

STATE OF COLORADO
JOINT BUDGET COMMITTEE



FY 2014-15
STAFF BUDGET BRIEFING
SUMMARY

STATE OF COLORADO

REPRESENTATIVES
Crisanta Duran, Chair
Jenise May
Cheri Gerou

SENATORS
Pat Steadman, Vice-Chair
Mary Hodge
Kent Lambert



STAFF DIRECTOR
John Ziegler

JOINT BUDGET COMMITTEE

200 East 14th Avenue, 3rd Floor
LEGISLATIVE SERVICES BUILDING
Denver, CO 80203
Telephone 303-866-2061
www.tornado.state.co.us/gov_dir/leg_dir/jbc/jbchome.htm

M E M O R A N D U M

TO: Members of the General Assembly

FROM: Joint Budget Committee

SUBJECT: FY 2014-15 Budget Briefing Summary

DATE: January 8, 2014

For the past two months, the Joint Budget Committee staff has been briefing the Committee on each department's budget request for FY 2014-15. The staff briefing is a written and oral presentation of budget issues and a review of expenditures and requests for each department. These briefings are aimed at stimulating discussion among the Committee members about each department's budget request, its operations, issues of efficiency and effectiveness, and plans for the future.

During the briefing, Committee members decide which issues they wish to discuss with the department. These topics are addressed at a formal hearing with each department's executive director. This hearing also allows time for the department to discuss its priorities with the Committee.

This report summarizes the budget briefings by providing an overview of each department's responsibilities, the department's total request as compared to the current year appropriation, and a summary of issues that were addressed. The detailed staff briefing write-ups can be found at the Committee's web site:

http://www.tornado.state.co.us/gov_dir/leg_dir/jbc/2013-14/briefing.htm

We hope this budget briefing summary, and the documents from which it was created, will help you become familiar with the FY 2014-15 budget requests and major issues that impact the budget. We look forward to discussing the budget with you throughout the 2014 legislative session.

SUMMARY OF FY 2014-15 BUDGET BRIEFING

Table of Contents

	<u>Page Number</u>
Summary Tables	1
Agriculture	3
Corrections	4
Education	6
Governor	9
Health Care Policy & Financing	12
Higher Education	15
Human Services	17
Judicial	21
Labor & Employment	24
Law	25
Local Affairs	27
Military & Veterans Affairs	29
Natural Resources	30
Personnel & Administration	32
Public Health & Environment	34
Public Safety	37
Regulatory Agencies	40
Revenue	42
State	45
Transportation	47
Treasury	49
Capital Construction	51
Compensation Common Policies	53
Tobacco Master Settlement Agreement	55

All Departments

The Executive and Judicial branches of state government submitted their FY 2014-15 budget requests to the Joint Budget Committee on November 1, 2013. The following table summarizes the total request.

FY 2013-14 Appropriation and FY 2014-15 Request

	All Departments					
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2013-14 Appropriation						
SB 13-230 / SB 13-187	\$22,000,678,317	\$8,069,240,084	\$6,641,210,875	\$1,658,929,823	\$5,631,297,535	53,463.4
Other legislation	<u>479,513,472</u>	<u>24,946,631</u>	<u>(43,108,584)</u>	<u>7,841,665</u>	<u>489,833,760</u>	<u>166.1</u>
TOTAL	\$22,480,191,789	\$8,094,186,715	\$6,598,102,291	\$1,666,771,488	\$6,121,131,295	53,629.5
FY 2014-15 Requested Appropriation						
FY 2013-14 Appropriation	\$22,480,191,789	\$8,094,186,715	\$6,598,102,291	\$1,666,771,488	\$6,121,131,295	53,629.5
Decision items	860,147,003	423,773,604	114,698,323	89,900,431	231,774,645	275.0
Annualize prior year legislation	185,203,900	(12,871,274)	47,537,769	(416,902,946)	567,440,351	95.3
Centrally appropriated line items	103,075,092	56,790,477	21,953,955	8,646,676	15,683,984	0.0
Technical changes	6,654,170	(4,049,003)	(12,291,589)	1,760,556	21,234,206	(1.0)
Annualize prior year funding	(11,976,082)	(12,563,566)	(8,891,653)	10,596,369	(1,117,232)	(14.4)
Statewide IT common policy adjustments	<u>(3,887,131)</u>	<u>2,866,046</u>	<u>(4,968,554)</u>	<u>169,174</u>	<u>(1,953,797)</u>	<u>0.0</u>
TOTAL	\$23,619,408,741	8,548,132,999	\$6,756,140,542	\$1,360,941,748	\$6,954,193,452	53,984.4
Increase/(Decrease)	\$1,139,216,952	\$453,946,284	\$158,038,251	(\$305,829,740)	\$833,062,157	354.9
Percentage Change	5.1%	5.6%	2.4%	(18.3%)	13.6%	0.7%

Summary of Major Changes

Decision items: Represents programmatic funding changes included in the FY 2014-15 budget request. Examples include funding for new programs, expansion of existing programs, and reductions to or elimination of existing programs. These items comprise 75.5 percent of the total funds and 93.4 percent of the General Fund changes from the current FY 2013-14 appropriations. Major highlights include:

- (32.2 percent) Health Care Policy and Financing – Increase of \$271.8 million total funds (\$115.0 million General Fund);
- (29.5 percent) Education – Increase of \$248.6 million total funds (\$78.2 million General Fund);
- (18.9 percent) Higher Education – Increase of \$159.4 million total funds (\$101.1 million General Fund); and
- (19.4 percent) Other agencies.

Annualize prior year legislation: Represents the FY 2014-15 impact of legislation passed by the General Assembly in prior fiscal years included in the FY 2014-15 budget request. These items comprise 16.3 percent

of the total funds and -2.8 percent of the General Fund changes from the current FY 2013-14 appropriations. Major highlights include:

- (377.3 percent) Health Care Policy and Financing – Increase of \$698.9 million total funds (\$17.5 million General Fund).

Centrally appropriated line items: Represents changes reflected in the Executive Director’s Office (or comparable division) for each agency for use department-wide included in the FY 2014-15 budget request. Examples include employee benefits (salary changes and health/life/dental insurance), vehicle lease payments, Capitol Complex leased space, and others. These items comprise 9.0 percent of the total funds and 12.5 percent of the General Fund changes from the current FY 2013-14 appropriations. Major highlights include:

- (22.5 percent) Judicial – Increase of \$23.2 million total funds (\$23.1 million General Fund);
- (17.7 percent) Corrections – Increase of \$18.3 million total funds (\$17.7 million General Fund);
- (11.2 percent) Public Health and Environment – Increase of \$11.4 million total funds (\$0.3 million General Fund);
- (10.9 percent) Human Services – Increase of \$11.3 million total funds (\$8.5 million General Fund);
- (10.3 percent) Public Safety – Increase of \$10.6 million total funds (\$1.4 million General Fund); and
- (27.4 percent) Other agencies.

Technical changes: Represents revenue forecast adjustments and various adjustments included in the FY 2014-15 budget request. These items comprise 0.6 percent of the total funds and a reduction of 0.9 percent of the General Fund changes from the current FY 2013-14 appropriations. Major highlights include:

- (202.8 percent) Transportation – Increase of \$13.5 million total funds.

Annualize prior year funding: Represents the FY 2014-15 impact of budgetary decision items included in prior fiscal year appropriations included in the FY 2014-15 budget request. These items comprise a reduction of 1.1 percent of the total funds and a reduction of 2.8 percent of the General Fund changes from the current FY 2013-14 appropriations. Major highlights include:

- (-289.6 percent) Health Care Policy and Financing – Increase of \$34.7 million total funds (\$10.9 million General Fund);
- (-182.2 percent) Human Services – Increase of \$21.8 million total funds (\$6.4 million General Fund); and
- (106.1 percent) Governor – Decrease of \$12.7 million (decrease of \$7.5 million General Fund);

Statewide IT common policy adjustments: Represents changes to moneys collected by the Governor’s Office of Information Technology from agencies included in the FY 2014-15 budget request. These items comprise a reduction of 0.3 percent of the total funds and 0.6 percent of the General Fund changes from the current FY 2013-14 appropriations. Major highlights include:

- (68.1 percent) Natural Resources – Decrease of \$2.6 million total funds (\$0.1 million General Fund); and
- (16.1 percent) Human Services – Decrease of \$0.6 million total funds (\$0.4 million General Fund).

Department of Agriculture

The Department of Agriculture regulates, promotes and supports various agricultural activities throughout Colorado. Department personnel perform a wide range of services including: regulatory and inspection services relating to agriculture; investigations and hearings; standardizing, grading, inspecting, labeling, handling, storage, and marketing of agricultural products; and agriculture-related policy analysis. The Department's FY 2013-14 appropriation represents 0.18 percent of statewide operating appropriations and 0.10 percent of statewide General Fund appropriations.

FY 2013-14 Appropriation and FY 2014-15 Request

Department of Agriculture						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2013-14 Appropriation						
SB 13-230 (Long Bill)	\$42,649,039	\$7,702,600	\$29,176,366	\$1,632,203	\$4,137,870	274.1
Other legislation	<u>21,205</u>	<u>21,205</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$42,670,244	\$7,723,805	\$29,176,366	\$1,632,203	\$4,137,870	274.1
FY 2014-15 Requested Appropriation						
FY 2013-14 Appropriation	\$42,670,244	7,723,805	\$29,176,366	\$1,632,203	\$4,137,870	274.1
R1 FFA and 4-H program funding	250,000	250,000	0	0	0	0.0
Non-prioritized requested changes	119,215	104,241	14,974	0	0	0.0
Centrally appropriated line items	527,071	520,428	57,023	(2,677)	(47,703)	0.0
Annualize SB 13-241 (Industrial Hemp)	(21,205)	(21,205)	0	0	0	0.0
Statewide IT common policy adjustments	(67,554)	(13,105)	(54,449)	0	0	0.0
Base reduction for office consolidation	<u>(107,950)</u>	<u>(39,214)</u>	<u>(68,736)</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$43,369,821	\$8,524,950	\$29,125,178	\$1,629,526	\$4,090,167	274.1
Increase/(Decrease)	\$699,577	\$801,145	(\$51,188)	(\$2,677)	(\$47,703)	0.0
Percentage Change	1.6%	10.4%	(0.2%)	(0.2%)	(1.2%)	0.0%

Summary of Issues Presented to the Joint Budget Committee

General Fund Support for 4-H and FFA Programs at the Colorado State Fair

This issue brief discusses the financial status of the Colorado State Fair and the Department's R1 request for \$250,000 General Fund dedicated to 4-H and Future Farmers of America (FFA) programs at the annual fair event.

Noxious Weed Management Program Funding

This issue brief discusses the Noxious Weed Management Program including: statutory and funding history, program functions and benefits, and impending cuts in cash and federal funding over the next three years.

Department of Corrections

The Department of Corrections manages, supervises, and controls the correctional facilities that are operated and supported by the State. The Department's FY 2013-14 appropriation represents 3.3 percent of statewide operating appropriations and 8.2 percent of statewide General Fund appropriations.

FY 2013-14 Appropriation and FY 2014-15 Request

Department of Corrections						
	Total Funds	General Fund	Cash Funds	Reappropri- ated Funds	Federal Funds	FTE
FY 2013-14 Appropriation						
2013-14 Long Bill	\$752,626,223	\$665,542,718	\$40,179,999	\$45,892,992	\$1,010,514	6,019.2
S.B. 13-210, Corrections Officer Staffing Levels	963,168	963,168	0	0	0	0.0
S.B. 13-250, Drug Sentencing	521,850	521,850	0	0	0	0.0
S.B. 13-200, Medicaid Expansion	(2,471,751)	(2,471,751)	0	0	0	0.4
H.B. 13-1160, Consolidate Theft Statutes	(520,400)	(520,400)	0	0	0	0.0
Other Legislation	56,160	56,160	0	0	0	0.0
Five-year statutory appropriations for FY 2013-14	<u>56,814</u>	<u>56,814</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$751,232,064	\$664,148,559	\$40,179,999	\$45,892,992	\$1,010,514	6,019.6
FY 2014-15 Requested Appropriation						
FY 2013-14 Appropriation	\$751,232,064	664,148,559	\$40,179,999	\$45,892,992	\$1,010,514	6,019.6
R1 Offender Population Caseload	4,783,486	4,768,504	14,982	0	0	44.2
R2 Medical and Pharmaceutical Costs for Offenders	2,808,553	2,808,553	0	0	0	0.0
R3 Division of Parole Placeholder	10,000,000	10,000,000	0	0	0	0.0
R4 Continue Sex Offender Treatment and Management Program Increase approved in June 2013	1,201,702	1,201,702	0	0	0	13.0
R5 Funding for PREA (Federal Prison Rape Elimination Act) Compliance	252,006	252,006	0	0	0	2.7
R6 Continue Fugitive Unit approved in June 2013	951,314	951,314	0	0	0	10.0
R7 Additional Parole Board Staff	258,857	258,857	0	0	0	3.6
R8 Communicable Disease Prevention	33,215	33,215	0	0	0	0.0
R9 Food Service Inflation	830,871	830,871	0	0	0	0.0
R10 Offender Clothing	220,486	220,486	0	0	0	0.0
R11 Technical Adjustments	(875,523)	24,477	(700,000)	(200,000)	0	0.0
R12 Provider Rate Increase	1,236,372	1,236,372	0	0	0	0.0
NP Secure Colorado - Phase II	863,428	863,428	0	0	0	0.0
NP DTRS (Digital Trunk Radio System) Operations Increase	408,279	408,279	0	0	0	0.0
NP IT Service Management Eco-System	253,643	253,643	0	0	0	0.0
NP Eliminate Redundant Applications	217,304	217,304	0	0	0	0.0
NP Network Resiliency	138,991	138,991	0	0	0	0.0
NP Fleet	120,707	165,782	(45,075)	0	0	0.0
NP IT Technical Development	23,684	23,684	0	0	0	0.0
NP Re-program Payments to OIT	0	0	0	0	0	0.0
NP Camp George West Utilities Transfer	0	0	0	0	0	0.0
Annualize HB 12-1223 Earned Time	1,474,355	1,474,355	0	0	0	2.7
Annualize SB 13-210 Corrections Officer Staffing Levels	222,270	222,270	0	0	0	0.0

Department of Corrections						
	Total Funds	General Fund	Cash Funds	Reappropri- ated Funds	Federal Funds	FTE
Annualize SB 13-250 Drug Sentencing Changes	62,619	62,619	0	0	0	0.0
Annualize SB 13-200 Expand Medicaid Eligibility	(2,463,085)	(2,463,085)	0	0	0	0.6
Annualize Prior Decision Items	(713,101)	(710,692)	(2,409)	0	0	(2.4)
Salary Survey, Merit Pay, and change of Shift Differential	10,281,121	9,953,905	327,216	0	0	0.0
Annualize Prior Salary Survey and Merit-based Pay	829,728	822,671	7,057	0	0	0.0
Other Total-compensation adjustments (Health, Life, and Dental; Short Term Disability; AED; SAED)	5,665,737	5,452,967	212,770	0	0	0.0
Payments to Computer Center Adjustment	1,460,520	1,455,398	5,122	0	0	0.0
Workers Compensation Adjustment	1,249,055	1,209,546	39,509	0	0	0.0
Other Common Policy adjustments and Indirect Cost Adjustment	<u>517,297</u>	<u>47,246</u>	<u>24,442</u>	<u>232,255</u>	<u>213,354</u>	<u>0.0</u>
TOTAL	\$793,545,955	\$706,333,227	\$40,063,613	\$45,925,247	\$1,223,868	6,094.0
Increase/(Decrease)	\$42,313,891	\$42,184,668	(\$116,386)	\$32,255	\$213,354	74.4
Percentage Change	5.6%	6.4%	(0.3%)	0.1%	21.1%	1.2%

Summary of Issues Presented to the Joint Budget Committee

The unanticipated cost of S.B. 13-210 overtime: Senate Bill 13-210 mandated several labor-related changes at the Department of Corrections and designated the Fort Lyons Correctional Facility as a residential community for the homeless. The bill's labor requirements included two overtime provisions that have proved far more costly than anticipated. The fiscal note for the bill indicated that these provisions would cost \$963,168 General Fund in FY 2013-14. Year-to-date overtime costs now suggest that the total cost for FY 2013-14 may be millions higher. It now appears that the bill has led to much more overtime than was originally anticipated. Though the causes of the high costs are still being investigated, Staff recommends that the committee carry a bill to reduce the cost.

