

**COLORADO GENERAL ASSEMBLY  
JOINT BUDGET COMMITTEE**



**FY 2009-10 STAFF FIGURE SETTING  
DEPARTMENT OF REGULATORY AGENCIES**

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

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**DEPARTMENT OF REGULATORY AGENCIES**  
**FY 2009-10 STAFF FIGURE SETTING**  
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**FY 2009-10 FIGURE SETTING**  
**STAFF PRESENTATION TO THE JOINT BUDGET COMMITTEE:**

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FY 2009-10 Joint Budget Committee Staff Figure Setting  
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	FY 2006-07 Actual	FY 2007-08 Actual	FY 2008-09 Appropriation	FY 2009-10		
				Request	Staff Rec.	DI/Notes
<b>DEPARTMENT OF REGULATORY AGENCIES</b>						
<b>Rico Munn, Executive Director</b>						
<b>(1) EXECUTIVE DIRECTOR'S OFFICE</b>						
The primary functions of this Office is to onducting sunrise and sunset evaluations of divisions, commissions, boards, and to perform department wide administrative functions including accounting, budgeting, purchasing, and facilities planning.						
Personal Services	3,550,333	3,841,576	3,961,046	4,230,416	4,159,551	DI #1
FTE	<u>49.1</u>	<u>51.0</u>	<u>52.3</u>	<u>52.3</u>	<u>52.3</u>	
General Fund	0	56,450	24,936	16,100	16,078	
Cash Funds	0	19,000	36,310	26,200	26,164	
Reappropriated Funds / Cash Funds Exempt	3,550,333	3,766,126	3,899,800	4,188,116	4,117,309	
FTE	49.1	51.0	52.3	52.3	52.3	
Health, Life, and Dental	<u>1,591,518</u>	<u>2,139,892</u>	<u>2,477,430</u>	<u>2,922,197</u>	<u>2,922,197</u>	
General Fund	59,376	72,405	78,208	92,248	92,248	
Cash Funds	1,387,954	1,757,098	1,902,287	2,243,800	2,243,800	
Reappropriated Funds / Cash Funds Exempt	144,188	285,937	460,167	542,780	542,780	
Federal Funds	0	24,452	36,768	43,369	43,369	
Short-Term Disability	<u>33,490</u>	<u>41,654</u>	<u>47,155</u>	<u>47,184</u>	<u>50,482</u>	
General Fund	878	1,397	1,074	1,075	1,256	
Cash Funds	29,137	33,698	38,181	38,204	43,106	
Reappropriated Funds / Cash Funds Exempt	3,475	6,279	7,427	7,432	5,649	
Federal Funds	0	280	473	473	471	
SB 04-257 Amortization Equalization Disbursement	<u>224,701</u>	<u>380,297</u>	<u>580,087</u>	<u>725,909</u>	<u>651,094</u>	
General Fund	5,503	10,620	12,938	16,191	15,931	
Cash Funds	195,947	303,792	469,915	588,042	556,203	
Reappropriated Funds / Cash Funds Exempt	23,251	62,968	91,409	114,387	72,886	
Federal Funds	0	2,917	5,825	7,289	6,074	

	FY 2006-07	FY 2007-08	FY 2008-09	FY 2009-10		DI/Notes
	Actual	Actual	Appropriation	Request	Staff Rec.	
SB 06-235 Supplemental Amortization Equalization Disbursement						
Equalization Distribution	<u>0</u>	<u>79,587</u>	<u>271,701</u>	<u>453,693</u>	<u>406,765</u>	
General Fund	0	1,896	5,850	9,768	9,788	
Cash Funds	0	63,888	220,272	367,816	347,627	
Reappropriated Funds / Cash Funds Exempt	0	13,193	42,848	71,549	45,554	
Federal Funds	0	610	2,731	4,560	3,796	
Salary Survey and Senior Executive Service	<u>899,451</u>	<u>1,008,654</u>	<u>1,325,901</u>	<u>0</u> A	<u>0</u>	
General Fund	29,611	36,244	64,174	0 A	0	
Cash Funds	770,276	821,846	1,047,658	0 A	0	
Reappropriated Funds / Cash Funds Exempt	99,564	150,564	214,069	0 A	0	
Performance-based Pay Awards	<u>0</u>	<u>475,057</u>	<u>530,143</u>	<u>0</u>	<u>0</u>	
General Fund	0	13,741	21,972	0	0	
Cash Funds	0	393,951	426,446	0	0	
Reappropriated Funds / Cash Funds Exempt	0	67,365	81,725	0	0	
Workers' Compensation	<u>89,243</u>	<u>81,605</u>	<u>104,352</u>	<u>104,510</u>	<u>Pending</u>	
General Fund	3,254	2,922	3,667	3,673		
Cash Funds	74,744	69,020	88,149	88,282		
Reappropriated Funds / Cash Funds Exempt	10,160	8,472	10,771	10,787		
Federal Funds	1,085	1,191	1,765	1,768		
Operating Expenses	<u>142,341</u>	<u>148,692</u>	<u>209,671</u>	<u>212,018</u>	<u>209,671</u>	
General Fund	0	0	3,689	3,689	3,689	
Cash Funds	0	0	95,427	95,427	95,427	
Reappropriated Funds / Cash Funds Exempt	142,341	148,692	110,555	112,902	110,555	NP-4

	FY 2006-07	FY 2007-08	FY 2008-09	FY 2009-10		DI/Notes
	Actual	Actual	Appropriation	Request	Staff Rec.	
Legal Services	5,822,297	6,572,481	7,618,538	7,677,024	Pending	
Hours Equivalent	<u>85,913</u>	<u>91,246</u>	<u>101,445</u>	<u>102,224</u>	<u>101,950</u>	
General Fund	48,654	90,140	204,013	234,053		DI #4
Cash Funds	5,596,773	6,121,858	7,134,037	7,162,483		
Reappropriated Funds / Cash Funds Exempt	93,864	214,882	138,511	138,511		
Federal Funds	83,006	145,601	141,977	141,977		
Administrative Law Judges	<u>214,701</u>	<u>228,903</u>	<u>239,949</u>	<u>252,834</u>	Pending	NP-5
General Fund	8,413	4,834	11,054	11,648		
Cash Funds	204,879	222,323	228,895	241,186		
Reappropriated Funds / Cash Funds Exempt	1,409	1,746	0	0		
Purchase of Services from Computer Center	<u>1,237</u>	<u>5,896</u>	<u>51,060</u>	<u>51,060</u>	Pending	
General Fund	13	0	0	0		
Cash Funds	1,020	0	0	0		
Reappropriated Funds / Cash Funds Exempt	204	5,896	51,060	51,060		
MANAGEMENT AND ADMINISTRATION OF OIT	<u>0</u>	<u>0</u>	<u>67,106</u> S	<u>70,429</u> A	Pending	
General Fund	0	0	1,525	1,604		
Cash Funds	0	0	54,708	57,416		
Reappropriated Funds / Cash Funds Exempt	0	0	10,267	10,774		
Federal Funds	0	0	606	635		
Payment to Risk Management Fund	<u>81,141</u>	<u>69,173</u>	<u>85,486</u>	<u>85,486</u>	Pending	
General Fund	3,073	2,555	3,148	3,148		
Cash Funds	65,466	55,194	67,971	67,971		
Reappropriated Funds / Cash Funds Exempt	11,218	10,018	12,322	12,322		
Federal Funds	1,384	1,406	2,045	2,045		
Vehicle Lease Payments - CF	163,193	157,653	130,536	190,146	Pending	NP-1

	FY 2006-07	FY 2007-08	FY 2008-09	FY 2009-10		DI/Notes
	Actual	Actual	Appropriation	Request	Staff Rec.	
Information Technology Asset Maintenance	<u>462,591</u>	<u>560,743</u>	<u>671,403</u>	<u>671,403</u>	<u>671,403</u>	
General Fund	3,801	0	0	0	0	
Cash Funds	235,985	251,152	354,412	480,646	480,646	
Reappropriated Funds / Cash Funds Exempt	222,805	309,591	190,757	190,757	190,757	
Federal Funds	0	0	126,234	0	0	
Leased Space	<u>2,268,234</u>	<u>2,551,186</u>	<u>2,805,617</u>	<u>3,220,577</u>	<u>3,112,365</u>	
General Fund	81,986	87,222	91,259	132,146	104,154	DI #4
Cash Funds	1,762,989	1,994,783	2,266,613	2,580,318	2,500,098	DI #2, 3, 5-7
Reappropriated Funds / Cash Funds Exempt	385,475	442,961	420,490	466,206	466,206	
Federal Funds	37,784	26,220	27,255	41,907	41,907	
Capital Complex Leased Space - CF	1,112	1,307	1,284	1,284	<u>Pending</u>	
Hardware / Software Maintenance	<u>657,699</u>	<u>678,715</u>	<u>883,465</u>	<u>672,315</u>	<u>672,315</u>	
General Fund	800	0	800	800	800	DI #4
Cash Funds	323,863	358,881	624,063	412,913	412,913	DI #2, 3, 5-7
Reappropriated Funds / Cash Funds Exempt	333,036	319,834	258,602	258,602	258,602	
Consumer Outreach / Education Program - CF	0	0	200,000	200,000	200,000	
<b>TOTAL - (1) EXECUTIVE DIRECTOR</b>	<b>16,203,282</b>	<b>19,023,071</b>	<b>22,194,824</b>	<b>21,718,056</b>	<b>13,055,843</b>	
<b>FTE</b>	<b><u>49.1</u></b>	<b><u>51.0</u></b>	<b><u>52.3</u></b>	<b><u>52.3</u></b>	<b><u>52.3</u></b>	
General Fund	245,362	380,426	526,782	524,539	243,944	
Cash Funds	10,813,338	12,625,444	15,332,456	14,784,718	6,905,984	
Reappropriated Funds / Cash Funds Exempt	5,021,323	5,814,524	5,990,513	6,165,411	5,810,298	
FTE	49.1	51.0	52.3	52.3	52.3	
Federal Funds	123,259	202,677	345,073	243,388	95,617	

