoverColorado to the extent needed to cover program expenses that are not met by premiums paid by those insured. The transmittal supplants the associated annual CoverColorado appropriation, which formerly appeared in the Department of Regulatory Agencies portion of the Long Bill. An informational line titled "CoverColorado" has been implemented in the Department of Treasury's portion of the Long Bill to track these transmittals.

## **(2) DIVISION OF BANKING**

The Division of Banking regulates state-chartered banks and debt management companies. Division staff conduct examinations and enforce compliance in the following areas: the Public Deposit Protection Act, trust departments, electronic funds transfers, electronic data processing, and the

Uniform Consumer Credit Code. The eight-member Colorado State Banking Board is the policy and rulemaking authority for the Division.

The funding source for all Division of Banking expenditures is the Division of Banking Cash Fund created in Section 11-102-403, C.R.S.

Staff Summary Banking Division	FY 2005-06 Actual	FY 2006-07 Appropriation	FY 2007-08 Request	FY 2007-08 Recommend.
Commissioner	1.0	1.0	1.0	<b>1.0</b>
Examiners	25.4	29.0	29.0	<b>29.0</b>
Administration	7.0	8.5	8.5	<b>8.5</b>
<b>TOTAL</b>	<b>33.4</b>	<b>38.5</b>	<b>38.5</b>	<b>38.5</b>

### Personal Services

The following table, which employs the Option 8 common policy approved by the Committee, summarizes Staff's calculation of the FY 2007-08 personal services recommendation for the Division of Banking.

Personal Services - Division of Banking						
	GF	CF	CFE	FF	FTE	Total
FY 2006-07 Long Bill Appropriation	\$0	\$2,698,720	\$0	\$0	38.5	\$2,698,720
Salary Survey	0	56,537	0	0	0.0	56,537
<i>FY 2006-07 Subtotal</i>	<i>0</i>	<i>2,755,257</i>	<i>0</i>	<i>0</i>	<i>38.5</i>	<i>2,755,257</i>
0.5% base reduction	0	(13,776)	0	0	0.0	(13,776)
<b>Staff Recommendation for FY 2007-08</b>	<b>\$0</b>	<b>\$2,741,481</b>	<b>\$0</b>	<b>\$0</b>	<b>38.5</b>	<b>\$2,741,481</b>

The Department requests an appropriation of \$2,749,746 cash funds. **Staff recommends \$2,741,481 cash funds and 38.5 FTE, pursuant to Committee policy.**

### Operating Expenses (Decision Item #5)

The Department requests and Staff recommends an appropriation of \$279,905 cash funds, which includes \$9,358 for Decision Item #5 (Wireless Broadband).

### Board Meeting Costs

This line pays operating expenses of the Colorado State Banking Board and a \$50 per diem for board members. **The Department requests and Staff recommends a continuing level of funding of \$11,500.**

### Indirect Cost Assessment

Staff recommendation for this line is pending.

**(3) CIVIL RIGHTS DIVISION**

The Division of Civil Rights 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 the Commission and of Division personnel are the investigation and adjudication of charges of unfair or discriminatory practices, and the supervision of hearings upon complaints issued against a respondent pursuant to statute. The Division's Compliance Unit 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.

<b>Staff Summary Civil Rights Division</b>	<b>FY 2005-06 Actual</b>	<b>FY 2006-07 Appropriation</b>	<b>FY 2007-08 Request</b>	<b>FY 2007-08 Recommend.</b>
Director's Office/Administration	3.0	4.0	4.0	<b>4.0</b>
Outreach/Education	0.0	1.0	1.0	<b>1.0</b>
Intake/Employment/Public Accommodation	5.9	8.0	10.0	<b>10.0</b>
Investigations/Enforcement/Compliance	15.0	15.0	15.0	<b>15.0</b>
Mediation/State Personnel Board/Internships	0.0	1.0	1.0	<b>1.0</b>
<b>TOTAL</b>	<b>23.9</b>	<b>29.0</b>	<b>31.0</b>	<b>31.0</b>

**Budget Amendment #1 – Federal Funded Civil Rights FTE**

The Department requests that it be granted additional federal FTE authority in order to obtain additional FTE in order to begin re-establishing a regional presence outside the Denver Metro area. During FY 2002-03 and FY 2003-04, the Division received appropriation reductions of approximately \$1 million and 10.0 FTE, a 30 percent cut in staffing. While the Division responded with aggressive strategies to cope with the reductions, operationally the Division had difficulty absorbing this loss resulting in a decrease in its ability to resolve cases in sufficient time.

In FY 2005-06, the General Assembly approved a supplemental for one-time spending authority of \$189,000 GF to accommodate reduced federal revenues, and restoring 3.0 FTE, beginning in FY 2006-07. While the supplemental addressed unexpected shortcomings in the ability to pay for existing staff, the decision item was ultimately intended to position the Division to perform at a high enough level in order to continue to accomplish its statutory mission while maximizing the amount of federal revenue available to the Division. As a result of this action, the Division has been able to meet its goals and earn the necessary federal moneys to fund the department's staffing requirements.

The request from the department is to receive FTE authority to increase its federal funded staffing by 2.0 FTE, *only if sufficient federal funds are earned through the Division's ability to leverage efficient operations and higher productivity*. The Department wishes to obtain these FTE in order to begin re-establishing a regional presence, beyond the centralized intake found only in Denver.

**The Department Requests and Staff recommends approval of this Budget Amendment.**

### **Personal Services (Budget Amendment #1)**

The following table, which employs the Option 8 common policy approved by the Committee, summarizes Staff's calculation of the FY 2007-08 personal services recommendation for the Civil Rights Division.

<b>Personal Services - Civil Rights Division</b>						
	<b>GF</b>	<b>CF</b>	<b>CFE</b>	<b>FF</b>	<b>FTE</b>	<b>Total</b>
FY 2006-07 Long Bill Appropriation	\$959,807	\$0	\$234,347	\$364,485	29.0	\$1,558,639
Salary Survey	29,611	0	0	0	0.0	29,611
<i>FY 2006-07 Subtotal</i>	<i>989,418</i>	<i>0</i>	<i>234,347</i>	<i>364,485</i>	<i>29.0</i>	<i>1,588,250</i>
.05% base reduction	(4,947)	0	(1,172)	(1,822)	0.0	(7,941)
BA #1 – Federal Funded FTE	0	0	0	0	2.0	0
Fund source adjustment	(36,220)	0	36,220	0	0.0	0
<b>Staff Recommendation for FY 2007-08</b>	<b>\$948,251</b>	<b>\$0</b>	<b>\$269,395</b>	<b>\$362,663</b>	<b>31.0</b>	<b>\$1,580,309</b>

For the Personal Services line item, the Department requests an appropriation of \$1,585,073 and 31.0 FTE, comprised of \$951,219 General Fund, \$270,098 cash funds exempt, and \$363,756 federal funds. This request includes Budget Amendment #1 (Federal Funded CCRD Staffing). **Staff recommends an appropriation of \$1,580,309 and 31.0 FTE, comprised of \$948,251 General Fund, \$269,395 cash funds exempt, and \$362,663 federal funds, pursuant to Committee policy.** This recommendation includes federal funded 2.0 FTE authority for Budget Amendment #1.