The accuracy of past forecasts of DOC inmate and parole populations: Key parts of the Department of Corrections budget are driven by the Department's inmate and parole populations. Appropriations for such items as private prison placements (called "external capacity" in the Long Bill) depend on forecasts of these populations. This issue shows that past forecasts have often been off by substantial amounts and that there is an upward bias in the forecast. One should expect supplementals when appropriations are based on population projections. One should not be surprised if an unnecessary prison occasionally gets built.

December 2013 Offender Population Projections: Legislative Council Staff (LCS) and the Division of Criminal Justice (DCJ) December 2013 forecasts both project that the DOC inmate population will increase through FY 2014-15. LCS projects a larger increase than does DCJ. Both forecasts predict that the parole population will initially decrease, but LCS predicts a larger decrease that will reverse.

Department of Education

The Department of Education supports the State Board of Education in its duty to exercise general supervision over public schools, including accrediting public schools and school districts. The Department distributes state and federal funds to school districts, and it administers a variety of education-related programs, including educator licensure, education programs for children with special needs, English language proficiency programs, the Colorado Preschool Program, and a variety of grant programs. The Department develops and maintains state model content standards, and administers associated assessments. The Department also includes three independent agencies: (1) the Board of Trustees for the Colorado School for the Deaf and the Blind; (2) the State Charter School Institute Board, which is responsible for authorizing and monitoring institute charter schools; and (3) the Public School Capital Construction Assistance Board, which is responsible for assessing public school capital construction needs statewide and making recommendations concerning the prioritization of state financial assistance for school construction projects. The Department's FY 2013-14 appropriation represents 20.7 percent of statewide operating appropriations and 38.3 percent of statewide General Fund appropriations.

FY 2013-14 Appropriation and FY 2014-15 Request

Department of Education						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2013-14 Appropriation						
SB 13-230 (Long Bill)	\$4,562,558,440	\$3,100,348,494	\$808,055,536	\$28,629,576	\$625,524,834	561.6
SB 13-260 (School Finance)	85,524,410	0	85,524,410	0	0	0.0
Other legislation	<u>287,766</u>	<u>167,673</u>	<u>120,093</u>	<u>0</u>	<u>0</u>	<u>2.2</u>
TOTAL	\$4,648,370,616	\$3,100,516,167	\$893,700,039	\$28,629,576	\$625,524,834	563.8
FY 2014-15 Requested Appropriation						
FY 2013-14 Appropriation	\$4,648,370,616	3,100,516,167	\$893,700,039	\$28,629,576	\$625,524,834	563.8
R1 Increase total program	222,301,498	73,600,000	148,701,498	0	0	0.0
R2 Categorical programs increase	6,990,344	0	6,990,344	0	0	0.0
R3 Core network and IT refresh	3,070,988	3,070,988	0	0	0	4.6
R4 State assessments	3,845,283	75,600	3,769,683	0	0	0.0
R5 College and career readiness	234,606	234,606	0	0	0	1.8
R6 Educator recognition and perception	124,800	124,800	0	0	0	0.0
R7 State support for English language learners	429,345	429,345	0	0	0	4.1
R8 Early literacy assessment tool	2,819,373	0	2,819,373	0	0	1.0
R9 Start smart nutrition program	397,505	250,000	(102,495)	250,000	0	0.0
R10 BEST gross debt appropriation	8,000,000	0	8,000,000	0	0	0.0
R11 Salary increase for CSDB teachers	126,671	126,671	0	0	0	0.0
Non-prioritized requested changes	86,160	86,160	0	0	0	0.0
Annualize prior year funding	12,492,310	492,143	(2,287,631)	(5,644)	14,293,442	0.5
Centrally appropriated line items	2,076,987	373,592	429,255	195,718	1,078,422	0.0

Department of Education						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
Statewide IT common policy adjustments	32,250	32,250	0	0	0	0.0
Fund source adjustments	0	0	0	0	0	0.0
Informational funds adjustment	(3,394,983)	0	290,000	1,215,017	(4,900,000)	0.0
TOTAL	\$4,908,003,753	\$3,179,412,322	\$1,062,310,066	\$30,284,667	\$635,996,698	575.8
Increase/(Decrease)	\$259,633,137	\$78,896,155	\$168,610,027	\$1,655,091	\$10,471,864	12.0
Percentage Change	5.6%	2.5%	18.9%	5.8%	1.7%	2.1%

Summary of Issues Presented to the Joint Budget Committee

Lobato v. Colorado Supreme Court Decision: In May, 2013, the Colorado Supreme Court overturned the district court ruling in the *Lobato* case and ruled that the State's school finance system is constitutional. The ruling affirms the authority of the General Assembly to establish educational funding and policy.

School Finance Act Funding Projections: The General Assembly faces two basic decisions with respect to school finance appropriations in FY 2014-15 and beyond. First, how much should Colorado spend on school finance in FY 2014-15 and beyond? Second, given the anticipated availability of one-time funding from the State Education Fund, how should the General Assembly manage the State Education Fund and support potential increases in appropriations? The Governor is proposing a total increase of \$222.1 million in state spending on total program (including \$73.6 million General Fund and \$148.5 million cash funds from the State Education Fund). The Governor is proposing to maintain the negative factor as a constant dollar amount and to maintain a long-term fund balance in the State Education Fund of \$400 million to provide an additional reserve for K-12 education.

Core Network and Information Technology Decision Item: The Department is requesting \$3.1 million General Fund and 4.6 FTE in FY 2014-15, with ongoing costs of \$1.7 million General Fund and 5.0 FTE in FY 2015-16 and beyond, to update and improve the Department's information technology systems. The FY 2014-15 request includes \$1.4 million in one-time costs for hardware and software purchases; and \$1.6 million for ongoing costs associated with the requested FTE, ongoing hardware and software maintenance, and contract services. The Department reports that the combination of outdated and obsolete equipment and increasing data needs associated with recent reform legislation make the request a critical priority for FY 2014-15.

State Support for English Language Learners: The Department is requesting an increase of \$429,345 General Fund and 4.1 FTE to provide additional support to school districts for their English Language Learner (ELL) programs in FY 2014-15 (increasing to \$441,612 and 4.5 FTE in FY 2015-16 and beyond). The request seeks to improve training and technical assistance for schools serving ELL students. The request does not include statutory changes to the English Language Proficiency Act and does not include additional funding for schools and districts serving ELL students.

Early Literacy Assessment Tool Funding: The Department is requesting \$2.8 million cash funds from the State Education Fund and 1.0 FTE to provide ongoing funding for the Early Literacy Assessment Tool (ELAT). The General Assembly provided one year of funding for the tool through H.B. 12-1345 (2012 School Finance Bill) to support early literacy assessment requirements created in H.B. 12-1238 (READ Act). School districts are using the tool for the first time in FY 2013-14, and the Department is seeking ongoing funding for FY 2014-15 and beyond.

Standardized Assessment Update: The Department is requesting an increase of \$3.8 million total funds (including \$75,600 General Fund and \$3,769,683 cash funds from the State Education Fund) to support the continued development and administration of new standardized assessments. The request includes funds to: (1) administer new consortium-based assessments in mathematics and English language arts; (2) adjust for anticipated changes in the number of students taking the ACT and the English language proficiency assessment; and (3) provide one-time funding to align the Colorado Growth Model and the state accountability systems with the new assessments. This issue brief also discusses the Department's assumptions regarding Colorado school districts' readiness to administer new on-line assessments.

Building Excellent Schools Today Funding and Status: The Building Excellent Schools Today (BEST) program is the State's primary public school capital construction assistance program. The program is facing changes from three sources: (1) the program is approaching the statutory cap on lease purchase payments; (2) the passage of Proposition AA in November 2013 will provide additional revenue to the program from recreational marijuana beginning in FY 2013-14; and (3) a recent report from the State Auditor's Office expressed concerns about the operations of the program and recommended a variety of changes.

Office of the Governor

The Office of the Governor includes the functions associated with the Governorship (oversight of executive branch agencies, policy development, communications, and citizen support services), as well as the Office of the Lieutenant Governor, Office of State Planning and Budgeting, Office of Economic Development and International Trade, Office of Information Technology, and Colorado Energy Office.

FY 2013-14 Appropriation and FY 2014-15 Request

Governor - Lieutenant Governor - State Planning and Budgeting						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2013-14 Appropriation						
SB 13-230 (Long Bill)	\$223,462,739	\$19,858,574	\$38,584,806	\$158,263,738	\$6,755,621	1,057.9
Other legislation	<u>1,903,802</u>	<u>2,214,673</u>	<u>(1,844,266)</u>	<u>1,533,395</u>	<u>0</u>	<u>3.0</u>
TOTAL	\$225,366,541	\$22,073,247	\$36,740,540	\$159,797,133	\$6,755,621	1,060.9
FY 2014-15 Requested Appropriation						
FY 2013-14 Appropriation	\$225,366,541	\$22,073,247	\$36,740,540	\$159,797,133	\$6,755,621	1,060.9
R1 Continuous Improvement and Planning Program	397,965	397,965	0	0	0	0.0
R2 Economic Development Commission - general economic incentives and marketing	2,986,236	2,986,236	0	0	0	0.0
R3 Advanced industries accelerator	5,000,000	5,000,000	0	0	0	1.3
R4 Colorado Tourism Office	2,000,000	2,000,000	0	0	0	0.0
R5 Minority/Women Owned Business Office	400,000	400,000	0	0	0	1.8
R6 Procurement Technical Assistance Center	220,000	220,000	0	0	0	0.0
R7 Aerospace strategic plan implementation and champion	175,000	175,000	0	0	0	0.0
R8 Colorado Office of Film, Television, and Media	5,000,000	5,000,000	0	0	0	0.0
R9 Economic gardening pilot project	100,000	100,000	0	0	0	0.0
R10 Long Bill restructure	0	0	0	0	0	0.0
R11 Secure Colorado Phase II	4,100,000	0	0	4,100,000	0	0.0
R12 Eliminate redundant applications	2,960,000	0	0	2,960,000	0	0.0
R13 Capitol Complex network resiliency	660,000	0	0	660,000	0	0.0
R14 Broadband mapping strategy	428,866	428,866	0	0	0	0.0
R15 Service management ecosystem	3,455,000	0	0	3,455,000	0	0.0
R16 Digital Trunked Radio System (DTRS) operations increase	1,116,397	0	0	1,116,397	0	0.0
R17 IT technical development	256,620	0	0	256,620	0	0.0
Centrally appropriated line items	2,971,062	413,572	119,221	2,744,127	(305,858)	0.0

Governor - Lieutenant Governor - State Planning and Budgeting						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
Statewide IT common policy adjustments	1,348,603	899,189	0	449,414	0	0.0
Non-prioritized requested changes	889,206	86,786	0	802,420	0	5.4
Annualize prior year legislation	(17,544,561)	(1,913,765)	(318,750)	(15,312,046)	0	0.5
Annualize prior year funding	<u>(12,779,329)</u>	<u>(7,492,167)</u>	<u>(316,989)</u>	<u>(4,916,299)</u>	<u>(53,874)</u>	<u>0.0</u>
TOTAL	\$229,507,606	\$30,774,929	\$36,224,022	\$156,112,766	\$6,395,889	1,069.9
Increase/(Decrease)	\$4,141,065	\$8,701,682	(\$516,518)	(\$3,684,367)	(\$359,732)	9.0
Percentage Change	1.8%	39.4%	(1.4%)	(2.3%)	(5.3%)	0.8%

Summary of Issues Presented to the Joint Budget Committee

Limited Gaming Tax Revenue Overview: Current law dictates the distribution of the statutorily-available share of limited gaming tax revenue to a series of programs focused on economic development. The September 2013 Legislative Council Staff Economic Forecast projects that \$42.2 million will be available for transfer to economic development programs and the General Fund at the end of FY 2013-14 for use in FY 2014-15.

Economic Development Funding Requests: The FY 2014-15 budget request for the Office of Economic Development and International Trade seeks an increase of \$15.9 million General Fund and 3.1 FTE for job creation incentives, tourism promotion, advanced industries grants, Minority Business Office activities, procurement assistance, aerospace industry advancement, film incentives, and economic gardening.

Statewide IT Base Budget Request Overview: The Governor's Office of Information Technology (OIT) provides services to State agencies on a cost reimbursement basis with OIT acting as a vendor to State agencies. The Office's FY 2014-15 base budget request (does not include new funding requests) includes \$106.3 million in billable costs, a decrease of 1.9 percent compared to the FY 2013-14 appropriation.

Governor's Office of Information Technology Structural Change Requests: The Governor's Office of Information Technology (OIT) requests a change for FY 2014-15 and beyond to consolidate information technology appropriations to State agencies for IT services from five categories into one category, and realign the OIT Long Bill line items into a structure that more closely mirrors its operational functions.

Governor's Office of Information Technology New Funding Requests: The Governor's Office of Information Technology (OIT) requests an increase of \$13.0 million total funds, including \$0.4 million General Fund, and 0.8 FTE for FY 2014-15 for information security, redundant application consolidation and elimination, network equipment, mapping, service management, public safety communications, and training initiatives.

Long-term Funding Solutions for Public Safety Communications: The Colorado Statewide Digital Trunked Radio System (DTRS) provides interoperable radio communications between State, local, regional, federal, and

tribal agencies. The system represents a cross-agency collaboration funded by a variety of State Capital Construction Fund moneys, user fees, local government General Fund, and federal grants. The report from the Consolidated Communications System Authority (as required by statute) indicates that the system's infrastructure must be upgraded to maintain short-term and long-term system viability.

Department of Health Care Policy and Financing

The Department of Health Care Policy and Financing helps pay health and long-term care expenses for low-income and vulnerable populations. To assist with these costs the Department receives significant federal matching funds, but must adhere to federal rules regarding program eligibility, benefits, and other features, as a condition of accepting the federal money. The Department's FY 2013-14 appropriation represents 29.1 percent of statewide operating appropriations and 25.5 percent of statewide General Fund appropriations.