	FY 2006-07	FY 2007-08	FY 2008-09	FY 2009-10		DI/Notes
	Actual	Actual	Appropriation	Request	Staff Rec.	
<b>(2) DIVISION OF BANKING</b>						
This Division regulates state-chartered commercial and industrial banks, trust companies, debt adjusters, and money order companies.						
Division staff conduct examinations of institutions and enforces banking institutions compliance with the Public Deposit Protection Act.						
This Division is entirely cash funded by the Division of Banking Cash Fund, pursuant to 11-102-403, C.R.S.						
Personal Services - CF	2,608,428	2,749,125	2,810,567	3,484,857	3,428,117	DI #6
FTE - CF	34.0	36.2	38.5	44.5	44.5	DI #6
Operating Expenses - CF	270,726	284,470	279,905	441,464	414,973	DI #6, NP-4
Board Meetings - CF	11,500	23,500	23,500	23,500	23,500	
Indirect Cost Assessments - CF	422,728	453,080	473,214	461,561	Pending	
<b>TOTAL - (2) BANKING - CF</b>	<b>3,313,382</b>	<b>3,510,175</b>	<b>3,587,186</b>	<b>4,411,382</b>	<b>3,866,590</b>	
<b>FTE - CF</b>	<b>34.0</b>	<b>36.2</b>	<b>38.5</b>	<b>44.5</b>	<b>44.5</b>	

**(3) CIVIL RIGHTS DIVISION**

The enforcement of state laws that prohibit discrimination in employment, housing, and public accommodations on the basis of race, sex (gender), national origin, ancestry, physical or mental disability, religion, color, marital status, or sexual orientation are the primary functions of this Division.

Personal Services	1,561,336	1,615,800	1,678,996	1,829,223	1,759,109	DI #4
FTE	25.9	24.7	32.4	33.8	32.4	DI #4
General Fund	957,585	952,863	900,893	1,051,120	981,775	
FTE	16.4	15.5	19.4	20.8	19.4	
Reappropriated Funds / Cash Funds Exempt	234,347	311,532	419,067	419,067	418,653	
FTE	2.0	2.0	2.0	2.0	2.0	
Federal Funds	369,404	351,405	359,036	359,036	358,681	
FTE	7.5	7.2	11.0	11.0	11.0	
Operating Expenses	<u>131,792</u>	<u>143,277</u>	<u>102,498</u>	<u>117,066</u>	<u>102,951</u>	
General Fund	65,381	60,534	61,378	75,946	61,831	DI #4, NP-4
Federal Funds	66,411	82,743	41,120	41,120	41,120	

	FY 2006-07	FY 2007-08	FY 2008-09	FY 2009-10		DI/Notes
	Actual	Actual	Appropriation	Request	Staff Rec.	
Hearings Pursuant to Complaint	<u>0</u>	<u>3,057</u>	<u>18,000</u>	<u>18,000</u>	<u>18,000</u>	
General Fund	0	3,057	17,000	17,000	17,000	
Federal Funds	0	0	1,000	1,000	1,000	
Commission Meetings Costs	<u>12,363</u>	<u>12,367</u>	<u>12,374</u>	<u>12,374</u>	<u>12,374</u>	
General Fund	5,163	5,167	5,174	5,174	5,174	
Federal Funds	7,200	7,200	7,200	7,200	7,200	
Indirect Cost Assessment - FF	81,765	0	35,916	36,509	<u>Pending</u>	
<b>TOTAL - (3) CIVIL RIGHTS</b>	<b>1,787,256</b>	<b>1,774,501</b>	<b>1,847,784</b>	<b>2,013,172</b>	<b>1,892,434</b>	
<b>FTE</b>	<b><u>25.9</u></b>	<b><u>24.7</u></b>	<b><u>32.4</u></b>	<b><u>33.8</u></b>	<b><u>32.4</u></b>	
General Fund	1,028,129	1,021,621	984,445	1,149,240	1,065,780	
FTE	16.4	15.5	19.4	20.8	19.4	
Reappropriated Funds / Cash Funds Exempt	234,347	311,532	419,067	419,067	418,653	
FTE	2.0	2.0	2.0	2.0	2.0	
Federal Funds	524,780	441,348	444,272	444,865	408,001	
FTE	7.5	7.2	11.0	11.0	11.0	

**(4) OFFICE OF CONSUMER COUNSEL**

The Office of Consumer Council represents the interests of the consumer, mainly residential, agricultural and small businesses at electric, gas, telecommunications utility rate and service proceedings before the Public Utility Commission. This Division is entirely cash funded by the Public Utilities Commission Fixed Utility Fund, pursuant to Section 40-2-114, C.R.S.

Personal Services - CF	614,166	687,847	773,249	805,893	805,129	
FTE - CF	6.3	6.9	7.0	7.0	7.0	
Operating Expenses - CF	32,233	47,506	55,572	56,322	55,572	NP-4
Indirect Cost Assessments - CF	76,859	82,378	86,039	83,920	<u>Pending</u>	
<b>TOTAL - (4) CONSUMER COUNSEL - CF</b>	<b>723,258</b>	<b>817,731</b>	<b>914,860</b>	<b>946,135</b>	<b>860,701</b>	
<b>FTE - CF</b>	<b>6.3</b>	<b>6.9</b>	<b>7.0</b>	<b>7.0</b>	<b>7.0</b>	



	FY 2006-07	FY 2007-08	FY 2008-09	FY 2009-10		DI/Notes
	Actual	Actual	Appropriation	Request	Staff Rec.	
<b>(5) DIVISION OF FINANCIAL SERVICES</b>						
<b>This Division</b> regulates state-chartered credit unions, life care institutions, and savings and loan associations. Division staff conduct examinations of institutions to ensure continued compliance with regulatory standards and financial security. This Division is entirely cash funded by the Division of Insurance Cash Fund, pursuant to Section 11-40-106 (2), C.R.S.						
Personal Services - CF	795,112	835,607	956,351	1,212,004	1,151,644	DI #5
FTE - CF	10.6	11.2	13.0	15.0	15.0	DI #5
Operating Expenses - CF	64,148	86,988	127,263 S	173,224 A	171,850	DI #5, NP-4
Indirect Cost Assessments - CF	120,780	152,988	159,787	155,852	<u>Pending</u>	
<b>TOTAL - (5) FINANCIAL SERVICES - CF</b>	<b>980,040</b>	<b>1,075,583</b>	<b>1,243,401</b>	<b>1,541,080</b>	<b>1,323,494</b>	
<b>FTE - CF</b>	<b>10.6</b>	<b>11.2</b>	<b>13.0</b>	<b>15.0</b>	<b>15.0</b>	

**(6) DIVISION OF INSURANCE**

This Division is responsible for the regulation of the insurance industry in Colorado, including licensing insurance agents and adjusters, regulating insurance companies, non-profit hospitals, prepaid dental plans, health maintenance organizations, self-insurance pools for workers' compensation, bail bondsmen, and pre-need funeral contracts. Unless otherwise indicated, the funding source is the Division of Insurance Cash Fund pursuant to Section 10-1-103 (3), C.R.S.