### **Operating Expenses**

**The Department requests and Staff recommends an appropriation of \$97,977**, corresponding to \$56,857 General Fund and \$41,120 Federal Funds. This is a continuation level of funding.

### **Hearings Pursuant to Complaint**

This line item pays for expenses associated with hearings, proceedings and mediations as well as a portion of the cost of cases referred to the Attorney General. Expenses of the Attorney General include costs for expert witnesses, court reporters, transcripts and depositions. **The Department requests and Staff recommends a continuing level of funding of \$6,000**, comprised of \$5,000 General Fund and \$1,000 federal funds. This is a continuation level of funding.

### **Commission Meeting Costs**

This line pays for meetings that the Colorado Civil Rights Commission holds at various locations around the state. The meetings enable members of the public to tell the Commission their concerns regarding civil rights issues. Commission meetings deal with Federal HUD and EEOC matters as well as the state's civil rights laws, which explains the combination of federal and state funding. The appropriation pays for per diem and travel for commissioners and pays for miscellaneous meeting costs. **The Department requests and Staff recommends a funding level of \$12,374**, comprised of \$5,174 General Fund and \$7,200 in federal funds. This is a continuation level of funding.

**Indirect Cost Assessment**

Staff recommendation for this line is pending.

**(4) OFFICE OF CONSUMER COUNSEL**

The Office of Consumer Counsel represents the public interest, especially residential, small business, and agricultural consumers, in cases before the Public Utilities Commission. These cases involve proposed changes to electric, gas, and telecommunications utility rates, service, and policies.

The fund source for all Division appropriations is the Public Utility Commission's Fixed Utility Fund established in Section 40-2-114, C.R.S.

Staff Summary Consumer Counsel	FY 2005-06 Actual	FY 2006-07 Appropriation	FY 2007-08 Request	FY 2007-08 Recommend.
Director	1.0	1.0	1.0	1.0
Technical Staff	3.2	4.0	4.0	4.0
Administrative Staff	1.7	2.0	2.0	2.0
<b>TOTAL</b>	<b>5.9</b>	<b>7.0</b>	<b>7.0</b>	<b>7.0</b>

**Personal Services**

The following table, which employs the Option 8 common policy approved by the Committee, summarizes Staff's calculation of the FY 2007-08 personal services recommendation for the Office of Consumer Counsel.

Personal Services - Office of Consumer Counsel						
	GF	CF	CFE	FF	FTE	Total
FY 2006-07 Long Bill Appropriation	\$0	\$744,602	\$0	\$0	7.0	\$744,602
Salary Survey	0	12,374	0	0	0.0	12,374
<i>FY 2006-07 Subtotal</i>	<i>0</i>	<i>756,976</i>	<i>0</i>	<i>0</i>	<i>7.0</i>	<i>756,976</i>
0.5% base reduction	0	(3,785)	0	0	0.0	(3,785)
<b>Staff Recommendation for FY 2007-08</b>	<b>\$0</b>	<b>\$753,191</b>	<b>\$0</b>	<b>\$0</b>	<b>7.0</b>	<b>\$753,191</b>

The Department requests an appropriation of \$755,462 cash funds and 7.0 FTE. **Staff recommends an appropriation of \$753,191 cash funds and 7.0 FTE, pursuant to Committee policy.**

**Operating Expenses**

**The Department requests and Staff recommends an appropriation of \$55,572 cash funds, which is a continuation level of funding.**

**Indirect Cost Assessment**

Staff recommendation for this line is pending.

**(5) DIVISION OF FINANCIAL SERVICES**

The Division of Financial Services regulates state-chartered credit unions, savings and loan associations, and life-care institutions, which provide care for the duration of a person's life in return for the payment of an initial fee. With the Banking Division, the Financial Services Division also administers the Public Deposit Protection Act which safeguards the uninsured deposits of public moneys in a number of state and federal savings and loan associations. The Division conducts on-site examinations that are designed to ensure financial stability and compliance with applicable state and federal laws. It initiates enforcement actions when appropriate. The five-member Financial Services Board provides policy guidance to the Division.

The funding source for all Division appropriations is the Division of Financial Services Cash Fund created in Section 11-40-106 (2), C.R.S.

<b>Staff Summary Division of Financial Services</b>	<b>FY 2005-06 Actual</b>	<b>FY 2006-07 Appropriation</b>	<b>FY 2007-08 Request</b>	<b>FY 2007-08 Recommend.</b>
Commissioner	0.0	1.0	1.0	<b>1.0</b>
Examiners	8.0	8.0	10.0	<b>10.0</b>
Administrative Support	1.9	2.0	2.0	<b>2.0</b>
<b>TOTAL</b>	<b>9.9</b>	<b>11.0</b>	<b>13.0</b>	<b>13.0</b>

**Decision Item #2 – Financial/Credit Union Examiners**

The Department is requesting \$119,984 cash funds to add 2.0 FTE as a result of rapid asset growth, industry consolidation, increased examination requirements, and to implement a peer-review process. Financial/Credit Union Examiners perform on-site examinations and off-site monitoring of financial institutions' financial condition and compliance with State laws. They also take necessary corrective and enforcement actions. The Division currently employs a risk-based model to focus their efforts where it is most needed, however with increased asset growth and industry consolidation, *the complexity of the work and the time required to perform this work has increased substantially*. In comparison, in 2005, each examiner spent an average of seven additional weeks in the field performing on-site examination duties than the same examiner in 2003. This added time demand has disabled the Division's abilities to regulate financial institutions at a required and sustainable level.

Further, an October 2003 Performance Audit on the Division, recommended that a peer review process be implemented to help enhance the quality assurance of the examinations. While the Division's management team agreed with the findings from the performance review, the Commissioner postponed the institution of this policy indefinitely due to a lack of sufficient personnel resources. The Department's request for additional FTE will enable the Division to institute the State Auditor's recommendation.

It is also important to include that the Division requires adequate staff in place to execute its succession plan beginning in FY 2008-09, when senior examiners begin to retire. Because it takes

approximately 2 years in order to properly train a field examiner to be proficient in all aspects of the position, the necessity to hire additional FTE now will provide the adequate coverage necessary when the senior examiners retire.