FY 2013-14 Appropriation and FY 2014-15 Request

Department of Health Care Policy and Financing						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2013-14 Appropriation						
SB 13-230 (Long Bill)	\$6,195,287,695	\$2,071,307,480	\$1,029,835,723	\$8,483,522	\$3,085,660,970	\$338
SB 13-200 Expand Medicaid eligibility	315,141,256	(123,209)	(154,578,421)	0	469,842,886	19.0
SB 13-242 Adult dental benefit	33,858,405	(738,262)	11,244,171	0	23,352,496	1.3
Other legislation	<u>(6,644,303)</u>	<u>(7,286,413)</u>	<u>2,015,133</u>	<u>2,000,000</u>	<u>(3,373,023)</u>	<u>(0.1)</u>
TOTAL	\$6,537,643,053	\$2,063,159,596	\$888,516,606	\$10,483,522	\$3,575,483,329	358.1
FY 2014-15 Requested Appropriation						
FY 2013-14 Appropriation	\$6,537,643,053	2,063,159,596	\$888,516,606	\$10,483,522	\$3,575,483,329	358.1
R1 Medical service premiums	180,948,596	64,326,142	(60,431,827)	0	177,054,281	0.0
R2 Behavioral health programs	26,923,840	9,087,725	(9,039,333)	0	26,875,448	0.0
R3 Children's Basic Health Plan	(38,043,495)	(9,406,469)	(3,709,744)	0	(24,927,282)	0.0
R4 Medicare drug repayment	(6,366,816)	13,951,390	0	0	(20,318,206)	0.0
R5 Medicaid health info exchange	5,748,926	1,054,893	0	0	4,694,033	0.0
R6 Eligibility determination enhanced match	15,677,849	0	0	0	15,677,849	0.0
R7 IDD Supported living services	15,472,452	7,736,227	0	0	7,736,225	0.0
R8 IDD Increase funded FPE	2,845,976	1,422,989	0	0	1,422,987	0.0
R9 Medicaid community living initiative	1,243,201	846,787	0	0	396,414	0.0
R10 Primary care specialty collaboration	537,497	224,061	3,479	0	309,957	0.0
R11 1.5% Provider rate increase	56,841,628	20,079,070	968,533	0	35,794,025	0.0
R12 Admin contract procurements	4,296,941	1,148,457	976,968	0	2,171,516	0.0
R13 Utilization-review services	1,691,977	838,378	0	0	853,599	0.0
R14 Family Support restoration	3,406,321	3,406,321	0	0	0	0.0
R15 Long-term services and supports - complex medical conditions	125,000	62,500	0	0	62,500	0.0
R16 IDD Operating/membership funds	172,002	86,001	0	0	86,001	0.0
R17 Computer and software renewal	322,982	161,491	0	0	161,491	0.0
Annualize SB 13-200 Expand Medicaid eligibility	618,864,754	4,576,671	87,203,584	0	527,084,499	0.0
Annualize SB 13-242 Adult dental benefit	52,814,354	(824,906)	11,591,991	0	42,047,269	0.7

Department of Health Care Policy and Financing						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
Annualize HB 13-1314 IDD transfer	47,086,941	16,527,153	30,802,356	0	(242,568)	34.5
Annualize substance use disorder benefit	4,124,430	898,349	54,808	0	3,171,273	0.0
Annualize prior year budget decisions	7,871,894	1,312,207	(648,683)	(936,892)	8,145,262	1.8
Human Services programs	5,884,178	7,356,361	(48,774)	0	(1,423,409)	0.0
Centrally appropriated line items	1,863,057	777,566	33,413	146,548	905,530	0.0
Statewide IT common policy adjustments	145,389	72,685	0	6	72,698	0.0
Technical adjustments	5,839	2,920	(1)	0	2,920	0.0
Indirect cost assessment	<u>0</u>	<u>(116,606)</u>	<u>1,286</u>	<u>(7,655)</u>	<u>122,975</u>	<u>0.0</u>
TOTAL	\$7,548,148,766	\$2,208,767,959	\$946,274,662	\$9,685,529	\$4,383,420,616	395.1
Increase/(Decrease)	\$1,010,505,713	\$145,608,363	\$57,758,056	(\$797,993)	\$807,937,287	37.0
Percentage Change	15.5%	7.1%	6.5%	(7.6%)	22.6%	10.3%

Summary of Issues Presented to the Joint Budget Committee

Forecast trends: This issue brief provides a brief overview of forecast trends in expenditures for Medicaid, the Children's Basic Health Plan, and the Medicare Modernization Act State Contribution Payment.

Health Information Technology: This issue brief summarizes the Department's requests to use health information technology to improve client outcomes and the cost effectiveness of the delivery system.

Eligibility Process: This issue brief discusses the eligibility determination process and the lack of standardization in the way that the Department pays for eligibility determination services.

Provider Rates: This issue brief discusses the Department's request for provider rate increases.

Affordable Care Act Implementation: This issue brief summarizes recently released metrics regarding the implementation of the Affordable Care Act.

Long-term Services and Supports: This issue brief discusses improvements to long-term services and supports proposed in the Department's budget request.

Breast and Cervical Cancer Prevention: This issue brief discusses the financing for the Breast and Cervical Cancer Prevention (BCCP) program and issues to consider if the statutory authority for the program is renewed.

Transfer and Overexpenditure Authority: This issue brief discusses the necessary renewal of expiring statutory authority for transfers and overexpenditures.

Overview of Department's FY 2014-15 Request for Behavioral Health Community Programs: The Governor's overall budget request includes a \$119.3 million (19.5 percent) increase in funding for behavioral health programs, including \$103.8 million for Medicaid behavioral health programs and \$15.5 million for the Department of Human Services' Office of Behavioral Health. The requested increase for Medicaid programs primarily reflects the continued implementation of both S.B. 13-200 and the substance use disorder benefit that was authorized in the 2013 legislative session.

Structural Foundation of IDD Waivers Budget: Management of the budget for the Division for Individuals with Intellectual and Developmental Disabilities has resulted in significant fluctuations in the amount of funds expended for services. Additionally the cost per full program equivalent used to calculate the annual Long Bill appropriation has fluctuated from year to year. Staff is concerned that the existing budget management structure is not allowing funds appropriated for services for individuals with intellectual and developmental disabilities to actually be used for services. Staff is also concerned that existing issues will only be compounded by the large request for new dollars and will result in a continued underexpenditure. Underexpenditures results in individuals who are waiting for services having to wait longer with no good explanation as to why.

Methods to Efficiently Utilize Funding for Youth with Intellectual and Developmental Disabilities Currently Services through the Child Welfare System: Youth with intellectual and developmental disabilities (IDD) in the child welfare system are served through the system until the age of 21. Upon turning 21, these youth are transitioned to the adult comprehensive waiver. There is a large consensus which supports serving these youth when they turn 18 years old through the adult comprehensive waiver. There are also ongoing conversations regarding structural changes to how all youth with IDD involved in the child welfare system are best served.

Department of Higher Education

The Department of Higher Education is responsible for higher education and vocational training programs in the State. The Department's FY 2013-14 appropriations represent 14.4 percent of statewide operating appropriations and 8.1 percent of statewide General Fund appropriations.

FY 2013-14 Appropriation and FY 2014-15 Request

Department of Higher Education						
	Total Funds	General Fund	Cash Funds	Appropriated Funds	Federal Funds	FTE
FY 2013-14 Appropriation						
SB 13-230 (Long Bill)	3,230,541,694	658,479,148	1,978,070,473	574,701,773	19,290,300	22,840.8
Other legislation	2,648,216	583,706	68,790	1,995,720	0	1.5
TOTAL	\$3,233,189,910	\$659,062,854	\$1,978,139,263	\$576,697,493	\$19,290,300	22,842.3
FY 2014-15 Requested Appropriation						
FY 2013-14 Appropriation	\$3,233,189,910	659,062,854	\$1,978,139,263	\$576,697,493	\$19,290,300	22,842.3
R1 Increased financial aid for Colorado students	40,000,000	40,000,000	0	0	0	0.0
R2 Operational funding increase for public colleges and universities	117,765,395	60,051,510	0	57,713,885	0	0.0
R3 Fort Lewis College Native American Tuition Waiver	836,855	836,855	0	0	0	0.0
R4 Additional funding for Dependent Tuition Assistance	252,000	252,000	0	0	0	0.0
HC1 Increase the future stability of History Colorado	544,964	0	544,964	0	0	0.0
NP1 Secure Colorado Phase II	18,296	0	17,747	549	0	0.0
NP2 Eliminate redundant applications	11,698	0	11,698	0	0	0.0
NP3 Network resiliency	2,945	0	2,857	88	0	0.0
NP4 IT service management ecosystem	13,654	0	13,654	0	0	0.0
NP5 IT technical development	1,018	0	1,018	0	0	0.0
NP6 Constitutionally required increase for categorical programs	419,708	0	0	419,708	0	0.0
Annualize prior year actions	1,411,340	686,400	35,000	689,940	0	11.5
Centrally appropriated line items	1,101,559	0	517,181	173,122	411,256	0.0
TOTAL	\$3,395,569,342	\$760,889,619	\$1,979,283,382	\$635,694,785	\$19,701,556	22,853.8
Increase/(Decrease)	\$162,379,432	\$101,826,765	\$1,144,119	\$58,997,292	\$411,256	11.5
Percentage Change	5.0%	15.5%	0.1%	10.2%	2.1%	0.1%

Summary of Issues Presented to the Joint Budget Committee

Financial Health of Public Higher Education Institutions: In FY 2011-12, six out of 10 of Colorado's governing boards were in relatively weak financial health, based on Composite Financial Index scores commonly used to assess financial health in this sector. Two small institutions—Adams State University and Western State Colorado University—had scores below 0, indicating a need to “assess institutional viability to survive”. Both institutions are highly leveraged.

Requested Increase for the Department of Higher Education: The Governor has requested an overall General Fund increase of 15.5 percent for the Department of Higher Education, comprised primarily of a \$60 million increase for the governing boards, local district junior colleges, and area vocational schools, and a \$40 million increase for financial aid, including need-based, merit-based, and work study funding. Staff recommends that the General Assembly fund higher education increases to the extent revenue is available, but pursue commensurate increases in institutional accountability.

Financial Aid: Financial aid plays a significant role in keeping postsecondary education affordable, typically offsetting the total cost of attendance by 30 to 55 percent for the lowest income students. The impact of state financial aid programs has been eroded by increasing tuition and student demand. The Governor has requested a substantial increase for financial aid that should minimally protect the neediest students from cost-increases in FY 2014-15. If it approves the increase, the General Assembly should ensure these students are protected.

Tuition increases: For over a decade, published tuition and fees and total revenue received per student by public higher education institutions have increased far more rapidly than the consumer price index. The Governor's proposal would support institutional revenue increases of 7.5 to 8.8 percent for resident students, although actual increases are likely to be less at many institutions.

Outcomes-based Funding – An Alternative to the College Opportunity Fund Program? The College Opportunity Fund (COF) program supports higher education programs through stipends and fee-for-service contracts. As implemented, the COF has not changed institutional incentives and is bureaucratically cumbersome. An alternative funding scheme could keep tuition revenue outside of the state's TABOR revenue calculation, as long as the structure is based on contracts between the State and the institutions. Nationwide, many states are turning to performance- or outcomes-based contracts as a mechanism for funding higher education.

Department of Human Services

The Department of Human Services is responsible for the administration and supervision of all non-medical public assistance and welfare activities including assistance payments, the Supplemental Nutrition Assistance Program, child welfare services, vocational rehabilitation programs, alcohol and drug treatment programs, and programs for the aging. The Department is responsible for inspecting and licensing child care facilities and operation of two mental health institutes, three regional centers for persons with intellectual and developmental disabilities, and ten institutions for juvenile delinquents. The Department provides funding for the care of indigent mentally ill individuals and contracts for the supervision and treatment of delinquent juveniles. The Department's FY 2013-14 appropriation represents 9.9 percent of statewide operating appropriations and 9.0 percent of statewide General Fund appropriations.

FY 2013-14 Appropriation and FY 2014-15 Request

Department of Human Services						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2013-14 Appropriation						
SB 13-230 (Long Bill)	\$2,165,096,457	\$696,785,662	\$338,613,036	\$519,719,266	\$609,978,493	4,861.3
Other legislation	<u>49,281,916</u>	<u>28,058,856</u>	<u>20,287,572</u>	<u>80,522</u>	<u>854,966</u>	<u>13.6</u>
TOTAL	\$2,214,378,373	\$724,844,518	\$358,900,608	\$519,799,788	\$610,833,459	4,874.9
FY 2014-15 Requested Appropriation						
FY 2013-14 Appropriation	\$2,214,378,373	\$724,844,518	\$358,900,608	\$519,799,788	\$610,833,459	4,874.9
R1 Child Care Licensing Staff	1,348,801	1,288,801	60,000	0	0	2.8
R2 Investing in Early Care Providers	2,197,194	1,757,755	439,439	0	0	0.0
R3 Early Literacy Book Distribution Partnership	100,000	100,000	0	0	0	0.0
R4 Continuation of ReHire Colorado	1,200,000	1,200,000	0	0	0	1.0
R5 Old Age Pension Cost of Living Adjustment	1,340,400	0	1,340,400	0	0	0.0
R6 General, Career, and Technical Education	827,089	827,089	0	0	0	0.0
R7 Trauma-informed Care	254,865	254,865	0	0	0	0.0
R8 Talent Development and Training	357,501	357,501	0	0	0	0.0
R9 Parole/Transition Services	562,275	562,275	0	0	0	0.0
R10 Outside medical expenses	1,598,792	1,598,792	0	0	0	0.0
R11 MHIs electronic health record system	309,159	309,159	0	0	0	4.5
R12 1.5% community provider rate	10,678,640	7,372,908	1,473,088	673,548	1,159,096	0.0
R13 County tax base relief	1,181,953	1,181,953	0	0	0	0.0
R14 Psychiatrist base salary adjustment	448,580	448,580	0	0	0	0.0
R15 Mental health first aid	750,000	750,000	0	0	0	0.0
R16 Windows 7 support / Microsoft Office upgrade	1,370,355	1,370,355	0	0	0	0.0

Department of Human Services						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
R17 Regional Center capital outlay	420,000	0	0	420,000	0	0.0
R18 Increase operating funding for critical replacement costs	233,083	233,083	0	0	0	0.0
R19 Improving Colorado Works performance management capabilities	400,440	0	0	0	400,440	0.0
R20 Space renewal	593,067	593,067	0	0	0	0.0
R21 Health Information management System line increase	270,366	270,366	0	0	0	0.0
R22 Title IV-E waiver demonstration	6,000,000	0	6,000,000	0	0	0.0
Non-prioritized requested changes	3,489,104	1,610,503	38,250	529,024	1,311,327	0.0
Annualize prior year budget actions	21,823,682	6,368,170	291,565	14,867,707	296,240	1.2
Centrally appropriated line items	11,282,533	8,451,180	282,886	1,084,595	1,463,872	0.0
Department reorganization	0	0	0	0	0	0.0
Annualization of 1314	(440,484,515)	(16,811,909)	(30,802,357)	(392,870,249)	0	(34.5)
Annualize prior year legislation	(20,275,761)	(64,909)	(7,627,970)	(12,102,836)	(480,046)	(0.4)
Statewide IT common policy adjustments	<u>(624,605)</u>	<u>(424,039)</u>	<u>(8,178)</u>	<u>(44,313)</u>	<u>(148,075)</u>	<u>0.0</u>
TOTAL	\$1,822,031,371	\$744,450,063	\$330,387,731	\$132,357,264	\$614,836,313	4,849.5
Increase/(Decrease)	(\$392,347,002)	\$19,605,545	(\$28,512,877)	(\$387,442,524)	\$4,002,854	(25.4)
Percentage Change	(17.7%)	2.7%	(7.9%)	(74.5%)	0.7%	(0.5%)

Summary of Issues Presented to the Joint Budget Committee

Overview of Department Budget Request: The Department of Human Services FY 2014-15 budget request represents a reduction of \$392.3 million (17.7 percent) total funds from the FY 2013-14 appropriation. This reduction is primarily due to the transfer of the Division for Individuals with Intellectual and Developmental Disabilities (IDD) to the Department of Health Care Policy and Financing. If the transfer is taken out of the discussion, the Department's FY 2014-15 request reflects an increase of \$48.1 million (1.8 percent) total funds, and an increase of \$43.8 million (6.2 percent) net General Fund. The primary drivers of the increase are requested increases for mental health services, child welfare services, centrally appropriated line items and the 1.5 percent community provider rate.