Personal Services - CF	5,105,947	5,264,633	6,171,046	6,350,689	6,344,956	
FTE - CF	<u>71.4</u>	<u>76.1</u>	<u>84.9</u>	<u>84.7</u>	<u>84.5</u>	
Operating Expenses - CF	286,532	284,179	404,340	410,358	404,972	NP-4
Senior Health Counseling Program - FF	463,453	574,951	509,000	509,000	509,000	
FTE - FF	1.5	2.0	2.0	2.0	2.0	
PIP Exam Program - CF	16,157	0	0	0	0	
Insurance Fraud Prosecution - CF	585,868	766,261	845,305	845,305	<u>Pending</u>	
TRANSFER TO CAPCO ADMINISTRATION	0	0	91,930 S	91,930 A	<u>Pending</u>	

	FY 2006-07	FY 2007-08	FY 2008-09	FY 2009-10		DI/Notes
	Actual	Actual	Appropriation	Request	Staff Rec.	
Indirect Cost Assessments	878,838	924,096	999,006	974,950	Pending	
Cash Funds	850,848	924,096	985,760	961,485		
Federal Funds	27,990	0	13,246	13,465		
<b>TOTAL - (6) INSURANCE</b>	<b>7,336,795</b>	<b>7,814,120</b>	<b>8,928,697</b>	<b>9,090,302</b>	<b>7,258,928</b>	
<b>FTE</b>	<b>72.9</b>	<b>78.1</b>	<b>86.9</b>	<b>86.7</b>	<b>86.5</b>	
Cash Funds	6,845,352	7,239,169	8,406,451	8,567,837	6,749,928	
FTE	71.4	76.1	84.9	84.7	84.5	
Federal Funds	491,443	574,951	522,246	522,465	509,000	
FTE	1.5	2.0	2.0	2.0	2.0	

**(7) PUBLIC UTILITIES COMMISSION**

The Public Utilities Commission regulates the rates and services of fixed and transportation utilities in Colorado and administers the Colorado Telecommunications High Cost Program, the Low-Income Telephone Assistance Program, and the Disabled Telephone Users Program.

Personal Services	7,533,834	7,747,183	8,475,608	8,989,921	8,852,294	
FTE	87.3	88.8	97.1	102.9	100.9	
Cash Funds	7,198,084	7,747,183	8,475,608	8,989,921	8,852,294	DI #7
FTE	87.3	88.8	97.1	102.9	102.9	DI #7
Reappropriated Funds / Cash Funds Exempt	335,750	0	0	0	0	
Operating Expenses - CF	409,512	392,124	418,099	467,741	445,762	DI #7, NP #4
Expert Testimony - CF	14,000	23,500	25,000	25,000	25,000	
Highway Crossing Payments - RF/CFE	240,031	59,765	0	0	0	
Disabled Telephone Users Payment - CF	1,847,019	1,844,739	2,439,591	2,439,591	2,439,591	
Transfer to Reading Services for the Blind Cash Fund - CF	200,000	200,000	250,000 S	250,000 A	Pending	

	FY 2006-07	FY 2007-08	FY 2008-09	FY 2009-10		DI/Notes
	Actual	Actual	Appropriation	Request	Staff Rec.	
Commission for the Deaf and Hard of Hearing Cash Fund - CF	222,282	641,318	654,756	675,840	Pending	
Commission for the Blind or Visually Impaired Cash Fund - CF	0	0	112,067	112,067	Pending	
Low Income Telephone Assistance - CF	1,779,665	2,135,674	2,143,752	2,143,752	2,143,752	
Colorado Bureau of Investigation Background Checks Pass-through - CF	0	112,427	67,128	67,128	67,128	
Indirect Cost Assessments - CF	1,026,621	1,100,797	1,193,483	1,164,093	Pending	
<b>TOTAL - (7) PUBLIC UTILITIES</b>						
<b>COMMISSION</b>	<b>13,272,964</b>	<b>14,257,527</b>	<b>15,779,484</b>	<b>16,335,133</b>	<b>13,973,527</b>	
<b>FTE</b>	<b>87.3</b>	<b>88.8</b>	<b>97.1</b>	<b>102.9</b>	<b>102.9</b>	
Cash Funds	12,697,183	14,197,762	15,779,484	16,335,133	13,973,527	
FTE	87.3	88.8	97.1	102.9	102.9	
Reappropriated Funds / Cash Funds Exempt	575,781	59,765	0	0	0	

**(8) DIVISION OF REAL ESTATE**

The Division of Real Estate licenses real estate brokers, real estate appraisal professionals, and mortgage brokers. Staff analyze subdivision on undeveloped land, and administer an enforcement program that is responsive to the needs of the industry and the consumer. Unless otherwise noted, the funding for this Division is the Division of Real Estate Cash Fund pursuant to Section 12-61-111.5 (2) (b), C.R.S.

Personal Services - CF	2,295,406	2,592,385	3,171,812	3,230,890	3,227,942	
FTE - CF	28.7	38.8	50.1	49.1	49.1	
Operating Expenses - CF	176,162	211,722	209,630	210,081	206,738	NP-4
Commission Meeting Costs - CF	21,666	20,425	38,836	38,836	38,836	
Hearings Pursuant to Complaint - CF	150	3,997	4,000	4,000	4,000	

	FY 2006-07	FY 2007-08	FY 2008-09	FY 2009-10		DI/Notes
	Actual	Actual	Appropriation	Request	Staff Rec.	
Payments from Real Estate Recovery	<u>17,277</u>	<u>49,601</u>	<u>0</u>	<u>0</u>	<u>0</u>	
Cash Funds	5,567	49,601	0	0	0	
Reappropriated Funds / Cash Funds Exempt	11,710	0	0	0	0	
Mortgage Broker Consumer Protection - CF	0	131,178	309,495	309,495	309,495	
Indirect Cost Assessment - CF	406,257	476,822	571,544	557,469	<u>Pending</u>	
<b>TOTAL - (8) REAL ESTATE</b>	<b>2,916,918</b>	<b>3,486,130</b>	<b>4,305,317</b>	<b>4,350,771</b>	<b>3,787,011</b>	
<b>FTE</b>	<b><u>28.7</u></b>	<b><u>38.8</u></b>	<b><u>50.1</u></b>	<b><u>49.1</u></b>	<b><u>49.1</u></b>	
Cash Funds	2,905,208	3,486,130	4,305,317	4,350,771	3,787,011	
FTE	28.7	38.8	50.1	49.1	49.1	
Reappropriated Funds / Cash Funds Exempt	11,710	0	0	0	0	

**(9) DIVISION OF REGISTRATIONS**

Over 300,000 individuals in more than 42 professions and occupations are regulated by the Division of Registrations. There are specific boards or commission for individual professions, or groups of similar professions. Boards and Commissions promulgate rules to ensure there are standards of competency among regulated professionals. When necessary, disciplinary actions are taken by Boards or Commissions to ensure a safe environment for other professionals and consumers.

Personal Services	9,947,867	10,847,467	11,431,315	11,799,352	11,500,267	
FTE	<u>157.3</u>	<u>162.2</u>	<u>178.3</u>	<u>180.4</u>	<u>174.4</u>	
General Funds	0	0	67,400	0	0	
Cash Funds	8,196,728	9,073,262	9,176,108	9,534,511	9,235,426	DI #2
FTE	134.9	142.3	155.8	157.9	151.9	
Reappropriated Funds / Cash Funds Exempt	1,751,139	1,774,205	2,181,315	2,258,349	2,258,349	
FTE	22.4	19.9	22.5	22.5	22.5	
Federal Funds	0	0	6,492	6,492	6,492	
Operating Expenses	<u>1,310,501</u>	<u>1,313,306</u>	<u>1,424,330</u>	<u>1,389,410</u> A	<u>1,299,888</u>	
Cash Funds	1,180,678	1,174,215	1,424,330	1,389,410	1,299,888	DI #2, NP-4
Reappropriated Funds / Cash Funds Exempt	129,823	139,091	0	0	0	

	FY 2006-07	FY 2007-08	FY 2008-09	FY 2009-10		DI/Notes
	Actual	Actual	Appropriation	Request	Staff Rec.	
OFFICE OF EXPEDITED SETTLEMENT						
PROGRAM COSTS	0	0	0	0	371,853	DI #2
FTE	0.0	0.0	0.0	0.0	5.0	
Hearings Pursuant to Complaint	<u>236,900</u>	<u>215,123</u>	<u>307,075</u>	<u>307,075</u>	<u>307,075</u>	
Cash Funds	230,097	205,736	307,075	307,075	307,075	
Reappropriated Funds / Cash Funds Exempt	6,803	9,387	0	0	0	
COLORADO BUREAU OF INVESTIGATION AND FEDERAK BUREAU OF INVESTGATION						
BACKGROUND CHECKS - CF	0	0	243,768	7,563	7,563	
Payments to Department of Health						
Care Policy and Financing	<u>154,383</u>	<u>14,652</u>	<u>14,652</u>	<u>14,652</u>	<u>14,652</u>	
Cash Funds	0	14,652	14,652	14,652	14,652	
Reappropriated Funds / Cash Funds Exempt	154,383	0	0	0	0	
Indirect Cost Assessment	<u>3,460,849</u>	<u>3,756,951</u>	<u>4,122,091</u>	<u>4,070,137</u>	<u>Pending</u>	
Cash Funds	3,223,445	3,518,356	4,122,091	4,070,030		
Reappropriated Funds / Cash Funds Exempt	237,404	238,595	0	0		
Federal Funds	0	0	0	107		
<b>TOTAL - (9) REGISTRATIONS</b>	<b>15,110,500</b>	<b>16,147,499</b>	<b>17,543,231 0</b>	<b>17,580,626 0</b>	<b>13,121,882</b>	
<b>FTE</b>	<b><u>157.3</u></b>	<b><u>162.2</u></b>	<b><u>178.3</u></b>	<b><u>180.4</u></b>	<b><u>174.4</u></b>	
General Funds	0	0	67,400	0	0	
Cash Funds	12,830,948	13,986,221	15,288,024	15,315,678	10,857,041	
FTE	134.9	142.3	155.8	157.9	151.9	
Reappropriated Funds / Cash Funds Exempt	2,279,552	2,161,278	2,181,315	2,258,349	2,258,349	
FTE	22.4	19.9	22.5	22.5	22.5	
Federal Funds	0	0	6,492	6,599	6,492	

	FY 2006-07 Actual	FY 2007-08 Actual	FY 2008-09 Appropriation	FY 2009-10		DI/Notes
				Request	Staff Rec.	