**The Department Requests and Staff recommends approval of this Decision Item.**

**Personal Services (Decision Item #2)**

The following table, which employs the Option 8 common policy approved by the Committee, summarizes Staff's calculation of the FY 2007-08 personal services recommendation for the Division of Financial Services.

<b>Personal Services - Division of Financial Services</b>						
	<b>GF</b>	<b>CF</b>	<b>CFE</b>	<b>FF</b>	<b>FTE</b>	<b>Total</b>
FY 2006-07 Long Bill Appropriation	\$0	\$819,791	\$0	\$0	11.0	\$819,791
Salary Survey	0	15,606	0	0	0.0	15,606
<i>FY 2006-07 Subtotal</i>	<i>0</i>	<i>835,397</i>	<i>0</i>	<i>0</i>	<i>11.0</i>	<i>835,397</i>
0.5% base reduction	0	(4,177)	0	0	0.0	(4,177)
DI #2 – Financial/Credit Union Examiners	0	97,448	0	0	2.0	97,448
<b>Staff Recommendation for FY 2007-08</b>	<b>\$0</b>	<b>\$928,668</b>	<b>\$0</b>	<b>\$0</b>	<b>13.0</b>	<b>\$928,668</b>

The Department requests \$931,174 cash funds and 13.0 FTE, which includes Decision Item #2. **Staff recommends an appropriation of \$928,668 cash funds and 13.0 FTE for the Division.** This recommendation includes \$97,448 cash funds and 2.0 FTE for Decision Item #2.

**Operating Expenses (Decision Item #2)**

The Department requests \$79,253 cash funds, which includes \$20,002 cash funds for Decision Item #2. **Staff recommends an appropriation of \$73,409 cash funds,** which includes \$14,158 cash funds for Decision Item #2.

**Indirect Cost Assessment**

Staff recommendation for this line is pending.

**(6) DIVISION OF INSURANCE**

The Division of Insurance regulates more than 2,000 authorized insurance entities and nearly 45,000 licensed insurance producers throughout Colorado. Its primary objectives are the promotion and preservation of a safe and sound competitive market environment for both the industry and the consumer. The Division's duties include the following:

1. Conduct actuarial examinations, authorize surplus lines, and regulate provider networks and non-traditional insurance entities
2. Conduct examinations related to the financial solvency of Colorado insurance companies

3. Monitor and rehabilitate troubled insurance companies, collect premium taxes, and perform financial analysis of applicable companies
4. Review policy forms submitted by insurance carriers and ensure that insurer rates are reasonable and equitable
5. Perform field and desk examinations to monitor compliance related to the advertising, underwriting, and other practices of regulated insurance entities
6. Respond to consumer inquiries and complaints
7. Regulate bail bond agents, investigate producer violations and act to prohibit unauthorized insurance activities

The funding source for almost all Division programs is the Division of Insurance Cash Fund, created in Section 10-1-103 (3), C.R.S. Pursuant to the rules of this section, 100 percent of the revenues from insurance registration and license fees flow into this cash fund. The fund also receives 100 percent of the revenues from several other sources. The Division's remaining revenue needs are met by Section 10-3-209 (4), C.R.S., which directs up to 5 percent of insurance premium tax revenues into the Division of Insurance Cash Fund, with the remainder flowing to the General Fund. These premium tax revenues are only diverted from the General Fund to the extent needed to cover Division expenditures that are not paid by other revenue sources. About a third of the Division's funding comes from this diversion. While all Division spending is labeled cash fund in the numbers pages and in the Long Bill, this diversion means that in reality about a third of the Division's total appropriation is essentially General Fund.

<b>Staff Summary Division of Insurance</b>	<b>FY 2005-06 Actual</b>	<b>FY 2006-07 Appropriation</b>	<b>FY 2007-08 Request</b>	<b>FY 2007-08 Recommend.</b>
Commissioner's Office	2.0	3.0	3.0	<b>3.0</b>
Finance and Administration	24.3	48.0	48.0	<b>45.5</b>
Compliance and Market Regulation	25.5	0.0	0.0	<b>0.0</b>
Consumer Affairs	20.8	30.0	30.0	<b>30.0</b>
<b>TOTAL</b>	<b>72.6</b>	<b>81.0</b>	<b>81.0</b>	<b>78.5</b>

### **Personal Services**

The following table, which employs the Option 8 common policy approved by the Committee, summarizes Staff's calculation of the FY 2007-08 personal services recommendation for the Division of Insurance.

<b><u>Personal Services - Division of Insurance</u></b>						
	<b><u>GF</u></b>	<b><u>CF</u></b>	<b><u>CFE</u></b>	<b><u>FF</u></b>	<b><u>FTE</u></b>	<b><u>Total</u></b>
FY 2006-07 Long Bill Appropriation	\$0	\$5,391,721	\$5,028	\$0	78.5	\$5,396,749
Salary Survey	0	122,376	0	0	0.0	122,376
<i>FY 2006-07 Subtotal</i>	<i>0</i>	<i>5,514,097</i>	<i>5,028</i>	<i>0</i>	<i>78.5</i>	<i>5,519,125</i>

<u>Personal Services - Division of Insurance</u>						
0.5% base reduction	0	(27,570)	(25)	0	0.0	(27,596)
Fund source adjustment	0	5,003	(5,003)	0	0.0	0
<b>Staff Recommendation for FY 2007-08</b>	<b>\$0</b>	<b>\$5,491,530</b>	<b>\$0</b>	<b>\$0</b>	<b>78.5</b>	<b>\$5,491,529</b>

The Department requests \$5,513,319 cash funds and 78.5 FTE. **Staff recommends an appropriation of \$5,491,530 cash funds and 78.5 FTE.**

### **Operating Expenses (Decision Item #5)**

The Division's Operating Expense appropriation consists of two components: (1) moneys continuously appropriated by Section 10-1-108 (9), C.R.S., which derive from out-of-state travel expense reimbursements paid by insurance companies, and (2) amounts appropriated annually by the General Assembly. The out-of-state travel component varies substantially.

The Department requests \$384,019 cash funds. **Staff recommends \$399,737, comprised of \$379,737 cash funds and \$20,000 cash funds exempt. The cash funds are the combination of a \$100,000 informational appropriation for continuously appropriated travel reimbursements and a \$279,737 appropriation for other operating expenses.** The cash funds exempt are gifts, grants, donations, and interest which were collected for the Blue Ribbon Commission on Health Care Reform. The Commission is required to furnish a report by November 1, 2007 and will have expenses to be covered in FY 2007-08. Further, this recommendation includes \$3,599 for Decision Item #5 (Wireless Broadband) and a reduction of \$4,282 for FY 2006-07 Budget Amendment #1 (Tax FTE). The sources of funding are the Division of Insurance Cash Fund and reimbursements from insurance companies for travel expenses.