Department Requested Reorganization: The Department has requested as part of the FY 2014-15 budget request a reorganization of the Department's entire Long Bill structure to reflect the operational structure of the Department.

In Progress Audits of the Vocational Rehabilitation Program and the Regional Centers: There are two audits currently underway of two department programs: one of the Regional Centers, and one of the Vocational Rehabilitation Programs. It is anticipated these reports will be presented to the Legislative Audit Committee at

the December 2013 meeting. There is a possibility these audits will impact the FY 2014-15 budget for these two programs and staff will address the findings during the figure setting presentation.

Requested Funding for Group Home Improvements: The Department is requesting \$420,000 Medicaid reappropriated funds (\$210,000 net General Fund) to improve twelve Regional Center group homes in Pueblo and Grand Junction. All of the Regional Center group homes in Grand Junction and Pueblo are licensed and funded in the same manner as group homes operated by community providers. Community providers have utilized a number of funding sources for major capital improvements including federal room and board funds, grant funding, housing and urban development Section 8 funding, operating reserves.

Facilities Management Improvement Requests: The Department of Human Services' FY 2014-15 budget request includes an increase of \$0.8 million General Fund for various facility improvements, including security upgrades in numerous Department buildings and building renewal projects on the Fort Logan campus in southwest Denver.

Operating System and Microsoft Office Upgrades: The Department's FY 2014-15 budget request includes an increase of \$1.4 million General Fund to upgrade its computer operating systems from Windows XP to Windows 7 and its Microsoft Office suite from Office 2000 to Office 2013.

Status Update on the ReHire Colorado Program: House Bill 13-1004 (Representatives Duran and Melton / Senator Kerr) required the Department to administer a transitional jobs program from July 1, 2013 through December 30, 2014 and appropriated \$2.4 million General Fund and 2.0 FTE for this purpose. The Department requests \$1.2 million General Fund and 1.0 FTE in FY 2014-15 to extend the program, known as ReHire Colorado program.

Increasing Educational Opportunities for Committed Youth: The Department's FY 2014-15 budget request includes an increase of \$0.8 million General Fund to improve educational infrastructure to support general education needs and provide new career and technical education offerings for youth committed in Division of Youth Corrections' facilities.

Enhancing Parole Services for Youth: The Department's FY 2014-15 budget request includes an increase of \$0.3 million General Fund to re-establish a program of intensive parole services for youth.

Increasing Parole Apprehension Services for Youth: The Department's FY 2014-15 budget request includes an increase of \$0.3 million General Fund to reduce the time youth are on escape/absconson status from the Division of Youth Corrections.

Child Care Center Licensing Staff: The Department is requesting \$1.3 million total funds (including \$1.26 million General Fund), 2.8 state FTE and 17 contract staff to improve the licensing specialist to licensed facility ratio from 1:145 to 1:100. The increase in staff will allow for inspections of each facility to occur an average of once every 18 months as opposed to the current rate of once every 2 years.

Investing in Early Care Providers: The Department is requesting \$2.2 million in total funds (\$1.8 million General Fund) to provide quality improvement grants and technical assistance and coaching to quality rated Colorado Child Care Assistance Program (CCCAP) providers. It is anticipated that 33.3 percent (667) of CCCAP facilities will receive grants averaging \$1,782; and coaching will be provided to 8.7 percent (175) of CCCAP facilities at a frequency of one visit per week for 48 weeks.

Title IV-E Waiver, Update: Title IV-E of the federal Social Security Act entitles states to claim a partial reimbursement for the cost of providing foster care, adoption assistance, and kinship guardianship assistance to children who meet federal eligibility criteria. Colorado was awarded one of ten waivers from federal Title IV-E spending requirements for fiscal years 2013-14 through 2017-18. This waiver will provide a guaranteed stream of capped federal Title IV-E funds for five years for foster care maintenance (room and board) and administrative costs for case planning, management, and eligibility-determination.

Tony Gramscas Youth Services Program: The Tony Gramscas Youth Services (TGYS) Program was established pursuant to H.B. 00-1342 and provides state funding for community-based programs that target youth and their families for intervention services designed to reduce child abuse and neglect and youth crime. In the past seven years, the program has awarded 448 awards totaling \$26.0 million to 138 different organizations.

Status of Initiatives Funded in FY 2013-14: In response to the Department's FY 2013-14 budget request, the General Assembly appropriated \$26.6 million General Fund to strengthen Colorado's behavioral health system. Funding for most of the proposed initiatives was provided for six months based on a January 2014 implementation date. The contracts for several of these initiatives will not be awarded as quickly as anticipated, so most services are not expected to begin until February or March of 2014.

Meal Services for Correctional Facilities: The Department of Corrections (DOC) and the Department of Human Services have submitted corresponding requests to increase General Fund appropriations to the DOC in FY 2014-15 by \$428,529 to cover the actual costs incurred by the Colorado Mental Health Institute at Pueblo for the provision of meal services to DOC facilities in Pueblo.

Judicial Department

The Judicial Department consists of the Supreme Court, the Court of Appeals, district courts, the Denver probate and juvenile courts, and county courts (except the Denver county court). The Judicial Department also supervises juvenile and adult offenders who are sentenced to probation, and it includes four independent agencies. The Office of the State Public Defender (OSPD) and the Office of Alternate Defense Counsel (OADC) provide legal representation for indigent criminal defendants. Such cases are first assigned to the OSPD, and cases are referred to the OADC if there is a conflict of interest. The Office of the Child's Representative oversees the provision of legal services to children entitled to legal representation at state expense, and is responsible for ensuring quality representation. Finally, the Independent Ethics Commission provides advice and guidance on ethics-related matters concerning public officers, members of the General Assembly, local government officials, or government employees.

The Department's FY 2013-14 appropriation represents 2.5 percent of statewide operating appropriations and 4.7 percent of statewide General Fund appropriations.

FY 2013-14 Appropriation and FY 2014-15 Request

Judicial Department						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2013-14 Appropriation						
SB 13-230 (Long Bill)	\$546,480,115	\$378,170,241	\$138,070,313	\$25,814,561	\$4,425,000	\$4,302
Other legislation	<u>5,973,845</u>	<u>4,909,209</u>	<u>1,064,636</u>	<u>0</u>	<u>0</u>	<u>56.6</u>
TOTAL	\$552,453,960	\$383,079,450	\$139,134,949	\$25,814,561	\$4,425,000	4,358.7
FY 2014-15 Requested Appropriation						
FY 2013-14 Appropriation	\$552,453,960	383,079,450	\$139,134,949	\$25,814,561	\$4,425,000	4,358.7
Employee benefits/ common changes	23,384,478	23,225,955	27,612	130,911	0	0.0
Annualize prior year legislation	10,801,803	7,509,152	(207,349)	3,500,000	0	56.0
OADC R2 and OCR R3 Contractor rate increases	5,406,488	5,406,488	0	0	0	0.0
OADC R1 and OCR R1 Caseload/workload increases	3,886,185	3,886,185	0	0	0	0.0
JUD R14 Courthouse capital and infrastructure maintenance	2,462,500	2,462,500	0	0	0	0.0
JUD R11 Restitution enforcement	1,289,885	0	1,289,885	0	0	21.0
OSPD R1 Appellate staffing	995,045	995,045	0	0	0	14.7
JUD R8 IT staff	991,284	991,284	0	0	0	13.0
JUD R7 Family court facilitators	730,250	730,250	0	0	0	9.0
Judicial Department						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
JUD R6 Self-represented litigant coordinators	674,132	674,132	0	0	0	11.0
JUD R1 Regional technicians for IT	306,875	306,875	0	0	0	4.0

support						
JUD R10 Leadership education	249,000	0	249,000	0	0	0.0
JUD R4 Language access	221,822	221,822	0	0	0	7.0
OCR R2 Salary alignment	190,392	190,392	0	0	0	0.0
DA mandated costs	152,436	152,436	0	0	0	0.0
JUD R5 Judicial performance	0	350,000	(350,000)	0	0	0.0
Annualize prior year budget actions	(3,926,764)	279,152	(4,205,916)	0	0	3.1
Other changes	<u>152,203</u>	<u>132,203</u>	<u>20,000</u>	<u>0</u>	<u>0</u>	<u>1.5</u>
SUBTOTAL	\$601,470,484	\$430,593,321	\$137,006,691	\$29,445,472	\$4,425,000	4,499.0
Increase/(Decrease)	\$49,016,524	\$47,513,871	(\$2,128,258)	\$3,630,911	\$0	140.3
Percentage Change	8.9%	12.4%	(1.5%)	14.1%	0.0%	3.2%
<i>Informational items:</i>						
JUD R2 District judges	747,134	747,134	0	0	0	8.0
JUD R9 Underfunded facilities	<u>1,500,000</u>	<u>1,500,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$603,717,618	\$432,840,455	\$137,006,691	\$29,445,472	\$4,425,000	4,507.0
Increase/(Decrease)	\$51,263,658	\$49,761,005	(\$2,128,258)	\$3,630,911	\$0	148.3
Percentage Change	9.3%	13.0%	(1.5%)	14.1%	0.0%	3.4%

Summary of Issues Presented to the Joint Budget Committee

Hourly Rates for Court Appointed Counsel: The Office of the Alternate Defense Counsel and the Office of the Child's Representative submitted decision items to increase the hourly rates paid to independent contractors providing legal representation.

Backlog of Criminal Appeal Cases: In response to a legislative request for information, the Office of the State Public Defender has requested \$995,045 General Fund for FY 2014-15 to add sixteen attorneys, paralegals, and administrative support staff to address its growing backlog of criminal appeal cases.

Discovery Task Force: This issue brief discusses the preliminary report submitted by the Discovery Task Force, established by S.B. 13-246.

Treatment Funding for Offenders: The Correctional Treatment Board has submitted its second annual offender substance abuse treatment funding plan as required by H.B. 12-1310. The plan includes the minimum statutorily required level of General Fund support for such services for FY 2014-15 (\$15.2 million), and proposes an allocation of the required \$3.5 million increase in General Fund support for FY 2014-15 among four state agencies.

State Funding for Attorney Registration Fees: This briefing issue concerns the appropriation of state funds to pay the annual registration fee for certain attorneys employed by the State.

Juvenile Defense Attorney Interim Committee: This informational issue brief summarizes the recommendations of the Juvenile Defense Attorney Interim Committee.

Department of Labor and Employment

The Department of Labor and Employment is responsible for: running state and federal funded employment and training programs; managing the state's unemployment insurance program, enforcing labor laws, regulating the petroleum industry, inspecting boilers, carnival rides, and conveyances, and administering the workers' compensation programs. The Department's FY 2013-14 appropriation represents 0.7 percent of statewide operating appropriations and less than 0.01 percent of statewide General Fund appropriations.

FY 2013-14 Appropriation and FY 2014-15 Request

Department of Labor and Employment						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2013-14 Appropriation						
SB 13-230 (Long Bill)	\$163,075,888	\$0	\$65,232,204	\$650,740	\$97,192,944	1,011
Other Legislation	<u>266,147</u>	<u>98,519</u>	<u>167,628</u>	<u>0</u>	<u>0</u>	<u>1.3</u>
TOTAL	\$163,342,035	\$98,519	\$65,399,832	\$650,740	\$97,192,944	1,012.5
FY 2014-15 Requested Appropriation						
FY 2013-14 Appropriation	\$163,342,035	98,519	\$65,399,832	\$650,740	\$97,192,944	1,012.5
Centrally appropriated line items	2,255,283	0	453,031	0	1,802,252	0.0
Non-prioritized requested changes	1,833,370	6,723	806,904	0	1,019,743	0.0
Technical adjustments	4,365	4,365	0	0	0	0.0
Statewide IT common policy adjustments	2,041	0	1,041	0	1,000	0.0
Annualize prior year funding	(1,143,585)	155,709	(1,299,294)	0	0	3.5
Indirect cost assessment	<u>(253,672)</u>	<u>0</u>	<u>28,498</u>	<u>0</u>	<u>(282,170)</u>	<u>0.0</u>
TOTAL	\$166,039,837	\$265,316	\$65,390,012	\$650,740	\$99,733,769	1,016.0
Increase/(Decrease)	\$2,697,802	\$166,797	(\$9,820)	\$0	\$2,540,825	3.5
Percentage Change	1.7%	169.3%	(0.0%)	0.0%	2.6%	0.3%

Summary of Issues Presented to the Joint Budget Committee

Unemployment Insurance Technology Update: Provides a detailed update on the progress of development and implementation of the Unemployment Insurance Benefits and Premiums System and the Department's role leading the WyCAN Consortium.

Natural Gas Retail Fuel Inspections: Discusses the current workload for traditional petroleum retail sales inspections and discusses new inspections required by statute of facilities dispensing retail natural gas fuel products.

Department of Law

The Attorney General is one of five independently elected constitutional officers of the State. As the chief executive officer of the Department of Law, the Attorney General represents and defends the legal interests of the people of the State of Colorado and serves as the legal counsel and advisor to state agencies. The Department's FY 2013-14 appropriation represents 0.3 percent of statewide operating appropriations and 0.2 percent of statewide General Fund appropriations.

FY 2013-14 Appropriation and FY 2014-15 Request

Department of Law						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2013-14 Appropriation						
SB 13-230 (Long Bill)	\$67,000,881	\$13,473,403	\$10,810,547	\$40,946,567	\$1,770,364	444
Other legislation	<u>563,191</u>	<u>(1,304,689)</u>	<u>1,519,585</u>	<u>348,295</u>	<u>0</u>	<u>2.9</u>
TOTAL	\$67,564,072	\$12,168,714	\$12,330,132	\$41,294,862	\$1,770,364	446.5
FY 2014-15 Requested Appropriation						
FY 2013-14 Appropriation	\$67,564,072	12,168,714	\$12,330,132	\$41,294,862	\$1,770,364	446.5
R1 Asset maintenance	116,484	162,097	(107,493)	43,591	18,289	0.0
R2 Consumer protection complaint intake	56,123	0	56,123	0	0	1.0
R3 Database administrator	105,651	0	0	105,651	0	1.0
R4 Appellate administrative assistant	48,170	48,170	0	0	0	0.9
R5 Lowry Range litigation	392,400	0	392,400	0	0	0.0
R6 Attorney registration and CLE	27,088	8,755	1,698	17,535	(900)	0.0
NP1 Legal services for DNR R2	327,888	0	0	327,888	0	2.0
Non-prioritized requested changes	70,555	723	406	68,995	431	0.0
Centrally appropriated line item adjustments	1,809,890	610,267	289,900	909,543	180	0.0
Indirect cost assessment adjustments	78,753	0	9,398	67,047	2,308	0.0
Annualize prior year legislation	28,974	(3,703)	0	32,677	0	0.0
Statewide IT common policy adjustments	23,618	237	133	23,107	141	0.0
Change in anticipated grant funding	22,743	0	0	22,743	0	0.0
Fund source adjustments	0	317,256	0	(317,256)	0	0.0
Annualize prior year budget actions	<u>(833,589)</u>	<u>(258,819)</u>	<u>(608,986)</u>	<u>78,508</u>	<u>(44,292)</u>	<u>0.5</u>
TOTAL	\$69,838,820	\$13,053,697	\$12,363,711	\$42,674,891	\$1,746,521	451.9
Increase/(Decrease)	\$2,274,748	\$884,983	\$33,579	\$1,380,029	(\$23,843)	5.4
Percentage Change	3.4%	7.3%	0.3%	3.3%	(1.3%)	1.2%

Summary of Issues Presented to the Joint Budget Committee

Legal Services to State Agencies Overexpenditure: The Department of Law overexpended the funds available for legal services for state agencies (LSSA) by approximately \$2.0 million in FY 2012-13.

Major Litigation Pending Against the State: This issue brief provides a summary of legal cases involving the State that could have a significant financial impact.