**(10) DIVISION OF SECURITIES**

The Division of Securities monitors the conduct of broker-dealers and sales representatives in Colorado and investigates citizen complaints and other indications of investment fraud. The funding source is the Division of Securities Cash Fund pursuant to Section 11-51-707 (2), C.R.S.

Personal Services - CF	1,595,217	1,575,541	1,731,241	1,936,967	1,935,460	DI #3
FTE - CF	19.4	19.8	20.0	22.0	22.0	DI #3
Operating Expenses - CF	45,970	56,460	47,816	61,063 A	60,172	DI #3, NP #4
Hearings Pursuant to Complaint - CF	19,317	19,438	19,594	19,594	19,594	
Board Meeting Costs - CF	2,936	2,448	4,500	4,500	4,500	
Securities Fraud Prosecution - CF	407,797	441,794	473,014	473,014	<u>Pending</u>	
Indirect Cost Assessment - CF	219,597	235,467	245,825	239,771	<u>Pending</u>	
<b>TOTAL - (10) SECURITIES - CF</b>	<b>2,290,834</b>	<b>2,331,168</b>	<b>2,522,010</b>	<b>2,734,931</b>	<b>2,019,748</b>	
<b>FTE - CF</b>	<b>19.4</b>	<b>19.8</b>	<b>20.0</b>	<b>22.0</b>	<b>22.0</b>	

<b>DEPARTMENT OF REGULATORY AGENCIES</b>						
<b>TOTALS</b>	<b>63,935,229</b>	<b>70,237,505</b>	<b>78,866,794</b>	<b>80,721,588</b>	<b>61,160,158</b>	
<b>FTE</b>	<b><u>491.5</u></b>	<b><u>517.7</u></b>	<b><u>575.6</u></b>	<b><u>593.7</u></b>	<b><u>586.1</u></b>	
General Fund	1,273,491	1,402,047	1,578,627	1,673,779	1,309,724	
FTE	16.4	15.5	19.4	20.8	19.4	
Cash Funds	53,399,543	59,269,383	67,379,189	68,987,665	50,344,024	
FTE	392.6	420.1	466.4	483.1	476.9	
Reappropriated Funds / Cash Funds Exempt	8,122,713	8,347,099	8,590,895	8,842,827	8,487,300	
FTE	73.5	72.9	76.8	76.8	76.8	
Federal Funds	1,139,482	1,218,976	1,318,083	1,217,317	1,019,110	
FTE	9.0	9.2	13.0	13.0	13.0	

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<b>Summary of Major Staff Recommendations in this Packet (Excluding Common Policies)</b>							
	<b>GF</b>	<b>CF</b>	<b>RF</b>	<b>FF</b>	<b>Total</b>	<b>FTE</b>	<b>Page</b>
Decision Item #1 - Contract Security Officer	\$0	\$0	\$0	\$0	\$0	0.0	14
Decision Item #2 - Office of Expedited Settlement Resources	0	58,340	0	0	58,340	1.0	46
Decision Item #3 - Securities Resources	0	141,482	0	0	141,482	2.0	53
Decision Item #4 - Greeley Civil Rights Office	0	0	0	0	0	0.0	26
Decision Item #5 - Financial Services Resources	0	199,874	0	0	199,874	2.0	30
Decision Item #6 - Banking Resources	0	\$593,262	0	0	593,262	6.0	21
Decision Item #7 - PUC Electric Transmission Planning	0	199,159	0	0	199,159	2.0	39
New Line - Office of Expedited Settlement Program Costs (Includes DI #2)	0	371,853	0	0	371,853	5.0	51

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**(1) EXECUTIVE DIRECTOR'S OFFICE**

The Executive Director's Office performs operations that are common to all divisions including accounting, budgeting, data processing, human resources, and purchasing. The Office of Policy Research and Regulatory Reform (OPRRR) is also located in the Executive Director's Office and conducts sunrise and sunset evaluations of divisions, commissions, and boards located throughout state government.

**Decision Item #1 - Contract Security Officer**

*Request:* The Department requests \$66,955 reappropriated funds for a contract security officer to be located at 1560 Broadway, Denver CO.

*Staff Analysis:* Across the Department there are 225 board members on thirty-one boards, which meet anywhere from once a month to once a quarter. An indication there is a security problem would be an excessive number of lawsuits or police reports regarding violence or threats. There have been no lawsuits filed against the Department regarding public safety, and there have been no police reports filed as a result of violence, possible violence or disturbances in the Department's building.

The Department cited numerous anecdotal incidences of requesting a large and burley man be present at a meeting to act as a deterrent because of the possibility of violence. These instances are not backed up by calls to the police, or any reports or documentation of problems. This could be for two reasons, one there was never a problem, or two because the large and burley man was an effective deterrent. If these anecdotal instances had been backed up with calls to the Denver Police, or even written reports of problems, staff would be inclined to see security as a problem. With no lawsuits, or police records of violence or threats staff does not see a need for this funding.

*Recommendation:* **Staff recommends that the Committee deny this decision item** because of the lack of documentation or evidence of security problems.

**Personal Services**

*Description:* This line funds the Executive Director, accounting, budget, purchasing, human resources, and OPRRR staff. For FY 2008-09 the Department submitted a supplemental reflecting one-time savings due to the hiring freeze implemented October 1, 2008 by Governor Ritter.

*Request:* The Department is requests an appropriation of \$4,230,416, of which \$16,100 is General Fund and 52.3 FTE.



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Staff Summary Executive Director's Office	FY 2007-08 Actual	FY 2008-09 Approp.	FY 2009-10 Request	FY 2009-10 Recomm.
Executive Director, Deputy, and Support	4.0	4.0	4.0	4.0
Legislative Liaison & Public Information	2.3	2.5	2.5	2.5
OPRRR Staff	6.1	6.5	6.5	6.5
Planning and Budgeting	2.0	2.0	2.0	2.0
Accounting and Purchasing	5.5	7.0	7.0	7.0
Information Technology	26.0	24.3	24.3	24.3
Human Resources	5.1	6.0	6.0	6.0
<b>TOTAL</b>	<b>51.0</b>	<b>52.3</b>	<b>52.3</b>	<b>52.3</b>

**Recommendation: Staff recommends \$4,159,551 and 52.3 FTE, calculated in accordance with Committee policy and reflecting staff's recommendation to deny the first decision item.** General Fund and cash fund dollars are from other Departments that pay for sunset reviews, and staff requests permission to adjust the fund sources for sunset review fees as necessary. The following table outlines the staff recommendation.

Executive Director's Office - Personal Services					
	GF	CF	RF/CFE	Total	FTE
FY 2008-09 Appropriation	\$24,936	\$36,310	\$3,899,800	\$3,961,046	54.0
January 2008 Supplemental for the Office of IT	(22)	(36)	(3,852)	(3,910)	0.0
S.B. 08-155	0	0	0	0.0	(1.7)
Salary Survey awarded in FY 08-09	0	0	157,012	157,012	
80% of Performance-based Pay awarded in FY 08-09	0	0	45,403	45,403	
Annualization of Sunset Reviews	(8,836)	(10,110)	18,946	0	0.0
DI #1 - Contract Security Officer	0	0	0	0	0.0
<b>Recommended FY 2009-10 Appropriation</b>	<b>\$16,078</b>	<b>\$26,164</b>	<b>\$4,117,309</b>	<b>\$4,159,551</b>	<b>52.3</b>

**Health, Life, and Dental**

This line funds the Department's share of the state's group health, life and dental insurance plans for state employees. Health, life, dental is appropriated to the Executive Director's Office and

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distributed as needed to the divisions. The Department requests an appropriation of \$2,922,197, of which \$ 92,248 is General Fund. **Pursuant to Committee policy, staff recommends an appropriation of \$2,922,197**, of which \$92,248 is General Fund, \$2,243,800 is cash funds, \$542,780 is reappropriated funds, and \$43,369 is federal funds.

**Short-term Disability**

This line item funds the Department's share of the state's short-term disability program which is administered by the Department of Personnel and Administration (DPA). The Department requests an appropriation of \$47,184, of which \$1,075 is General Fund. The JBC approved a short-term disability rate of 0.155 percent of base personal services salaries. **Staff recommends an appropriation of \$50,482**, of which \$1,256 is General Fund, \$43,106 is cash funds, \$5,649 is reappropriated funds, and \$471 is federal funds. Staff's recommendation is calculated in accordance with the Committee policy for this line.