### **Senior Health Counseling Program**

This federally funded program provides senior citizens with Medicare information. The level of program expenditures is contingent on the availability of federal money from the Centers for Medicare and Medicaid Services (CMS) and the U.S. Administration on Aging, two Federal agencies located within the U.S. Department of Health and Human Services. Spending fluctuations reflect the availability of funds and the timing of the arrival of those funds. **The Department requests and Staff recommends an informational appropriation of \$509,000 federal funds and a staffing level of 2.0 FTE.** This is a continuation level of funding.

### **PIP Exam Program**

The PIP (Personal Injury Protection) line is a left-over from the days of no-fault auto insurance, which ended on July 1, 2003 when the relevant portions of statute sunsetted. The line is funded by a fee collected under authority of Section 10-3-207 (d), C.R.S., a provision that did not expire. The program is administered under rules promulgated by the Commissioner of Insurance.

Even though the no-fault laws are gone, people injured while the no-fault rules were in effect continue to need Independent Medical Examiners (IMEs), though the number of annual examinations is declining. PIP coverage lasts for 10 years under the old no-fault laws, so IMEs

could potentially be needed as late 2013, though the number of exams will surely be small at that time.

**The Department requests and staff recommends an appropriation of \$26,670 cash funds and 0.5 FTE, which is a continuation level of funding.**

**Insurance Fraud Prosecution**

The Insurance Division refers fraud cases to the Special Prosecutions Unit within the Department of Law for criminal prosecution. Moneys to pay for prosecution is appropriated in the Division of Insurance and is then transferred to the Department of Law where it appears again as a cash funds exempt appropriation. Pursuant to S.B. 06-038, \$379,950 was appropriated in FY 2006-07 to the Division for these purposes.

The Committee will determine the appropriation for this line during figure setting for the Department of Law. The Department requests an appropriation of \$656,704 cash funds for this line but **Staff recommendation is pending figure setting for the Department of Law.** This recommendation will include a reduction of \$29,025 cash funds for non-recurring expenses attributable to the implementation of S.B. 06-038.

**Indirect Cost Assessment**

Staff recommendation for this line is pending.

**(7) 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 responsibilities. The PUC also administers the Colorado Telecommunications High Cost Program, the Low Income Telephone Assistance Program, the Disabled Telephone Users Program, and the Highway Crossing Protection Program.

Most of the PUC's activities are supported by the PUC Fixed Utility Fund created in Section 40-2-114, C.R.S. or the PUC Motor Carrier Fund created in Section 40-2-110.5 (6), C.R.S. Unless noted otherwise, the bulk of the funding for the following appropriations will come from these two funds.

<b>Staff Summary Public Utilities Commission</b>	<b>FY 2005-06 Actual</b>	<b>FY 2006-07 Appropriation</b>	<b>FY 2007-08 Request</b>	<b>FY 2007-08 Recommend.</b>
Director & Commissioners	4.0	4.0	4.0	<b>4.0</b>
Executive Office	0.5	1.0	1.0	<b>1.0</b>
Administrative Services	12.7	13.0	13.0	<b>13.0</b>
Administrative Hearings	6.5	7.0	7.0	<b>7.0</b>
Policy Advisers & Case Mgmt	13.5	13.5	13.5	<b>13.5</b>
External Affairs	7.7	8.0	8.0	<b>8.0</b>

<b>Staff Summary Public Utilities Commission</b>	<b>FY 2005-06 Actual</b>	<b>FY 2006-07 Appropriation</b>	<b>FY 2007-08 Request</b>	<b>FY 2007-08 Recommend.</b>
Utilities	27.6	29.0	29.0	<b>29.0</b>
Transportation	10.0	12.0	12.0	<b>12.0</b>
Gas Pipeline Safety	4.0	4.0	4.0	<b>4.0</b>
Rail/Transit	2.0	2.0	2.0	<b>2.0</b>
<b>TOTAL</b>	<b>88.5</b>	<b>93.5</b>	<b>93.5</b>	<b>93.5</b>

### **Personal Services**

The following table, which employs the Option 8 common policy approved by the Committee, summarizes Staff's calculation of the FY 2007-08 personal services recommendation for the Public Utilities Commission.

<b>Personal Services - Public Utilities Commission</b>						
	<b>GF</b>	<b>CF</b>	<b>CFE</b>	<b>FF</b>	<b>FTE</b>	<b>Total</b>
FY 2006-07 Long Bill Appropriation	\$0	\$7,391,917	\$197,292	\$0	93.5	\$7,589,209
Salary Survey	0	180,529	0	0	0.0	180,529
H.B. 06-1325 (one-time)	0	44,600	0	0	0.0	44,600
<i>FY 2006-07 Subtotal</i>	<i>0</i>	<i>7,617,046</i>	<i>197,292</i>	<i>0</i>	<i>93.5</i>	<i>7,814,338</i>
0.5% base reduction	0	(38,085)	(986)	0	0.0	(39,072)
FY 2006-07 DI Adjustment (E-Filings)	0	(50,400)	0	0	0.0	(50,400)
H.B. 06-1325 One-Time Reduction	0	(44,600)	0	0	0.0	(44,600)
Funding Source Adjustment	0	(179,928)	179,928	0	0.0	0
<b>Staff Recommendation for FY 2007-08</b>	<b>\$0</b>	<b>\$7,304,033</b>	<b>\$376,234</b>	<b>\$0</b>	<b>93.5</b>	<b>\$7,680,266</b>

The Department requests \$7,703,799 cash funds and 93.5 FTE, comprised of \$7,327,565 cash funds and \$376,234 cash funds exempt. **Staff recommends an appropriation of \$7,680,266 and 93.5 FTE**, consisting of \$7,304,033 cash funds and \$376,234 cash funds exempt.

### **Operating Expenses (Decision Item #5)**

**The Department requests and Staff recommends an appropriation of \$394,202 cash funds.** This includes a \$2,880 for Decision Item #5 (Wireless Broadband).