Implementation of FY 2013-14 Attorney Salary Increases: The General Assembly appropriated \$4.1 million for salary increases for the Department of Law's attorneys in FY 2013-14. The Department's annual salary survey indicates that the Department is competitive with the market for the first time since 2009.

Continuous Spending Authority for Grant Funds: House Bill 12-1248, sponsored by the Joint Budget Committee, continuously appropriated gifts grants and donations revenues to the Department of Law from FY 2012-13 through FY 2014-15. Without further legislation, the continuous spending authority will end July 1, 2015.

Department of Local Affairs

The Department of Local Affairs is responsible for building community and local government capacity by providing training, technical, and financial assistance to localities. Major divisions include the Executive Director's Office, Property Taxation, the Division of Housing, and the Division of Local Governments. The Department's FY 2013-14 appropriation represents 1.4 percent of statewide operating appropriations and 0.5 percent of statewide General Fund appropriations.

FY 2013-14 Appropriation and FY 2014-15 Request

Department of Local Affairs						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2013-14 Appropriation						
SB 13-230 (Long Bill)	\$302,416,196	\$15,059,717	\$208,770,557	\$8,629,582	\$69,956,340	164.3
Other Legislation	<u>2,788,851</u>	<u>2,638,851</u>	<u>150,000</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$305,205,047	\$17,698,568	\$208,920,557	\$8,629,582	\$69,956,340	164.3
FY 2014-15 Requested Appropriation						
FY 2013-14 Appropriation	\$305,205,047	17,698,568	\$208,920,557	\$8,629,582	\$69,956,340	164.3
R1 Board of Assessment Appeals GF refinance	0	72,936	(72,936)	0	0	0.0
R2 Housing Development Grants	4,186,869	4,186,869	0	0	0	2.7
R3 Division of Housing reorganization	0	0	0	0	0	0.0
R4 Downtown Revitalization Technical Assistance	4,000	0	0	4,000	0	0.0
R5 Geothermal Energy Impact Grants	50,000	0	50,000	0	0	0.0
Annualize prior year legislation	945,289	945,289	0	0	0	0.0
NP1 HCPF R7 Medicaid	272,099	0	0	272,099	0	1.8
Centrally appropriated line items	269,189	296,662	158,539	(254,221)	68,209	0.0
Non-prioritized requested changes	<u>76,508</u>	<u>76,508</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$311,009,001	\$23,276,832	\$209,056,160	\$8,651,460	\$70,024,549	168.8
Increase/(Decrease)	\$5,803,954	\$5,578,264	\$135,603	\$21,878	\$68,209	4.5
Percentage Change	1.9%	31.5%	0.1%	0.3%	0.1%	2.7%

Summary of Issues Presented to the Joint Budget Committee

Informational Issue: Update on Fort Lyon Supportive Residential Community: Senate Bill 13-210 provided an appropriation to the Department of Local Affairs for the operation of a new supportive housing community at Fort Lyon in Bent County. The Fort Lyon Supportive Residential Community provides recovery oriented transitional housing to homeless individuals with mental health and substance abuse disabilities. The planned program combines housing with counseling, educational, vocational, and employment services for up

to 300 homeless and formerly homeless persons across the state of Colorado with an emphasis on homeless veterans.

Federal Mineral Lease Direct Distribution: In September, the Department of Local Affairs made a 1331 Supplemental Request for Federal Mineral Lease (FML) Direct Distribution backfill from the Local Government Permanent Fund. Because the request did not meet the standard to make a 1331 Supplemental Request, the Committee asked that Staff brief this issue during the regular budget cycle. Section 34-63-102, C.R.S., allows the Department to backfill FML Direct Distributions when the Legislative Council's March forecast projects the revenue from FML Direct Distributions will be 10.0 percent less than the amount distributed in the previous year. However, the current statute allows for the backfill only in the *current* fiscal year.

R1 Board of Assessment Appeals GF refinance: The Department is requesting to replace \$72,936 in cash fund spending authority with \$72,936 in General Fund. The mechanism for funding the Board changed due to recent legislation that included a cash appropriation of \$150,000. The fiscal note included with the bill did not account for the two-year cycle related to property tax appeals heard by the Board. In re-assessment years more appeals are received and therefore more revenue is generated. In the second year, a non-assessment year, property owners who appealed their valuation in a re-assessment year are foreclosed from appealing their assessment again. The General Fund appropriation will allow the Board to continue operating at current levels.

R2 Housing Development Grants: The Department is requesting an appropriation of \$4.2 million including 2.7 FTE to increase the number of affordable housing units being produced through administering Housing Development Grants. The Department anticipates granting the request will produce an additional 800 affordable housing units and effectively bring an end to the chronically and veteran homeless populations by 2015.

R3 Division of Housing Reorganization: The Department is requesting a reorganization of its Long Bill for the Division of Housing. The Division has moved from a centralized operation to one focusing more on distributed services and wishes to better communicate to its stakeholders how its funds are used. This reorganization has a neutral effect on the Division of Housing budget and performance measures.

R4 Downtown Revitalization Technical Assistance: The Department is requesting authority to spend \$4,000 reappropriated funds from the Office of Economic Development and International Trade (OEDIT). DOLA, OEDIT, and Downtown Colorado, Inc., a non-profit, partner to provide Downtown Assessments to Colorado communities. Currently, for communities to get fully reimbursed through the program they must submit duplicative paperwork to both OEDIT and DOLA. Granting this request would streamline the process for resource scarce communities.

R5 Geothermal Energy Impact Grants: The Department is requesting authority to spend \$50,000 from the Geothermal Resource Leasing Fund to fulfill its statutory requirements to provide grants to state agencies, school districts, and political subdivisions affected by geothermal development and production for planning and providing services necessitated by geothermal energy development.

Department of Military and Veterans Affairs

The Department of Military and Veterans Affairs is responsible for providing trained and ready military forces for the U.S. active armed services, preserving life and property during natural disasters and civil emergencies in Colorado, and assisting veterans with benefits claims. The Department's FY 2013-14 appropriation represents 1.0 percent of statewide operating appropriations and 0.1 percent of statewide General Fund appropriations.

FY 2013-14 Appropriation and FY 2014-15 Request

Department of Military and Veterans Affairs						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2013-14 Appropriation						
S.B. 13-230 (Long Bill)	<u>\$223,858,252</u>	<u>\$7,378,715</u>	<u>\$1,239,695</u>	<u>\$800,000</u>	<u>\$214,439,842</u>	<u>1,389.6</u>
TOTAL	\$223,858,252	\$7,378,715	\$1,239,695	\$800,000	\$214,439,842	1,389.6
FY 2014-15 Requested Appropriation						
FY 2013-14 Appropriation	\$223,858,252	7,378,715	\$1,239,695	\$800,000	\$214,439,842	1,389.6
R1 Veterans' cemetery growth	45,547	45,547	0	0	0	0.9
R2 Operations and maintenance growth	277,000	277,000	0	0	0	0.0
NP1 Camp George West utilities transfer	0	0	0	0	0	0.0
Non-prioritized requested changes	51,604	51,604	0	0	0	0.0
Centrally appropriated line item adjustments	480,594	202,886	6,398	0	271,310	0.0
Statewide IT common policy adjustments	(92,721)	(92,721)	0	0	0	0.0
Annualize prior year budget actions	<u>(939)</u>	<u>(939)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.3</u>
TOTAL	\$224,619,337	\$7,862,092	\$1,246,093	\$800,000	\$214,711,152	1,390.8
Increase/(Decrease)	\$761,085	\$483,377	\$6,398	\$0	\$271,310	1.2
Percentage Change	0.3%	6.6%	0.5%	0.0%	0.1%	0.1%

Summary of Issues Presented to the Joint Budget Committee

Western Slope Veterans' Cemetery: This issue brief addresses the long-term funding challenges of the Western Slope Veterans' Cemetery (Cemetery) and summarizes the Department's R1 Veterans' Cemetery Growth budget request related to the Western Slope Veterans' Cemetery.

Department of Natural Resources

The Department of Natural Resources is responsible for developing, protecting and enhancing Colorado's natural resources for the use and enjoyment of the State's present and future residents and visitors. The Department's FY 2013-14 appropriations represent 1.3 percent of statewide operating appropriations and 0.4 percent of statewide General Fund appropriations. The Department is comprised of the following agencies and divisions: Executive Director's Office; Reclamation, Mining, and Safety; Geological Survey; Oil and Gas Conservation Commission; State Board of Land Commissioners; Division of Parks and Wildlife; Colorado Water Conservation Board; and Water Resources Division.

FY 2013-14 Appropriation and FY 2014-15 Request

Department of Natural Resources						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2013-14 Appropriation						
SB 13-230 (Long Bill)	\$241,007,024	\$24,978,508	\$178,674,931	\$8,774,311	\$28,579,274	1,438.8
Other Legislation	<u>36,502,217</u>	<u>0</u>	<u>36,502,217</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$277,509,241	\$24,978,508	\$215,177,148	\$8,774,311	\$28,579,274	1,438.8
FY 2014-15 Requested Appropriation						
FY 2013-14 Appropriation	\$277,509,241	24,978,508	\$215,177,148	\$8,774,311	\$28,579,274	1,438.8
R1 New personnel	280,203	280,203	0	0	0	3.7
R2 Additional legal services for enforcement	327,888	0	327,888	0	0	0.0
R3 Coal regulatory program refinance	0	0	352,881	0	(352,881)	0.0
R4 Division of Parks and Wildlife line item reorganization	(160,000)	0	(160,000)	0	0	0.0
R5 New well rules vehicles and equipment	29,503	29,503	0	0	0	0.0
R6 Adjustments to leased space	(120,158)	36,715	(158,743)	0	1,870	0.0
Centrally appropriated line item adjustments	5,303,339	1,961,370	4,112,705	(930,833)	160,097	0.0
Non-prioritized requested changes	1,370,479	36,261	1,285,995	18,886	29,337	0.0
Annualize prior year budget actions	(38,018,488)	(500,000)	(37,518,488)	0	0	0.0
Statewide IT common policy adjustments	(2,646,358)	130,683	(1,776,629)	(914,196)	(86,216)	0.0
Indirect cost assessment	<u>(753,253)</u>	<u>(1,077,397)</u>	<u>(855,255)</u>	<u>1,077,397</u>	<u>102,002</u>	<u>0.0</u>
TOTAL	\$243,122,396	\$25,875,846	\$180,787,502	\$8,025,565	\$28,433,483	1,442.5
Increase/(Decrease)	(\$34,386,845)	\$897,338	(\$34,389,646)	(\$748,746)	(\$145,791)	3.7
Percentage Change	(12.4%)	3.6%	(16.0%)	(8.5%)	(0.5%)	0.3%

Summary of Issues Presented to the Joint Budget Committee

Flood Response and Assessment: Provides a summary of preliminary damage assessments and flood response efforts of the Department of Natural Resources after the September 2013 floods.

Water Resources Division FY 2014-15 Requests and Funding Structure: Reviews the R1 New personnel request, and funding options related to the Water Resources Division.

Division of Parks and Wildlife Reorganization: Summarizes the history of the Division of Parks and Wildlife's merger and reviews the Department's R4 Division of Parks and Wildlife line item reorganization request to consolidate certain line items.

Status of the Severance Tax Operational Fund: Reviews anticipated severance tax revenue projections which are sufficient to support authorized expenditures from the Severance Tax Operational Fund in FY 2013-14 and FY 2014-15.

Update on Oil and Gas Activity and OGCC FTE: Provides an update on trends in oil and gas activity and workload for the Oil and Gas Conservation Commission, recent events pertinent to agency outcomes, and an update on the status of hiring new FTE approved by the General Assembly for FY 2013-14.

Additional Legal Services for OGCC Enforcement (R2): Reviews the Department's request for \$327,888 cash funds for an additional 3,600 hours of legal services to assist the Oil and Gas Conservation Commission's Hearings Unit and enforcement program with increasing workload due to continued growth in oil and gas activity in the state.

DRMS Coal Program Refinancing (R3): Reviews the Department's request for a net-zero fund source adjustment for the Coal Regulatory Program to refinance \$352,881 in federal funds with cash funds from the Severance Tax Operational Fund in anticipation of cuts in grant money from the U.S. Office of Surface Mining.

Department of Personnel

The Department of Personnel is responsible for administering the state personnel system, which includes approximately 31,000 full time equivalent (FTE) staff, excluding the Department of Higher Education. In addition, the Department provides general support services for state agencies. These functions include: control of the State's purchasing activities; oversight of state financial activities; maintenance of state archives and public records; maintenance of the buildings in the Capitol complex and two other campuses; provision of central services to agencies in the Denver metropolitan area; provision of administrative law judge services; coordination of capital construction and controlled maintenance projects; management of the State's motor vehicle fleet; centralized lease management for state agencies; administration of the State's personnel selection, classification, and compensation programs; administration of the State's employee benefit programs; and oversight of the State's liability, property, and workers' compensation insurance programs. The Department's FY 2013-14 appropriation represents 0.8 percent of statewide operating appropriations and 0.1 percent of statewide General Fund appropriations.

FY 2013-14 Appropriation and FY 2014-15 Request

Department of Personnel						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2013-14 Appropriation						
SB 13-230 (Long Bill)	\$172,942,077	\$9,154,163	\$12,354,837	\$151,433,077	\$0	393.4
Other Legislation	<u>1,263,909</u>	<u>(22,189)</u>	<u>1,273,976</u>	<u>12,122</u>	<u>0</u>	<u>(0.8)</u>
TOTAL	\$174,205,986	\$9,131,974	\$13,628,813	\$151,445,199	\$0	392.6
FY 2014-15 Requested Appropriation						
FY 2013-14 Appropriation	\$174,205,986	9,131,974	\$13,628,813	\$151,445,199	\$0	392.6
R1 Total Compensation Vendor	300,000	300,000	0	0	0	0.0
R2 Transparency Online Project Modernization	142,235	142,235	0	0	0	0.0
R3 Central Collections Investment in Customer Service	389,022	0	389,022	0	0	0.0
R4 Address Confidentiality Program Resources	60,308	60,308	0	0	0	0.0
CP1 Annual Fleet Vehicle Request	587,159	0	0	587,159	0	0.0
CP2 Camp George West Utilities Transfer	(330,643)	0	0	(330,643)	0	0.0
CP Risk Management Programs Base Adjustments	857,304	0	0	857,304	0	0.0
CP Capitol Complex Base Adjustments	265,924	0	0	265,924	0	0.0
Non-prioritized requested changes	173,010	45,569	23,097	104,344	0	0.0
NP - Additional Vehicle Requests	78,845	0	0	78,845	0	0.0
Centrally appropriated line items	534,887	197,744	203,130	134,013	0	0.0
Indirect cost assessment adjustments	244,479	0	262,038	(17,559)	0	0.0
Annualize prior year funding	(1,241,476)	(161,526)	(1,198,285)	118,335	0	(6.5)

Statewide IT common policy adjustments	(548,455)	(314,722)	(39,732)	(194,001)	0	0.0
Fund source adjustments	<u>0</u>	<u>(856,785)</u>	<u>4,141</u>	<u>852,644</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$175,718,585	\$8,544,797	\$13,272,224	\$153,901,564	\$0	386.1
Increase/(Decrease)	\$1,512,599	(\$587,177)	(\$356,589)	\$2,456,365	\$0	(6.5)
Percentage Change	0.9%	(6.4%)	(2.6%)	1.6%	0.0%	(1.7%)

Summary of Issues Presented to the Joint Budget Committee

JBC Use of the Department's Proper Legal Name: The constitutional and statutory name for the Department is the Department of Personnel, despite the Department's commonly used name, the Department of Personnel and Administration, which has also been used in appropriations bills since the 2003 Long Bill.