**S.B. 04-257 Amortization Equalization Disbursement**

This line funds the costs associated with S.B. 04-257, which requires additional state contribution for employees in the Public Employees' Retirement System (PERA). The rate for CY 2009 is 1.8 percent of base salaries, and 2.2 percent of base salaries for CY 2010. The Department requests an appropriation of \$725,909 for this purpose. **Staff recommends an appropriation of \$651,094**, which was calculated in accordance with the Committee policy for this line. Of the total appropriation \$15,931 is General Fund, \$556,203 is cash funds, \$72,886 is reappropriated funds, and \$6,074 is federal funds.

**S.B. 06-235 Supplemental Amortization Equalization Disbursement**

Senate Bill 06-235 created a mechanism to increase the state's effective PERA rate beginning on January 1, 2008. The Department requests an appropriation of \$453,693 for this purpose. The Committee approved rates for CY 2009 and CY 2010 are 1.0 percent and 1.5 percent of base salaries, respectively. **Staff recommends an appropriation of \$406,765**, which was calculated in accordance with Committee policy for this line. Of the total appropriation \$9,788 is General Fund, \$347,627 is cash funds, \$45,554 is reappropriated funds, and \$3,796 is federal funds.

**Salary Survey and Senior Executive Services**

DPA's total compensation report pursuant to Section 24-50-104 (4) (c), C.R.S., recommends salary adjustments that are funded by this line. In January, the Department submitted a 2009 budget amendment that withdrew the Department's request for this line. In accordance with Committee policy, **staff recommends that no salary survey be funded for FY 2009-10.**

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**Performance-Based Pay Awards**

Employee performance-based pay is centrally appropriated and funded by this line pursuant to Section 24-50-104 (1) (c) (I), C.R.S. The Department did not request funding for performance-based pay awards. In accordance with Committee policy, **staff recommends that no performance-based pay awards be funded for FY 2009-10.**

**Workers' Compensation**

This line item is used to pay the Department's share of the state's workers' compensation program run by the DPA. The Department requests an appropriation of \$104,510 for this purpose. **The staff recommendation for this line item is pending the approval of a Committee policy,** and staff requests permission to adjust the line and apply a funding split once Committee policy is established.

**Operating Expenses**

The Department requests an appropriation of \$212,018. **Staff recommends an appropriation of \$209,671 for this line,** which was calculated in accordance with Committee policy and is outlined in the following table. Staff requests permission to adjust the line and apply a funding split once the Committee policy on mail equipment and postage increase has been established.

Executive Director's Office - Operating Expenses				
	GF	CF	RF	Total Funds
FY 2008-09 Appropriation	\$3,689	\$95,427	\$110,555	\$209,671
Non-Prioritized DI #2 - Mail Equipment and Postage Increase				<u>Pending</u>
<b>Recommended FY 2009-10 Appropriation</b>	<b>\$3,689</b>	<b>\$95,427</b>	<b>\$110,555</b>	<b>\$209,671</b>

**Legal Services**

This line item is used to pay the Department of Law for the provision of legal services to all divisions. The Department requests an appropriation of \$7,677,024 and 102,224 hours, reflecting an increase of \$251,961 or 3.4 percent over the FY 2008-09 appropriation. **Staff recommends approving the request for funding sufficient to purchase a continuation level of 101,950 hours of services. The dollar amount of staff's recommendation is pending the determination of the hourly rate for legal services by the Committee,** and staff requests permission to adjust the line and apply a funding split once Committee policy is established. The following table summarizes staff's calculation of the FY 2009-10 legal services recommendation:

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<b>Executive Director's Office - Legal Services</b>				
	<b>GF</b>	<b>CF</b>	<b>Hours - \$72.03 per hour</b>	<b>Total</b>
FY 2008-09 Appropriation	\$143,940	\$7,000,635	98,869	\$7,144,575
S.B. 08-29	0	9,004	125	9,004
S.B. 08-152	0	10,805	150	10,805
S.B. 08-200	60,073	0	834	60,073
S.B. 08-219	0	18,008	250	18,008
H.B. 08-1058	0	7,564	105	7,564
H.B. 08-1226	0	3,602	50	3,602
H.B. 08-1227	0	43,218	600	43,218
H.B. 08-1353	0	40,481	562	40,481
H.B. 08-1385	0	720	10	720
Annualize S.B. 08-29	0	1,796	25	1,796
Annualize S.B. 08-152	0	2,882	40	2,882
Annualize S.B. 08-219	0	6,482	90	6,482
Annualize H.B. 08-1058	0	1,800	25	1,800
Annualize H.B. 08-1226	0	32,413	450	32,413
Annualize H.B. 08-1353	0	(16,207)	(225)	(16,207)
Annualize H.B. 08-1385	0	(720)	(10)	(720)
<b>Totals - at \$72.03/hour</b>	<b>\$204,013</b>	<b>\$7,162,483</b>	<b>101,950</b>	<b>\$7,366,496</b>

**Administrative Law Judge (ALJ) Services**

This line item is used to purchase administrative law services from DPA. The Department has requested an appropriation of \$252,834, of which \$11,648 is General Fund for this purpose. **Staff recommendation is pending the approval of a common policy by the Committee**, and staff requests permission to adjust the line and apply a funding split once Committee policy for this line item is established.

**Purchase of Services from Computer Center**

This line item is used to reimburse DPA for the Department's share of the state's computer system. The Department requests \$51,060 for this purpose. **Staff recommendation is pending the**

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**approval of a Committee policy for this line**, and staff requests permission to adjust the line and apply a funding split once Committee policy for this line item is established.

**Management and Administration of OIT (New Line Item)**

*Description:* This line was added during the FY 2008-09 supplemental process, and was requested by the Governor's Office. This line item consolidates the appropriations for the 1.7 FTE that were transferred to the Governor's Office as a result of S.B. 08-155. The appropriation for this line is offset by reductions in the Executive Director's Office personal services line and the indirect cost assessment in the Division of Oil and Public Safety.

*Request:* The Department requests an appropriation of \$70,429 for this purpose, of which \$1,604 is General Fund.

*Recommendation:* **Staff recommendation is pending the approval of a Committee policy for this line**, and staff requests permission to adjust the line and apply a fund split once a Committee policy is approved for this line.

**Payment to Risk Management and Property Funds**

This line item is used to reimburse DPA for the Department's share of the state's liability and property insurance. The Department requests \$85,486 for this purpose. **Staff recommendation is pending the approval of a Committee policy**, and once a Committee policy is established, staff requests permission to adjust the line and apply a funding.

**Vehicle Lease Payments**

Funding for annual payment to DPA for the cost of administration, loan repayment, and lease-purchase payments for new and replacement motor vehicles pursuant to Section 24-30-1117, C.R.S. is provided by this line item. The Department requests \$190,146 cash funds for this purpose. **Staff recommendation is pending the approval of a Committee policy**, and once a Committee policy is established, staff requests permission to adjust the line and apply a funding.

**Information Technology Asset Maintenance**

This line item pays for replacement of the Department's IT assets on a schedule determined by the Office of Information Technology. The Department requests a continuing appropriation of \$671,403. **Staff recommends the Department's request for \$671,403.**

**Leased Space**

*Request:* The Department requests an appropriation of \$3,220,577, and built in lease space appropriations for special bills from the 2008 Session, which were taken out during the FY 2008-09 supplemental process.

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*Recommendation:* **Staff recommends an appropriation of \$3,112,365**, and is outlined in the following table. Pursuant to Committee policy, lease space for decision items is not included in the appropriation and can be addressed by the Department during the FY 2009-10 supplemental process.

<b>Staff Recommendation for FY 2009-10 Lease Space</b>					
	<b>GF</b>	<b>CF</b>	<b>RF</b>	<b>FF</b>	<b>Total</b>
FY 2008-09 Appropriation	\$91,259	\$2,251,493	\$420,490	\$27,255	\$2,790,497
HB 08-1058					2,008
HB 08-1353		Removed during the FY 2008-09 supplemental process.			0
Annualize 08-1353					0
Escalations	10,887	248,605	45,716	14,652	319,860
DI #2	0	0	0	0	0
DI #3	0	0	0	0	0
DI #4	0	0	0	0	0
DI #5	0	0	0	0	0
DI #6	0	0	0	0	0
DI #7	0	0	0	0	0
<b>Total</b>	<b>\$104,154</b>	<b>\$2,500,098</b>	<b>\$466,206</b>	<b>\$41,907</b>	<b>\$3,112,365</b>

**Capitol Complex Leased Space**

Capitol complex space is maintained by DPA, and the Department requests \$1,284 for 169 square feet in the Grand Junction Facility for the Division of Registrations Electrical Board. **Staff recommends funding for 169 square feet of space, and the cash fund dollar amount is pending the approval of a Committee policy.**

**Hardware/Software Maintenance**

This line item pays for Department licensing and maintenance agreements, and for required equipment upgrades. The Department requests \$672,315 for this purpose. **Staff recommends \$672,315**, which is outlined in the following table.