### **Expert Testimony**

This line pays for expert testimony during hearings before the PUC. Actual expenditures for this appropriation are highly variable, ranging from less than \$3,000 to nearly \$25,000 since FY 1999-00 with corresponding reversions in low-expenditure years. **The Department requests and Staff recommends a continuation funding level of \$25,000.**

### **Disabled Telephone Users Fund**

Pursuant to Section 40-17-104 (1), C.R.S., phone companies impose a fee, set by the PUC, on each phone line in the state with the resulting revenues deposited in the Disabled Telephone Users Fund. Moneys in the fund are continuously appropriated to pay the cost of a contract with Sprint that provides telecommunications relay services for disabled individuals. A typical phone call through Sprint's service might work as follows: a non-disabled individual telephones a hearing-impaired individual and the call is routed to a communications assistant who types the spoken words so they can be sent to a TTY terminal used by the hearing-impaired individual. **The Department requests and Staff recommends a \$2,011,788 cash funds informational appropriation for this line.** The cash funds source is the Disabled Telephone Users Cash Fund.

### **Transfer to Reading Services for the Blind**

Pursuant to Section 40-17-104 (1), C.R.S., this line item appropriates money from the Disabled Telephone Users Fund to the Reading Services for the Blind Cash Fund. There is a corresponding cash funds exempt appropriation from the Reading Services for the Blind Cash Fund in the Department of Education, where the appropriation supports broadcasts by the Radio Reading Service of the Rockies, a volunteer reading service for the visually impaired. **The Committee previously approved a \$200,000 cash funds appropriation for this line item during its K-12 figure setting.**

### **Transfer to the Colorado Commission for the Deaf and Hard of Hearing Cash Fund**

This line item reflects the annual transfer of \$25,000 from the Disabled Telephone Users Fund to the Colorado Commission for the Deaf and Hard of Hearing Cash Fund that is required by Section 40-17-104 (4), C.R.S. The amount is fixed in statute and is not subject to appropriation by the General Assembly. Pursuant to S.B. 06-218, the funds are directly transferred from the Colorado Disabled Telephone Users Fund to the Colorado Commission for the Deaf and Hard of Hearing Cash Fund. **The Department requests and Staff recommends no appropriation for this line.**

### **Low Income Telephone Assistance**

Since 1990, the Public Utilities Commission has run a program that subsidizes service for eligible low income telephone customers. To finance the program, the PUC imposed a fee on all telephone lines, most recently 7 cents per month. At the end of January 2006, the fund balance was \$1,097,367.

On February 22, 2006, the PUC adopted Decision # C06-0164 which ordered Qwest Communications, Inc. to establish a trust fund in the amount of \$5,500,000 to be used for purposes of funding the Low Income Telephone Assistance Program. This order negates the need for funding of the program through the surcharge on telephone subscribers. The PUC has eliminated this surcharge. It is expected that the surcharge will continue at no cost until the trust fund balance is exhausted in approximately two to two and a half years..

This new trust fund will also support an approximately \$89,000 annual transfer to the Department of Human Services, which determines eligibility for subsidized phone service. The corresponding appropriations appear in the Department of Human Services section of the Long Bill.

The PUC's portion of this program operates under the provisions of statute and is not subject to annual appropriation by the General Assembly. **The Department requests and Staff recommends an informational appropriation of \$2,238,600 cash funds.**

**Indirect Cost Assessment**

Staff recommendation for this line is pending.

**(8) 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.

Appropriations for the Division are from the Division of Real Estate Cash Fund created in Section 12-61-111.5 (2) (b), C.R.S., unless otherwise noted.

<b>Staff Summary Division of Real Estate</b>	<b>FY 2005-06 Actual</b>	<b>FY 2006-07 Appropriation</b>	<b>FY 2007-08 Request</b>	<b>FY 2007-08 Recommend.</b>
Director's Office	2.0	2.0	2.0	2.0
Enforcement Unit	8.4	16.0	16.0	16.0
Financial Examinations and Auditing	7.0	0.0	0.0	0.0
Education	3.0	0.0	0.0	0.0
Licensing and Certification	8.0	6.0	6.0	6.0
Appraisal Unit	3.0	3.0	4.5	4.5
Operational Support	0.0	10.0	10.0	10.0
Mortgage Broker	0.0	1.5	2.0	2.0
<b>TOTAL</b>	<b>31.4</b>	<b>38.5</b>	<b>40.5</b>	<b>40.5</b>

**Budget Amendment #2 – Real Estate Appraiser Enforcement**

The Department is requesting \$36,817 cash funds and 1.5 FTE to improve public protection related to appraiser misconduct. These resources are specifically intended to address Colorado's status as a leader in the rate of mortgage foreclosures, its status as having the fifth highest mortgage fraud rate in the country, and additionally to resolve significant concerns identified during recent federal audits.

Presently the appraiser regulation program has a large backlog in investigations and cases. The program has 218 open cases against appraisers, of which 75 percent are backlogged (older than 6 months since the start of investigation). While the Division has taken aggressive measures to maximize the resources provided them with the assignment of (1) new leadership; (2) revamped roles; (3) expanded delegations from the Board of Real Estate Appraisers to handle minor cases; (4) risk-based caseload management procedures; (5) access to information resources; (6) application

of new investigation tools; (7) operational and administrative support staff have taken on additional duties; (8) organizational redesign; (9) online complaint form implementation; (10) and the eventual roll-out of an electronic case management tool. These steps have enabled the Division to be as efficient as possible, but the number of complaints and investigations have out-paced these efficiency efforts.

Further, the Appraisal Subcommittee (ASC) of the Federal Financial Institutions Examinations Council is a special purpose Federal authority which prepares a report on the effectiveness of all state regulatory programs for appraisers. Most regulatory programs are examined on a regular 3-year cycle, however programs deemed to have sufficient weaknesses are examined annually. If weaknesses are not addressed, the ASC has the authority to prohibit federal residential mortgage loans in that state – which would be catastrophic to the state. The Division was recently examined in August 2006 (a final letter is forthcoming), however the next most recent report from September 2003 indicated that Colorado's complaint investigation and resolution process did not comply with ASC policy. Recommendations from the ASC to address the issue included: (1) develop and implement a plan to address the backlog of outstanding cases; (2) maintain a more effective complaint tracking system. While the Division has sought to address these gaps in efficacy, the Division struggles to decrease its backlog which is currently at 34 percent (cases outstanding more than 1 year).

The Department is requesting 1.0 General Professional III to oversee the program and 0.5 FTE Compliance Investigator to supplement appraiser enforcement staff. The General Professional position will be able to devote their efforts to addressing case backlog, administrative functions associated with tracking and coordinating with other staff, and will relieve the burden of various administrative duties that Appraisers must currently perform. The Department is requesting 1.0 FTE authority for the General Professional and can cover expenditures for this position within its current appropriation, however is requesting cash funds spending authority to cover the costs associated with the 0.5 FTE Compliance Investigator position.

**The Department Requests and Staff recommends approval of this Decision Item.**

**Personal Services (Budget Amendment #2)**

The following table, which employs the Option 8 common policy approved by the Committee, summarizes Staff's calculation of the FY 2007-08 personal services recommendation for the Division of Real Estate.