Legislative Digital Policy Advisory Committee Update: House Bill 13-1182 created the Legislative Digital Policy Advisory Committee (LDPAC) for the purpose of defining a plan for digitizing deteriorating legislative audio records housed at the State Archives. Additionally, the LDPAC was charged with considering the transition of the State's ongoing legal records – statutes, session laws, and administrative law – within the context and requirements of the Uniform Electronic Legal Materials Act (UELMA).

Statewide Indirect Cost Plan for Figure Setting and JBC Indirects Policy Update: This issue brief presents the Statewide Indirect Cost Plan prepared by the State Controller's Office for FY 2014-15 and provides an update on JBC (committee and staff) policy items related to the budget treatment of indirect costs by state agencies, including the Indirect Costs Excess Recovery Fund created in S.B. 13-109.

CP-1 Annual Fleet Vehicle Request: The Department of Personnel requests replacement of 777 vehicles, including 295 compressed natural gas (CNG) vehicles in FY 2014-15. The first year of lease payments for financing along with adjustments for prior years' financing agreements will increase appropriations for state agencies' vehicle lease payments line items by \$2.3 million in total funds and increase the Department's vehicle replacement lease/purchase line item by \$587,000 reappropriated funds in FY 2014-15.

FY 2014-15 Department Request Items: The Department of Personnel has submitted four Department requests and two common policy-related requests.

Department of Public Health and Environment

The Department of is responsible for protecting and improving the health of the people of Colorado and ensuring the quality of Colorado's environment. The Department's FY 2013-14 appropriation represents 2.3 percent of statewide operating appropriations and 0.7 percent of statewide General Fund appropriations.

FY 2013-14 Appropriation and FY 2014-15 Request

Department of Public Health and Environment						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2013-14 Appropriation						
SB 13-230 (Long Bill)	\$527,884,495	\$39,423,458	\$166,674,257	\$29,677,710	\$292,109,070	1,239.6
HB 13-1117	(19,904,563)	(1,453,849)	(17,602,514)	0	(848,200)	(7.5)
HB 13-1191	15,000,000	15,000,000	0	0	0	0.0
Other legislation	<u>1,098,400</u>	<u>433,138</u>	<u>665,262</u>	<u>0</u>	<u>0</u>	<u>9.2</u>
TOTAL	\$524,078,332	\$53,402,747	\$149,737,005	\$29,677,710	\$291,260,870	1,241.3
FY 2014-15 Requested Appropriation						
FY 2013-14 Appropriation	\$524,078,332	\$53,402,747	\$149,737,005	\$29,677,710	\$291,260,870	1,241.3
R1 Marijuana research studies	7,084,656	0	7,084,656	0	0	1.0
R2 Water infrastructure	12,000,000	12,000,000	0	0	0	1.0
R3 Risk based contract monitoring	69,452	0	0	69,452	0	1.0
Non-prioritized requested changes	634,947	0	25,000	599,220	10,727	0.0
Centrally appropriated line items	11,650,162	315,828	1,979,078	562,755	8,792,501	0.0
Base adjustments	0	0	50,000	0	(50,000)	(0.0)
Annualize prior year legislation	(14,816,735)	(14,959,518)	142,783	0	0	(3.4)
Annualize prior year budget actions	(224,241)	(310,035)	(598,854)	680,925	3,723	1.4
Statewide IT common policy adjustments	<u>(68,726)</u>	<u>(237,424)</u>	<u>(872,692)</u>	<u>2,820,258</u>	<u>(1,778,868)</u>	<u>0.0</u>
TOTAL	\$540,407,847	\$50,211,598	\$157,546,976	\$34,410,320	\$298,238,953	1,242.3
Increase/(Decrease)	\$16,329,515	(\$3,191,149)	\$7,809,971	\$4,732,610	\$6,978,083	1.0
Percentage Change	3.1%	(6.0%)	5.2%	15.9%	2.4%	0.1%

The request also includes the payback of three cash funds from which transfers were made to the General Fund during FY 2008-09 and FY 2009-10. The three Department cash funds are the Recycling Resources Economic Opportunity Fund, the Waste Tire Cleanup Fund, and the Hazardous Substance Response Fund.

Summary of Issues Presented to the Joint Budget Committee

Issue #1 Medical Marijuana Registry: The statutory implementation of Amendment 64 charged the Department with monitoring the effects of marijuana but did not affect the Medical Marijuana Registry. The Medical Marijuana Registry is operated by the Department of Public Health and Environment and is funded by

a fee on new and renewal applications for the Medical Marijuana Registry card. The fee is credited to the Medical Marijuana Cash Fund which is projected to have an excess fund balance of \$13.8 million in FY 2013-14. The size of the balance was an audit concern voiced by the State Auditor during the July 2013 presentation of the audit on the Medical Marijuana Program. In order to partially address the excessive balance, the Department has requested spending authority for \$7.0 million cash funds from the Medical Marijuana Cash Fund in FY 2014-15 to support research projects that will study the effects of medical marijuana. The State Board of Health will consider revisions to the application fee at the December 18, 2013 meeting as another mechanism to address the size of the balance.

Issue #2 State Laboratory: The Department temporarily suspended blood-drug and blood-alcohol testing by the Toxicology Unit of the State Laboratory in July 2013. After internal department reviews and an audit by the Association of Public Health Laboratories, the Department decided to not reopen the Toxicology Unit in November 2013. The permanent closure of the Toxicology Unit impacts law enforcement agencies that purchase the blood test kits and the district attorney and public defenders that rely on expert testimony to describes what the testing results mean. Due to increased legal expenses, and a lack of revenue from testing fees, the State Laboratory will require additional General Fund for existing expenses related to the Toxicology Unit.

Issue #3 Water Quality Control Division: The current structure of cash fees for the Water Quality Control Division is inflexible and prohibits the ability of the Division to charge fees at a sufficient level to support specific activities of the Division which would otherwise be cash funded. For FY 2013-14 the General Assembly approved funding for 16.0 additional FTE to enable the Division to progress towards a staffing level sufficient to meet the workload demands. Due to the limitations of the Division's ability to set fees, all 16.0 FTE were funded with General Fund. If the General Assembly had granted the Water Quality Control Commission with fee setting authority, 10.0 FTE would have been funded with cash funds once the fees were established.

Issue #4 Waste Tires: The Waste Tire Program has undergone numerous changes over the past ten years, with the most significant change occurring in 2010 via H.B. 10-1018 which consolidated all components of the Waste Tire Program in the Department. After three years of administering the Waste Tire Program it has become evident that there remains a need for statutory changes to enable the Program to operate in an efficient manner.

Issue #5 Medical Inflation: The Department purchases medical supplies for a number of programs including the chemistry and microbiology units of the State Laboratory, test kits for the Tuberculosis Control and Treatment Program, and pharmaceuticals for programs administered by the Disease Control and Environmental Epidemiology Division. The Department has not received a medical inflation increase since FY 2002-03 to enable the funding available for medical supply purchases to increase commensurate with the increasing cost of supplies.

Issue #6 Implementation of Recent Legislation: There have been a number of bills passed by the General Assembly over the past two sessions which have created new programs or increased the responsibilities of existing Department programs. This issue presents a summary of the bills, requirements not yet implemented, any fiscal issues, and additional considerations which may impact the ability of the Department to implement the legislation.

Issue #7 Update on Funding Increases from FY 2013-14: The General Assembly provided a number of funding increases to the Department of Public Health and Environment through the FY 2013-14 Long Bill including an additional \$4.3 million for school-based health centers, an additional \$50,000 for a grants management system, and additional funding for the treatment side of the Breast and Cervical Cancer Program. This issue provides a brief update on how those additional funds are being used and what, if any, issues exist with expending all of the funding.

Department of Public Safety

The Department of Public Safety is responsible for providing a safe environment in Colorado by maintaining, promoting, and enhancing public safety through law enforcement, criminal investigations, fire and crime prevention, emergency management, recidivism reduction, and victim advocacy. The Department's FY 2013-14 appropriation represents 1.5 percent of statewide operating appropriations and 1.2 percent of statewide General Fund appropriations.

FY 2013-14 Appropriation and FY 2014-15 Request

Department of Public Safety						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2013-14 Appropriation						
SB 13-230 (Long Bill)	\$332,885,649	\$90,128,524	\$161,806,324	\$25,776,057	\$55,174,744	1,575.1
HB 13-1129 (EPIC Center)	739,591	739,591	0	0	0	6.0
Other legislation	3,110,025	177,386	2,928,004	0	4,635	35.0
HB 13-1020 (Sexual Assault Evidence)	<u>6,351,002</u>	<u>6,351,002</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$343,086,267	\$97,396,503	\$164,734,328	\$25,776,057	\$55,179,379	1,616.1
FY 2014-15 Requested Appropriation						
FY 2013-14 Appropriation	\$343,086,267	97,396,503	\$164,734,328	\$25,776,057	\$55,179,379	1,616.1
R1 CBI New Pueblo Facility	417,760	417,760	0	0	0	0.0
R2 DFPC Wildfire Preparedness Fund	4,150,000	0	4,150,000	0	0	0.0
R3 DHSEM Sustainability of State Fusion Center	656,134	656,134	0	0	0	0.0
R4 CBI/DHSEM Cyber Crime Initiative	489,074	489,074	0	0	0	2.7
R5 DFPC Budget and Policy Analyst	95,095	95,095	0	0	0	0.9
R6 DCJ Community Corrections FTE Support	240,460	240,460	0	0	0	2.8
R7 EDO Rulemaking Support Staff	53,311	7,632	0	45,679	0	0.0
R8 CBI InstaCheck Leased Space	84,050	0	84,050	0	0	0.0
R9 CSP/CBI Vehicle Variable Rate	382,797	28,488	344,236	10,073	0	0.0
R10 CSP Portable Radios	1,343,900	0	1,343,900	0	0	0.0
R11 DFPC State Engine Staffing	622,004	622,004	0	0	0	7.3
R12 CSP World Alpine Ski Championship	178,020	0	178,020	0	0	0.0
R13 DCJ CCIB System Improvement and Maintenance	25,000	25,000	0	0	0	0.0
R14 DCJ CC Provider Rate Increase	859,630	859,630	0	0	0	0.0
NP1 Re-program Payments to OIT	0	0	0	0	0	0.0
NP2 Fleet Vehicle Lease	1,328,553	143,256	1,100,336	(36,447)	121,408	0.0
NP3 Camp George West Utilities Transfer	0	0	0	0	0	0.0
NP4 Secure Colorado - Phase II	220,594	69,083	140,572	10,939	0	0.0
NP5 Eliminate Redundant Applications	241,884	75,751	154,138	11,995	0	0.0

Department of Public Safety						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
NP6 Network Resiliency	35,510	31,604	3,906	0	0	0.0
NP7 IT Service Management Eco-System	282,334	282,334	0	0	0	0.0
NP8 DTRS Operations Increase	169,272	11,018	150,444	4,657	3,153	0.0
NP9 IT Technical Development	11,197	11,197	0	0	0	0.0
Centrally appropriated line items	10,500,404	4,529,695	7,406,304	(1,023,177)	(412,418)	0.0
Indirect cost assessment	167,293	(3,144,476)	334,672	3,124,340	(147,243)	0.0
Annualize prior year legislation	(9,490,325)	(6,804,628)	(2,682,607)	0	(3,090)	4.7
Statewide IT common policy adjustments	(179,645)	3,196,665	(1,471,791)	(1,912,412)	7,893	0.0
Annualize prior year funding	(29,114)	17,686	0	(46,800)	0	0.2
Technical adjustments	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
SUBTOTAL	\$355,941,459	\$99,256,965	\$175,970,508	\$25,964,904	\$54,749,082	1,634.7
Increase/(Decrease)	\$12,855,192	\$1,860,462	\$11,236,180	\$188,847	(\$430,297)	18.6
Percentage Change	3.7%	1.9%	6.8%	0.7%	(0.8%)	1.2%
<i>Informational Item:</i>						
HB 13-1020 (Sexual Assault Evidence)	<u>14,000,000</u>	<u>14,000,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$369,941,459	\$113,256,965	\$175,970,508	\$25,964,904	\$54,749,082	1,634.7
Increase/(Decrease)	\$26,855,192	\$15,860,462	\$11,236,180	\$188,847	(\$430,297)	18.6
Percentage Change	7.8%	16.3%	6.8%	0.7%	(0.8%)	1.2%

Summary of Issues Presented to the Joint Budget Committee

Disaster Emergency Fund – Revenues, Expenditures, and Fund Balance: The Governor has thus far obligated \$91.5 million from the Disaster Emergency Fund to address the September 2013 floods. The November 1 letter from the Governor to the JBC proposes that \$144.0 million in FY 2013-14 revenues (General Fund projected to be received in excess of amounts originally budgeted for FY 2013-14) be used to address costs associated with the September 2013 floods and other recent disasters. The *net* cost to the Disaster Emergency Fund, after federal reimbursements are received, could be far less than initial encumbrances. However, little data exists to be able to project what the total long-term impact to the Disaster Emergency Fund will be.

Colorado Bureau of Investigation New Pueblo Facility: The Colorado Bureau of Investigation requests funding for the lease-purchase of a new Pueblo facility totaling \$7.1 million General Fund in 20 years. Approval of the request requires the passage of a special bill authorizing the Department to enter into a lease-purchase agreement.

Funding for H.B. 13-1020 Testing Evidence of Sexual Assault: House Bill 13-1020 set forth new requirements for the collection and treatment of forensic medical evidence of alleged sexual assault. The

Department has submitted its November 1, 2013, budget request with a \$14.0 million General Fund placeholder for additional FY 2014-15 costs related to the implementation of H.B. 13-1020.

Division of Fire Prevention and Control Funding Requests: The Division of Fire Prevention and Control is requesting a total of \$4.9 million General Fund for three distinct requests to fund the Wildfire Preparedness Fund with General Fund, increase the state wildfire engine crew by 8.0 FTE, and to add a budget analyst position for the Division of Fire Prevention and Control.

Funding Requests for the Sustainability of the State Fusion Center and the Colorado Cyber-crime Initiative: The Division of Homeland Security and Emergency Management and the Colorado Bureau of Investigation are requesting a total of \$1,145,208 General Fund for the funding of new programs for the combating of terrorism and cyber-crime.

Highway Users Tax Fund (HUTF) "Off-the-Top" Funding and Growth: Summarizes the FY 2014-15 HUTF "Off-the-Top" funding request submitted by the Colorado State Patrol.

Adequacy of Community Corrections Rates: The purchasing power of per diem payments for standard beds in community corrections facilities has eroded substantially during the last decade, having lost 22.1 percent of its purchasing power over that interval. This issue first looks at the adequacy of the differential rate paid for Residential Dual Diagnosis and Treatment beds and concludes that the \$33.85 RDDT differential is adequate. The issue then turns to the adequacy of the base rate for standard beds. Staff examined the cost of operating a community corrections program and concludes that, with prevailing wages, salaries, and benefits, it is probably impossible to operate a small community corrections facility that provides standard beds and relies exclusively on revenue provided by the Division of Criminal Justice and on subsistence fees from offenders. Larger facilities have a much better chance of operating at a profit because of economies of scale. During the course of the analysis, staff discusses the impact that rules issued by state agencies may have on Community Corrections costs.

Performance-based contracting for Community Corrections: Performance-based contracts reward contractors for producing better results but are seldom used because it is hard to measure performance. Current law and current contracting practice give community corrections boards little ability to enter into performance-based contracts with their community corrections programs. Legislative change, backed by a moderate appropriation, would enable such contracting. This legislation may prove to be a beneficial long term addition to statute or it may produce example contracts and data that serve as valuable input for a future performance-based budgeting initiative that centralizes contracting at the DCJ.