<b>Executive Director's Office - Hardware/Software Maintenance</b>				
	<b>GF</b>	<b>CF</b>	<b>RF/CFE</b>	<b>Total</b>
FY 2008-09 Appropriation	\$800	\$409,715	\$258,602	\$669,117
S.B. 08-152	0	11,920	0	11,920

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<b>Executive Director's Office - Hardware/Software Maintenance</b>				
	<b>GF</b>	<b>CF</b>	<b>RF/CFE</b>	<b>Total</b>
H.B. 08-1353	0	202,428	0	202,428
Annualize S.B. 08-152	0	(11,920)	0	(11,920)
Annualize H.B. 08-1353	0	(199,230)	0	(199,230)
<b>Recommended FY 2009-10 Appropriation</b>	<b>\$800</b>	<b>\$412,913</b>	<b>\$258,602</b>	<b>\$672,315</b>

**Consumer Outreach / Education Program (New Line)**

*Description:* This line item was added to the FY 2009-10 Long Bill because H.B. 08-1216 established the Consumer Outreach and Education Program (Program) within the Department. The Program was established for the purposes of informing consumers of their rights regarding regulated professions and occupations, decreasing regulatory violations, and ensuring public awareness of consumer protection information available from the Department.

*Request:* The Department requests a continuation appropriation of \$200,000 cash funds.

*Recommendation:* **Staff recommends an appropriation of \$200,000 cash funds.**

**(2) DIVISION OF BANKING**

This Division regulates state-chartered banks and debt management companies and is completely cash funded. Funding for this Division is the Division of Banking Cash Fund pursuant to Section 11-102-403, C.R.S.

**Decision Item #6 - Increase Resources for the Division of Banking**

*Request:* The Department is requesting \$707,579 cash funds and 6.0 FTE to increase division staffing commensurate with the growth in the banking industry, and provide salary increases to current staff.

*Staff Analysis:* Since March 2003 there has been a steady growth in the size of the banking industry while the number of examiners has remained constant. One way the Division has compensated for not increasing the number of examiners is collaborating with federal examiners. Due to changes in the national banking industry federal examiners are no longer able to work with the Division. The following table shows the growth in the size of banking industry. Staff agrees with the Division that there is a need for an increase in the number of examiners.

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<b>Colorado Banking Industry Growth Since FY 2006-07 to FY 2009-10</b>				
<b>Fiscal Year</b>	<b>FY 2006-07 Actual</b>	<b>FY 2007-08 Actual</b>	<b>FY 2008-09 Estimate</b>	<b>FY 2009-10 Projected</b>
Number of Institutions	113	110	113	117
Total Assets	118.0 billion	138.6 billion	151.1 billion	167.7 billion

For personal services the Department's request includes \$52,144 for salary increases. In January, the Department submitted a 2009 budget amendment that withdrew the Department's request for salary survey. It does not make sense to approve a salary increase for Division of Banking staff when no other staff in the state are receiving salary survey. The state has a system in place to provide salary increases to employees. If that system is not working, it should be addressed on a statewide basis, not division by division. The following table outlines staff's recommendation for the Decision Item #6 personal services.

<b>Department Request and Staff Calculation of Personal Services for Decision Item #6</b>					
	<b>Department Request</b>		<b>Staff Recommendation</b>		
	<b>Dollars</b>	<b>FTE</b>	<b>Monthly Salary</b>	<b>Total Cost</b>	<b>FTE</b>
1 Auditor IV	\$68,808	1.0	\$5,734	\$68,808	1.0
4 FCE II	231,408	4.0	4,821	231,408	4.0
1 FCE I	52,500	1.0	4,375	52,500	1.0
1 FCE II - Vacant	68,268	0.0	4,821	57,852	0.0
Salary Adjustments	52,144			0	
PERA / Medicare	54,883			47,626	
<b>Total Personal Services</b>	<b>\$528,011</b>	<b>6.0</b>		<b>\$458,194</b>	<b>6.0</b>

The Department is requesting an additional \$22,000 cash funds for a projected travel shortfall. The Department is projecting the number of total exam hours (number of hours the fiscal year required to meet statutorily required examinations of institutions) to decrease from 42,182 in FY 2008-09 to 33,562 in FY 2009-10, a decrease of 8,620 hours or 20.4 percent. The Department Staff is not convinced that a 20.4 percent decrease in exam hours and subsequent travel for exams justifies an appropriation increase of \$22,000 dollars for travel expenditures. The average cost for one examiner to travel for a week is \$783, so \$22,000 would give the Department an additional 28 weeks of travel. If the Department requires this extra travel then the number of required FTE for exams should also increase,



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but the Department calculated that 42,182 requires 27.4 FTE, while 33,562 exam hours require 23.9 FTE. This is a decrease of 3.5 FTE, and staff is not convinced that there will be a travel shortfall because of the decrease in examination hours and required FTE to travel to these examinations.

<b>Department Request and Staff Recommendation for Operating Expenses for Decision Item #6</b>			
	<b>Department</b>	<b>Staff Recommendation</b>	
	<b>Request</b>	<b>Per FTE</b>	<b>Total Cost</b>
Operations - New FTE only	\$37,068	\$6,178	\$37,068
Travel Costs - New FTE	84,000	14,000	84,000
Travel - Vacant FTE	14,000	14,000	14,000
Travel Shortfall - Current FTE	22,000		0
Lease Space	22,500		0
<b>Total Operating Expenses</b>	<b>\$179,568</b>		<b>\$135,068</b>

Increasing this Division's appropriation will result in an increase in the assessment on state regulated credit unions. On average the assessment for FY 2009-10 will increase by approximately 19.0 percent if the Committee approves the decision item. The following table shows the range of credit assessments and the impact of a 19.0 percent increase.

<b>Division of Banking Decision Item Fee Impact</b>				
<b>Institution</b>	<b>Assets</b>	<b>FY 2009-10 Fee</b>	<b>Increase for Decision Item</b>	<b>New FY 2009-10 Fee</b>
Largest	2,635 million	\$187,478	\$35,539	\$223,017
Smallest	0.9 million	3,000	569	3,569
Average	656.9 million	62,211	11,793	74,004

**Recommendation:** Staff recommends the Committee approve this decision item in part, approving \$458,194 and 6.0 FTE for the Personal Services line item and \$135,068 cash funds for the Operating Expenses line item in the Division of Banking, for a total decision item appropriation of \$593,262 and 6.0 FTE.

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**Personal Services**

*Description:* Division staff conduct examinations and enforce institution compliance with the Public Deposit Protection Act and the Uniform Consumer Credit Code. Staff also enforces regulatory guideline for trust departments, electronic funds transfers, and electronic data processing.

*Request:* The Department has requested an appropriation of \$3,484,857 cash funds and 44.5 FTE, which includes \$528,011 cash funds and 6.0 FTE for the sixth decision item.

<b>Staff Summary Banking Division</b>	<b>FY 2007-08 Actual</b>	<b>FY 2008-09 Approp.</b>	<b>FY 2009-10 Request</b>	<b>FY 2009-10 Recomm.</b>
Commissioner and Assistant	2.0	2.0	2.0	<b>2.0</b>
Examiners	27.7	30.0	36.0	<b>36.0</b>
Administration	6.5	6.5	6.5	<b>6.5</b>
<b>TOTAL</b>	<b>36.2</b>	<b>38.5</b>	<b>44.5</b>	<b>44.5</b>

*Recommendation:* **Staff recommends an appropriation of \$3,428,117 cash funds and 44.5 FTE,** reflecting staff's recommendation to approve Decision Item #6 in part. The following table outlines staff's recommendation.

<b>Division of Banking - Personal Services</b>		
	<b>CF</b>	<b>FTE</b>
FY 2008-09 Appropriation	\$2,810,567	38.5
January 2009 Supplemental for Office of IT	(2,776)	0.0
Salary Survey awarded in FY 08-09	113,062	
80% of Performance-based Pay awarded in FY 08-09	33,217	
Decision Item #1 - Banking Resources	458,194	6.0
<b>Recommendation for FY 2009-10</b>	<b>\$3,412,264</b>	<b>44.5</b>

**Operating Expenses**

*Description:* A portion of this line item funds the reimbursement for travel of staff examiners. Travel reimbursement includes meal and hotel per diem, as well as mileage reimbursements.

*Request:* The Department requests \$441,464, reflecting increases for Decision Item #6.

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*Recommendation:* **Staff recommends an appropriation of \$414,973 cash funds**, and is outlined in the following table. Staff requests permission to adjust the line once a Committee policy on mail equipment and postage increase has been decided.