Personal Services - Division of Real Estate						
	GF	CF	CFE	FF	FTE	Total
FY 2006-07 Long Bill Appropriation	\$0	\$2,494,057	\$0	\$0	37.0	\$2,494,057
Salary Survey	0	62,046	0	0	0.0	62,046
H.B. 06-1161 (Mortgage Brokers)	0	67,514	0	0	1.5	67,514
<i>FY 2006-07 Subtotal</i>	<i>0</i>	<i>2,623,617</i>	<i>0</i>	<i>0</i>	<i>38.5</i>	<i>2,623,617</i>
0.5% base reduction	0	(13,118)	0	0	0.0	(13,118)
Annualize H.B. 06-1161	0	22,505	0	0	0.5	22,505
BA #2 – Real Estate Appraiser Staffing	0	28,034	0	0	1.5	28,034
<b>Staff Recommendation for FY 2007-08</b>	<b>\$0</b>	<b>\$2,661,038</b>	<b>\$0</b>	<b>\$0</b>	<b>40.5</b>	<b>\$2,661,038</b>

The Department requests \$2,668,873 cash funds and 40.5 FTE, including Budget Amendment #2. **Staff recommends an appropriation of \$2,661,038 cash funds and 40.5 FTE. This recommendation includes \$28,043 and 1.5 FTE for Budget Amendment #2.** The fund source is the Division of Real Estate Cash Fund.

#### **Operating Expenses (Budget Amendment #2)**

The Department requests \$192,681 cash funds. **Staff recommends an appropriation of \$192,196 cash funds** and includes a reduction of \$485 for Budget Amendment #2.

#### **Commission Meeting Costs**

This line item funds per diem, travel, and miscellaneous costs for Real Estate Commission members when they attend meetings. **The Department requests and Staff recommends a continuing level of funding of \$21,925 cash funds for this line item.** Funding for this line is from the Division of Real Estate Cash Fund.

#### **Hearings Pursuant to Complaint**

This line item pays for expenses associated with hearings, proceedings and mediations as well as a portion of the cost of cases referred to the Attorney General. Expenses of the Attorney General include costs for expert witnesses, court reporters, transcripts and depositions. **The Department requests and Staff recommends a continuing level of funding of \$4,000.** Funding for this line is from the Division of Real Estate Cash Fund.

#### **Payments from the Real Estate Recovery Fund**

The Real Estate Recovery Fund was repealed subject to H.B. 05-1264. This fund supported a program that reimbursed the public for acts of fraud committed by real estate licensees who were unable to pay judgments issued by a civil court. Per the act, \$457,065 was transferred from the Recovery Fund to the Real Estate Cash Fund. Any remaining claims will be paid out of the Real Estate Cash Fund. The Division has stated that a maximum of \$334,824 in claims could be paid out in the next few years. **The Department requests and Staff recommends no appropriation for this line item.**

**Indirect Cost Assessment**

Staff recommendation for this line is pending.

**(9) DIVISION OF REGISTRATIONS**

The Division of Registrations regulates nearly 300,000 licensees in more than thirty professions and occupations throughout Colorado. Its boards and licensing programs have been created by the General Assembly to ensure a basic level of competence among licensees and to protect the public welfare. The Division's licensing examinations measure applicants' knowledge, skills, and abilities. The Division also licenses or approves qualified facilities, programs, and equipment. Public protection is further enhanced by conducting inspections, investigating complaints, and restricting or revoking licenses when generally accepted standards of practice or safety have not been met.

The funding source for Division is the Division of Registrations Cash Fund created in Section 24-34-105 (2) (b) (I), C.R.S.

<b>Occupations licensed or certified by the Division of Registrations</b>		
CPA's and CPA firms	Family Therapists	Passenger Tramways (ski lifts)
Acupuncturists	Hearing Aid Dealers	Pharmacists
Alcohol and Drug Abuse Counselors	Lay Midwives	Physical Therapists
Architects	Land Surveyors	Physicians & Physician Assistants
Audiologists	Manicurists	Plumbers
Barbers, Hairstylists	Marriage Therapists	Podiatrists
Chiropractors	Medical Examiners	Professional Counselors
Cosmetologists	Mortgage Brokers	Psychologists
Dentists and Hygienists	Nursing Home Administrators	Respiratory Therapists
Electricians	Nurses and Nurse Aides	Social Workers
Engineers	Optometrists	Veterinarians
	Outfitters and Guides	

<b>Staff Summary Division of Registrations</b>	<b>FY 2005-06 Actual</b>	<b>FY 2006-07 Appropriation</b>	<b>FY 2007-08 Request</b>	<b>FY 2007-08 Recommend.</b>
Director's Office	2.9	3.0	2.9	<b>2.9</b>
Expedited Settlement	2.0	2.0	2.0	<b>2.0</b>
Examinations	3.0	3.0	3.0	<b>3.0</b>
Complaint Investigations	14.8	14.8	15.0	<b>15.0</b>
Licensing	19.0	21.0	21.0	<b>21.0</b>
Support Services	15.5	16.5	16.5	<b>16.5</b>
Board Personnel - Allied Health & Director Programs	16.5	17.4	17.3	<b>17.3</b>
Board Personnel - Business & Technical Section	56.0	56.3	56.4	<b>56.4</b>

Staff Summary Division of Registrations	FY 2005-06 Actual	FY 2006-07 Appropriation	FY 2007-08 Request	FY 2007-08 Recommend.
Healthcare Section	28.0	31.2	33.2	32.2
Total	157.7	165.2	167.2	166.2

**Decision Item #3 and Budget Amendment #3 – Office of Expedited Settlement Staffing**

The Department is requesting in a Budget Amendment to Decision Item #3, submitted in the FY 2007-08 budget request, \$118,715 cash funds and 2.0 FTE to provide funding for the Office of Expedited Settlement (OES) to address the increased caseload and expand the use of expedited settlement within the Division of Registrations (DOR). The request will be funded with an \$83,101 cash funds transfer from its Legal Services appropriation as well as with \$35,614 cash funds spending authority from the Division of Registrations Cash Fund.

*Background:*

The overall goals of creating the OES were to improve customer service through more timely issue resolution and to mitigate legal services costs. The DOR regulates approximately 280,000 licensees in more than 30 professions and occupations through associated boards and licensing programs. The goals of these boards and programs is to ensure a minimal level of licensee competence and to protect the public. The boards within the DOR are empowered to: (1) determine the qualifications to obtain a license; (2) regulate the standards of conduct for the profession; (3) review complaints against licensees; and (4) take disciplinary action.