Department of Regulatory Agencies

The Department of Regulatory Agencies is responsible for consumer protection carried out through regulatory programs that license, establish standards, approve rates, investigate complaints, and conduct enforcement through 41 boards, commissions, and advisory committees across more than 50 professions, occupations, programs, and institutions. The Department is organized in the following 10 predominantly cash-funded divisions: (1) Executive Director's Office; (2) Banking; (3) Civil Rights; (4) Consumer Counsel; (5) Financial Services; (6) Insurance; (7) Public Utilities Commission; (8) Real Estate; (9) Professions and Occupations; and (10) Securities. The Department's FY 2013-14 appropriation represents 0.4 percent of statewide operating appropriations and 0.02 percent of statewide General Fund appropriations.

FY 2013-14 Appropriation and FY 2014-15 Request

Department of Regulatory Agencies						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2013-14 Appropriation						
SB 13-230 (Long Bill)	\$80,850,194	\$1,703,494	\$73,318,346	\$4,504,371	\$1,323,983	\$560
Other Legislation	<u>334,518</u>	<u>0</u>	<u>334,518</u>	<u>0</u>	<u>0</u>	<u>12.8</u>
TOTAL	\$81,184,712	\$1,703,494	\$73,652,864	\$4,504,371	\$1,323,983	572.7
FY 2014-15 Requested Appropriation						
FY 2013-14 Appropriation	\$81,184,712	1,703,494	\$73,652,864	\$4,504,371	\$1,323,983	572.7
R1 New Vehicles for PUC	0	0	0	0	0	0.0
R2 Operating Expenses Reduction	(30,000)	0	(30,000)	0	0	0.0
Non-prioritized requested changes	239,775	9,498	230,277	0	0	0.0
Centrally appropriated line items	1,776,129	12,006	1,602,380	166,673	(4,930)	0.0
Statewide IT common policy adjustments	742,926	37,736	705,190	0	0	0.0
Annualize prior year funding	230,738	11,992	225,120	(1,719)	(4,655)	7.9
Indirect cost assessment	76,074	0	74,354	0	1,720	0.0
Fund source adjustments	<u>0</u>	<u>(380)</u>	<u>26,640</u>	<u>(26,260)</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$84,220,354	\$1,774,346	\$76,486,825	\$4,643,065	\$1,316,118	580.6
Increase/(Decrease)	\$3,035,642	\$70,852	\$2,833,961	\$138,694	(\$7,865)	7.9
Percentage Change	3.7%	4.2%	3.8%	3.1%	(0.6%)	1.4%

Summary of Issues Presented to the Joint Budget Committee

Voluntary Licensure of Private Investigators Program: The Department of Regulatory Agencies continues to experience an increasing negative fund balance for the Voluntary Licensure of Private Investigators Program due to the low number of licensees and particularly due to the voluntary nature of the licensing program.

Insurance Premium Tax Diversions as a Revenue Source for Wildfire Funds: Senate Bill 13-270 added a provision to allow appropriations by the General Assembly to the Wildfire Emergency Response Fund and the Wildfire Preparedness Fund in the Department of Public Safety from Insurance Premium Tax collections prior to their being credited to the General Fund. Discussions with staff from the Office of Legislative Legal Services and the Department suggest that the provision might be clarified to better delineate the budget mechanism intended for funding the Division of Insurance and the intended diversion to external program cash funds.

An Assessment of the Colorado Health Benefit Exchange Sustainability Funding Model: This issue brief presents an overview and assessment of the long-term sustainability plan for funding for the Colorado Health Benefit Exchange (Exchange). The Exchange's pricing model excludes information technology (IT) infrastructure depreciation which may underprice services and create the need for additional state-provided capital funding in the future.

Department of Revenue

The Department of Revenue is organized into three functional groups: Taxation Business Group; Division of Motor Vehicles; and Enforcement Business Group. The Taxation Business Group collects tax and other revenue for the state and for many local governments and assists taxpayers in tax related matters; the Division of Motor Vehicles regulates and licenses drivers, issues personal identification documents, oversees vehicle inspection stations, and registers and titles vehicles; and the Enforcement Business Group regulates alcohol, tobacco, medical marijuana, horse racing and off-track betting, limited gaming, and motor vehicle dealers and sales persons. The Department also operates the State Lottery, a TABOR enterprise supported by lottery ticket sales. The Department's FY 2013-14 appropriation represents 1.4 percent of statewide operating appropriations and 1.0 percent of statewide General Fund appropriations.

FY 2013-14 Appropriation and FY 2014-15 Request

Department of Revenue						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2013-14 Appropriation						
SB 13-230 (Long Bill)	\$299,057,894	\$76,836,412	\$216,328,381	\$5,068,713	\$824,388	1,238
SB 13-251 (Temporary ID)	436,292	436,292	0	0	0	0.0
HB 13-1042 (Income Tax Deduction)	280,000	280,000	0	0	0	0.0
Other legislation	<u>6,567,407</u>	<u>304,100</u>	<u>6,263,307</u>	<u>0</u>	<u>0</u>	<u>15.6</u>
TOTAL	\$306,341,593	\$77,856,804	\$222,591,688	\$5,068,713	\$824,388	1,253.2
FY 2014-15 Requested Appropriation						
FY 2013-14 Appropriation	\$306,341,593	77,856,804	\$222,591,688	\$5,068,713	\$824,388	1,253.2
R1 DMV Funding Deficit	2,300,000	6,200,000	(3,900,000)	0	0	0.0
R2 DMV Customer Service Enhancements	4,168,025	4,168,025	0	0	0	52.0
R3 DMV Driver License Examiner Reclassification	837,502	837,502	0	0	0	0.0
R4 ITD Replace Capitol Annex Cabling	863,218	863,218	0	0	0	0.0
R5 DMV Appropriation Restructure	0	0	0	0	0	(0.0)
R6 Central Department Operations Realignment	(148,136)	0	(148,136)	0	0	0.0
NP1 Re-program Payments to OIT	0	0	0	0	0	0.0
NP2 Annual Fleet Vehicle Request	52,439	24,777	27,662	0	0	0.0
NP3 Secure Colorado - Phase II	170,410	114,582	55,828	0	0	0.0
NP4 Network Resiliency	27,432	18,445	8,987	0	0	0.0
NP5 IT Service Management Eco-System	450,217	302,723	147,494	0	0	0.0
NP6 DTRS Operations Increase	13,547	1,187	12,360	0	0	0.0
NP7 IT Technical Development	36,035	24,230	11,805	0	0	0.0
Centrally Appropriated Line Items	3,599,006	1,621,731	1,953,277	23,998	0	0.0
Annualize Prior Year Funding	911,478	911,478	0	0	0	(13.6)
Annualize Prior Year Legislation	(3,844,654)	(726,440)	(3,118,214)	0	0	21.4

Department of Revenue						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
Statewide Information Technology Adjustments	(3,206,228)	(1,662,952)	(1,543,276)	0	0	0.0
OSPB September 2013 Forecast Adjustments	(500,000)	(500,000)	0	0	0	0.0
Indirect Cost Assessment	<u>(144,903)</u>	<u>(572,747)</u>	<u>240,358</u>	<u>187,486</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$311,926,981	\$89,482,563	\$216,339,833	\$5,280,197	\$824,388	1,313.0
Increase/(Decrease)	\$5,585,388	\$11,625,759	(\$6,251,855)	\$211,484	\$0	59.8
Percentage Change	1.8%	14.9%	(2.8%)	4.2%	0.0%	4.8%

Summary of Issues Presented to the Joint Budget Committee

Division of Motor Vehicles Funding and Appropriation Re-structure Requests: The Division of Motor Vehicles is facing a structural deficit within the Licensing Services Cash Fund. With Request 1, the Department seeks \$6.2 million General Fund to sustain operations within Driver Services for one year. The Department is also requesting \$4.2 million General Fund and 52.0 FTE with Request 2 to enhance customer service in the issuance of driver and identification documents. Request 3 is for \$838,000 General Fund to re-classify driver license examiners. Request 5 is to re-structure the Division of Motor Vehicles' appropriation structure in the operating budget.

Department of Revenue 2014 Legislative Agenda: As part of the Department 2014 legislative agenda, the Department is requesting that the Joint Budget Committee sponsor legislation to make several statutory changes related to Division of Motor Vehicles cash funds.

Division of Motor Vehicles Capital Construction Request to Replace the Driver License System (DLS) and Colorado State Titling and Registration System (CSTARS): The Department of Revenue and the Governor's Office of Information Technology have submitted a FY 2014-15 capital construction request to replace the Division of Motor Vehicles Driver License System (DLS) and the Colorado State Titling and Registration System (CSTARS) at a total two-year cost of \$93,372,000 General Fund.

Marijuana Enforcement Division – Impact of Proposition AA Concerning Retail Marijuana Taxes on the Marijuana Enforcement Group: In November 2013 voters approved Proposition AA, which imposed a 15.0 percent state excise tax on the average wholesale price of retail marijuana and imposed a 10.0 percent state sales tax on retail marijuana and retail marijuana products. The Department estimates that the Marijuana Cash Fund will receive \$39.3 million in additional sales tax revenues from the taxation of retail marijuana in FY 2013-14. The Department projections currently estimate that the Marijuana Cash Fund will have a fund balance in excess of \$260.0 million at the end of FY 2015-16.

2013 Performance Audit of the Department of Revenue – Medical Marijuana Regulatory System Part I: The Department of Revenue is responsible for the regulation of the marijuana industry pursuant to the Colorado Constitution and state statutes. In March 2013, the Office of the State Auditor (OSA) released a performance

audit that included an evaluation of how effectively the Department of Revenue's Medical Marijuana enforcement group has licensed and regulated medical marijuana businesses.

2013 Performance Audit of the Department of Revenue – Property Tax, Rent, and Heat Rebate Program:

The Department of Revenue is responsible for the administration of the Property Tax, Rent, and Heat Rebate (PTC) Program, including application controls and Program outreach. In August 2013, the Office of the State Auditor (OSA) released a performance audit that included an evaluation of how the Department manages the PTC when it comes to controls, outreach, and efficiency.

2013 Performance Audit of the Department of Revenue – State Lottery Division:

The Department of Revenue is responsible for the administration of the State Lottery Division. In August 2013, the Office of the State Auditor (OSA) released a performance audit that included an analysis and evaluation of the State Lottery Division's management of sales revenue, expenses, and proceeds available to beneficiaries; the integrity and public image of its operations; and significant high-dollar contracts.

Department of State

The Department of State is responsible for the following activities: (1) administering statutory provisions related to elections; (2) collecting, maintaining, and providing public access to filings by business and nonprofit entities, such as annual reports, articles of incorporation, and liens; (3) registering lobbyists and monitoring the filing of required disclosure reports; (4) regulating charitable gaming laws; (5) regulating notaries public and enforcing related laws; (6) implementing the provisions of the federal Help America Vote Act (HAVA); (7) administering the initiative and referendum process, including signature verification; and (8) managing the statewide computerized voter registration database. The Department's FY 2013-14 appropriation represents 0.1 percent of statewide operating appropriations and 0.0 percent of statewide General Fund appropriations.

FY 2013-14 Appropriation and FY 2014-15 Request

Department of State				
	Total Funds	General Fund	Cash Funds	FTE
FY 2013-14 Appropriation				
SB 13-230 (Long Bill)	\$21,372,884	\$0	\$21,372,884	135.0
Other Legislation	1,535,333	0	1,535,333	4.0
TOTAL	\$22,908,217	\$0	\$22,908,217	139.0
FY 2014-15 Requested Appropriation				
FY 2013-14 Appropriation	\$22,908,217	0	\$22,908,217	139.0
Centrally appropriated line items	364,733	0	364,733	0.0
Indirect cost assessment	21,971	0	21,971	0.0
Annualize prior year funding	(1,232,961)	0	(1,232,961)	(1.8)
Statewide IT common policy adjustments	(68,688)	0	(68,688)	0.0
TOTAL	\$21,993,272	\$0	\$21,993,272	137.2
Increase/(Decrease)	(\$914,945)	\$0	(\$914,945)	(1.8)
Percentage Change	(4.0%)	0.0%	(4.0%)	(1.3%)

Summary of Issues Presented to the Joint Budget Committee

Fund Balance Concerns and Funding for Elections-related External Expenditures I: General Funding Local Election Reimbursement: Statute permits the use of General Fund for reimbursements to county clerks for statewide ballot issues, although General Fund has never been appropriated for this purpose. Increasing elections-related expenses and a diminished Department of State Cash Fund balance suggest it may be time to fund local election reimbursements with General Fund.

Fund Balance Concerns and Funding for Elections-related External Expenditures II: Narrowing the Window for the Line-by-line Verification of Signatures: The Initiative and Referendum line item provides funding for the costs of verifying signatures on initiative and other ballot petitions. Statute specifies a sampling process for verifying signatures for initiatives that requires a line-by-line verification if the sampling process

establishes a projected percentage between 90 and 110 percent of the number required. A narrower window can still ensure accuracy and integrity while reducing expenditures for this line item.

Funding CCR-related Expenses Through the Statewide Indirect Cost Plan: The Department of State is responsible for publishing the Code of Colorado Regulations (CCR), the State's administrative law. This function is provided for the State and state agencies and is currently funded by the Department of State Cash Fund. This centrally-provided service might more appropriately be funded through the Statewide Indirect Cost Plan prepared by the State Controller's Office.

Department of Transportation

The Department of Transportation is responsible for operating and maintaining Colorado's 9,156-mile state highway system under the policy direction of the eleven-member Transportation Commission, and maintaining the statewide aviation plan. These responsibilities include managing highway construction projects, implementing the state's Highway Safety Plan, repairing and maintaining roads, providing technical support to local airports regarding aviation safety, and administering reimbursement of aviation fuel tax revenues and discretionary grants to local airports. The Department's FY 2013-14 appropriation represents 5.6 percent of statewide operating appropriations and 0 percent of statewide General Fund appropriations.

FY 2013-14 Appropriation and FY 2014-15 Request

Department of Transportation						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2013-14 Appropriation						
SB 13-230 (Long Bill)	<u>\$1,267,747,364</u>	<u>\$0</u>	<u>\$759,829,076</u>	<u>\$19,775,304</u>	<u>\$488,142,984</u>	<u>3,318</u>
TOTAL	\$1,267,747,364	\$0	\$759,829,076	\$19,775,304	\$488,142,984	3,317.5
FY 2014-15 Requested Appropriation						
FY 2013-14 Appropriation	\$1,267,747,364	0	\$759,829,076	\$19,775,304	\$488,142,984	3,317.5
R1 Restoration of FTE and associated funding	0	0	0	0	0	9.3
R2 Transfer OIT budget from CM&O to Administrative	0	0	0	0	0	0.0
R3 Increase FTDD amount pursuant C.R.S. 42-2-132.5 (4)(a)(II)	500,000	0	500,000	0	0	0.0
Updated revenue projections	14,365,110	0	(11,803,584)	(13,652)	26,182,346	0.0
Centrally appropriated line items	303,821	0	290,169	13,652	0	0.0
Indirect cost assessment adjustment	75,857	0	75,857	0	0	0.0
Non-prioritized requested changes	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$1,282,992,152	\$0	\$748,891,518	\$19,775,304	\$514,325,330	3,326.8
Increase/(Decrease)	\$15,244,788	\$0	(\$10,937,558)	\$0	\$26,182,346	9.3
Percentage Change	1.2%	0.0%	(1.4%)	0.0%	5.4%	0.3%

Summary of Issues Presented to the Joint Budget Committee

Flooding and FHWA Emergency Relief Program: This informational issue discusses the impact of the September 2013 floods on the state highways system. It specifically focuses on the background of the FHWA Emergency Relief Program which currently provides up to \$450 million in relief from the federal government.