<b>Division of Banking - Operating Expenses</b>	
	<b>CF</b>
FY 2008-09 Appropriation	\$279,905
DI #6 - Banking Resources	135,068
NP DI #4 - Mail Equipment and Postage Increase	<u>Pending</u>
<b>Total</b>	<b>\$414,973</b>

**Board Meeting Costs**

*Description:* The eight-member Governor-appointed Colorado State Banking Board (Board) is the policy and rulemaking authority for this Division. The Board conducts monthly hearings on applications for commercial and industrial banks, trust companies, and the licensure of money transmitters. Board members receive reimbursements for expenses incurred during the performance of official duties pursuant to Section 11-102-103 (6), C.R.S.

*Request:* The Department requests a continuation appropriation of \$23,500. In FY 2008-09 the Department requested and was granted an increase of \$12,000 to accommodate increases in reimburseable expenses incurred by board members.

*Recommendation:* **Staff recommends an appropriation of \$23,500 cash funds.**

**Indirect Cost Assessment**

*Description:* This line item funds a portion of the costs of the Executive Director's Office and for the Department's share of statewide indirect costs. Statewide indirect costs are overhead costs associated with the operation of general government functions and departmental administrative duties. Indirect cost recoveries are intended to offset these overhead costs in the Executive Director's Office and statewide, that would otherwise have been supported by cash and federally funded sources. This description applies to all Indirect Cost Assessment lines in each division.

*Request:* The Department is requesting an appropriation of \$461,561 for this purpose.

*Recommendation:* **The staff recommendation is pending the approval of Committee common policies**, and staff requests permission to adjust the line once Committee common policies are established.

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**(3) CIVIL RIGHTS DIVISION**

This Division is the administrative arm of the Colorado Civil Rights Commission, and enforces laws that prohibit discrimination on the basis of race, sex, national origin, ancestry, physical or mental disability, religion, color, or marital status in employment, housing, and public accommodations.

**Decision Item #4 - Restore Northern Civil Rights Office in Greeley Colorado**

*Request:* The Department is requesting \$140,396 General Fund and 1.4 FTE to reopen the Northern Civil Rights Office in Greeley, Colorado.

*Staff Analysis:* The Northern Civil Rights Office (Office) in Greeley was closed during the downturn in FY 2002-03 because it was funded with General Fund. This decision item is funded completely by General Fund, and due to the fact that the General Assembly must cut more than \$300 million from the FY 2009-10 budget, staff does not recommend this decision item.

*Recommendation:* **Staff recommends the Committee deny this decision item, due to the General Fund shortfall in FY 2009-10.**

**Personal Services**

*Description:* Division staff investigate and adjudicate charges of discriminatory practices, and supervise complaint hearings. Staff also provide technical assistance with fair housing laws, general public information, and community intervention and education.

*Request:* The Department requests an appropriation of \$1,829,223 and 33.8 FTE, which includes Decision Item #4.

Staff Summary Civil Rights Division	FY 2007-08 Actual	FY 2008-09 Approp.	FY 2009-10 Request	FY 2009-10 Recomm.
Director's Office/Administration	4.0	4.0	4.0	<b>4.0</b>
Outreach/Education	1.0	1.0	1.0	<b>1.0</b>
Intake/Employment/Public Accommodation	5.7	8.0	8.0	<b>8.0</b>
Investigations/Enforcement/Compliance	12.0	18.4	19.8	<b>18.4</b>
Mediation/State Personnel Board/Internships	2.0	1.0	1.0	<b>1.0</b>
<b>TOTAL</b>	<b>24.7</b>	<b>32.4</b>	<b>33.8</b>	<b>32.4</b>

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*Recommendation: Staff recommends \$1,759,109 and 32.4 FTE, pursuant to Committee policy.*  
 The following table summarizes staff's recommendation.

<b>Civil Rights Division - Personal Services</b>					
	<b>GF</b>	<b>RF/CFE</b>	<b>FF</b>	<b>FTE</b>	<b>Total</b>
FY 2008-09 Appropriation	\$880,923	\$419,067	\$359,036	32.0	\$1,659,026
January 2009 Supplemental for Office of IT	(870)	(414)	(355)	0.0	(1,639)
Salary Survey awarded in FY 08-09	64,174	0	0	0.0	64,174
80% of Performance-based Pay awarded in FY 08-09	17,578	0	0	0.0	17,578
S.B. 08-200	19,970	0	0	0.4	19,970
Decision Item #4 - Greeley Office	0	0	0	0.0	0
<b>Recommended FY 2009-10 Appropriation</b>	<b>\$981,775</b>	<b>\$418,653</b>	<b>\$358,681</b>	<b>32.4</b>	<b>\$1,759,109</b>

**Operating Expenses**

*Request:* The Department has requested an appropriation of \$117,066 of which \$75,946 is General Fund and \$41,120 is federal funds.

*Recommendation: Staff recommends an appropriation of \$102,951, of which, \$61,813 is General Fund and reflects staff's recommendation to deny Decision Item #4. The following table outlines staff's recommendation, and staff requests permission to adjust the line and apply a funding split once Committee policy on mail equipment and postage increase has been decided.*

<b>Division of Civil Rights - Operating Expenses</b>			
	<b>GF</b>	<b>FF</b>	<b>Total</b>
FY 2008-09 Appropriation	\$59,616	\$41,120	\$100,736
S.B. 08-200	1,762	0	1,762
Annualize S.B. 08-200	453	0	453
Decision Item #4 - Civil Rights Regional Office	0	0	0
Non-Prioritized DI #4 - Mail Equipment and Postage Increase			<u>Pending</u>
<b>Recommended FY 2009-10 Appropriation</b>	<b>\$61,831</b>	<b>\$41,120</b>	<b>\$102,951</b>

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**Hearings Pursuant to Complaint**

*Description:* This line item pays for expenses associated with hearings and mediations, as well as, a portion of the expert witnesses, court reporters, transcripts and depositions expenses incurred in the Office of the Attorney General. This description applies to all lines in the following divisions titled Hearing Pursuant to Complaint.

*Request:* The Department requests a continued appropriation of \$18,000.

*Recommendation:* **Staff recommends a continued appropriation of \$18,000**, of which, \$17,000 is General Fund and \$1,000 is federal funds.

**Commission Meeting Costs**

*Description:* The Colorado Civil Rights Commission holds meetings at various locations around the state, enabling members of the public to tell the Commission their concerns regarding civil rights issues. This line receives General Funds and federal funds because meetings deal with federal and state housing and employment issues. This line funds per diem and travel expenses for Commissioners and miscellaneous meeting costs.

*Request:* The Department requests a continuation funding level of \$12,374, comprised of \$5,174 General Fund and \$7,200 in federal funds.

*Recommendation:* **Staff recommends an appropriation of \$12,374, of which, \$5,174 is General Fund and \$7,200 is federal funds.**

**Indirect Cost Assessment**

*Request:* The Department has requested an appropriation of \$36,509 federal funds.

*Recommendation:* **The staff recommendation is pending the approval of Committee common policies**, and staff requests permission to adjust the line and apply a funding split once Committee common policies are established.

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**(4) OFFICE OF CONSUMER COUNSEL**

The Office of Consumer Counsel represents the public interest, especially those interests of residential, small business, and agricultural consumers, in cases before the Public Utilities Commission (PUC). Cases involve proposed changes to electric, gas, and telecommunications utility rates, service, and general policies. This Division is entirely cash funded.

**Personal Services**

*Request:* The Department requests an appropriation of \$805,893.

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<b>Staff Summary Consumer Counsel</b>	<b>FY 2007-08 Actual</b>	<b>FY 2008-09 Approp.</b>	<b>FY 2009-10 Request</b>	<b>FY 2009-10 Recomm.</b>
Director	1.0	1.0	1.0	<b>1.0</b>
Technical Staff	3.9	4.0	4.0	<b>4.0</b>
Administrative Staff	2.0	2.0	2.0	<b>2.0</b>
<b>TOTAL</b>	<b>6.9</b>	<b>7.0</b>	<b>7.0</b>	<b>7.0</b>

*Recommendation:* **Staff recommends an appropriation of \$805,129 and 7.0 FTE pursuant to Committee policy.** The following table summarizes the staff recommendation.

<b>Personal Services - Office of Consumer Counsel</b>		
	<b>CF</b>	<b>FTE</b>
FY 2008-09 Long Bill Appropriation	\$773,249	7.0
January 2009 Supplemental for Office of IT	(764)	0.0
Salary Survey awarded in FY 08-09	25,254	0.0
80% of Performance-based Pay awarded in FY 08-09	7,390	0.0
<b>Recommended FY 2009-10 Appropriation</b>	<b>\$805,129</b>	<b>7.0</b>

**Operating Expenses**

*Request:* The Department requests a continued appropriation of \$56,322 cash funds.

*Recommendation:* **Staff recommends an appropriation of \$55,572 cash funds,** and is outlined below. Staff requests permission to adjust the line when a Committee policy is established.