It is DOR's objective to provide public protection from incompetent, unethical, unsafe, and criminal practitioners. One way to achieve this objective is through disciplinary actions against licensees. Disciplinary action results after a board receives a complaint, conducts the necessary investigation, and reviews the evidence before it. Formal disciplinary action requires attorneys and paralegals to prepare the cases, experts to testify, and administrative law judges to hear cases. *The costs of this process can be substantial*, time to resolution slow, thus compounding the costs to administer disciplinary action.

Boards within the DOR settle a vast majority of their disciplinary cases through a variety of formal and informal mechanisms. The General Assembly has expanded DOR's statutory disciplinary options through the Sunset review process. These informal mechanisms include probation, practice limitations, fines, letters of admonition, and other actions usually achieved through stipulations.

The broader range of sanctions (probation, practice limitations, fines, letters of admonition, etc.), facilitates settlements by providing greater latitude for both parties in negotiations. This provides the Division the opportunity to develop processes to utilize these options in the resolution of disciplinary actions as an alternative to legal representation, thus minimizing legal services expenditures.

*Analysis:*

DORA has substantial legal bills. In FY 2006-07, the department was appropriated \$5.8 million or 28.1 percent of the state's entire legal services expenditures. The Department is motivated to reduce its legal expenditures, and as such has sought to expand its OES program in order to mitigate rising legal expenses.

In a 2005 performance audit by the Colorado State Auditor, the Office of Expedited Settlement was reviewed. In the report, the Auditor determined that the average cost to settle a case through the OES was approximately \$320 compared with an estimated \$620 per case for those referred to and settled by the Office of the Attorney General (OAG). Based on FY 2005-06 data, 632 cases were settled through OES, at an approximate cost of \$202,240 (632 cases at \$320 per settled case). If the OES were not in place and all 632 cases that might have been settled were instead referred to and settled by the OAG, the estimated cost would be approximately \$391,840 (632 cases at \$620 per settled case). *The OES expedited settlement process saved approximately \$189,600 in legal services expenditures for FY 2005-06.* Updated data for calendar year 2006 show the OES settling 752 cases with a settlement rate of 92 percent. Year-to-date 2007 data indicate that the OES has settled 344 cases with a settlement rate of 86 percent.

It is important to note that the Division of Registrations has witnessed an increase in the complexity of cases requiring legal services, which may account for why the average days in the expedited settlement process has gone from 53 in FY 2004-05 to 80 days in FY 2005-06 to 173 days in CY 2006. This indicates an upward trend in complexity, requiring additional time to process each case.

Due to the nascency of the Office of Expedited Settlement (OES), historical trending data has not yet been established. However, based on available relevant data, it appears to staff that the number of cases referred to the OES is leveling off. Despite the large increase in actual cases referred to the OES over what was initially estimated, the OES has successfully expedited between 86 and 92 percent of the cases referred to it with the staffing resources it is currently appropriated since FY 2004-05. However, due to the increasing popularity and anticipated growth of the program, coupled with increasingly complex cases, **staff recognizes the necessity to increase the program's staff by one additional General Professional V in order to justify the savings in legal services expenditures and timely disciplinary action resolution.**

However, as the expedited settlement process program matures over time, it is likely that the OES will become more efficient in its efforts. This efficiency combined with a more efficient manner in which cases are referred to the OES should help to mitigate the program's workload burden and free the need for any future requests for additional program FTE. **Therefore, Staff does not recommend the addition of 1.0 FTE Administrative Assistant III.** While the demand for the program continues to exist within the Division, the effectiveness of *the program may be approaching a point of diminishing returns.* Staff is skeptical that the addition of an Administrative Assistant to the OES would be justified.

The Department is requesting \$118,715 cash funds and 2.0 FTE, with a transfer of \$83,101 from its Legal Services line item and \$35,614 in cash funds from the Division of Registrations Cash Fund. **Staff recommends an appropriation of \$75,360 cash funds and 1.0 FTE (General Professional V),** which includes a reduction of \$5,326 for Operating and \$2,415 for Leased Space as it was

determined after discussions with the Department that there is currently space available for 1.0 FTE as well as capital outlay resources available within the Department's current appropriation. Funding will be provided from the Legal Services line item.

**Personal Services (Decision Item #3)**

The following table, which employs the Option 8 common policy approved by the Committee, summarizes Staff's calculation of the FY 2007-08 personal services recommendation for the Division of Registrations.

Personal Services - Division of Registrations						
	GF	CF	CFE	FF	FTE	Total
FY 2006-07 Long Bill Appropriation	\$0	\$7,648,541	\$2,197,054	\$0	159.5	\$9,845,595
S.B. 06-20 (Interstate Nurse Compact)	0	77,751	0	0	2.0	77,751
S.B. 06-230 (Prescription Drug Wholesalers)	0	146,252	0	0	3.3	146,252
H.B. 06-1395 (Residential Treatment)	0	13,591	0	0	0.4	13,591
Salary Survey	0	222,226	55,285	0	0.0	277,511
<i>FY 2006-07 Subtotal</i>	<i>0</i>	<i>8,108,361</i>	<i>2,252,339</i>	<i>0</i>	<i>165.2</i>	<i>10,360,700</i>
0.5% base reduction	0	(40,542)	(11,262)	0	0.0	(51,804)
Annualize H.B. 06-1395	0	(6,363)	0	0	0.0	(6,363)
DI #3 – Office of Expedited Settlement	0	70,794	0	0	1.0	70,794
Funding Changes	0	28,448	(28,448)	0	0.0	0
<b>Staff Recommendation for FY 2007-08</b>	<b>\$0</b>	<b>\$8,160,698</b>	<b>\$2,212,629</b>	<b>\$0</b>	<b>166.2</b>	<b>\$10,373,328</b>

The Department requests \$10,445,608 and 167.2 FTE, comprised of \$8,221,717 cash funds and \$2,223,891 cash funds exempt. **Staff recommends an appropriation of \$10,373,328 and 166.2 FTE, consisting of \$8,160,698 cash funds and \$2,212,629 cash funds exempt, pursuant to Committee policy.** This recommendation includes \$70,794 cash funds for Decision Item #3.

**Operating Expenses (Decision Items #3, #4, #5)**

The Department requests \$1,248,555 cash funds. **Staff recommends an appropriation of \$1,236,529 cash funds.** This includes \$17,449 for Decision Item #5 (Wireless Broadband) and reductions of \$5,326 for Decision Item #3 (OES Staffing) and \$6,700 for Decision Item #4 (Vehicle Lease).