R1 Restoration of FTE and associated funding: The Department is requesting an increase of \$1,590,193 and 14.5 to the Department's Administrative line. The request moves 5.2 FTE from the Construction, Maintenance, and Operations line, which is why the above information reflects an increase of only 9.3 FTE. Additionally, the request transfers \$1,590,193 from the Construction, Maintenance, and Operations line because the Department requests the funding for this item come from the State Highway Fund. There is no General Fund impact.

R3 Increase FTDD amount pursuant C.R.S. 42-2-132.5(4)(a)(II): The request includes an increase of \$500,000 from the First Time Drunk Driving Offenders Account to increase the high visibility drunk driving enforcement episodes it already performs.

Department of Treasury

The Department of Treasury is responsible for the following duties: (1) acts as the State's banker and investment officer, providing investment, accounting, and cash management services and preparing related reports; (2) administers the Unclaimed Property Program and transfers moneys from the Unclaimed Property Trust Fund to the Adult Dental Fund; (3) disburses Senior Citizen and Disabled Veteran Property Tax Exemption payments to local governments; (4) provides short-term interest-free financing to school districts by issuing tax and revenue anticipation notes and making loans from the General Fund; (5) assists charter schools with long-term financing by making direct bond payments; (6) transfers moneys to the State Education Fund; (7) distributes Highway Users Tax Fund (HUTF) revenues to counties and municipalities; and (8) distributes federal "mineral leasing funds" received for the State's share of sales, bonuses, royalties, and rentals of public lands within Colorado. The Department's FY 2013-14 appropriation represents 1.9 percent of statewide operating appropriations and 1.3 percent of statewide General Fund appropriations.

FY 2013-14 Appropriation and FY 2014-15 Request

Department of the Treasury						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2013-14 Appropriation						
SB 13-230 (Long Bill)	\$495,535,754	\$131,492,404	\$364,043,350	\$0	\$0	31.9
Other legislation	<u>(61,832,773)</u>	<u>(25,321,079)</u>	<u>(36,511,694)</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$433,702,981	\$106,171,325	\$327,531,656	\$0	\$0	31.9
FY 2014-15 Requested Appropriation						
FY 2013-14 Appropriation	\$433,702,981	106,171,325	\$327,531,656	\$0	\$0	31.9
Prioritized Requests						
R1 LexisNexis Accurant Research Service	30,300	0	30,300	0	0	0.0
R2 Investment Tools	8,503	8,503	0	0	0	0.0
Special Purpose Adjustments						
Senior Citizen and Disabled Veteran Property Tax Exemption Adjustment	12,000,000	12,000,000	0	0	0	0.0
Highway User Tax Fund Adjustment	(10,488,719)	0	(10,488,719)	0	0	0.0
Common Policy and Annualizations						
Compensation-related Common Policy Adjustments	132,420	64,334	68,086	0	0	0.0
OIT Common Policy Adjustment	2,005	2,005	0	0	0	0.0
Operating Common Policy Adjustments	(6,944)	(6,944)	0	0	0	0.0
Prior Year Annualization	<u>(794)</u>	<u>(794)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$435,379,752	\$118,238,429	\$317,141,323	\$0	\$0	31.9
Increase/(Decrease)	\$1,676,771	\$12,067,104	(\$10,390,333)	\$0	\$0	0.0
Percentage Change	0.4%	11.4%	(3.2%)	0.0%	0.0%	0.0%

Summary of Issues Presented to the Joint Budget Committee

Unclaimed Property Program, Research Service Budget Request: The department requests \$30,300 cash fund for the purchase of the LexisNexis Accurint Research Service. Utilization of this service will decrease the claims processing time and the cost of postage.

Transfers to the Adult Dental Fund: The projected annual caseload of the Medicaid Adult Dental Program indicates that the needs of the program will exceed the available balance in the Unclaimed Property Trust Fund in the fourth year of operation. The result will be a need to consider another funding source that provides the long-term sustainability such a program requires to successfully serve Colorado residents.

CoverColorado Conclusion: Medical insurance through CoverColorado will terminate as of March 31, 2014; and the 13,430 current members must transition to other coverage, either through Connect for Health or another independent carrier. There is currently no mechanism in place to determine the number of CoverColorado members who have enrolled in other coverage. Those who do not enroll by April 2014 are at risk of being uninsured through the remainder of calendar year 2014.

Capital Construction

The capital construction section of the Long Bill includes funding appropriated to state departments and higher education institutions for capital construction, controlled maintenance, and capital lease purchase payments. Capital construction appropriations are primarily supported by General Fund transferred to the Capital Construction Fund. The FY 2013-14 General Fund transfer to the Capital Construction Fund (\$186.7 million) represents 2.2 percent of FY 2013-14 General Fund revenues, based on the September 2013 Legislative Council Staff forecast. The Capital Development Committee is responsible for reviewing all capital requests and making capital funding recommendations to the Joint Budget Committee.

FY 2013-14 Appropriation and FY 2014-15 Request

Capital Construction – Governor’s Request					
	Total Funds	Capital Construction Fund	Cash Funds	Reappropriated Funds	Federal Funds
FY 2013-14 Appropriation					
SB 13-230 (Long Bill)	\$283,668,966	\$188,069,493	\$86,218,813	\$7,113,670	\$2,266,990
TOTAL	\$283,668,966	\$188,069,493	\$86,218,813	\$7,113,670	\$2,266,990
FY 2014-15 Requested Appropriation					
FY 2013-14 Appropriation	\$283,668,966	188,069,493	\$86,218,813	\$7,113,670	\$2,266,990
Annualize FY 2013-14 appropriation	(283,668,966)	(188,069,493)	(86,218,813)	(7,113,670)	(2,266,990)
<i>Requests Prioritized by OSPB*</i>					
R1 HED: Anschutz Medical Campus COP	14,290,738	7,290,738	7,000,000	0	0
R2 HED: Federal Mineral Lease COP	18,587,556	18,587,556	0	0	0
R3 DOC: CSP II COP	18,426,771	18,426,771	0	0	0
R4 Level 1 Controlled Maintenance	25,818,673	25,818,673	0	0	0
R5 GOV/OIT: Digital Trunked Radio	3,636,760	3,636,760	0	0	0
R6 HUM: MHI Suicide Risk Mitigation	4,478,533	4,478,533	0	0	0
R7 HUM: DYC Facility Refurbishment	1,100,000	1,100,000	0	0	0
R8 MIL: Veterans Cemetery Expansion	6,007,922	4,564,922	0	0	0
R9 REV: DMV IT System Replacement	41,021,167	41,021,167	0	0	0
R10 COR: YOS Multiuse Support Building	4,897,755	4,897,755	0	0	0
R11 HUM: Vets Nursing Home Upgrades	1,428,500	1,428,500	0	0	1,443,000
R12 HUM: Health Records and Pharmacy IT Systems Replacement	9,849,610	9,849,610	0	0	0
R13 HUM: MHI Facility Modernization Plans	815,000	815,000	0	0	0
R14 GOV/OIT: Timekeeping, Scheduling and Leave IT System Modernization	16,070,000	16,070,000	0	0	0
R15 DPA: Capitol Complex Leased Space Maintenance	5,400,000	5,400,000	0	0	0
R16 HED: Auraria Library Renovation	22,848,307	22,848,307	0	0	0
R17 HED: UCCS Visual and Performing Arts	34,695,438	13,281,999	21,413,439	0	0
R18 HED/History CO: Georgetown Loop Lebanon Mill Dam Restoration	768,210	768,210	0	0	0
R19 HED/History CO: Georgetown Loop Locomotive	<u>400,000</u>	<u>300,000</u>	<u>100,000</u>	<u>0</u>	<u>0</u>
Subtotal - Prioritized Projects	\$230,540,940	\$200,584,501	\$28,513,439	\$0	\$1,443,000

Capital Construction – Governor’s Request

	Total Funds	Capital Construction Fund	Cash Funds	Reappropriated Funds	Federal Funds
Subtotal - Non-prioritized Projects [100% cash and federally-funded] - 16 projects**	<u>96,162,387</u>	<u>0</u>	<u>48,335,086</u>	<u>0</u>	<u>47,827,301</u>
TOTAL	\$326,703,327	\$200,584,501	\$76,848,525	\$0	\$49,270,301
Percentage Change	15.2%	6.7%	(10.9%)	(100.0%)	2,073.4%

*Reflects the Governor's Office of State Planning and Budgeting (OSP) prioritization order. Higher Education projects are separately prioritized by the Colorado Commission on Higher Education, which ordered projects differently from OSPB

**Higher Education cash-funded projects, which do not require appropriations from the General Assembly, are not included.

Summary of Issues Presented to the Joint Budget Committee

Overview of Capital Construction Request: The Governor’s Office of State Planning and Budgeting capital construction request, submitted to the Capital Development Committee, includes \$200.6 million from the Capital Construction Fund. This would require an estimated transfer of \$199.3 million from the General Fund to the Capital Construction Fund.

State Controlled Maintenance Needs: The State Architect’s Office reflects a growing need for controlled maintenance funding, which it recommends funding at 1.0 percent of current replacement value or about \$100 million per year. The General Assembly has not been able to support funding at this level since the early 2000s. The Governor’s FY 2014-15 request includes funding for Level I controlled maintenance only (\$25.8 million).

Preliminary Estimate of Flood Recovery General Fund Costs: The Governor’s November 1 letter to the JBC proposes that \$144 million in FY 2013-14 revenues (General Fund projected to be received in excess of amounts originally budgeted for FY 2013-14) be used to address costs associated with the September 2013 floods and other recent disasters. Staff believes the *net* need for funding, after federal reimbursements are received, could be far less than this. However, very little data is yet available, and state expenditures are dependent in part on the level of state assistance provided to local governments to address their costs.

Capital Construction Long Bill Reformat Option: The Capital Construction section of the Long Bill currently intersperses capital construction and controlled maintenance projects. Staff recommends restructuring the Long Bill to separate these two categories.

Compensation Common Policies

The General Assembly typically establishes common policies to budget for compensation consistently across departments. The compensation common policies address three issues: (1) Establish a standard method for calculating base continuation personal services; (2) Determine the amounts, if any, for salary and benefit increases; and (3) Set assumptions for determining the cost of compensation for new FTE. The common policies generally apply to a subset of all compensation that excludes the higher education institutions and the legislature. Estimated expenditures on compensation by agencies impacted by the common policies represent 8.6 percent of total statewide appropriations and 13.2 percent of statewide General Fund appropriations.

FY 2013-14 Appropriation and FY 2014-15 Request

Compensation Common Policies						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	Net General Fund
FY 2013-14 Appropriation						
Base Salary Estimate	\$1,430,709,734	\$740,331,351	\$363,818,252	\$161,484,290	\$165,075,841	\$756,836,869
Health, Life, and Dental	181,354,836	102,516,051	40,411,565	19,963,777	18,463,443	105,837,790
PERA	149,309,949	77,574,852	38,299,344	16,624,811	16,810,942	77,574,852
AED	53,201,614	27,214,225	13,659,966	6,156,483	6,170,940	27,859,175
SAED	47,754,817	24,351,444	12,309,980	5,522,403	5,570,990	24,931,641
Salary Survey	40,713,709	18,136,037	13,374,221	4,761,733	4,441,718	18,691,170
Merit Pay	22,546,492	11,551,632	5,570,090	2,841,445	2,583,325	11,884,643
Medicare (FICA)	20,927,474	10,883,589	5,283,118	2,366,471	2,394,296	11,134,200
Shift Differential	12,564,464	10,260,909	534,891	1,720,758	47,906	11,038,909
Short-term Disability	<u>2,703,481</u>	<u>1,380,683</u>	<u>688,086</u>	<u>317,981</u>	<u>316,731</u>	<u>1,414,538</u>
TOTAL	\$1,961,786,570	\$1,024,200,773	\$493,949,513	\$221,760,152	\$221,876,132	\$1,047,203,787
FY 2014-15 Requested Appropriation						
Base Salary Estimate	\$1,512,055,673	\$778,933,115	\$396,899,193	\$164,953,806	\$171,269,558	\$798,510,892
Health, Life, and Dental	191,672,399	107,963,208	44,232,845	20,115,806	19,360,540	111,239,840
PERA	160,878,975	83,777,468	42,866,158	16,800,603	17,434,746	85,764,615
AED	63,110,564	34,291,912	14,911,861	6,863,261	7,043,530	35,128,783
SAED	59,165,852	32,148,363	13,979,871	6,434,307	6,603,311	32,183,640
Salary Survey	34,761,674	20,414,542	8,871,648	2,763,467	2,712,017	20,735,181
Merit Pay	23,797,374	12,867,724	5,646,177	2,665,260	2,618,213	13,188,388
Medicare (FICA)	21,924,807	11,294,530	5,755,038	2,391,830	2,483,409	11,578,408
Shift Differential	13,546,456	10,877,978	646,225	1,972,009	50,244	11,736,581
Short-term Disability	<u>3,377,641</u>	<u>1,848,795</u>	<u>786,864</u>	<u>369,299</u>	<u>372,683</u>	<u>1,903,214</u>
TOTAL	\$2,084,291,414	\$1,094,417,635	\$534,595,879	\$225,329,648	\$229,948,252	\$1,121,969,542
Increase/(Decrease)	\$122,504,844	\$70,216,862	\$40,646,366	\$3,569,496	\$8,072,120	\$74,765,755
Percent Change	6.2%	6.9%	8.2%	1.6%	3.6%	7.1%

* The FY 2014-15 Base Salary Estimate is included in the requests submitted by OSPB and the elected officials. PERA and Medicare are calculated from the salary base estimate. All other figures are from the FY 2013-14 appropriations.

Summary of Issues Presented to the Joint Budget Committee

Payday Shift for General Fund Employees: This issue brief discusses the fiscal implications of the proposed legislation to reverse the payday shift, included in the Governor's FY 2014-15 Budget Request, at a cost of \$94.0 million General Fund.

Health Insurance Premiums: This issue brief discusses health insurance premiums, the structure of the self-insured health insurance plan, and the Employee Wellness Program.

Compensation Assumptions for New FTE: This issue brief outlines compensation assumptions for funding new employees for FY 2014-15. These assumptions provide guidance for appropriation clauses in 2014 legislative session.

Tobacco Master Settlement Agreement

The Tobacco Master Settlement Agreement (MSA) provides Colorado with an annual revenue stream which is directed via statutory formulas to a wide variety of programs, primarily in the area of public health. The revenue is the product of a 1998 settlement between tobacco manufacturers and states which sued tobacco manufacturers in the mid-1990s to recover Medicaid and other health-related costs incurred as a result of smoking. Colorado received \$91 million in Tobacco MSA revenue in FY 2012-13. Programs receiving Tobacco MSA allocations in FY 2013-14 include the Children's Basic Health Plan Trust (32% of allocations), the Nurse Home Visitor Program (16% of allocations), and the University of Colorado Health Sciences Center (15% of allocations), among others.

Summary of Issues Presented to the Joint Budget Committee

Colorado Wins in Non-participating Manufacturer Arbitration: The 1998 Tobacco Master Settlement Agreement provides Colorado with an annual revenue stream from participating tobacco manufacturers, but a portion of payments has been withheld each year due to a dispute about non-participating manufacturers. To resolve the dispute, Colorado has engaged in multi-state arbitration proceedings. In September 2013, an arbitration panel ruled in Colorado's favor related to 2003 disputed payments. Based on this ruling, Colorado should receive \$9.9 million in funds previously withheld. However, due to ongoing legal proceeding, it is uncertain when Colorado will receive a related payout. No more than \$2.0 to \$3.0 million is expected in FY 2013-14.