**Hearings Pursuant to Complaint**

This line item pays for expenses associated with hearings, proceedings and mediations as well as a portion of the cost of cases referred to the Attorney General. Expenses of the Attorney General include costs for expert witnesses, court reporters, transcripts and depositions. **The Department requests and staff recommends a continuing level of funding of \$307,075 cash funds.**

### **Payments to Department of Health Care Policy and Financing**

Federal regulations require the state to certify nurse aides who work in medical facilities with Medicaid or Medicare patients. The Nursing Board, which is within the Division of Registrations, runs Colorado's nurse aide certification program. Federal matching funds pay half the cost of the Medicaid portion of this program, but the Department cannot apply directly for the federal match; Medicaid's centralization rules require that the match be funneled through the Department of Health Care Policy and Financing.

Prior to 1996, the relevant appropriations for Medicaid's share of nurse aide certification program costs appeared in the Department of Health Care Policy and Financing portion of the Long Bill where the General Fund paid half the cost and Federal Funds paid the remainder. The combined appropriation was then transferred as cash funds exempt to the Department of Regulatory Agencies, where it appeared among the Division of Registrations appropriations and was allocated to the Nurse Aide Certification program. Most of these appropriations were in the Division of Registrations portion of the Long Bill, but some Nurse Aide appropriations appeared among the central appropriations in the Executive Director's office.

House Bill 95-1266 added a new Nurse Aide certification requirement: criminal background checks. Applicants must submit evidence that they have had a recent criminal background check, but further investigation by the Division is sometimes needed. The bill's appropriation clause apportioned the cost of the extra investigations as follows: 25 percent (\$12,844) from the Division of Registrations Cash Fund, 25% from the General Fund, and 50% from Federal Funds. The Division's share of the cost has remained constant at \$12,844 in subsequent Long Bills despite the rising cost of the investigations. In order to set this appropriation at a level consistent with the intent of H.B. 95-1266, Staff asked the Department to compute the cost of these extra investigations for FY 2005-06. The Department estimates this cost at \$29,304, half of which equals \$14,652.

Further, on June 20, 2006, JBC Staff presented an Emergency H.B. 1331 Supplemental requesting \$132,160 cash funds exempt for FY 2005-06 and \$139,731 cash funds exempt for FY 2006-07. Funding was furnished from excess reserves in the Division of Registrations Cash Fund.

**The Department requests and staff recommends an appropriation of \$14,652**, which equals half the cost of extra investigations performed by the Division. The Division obtains most of this appropriation from an assessment on nursing homes.

This appropriation will work its way through the Long Bill in the following manner. It will first be transferred to the Department of Health Care Policy and Financing (HCPF), where it will be combined with General Funds on HCPF's "Nurse Aide Certification" line and matched with federal dollars. The entire sum will then be transferred back to the Department of Regulatory Agencies where it will appear as cash funds exempt among the Division of Registrations appropriations and as cash funds exempt among the central appropriations in the Executive Director's office that are allocated to the Nurse Aide Certification program.

**Indirect Cost Assessment**

Staff recommendation for this line is pending.

**(10) 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.

All appropriations for the Division are from the Division of Securities Cash Fund.

<b>Staff Summary Division of Securities</b>	<b>FY 2005-06 Actual</b>	<b>FY 2006-07 Appropriation</b>	<b>FY 2007-08 Request</b>	<b>FY 2007-08 Recommend.</b>
Commissioner's Office	4.0	4.0	4.0	<b>4.0</b>
Examination Unit	6.0	6.0	6.0	<b>6.0</b>
Enforcement Unit	9.3	10.0	10.0	<b>10.0</b>
<b>TOTAL</b>	19.3	20.0	20.0	<b>20.0</b>

**Personal Services**

The following table, which employs the Option 8 common policy approved by the Committee, summarizes Staff's calculation of the FY 2007-08 personal services recommendation for the Division of Registrations.

<b>Personal Services - Division of Securities</b>							
	<b>GF</b>	<b>CF</b>	<b>CFE</b>	<b>FF</b>	<b>FTE</b>	<b>Total</b>	
FY 2006-07 Long Bill Appropriation	\$0	\$1,649,861	\$0	\$0	20.0	\$1,649,861	
Salary Survey	0	43,297	0	0	0.0	43,297	
<i>FY 2006-07 Subtotal</i>	<i>0</i>	<i>1,693,158</i>	<i>0</i>	<i>0</i>	<i>20.0</i>	<i>1,693,158</i>	
0.5% base reduction	0	(8,466)	0	0	0.0	(8,466)	
<b>Staff Recommendation for FY 2007-08</b>	<b>\$0</b>	<b>\$1,684,692</b>	<b>\$0</b>	<b>\$0</b>	<b>20.0</b>	<b>\$1,684,692</b>	

The Department requests \$1,689,772 and 20.0 FTE. **Staff recommends an appropriation of \$1,684,692 cash funds and 20.0 FTE, pursuant to Committee policy.**

**Operating Expenses (Decision Item #5)**

**The Department requests and Staff recommends a continuation level of funding of \$47,816 cash funds.** This recommendation includes \$2,160 cash funds for Decision Item #5 (Wireless Broadband).

**Hearings Pursuant to Complaint**

**The Department requests and Staff recommends an appropriation of \$19,594 cash funds.**

**Board Meeting Costs**

This line item funds per diem, travel, and miscellaneous costs for the five members of the Colorado Securities Board. **The Department requests and Staff recommends a continuation appropriation of \$4,500 cash funds.**

**Securities Fraud Prosecution**

The Securities Division refers fraud cases to the Securities Fraud Unit within the Criminal, Justice and Appellate Division of the Department of Law for investigation and criminal prosecution. Monies to pay for prosecutions is appropriated in the Division of Securities and is then transferred to the Department of Law where it appears again as a cash funds exempt appropriation. The Committee will determine the appropriation for this line during figure setting for the Department of Law. **The Department requests \$421,274 cash funds for this line but Staff recommendation is pending figure setting for the Department of Law.**

**Indirect Cost Assessment**

Staff recommendation for this line is pending.

## LONG BILL FOOTNOTE UPDATE

Staff recommends the **amendment** of the following footnote to the Department's section of the FY 2007-08 Long Bill.

**120 Department of Regulatory Agencies, Executive Director's Office and Administrative Services --** The Department is requested to submit a report to the Joint Budget Committee by October 1, ~~2006~~ 2007 on the Office of Expedited Settlement within the Division of Registrations. The report shall include quantitative measures that can be used to assess the program and a recommendation, based on those measures, to continue, modify or discontinue the program.

*Staff recommends continuing this footnote*, which was vetoed by the Governor. This footnote requests a report on the success of the program after three years of operation and will assist staff in assessing the program's ability to mitigate legal expenses and minimize time to resolution.