<b>Office Of Consumer Council - Operating Expenses</b>	
	<b>CF</b>
FY 2008-09 Appropriation	\$55,572
NP DI #4 - Mail Equipment and Postage Increase	<u>Pending</u>
<b>Total</b>	<b>\$55,572</b>

**Indirect Cost Assessment**

*Request:* The Department requests an appropriation of \$83,920 cash funds.

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*Recommendation:* **The staff recommendation is pending the approval of Committee common policies,** and staff requests permission to adjust the line once Committee common policies are established.

**(5) DIVISION OF FINANCIAL SERVICES**

This Division regulates state-chartered credit unions, savings and loan associations, and life-care institutions, which provide care for the duration of a person's life in return for the payment of an initial fee. The Division is entirely cash funded by the Division of Financial Services Cash Fund created in Section 11-40-106 (2), C.R.S.

**Decision Item #5 - Increase Resources for the Division of Financial Services**

*Request:* The Department requests \$266,789 cash funds and 2.0 FTE to increase staffing commensurate with industry growth, and provide salary increases to current staff.

*Staff Analysis:* There has been a steady growth in the size of the financial services industry while the number of examiners has remained constant, and staff agrees that there is a need for an increase in the number of examiners. The following table shows that while the number of credit unions has decreased, the amount of assets under regulation have increased.

Colorado Credit Union Industry Growth Since FY 2004-05 to FY 2009-10						
Fiscal Year	FY 2004-05 Actual	FY 2005-06 Actual	FY 2006-07 Actual	FY 2007-08 Actual	FY 2008-09 Estimate	FY 2009-10 Projected
Number of Institutions	70	67	62	57	54	54
Total Assets	6.8 billion	7.2 billion	7.7 billion	8.1 billion	8.1 billion	8.1billion

For personal services the Department's request includes \$59,785 for salary increases. In January, the Department submitted a 2009 budget amendment that withdrew the Department's request for salary survey. It does not make sense to approve a salary increase for Division of Banking staff when no other staff in the state are receiving salary survey. The state has a system in place to provide salary increases to employees. If that system is not working, it should be addressed on a statewide basis, not division by Division. The following table outlines staff's recommendation for the Decision Item #5 personal services.



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<b>Department Request and Staff Calculation of Personal Services for Decision Item #6</b>					
	<b>Department Request</b>		<b>Staff Recommendation</b>		
	<b>Dollars</b>	<b>FTE</b>	<b>Monthly Salary</b>	<b>Total</b>	<b>FTE</b>
1 Auditor IV	\$68,808	1.0	\$5,734	\$68,808	1.0
1 FCE III	63,795	1.0	5,316	63,792	1.0
Salary Adjustments	59,785			0	
PERA / Medicare	22,687			22,687	
<b>Total Personal Services</b>	<b>\$215,075</b>	<b>2.0</b>		<b>\$155,287</b>	<b>2.0</b>

The following table outlines the Department's request and staff's recommendation for the operating expenses portion of the decision item.

<b>Department Request and Staff Recommendation for Operating Expenses for Decision Item #6</b>			
	<b>Department Request</b>	<b>Staff Recommendation</b>	
		<b>Per FTE</b>	<b>Total Cost</b>
Operations - New FTE only	\$12,356	\$6,178	\$12,356
Travel Costs - New FTE	24,000	12,000	24,000
Lease Space	7,500		0
NASCUS	8,231		8,231
<b>Total Operating Expenses</b>	<b>\$52,087</b>		<b>\$44,587</b>

Increasing this Division's appropriation will result in an increase in the assessment on state regulated credit unions by approximately 22.4 percent, if the Committee approves the decision item. The following table shows the range of credit assessments and the impact of a 22.4 percent assessment increase.

<b>Division of Financial Services Decision Item Fee Impact</b>				
<b>Institution</b>	<b>Assets</b>	<b>FY 2009-10 Fee</b>	<b>Increase for Decision Item</b>	<b>New FY 2009-10 Fee</b>
Largest	1,914.8 million	\$198,791	\$44,583	\$243,374
Smallest	1.0 million	173	39	212
Average	322.6 million	48,923	10,972	59,895

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**Recommendation: Staff recommends the Committee approve this decision item in part. Staff recommends the Committee approve the appropriation of \$155,287 and 2.0 FTE for the Personal Services line item in the Division of Financial Services. Staff recommends the Committee approve \$44,587 cash funds to the Division of Financial Services Operating Expenses line item, for a total decision item appropriation of \$199,874 and 2.0 FTE.**

**Personal Services**

*Description:* Division staff enforce the Public Deposit Protection Act and conduct examinations to ensure financial stability and compliance with state and federal laws. When appropriate staff will initiate enforcement actions in order to bring an institution into compliance with regulatory laws.

*Request:* The Department requests an appropriation of \$1,212,004 cash funds, which includes funding for Decision Item #5.

<b>Staff Summary Financial Services</b>	<b>FY 2007-08 Actual</b>	<b>FY 2008-09 Approp.</b>	<b>FY 2009-10 Request</b>	<b>FY 2009-10 Recomm.</b>
Commissioner	1.0	1.0	1.0	<b>1.0</b>
Examiners	8.4	10.0	12.0	<b>12.0</b>
Administrative	1.8	2.0	2.0	<b>2.0</b>
<b>TOTAL</b>	<b>11.2</b>	<b>13.0</b>	<b>15.0</b>	<b>15.0</b>

**Recommendation: Staff recommends \$1,151,644 cash funds and 15.0 FTE, pursuant to Committee policy.** The following table summarizes staff's recommendation.

<b>Division of Financial Services - Personal Services</b>		
	<b>CF</b>	<b>FTE</b>
FY 2008-09 Appropriation	\$956,351	13.0
January 2009 Supplemental for the Office of IT	(945)	0.0
Salary Survey awarded in FY 08-09	31,943	
80% of Performance-based Pay awarded in FY 08-09	9,008	
DI #5 - Increase Financial Services Resources	155,287	2.0
<b>Recommended FY 2009-10 Appropriation</b>	<b>\$1,151,644</b>	<b>15.0</b>

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**Operating Expenses**

*Description:* For FY 2008-09 the Committee approved a supplemental to increase this line item by \$45,592 for increased travel expenses of the Divisions's examiners. This request increased the annual assessments paid by institutions by 7.4 percent for FY 2008-09.

*Request:* The Department requests \$173,224 cash funds, including \$44,587 for Decision Item #5 and annualizes the FY 2008-09 supplemental of \$45,592 cash funds.

*Recommendation:* **Staff recommends \$171,850 cash funds.** The following table outlines staff's recommendation, and staff requests permission to adjust the line once a Committee policy is established for the pending line.

<b>Division of Financial Services - Operating Expenses</b>	
	<b>CF</b>
FY 2008-09 Appropriation	\$81,671
FY 2008-09 Supplemental for Increased Travel	45,592
DI #6 - Banking Resources	44,587
NP DI #4 - Mail Equipment and Postage Increase	<u>Pending</u>
<b>Total</b>	<b>\$171,850</b>

**Indirect Cost Assessment**

*Request:* For this line item, the Department is requesting \$155,852 cash funds.

*Recommendation:* **The staff recommendation is pending the approval of Committee common policies,** and staff requests permission to adjust the line once Committee common policies are established.

**(6) DIVISION OF INSURANCE**

This Division regulates insurance entities and producers throughout Colorado. The Division of Insurance Cash Fund (Fund) collects enough revenue to fund approximately two-thirds of the Division's expenses. The remaining one-third is covered by insurance premium tax revenues which are diverted into the Fund, pursuant to Section 10-3-209 (4), C.R.S. This statute allows for up to 5.0 percent of insurance premium tax revenues to be credited to the Fund, and the remaining percentage, up to 95.0 percent, to be credited to the General Fund.

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**Budget Amendment #1 - Fully Cash Fund the Division of Insurance**

*Request:* The Department requests that the Division of Insurance become completely cash funded, by implementing a flat fee increase across the board of \$19 to generate \$2.5 million in additional revenue, and increase General Fund revenue by up to \$2.5 million.

*Staff Analysis:* Approximately 75.0 percent of the Division's funding comes from fees on insurance entities, and the remaining 25.0 percent is from insurance premium tax (tax) that would otherwise be credited to the General Fund, pursuant to Section 10-3-209 (4), C.R.S. The following table shows how much revenue has been diverted from the General Fund to the Division to cover the Division's expenses.

<b>History of Insurance Premium Tax Diversion to the Division of Insurance and General Fund</b>			
	<b>Average Annual Tax for that period</b>	<b>Average Annual Transfer to Division Cash Fund</b>	<b>Average Annual Net Taxes to General Fund</b>
10-year average (1997-98 to 2007-08)	\$164,791,075	\$2,677,619	\$162,113,456
5-year average (2002-03 to 2007-08)	183,767,231	2,393,238	181,373,993
3 year average (2004-05 to 2007-08)	183,038,297	2,449,996	180,588,301
FY 2007-08	190,749,986	2,929,442	187,820,544

The Department has proposed in light of the projected General Fund shortfall in FY 2009-10 that a flat fee of \$19 be added to the license fee for insurance agents (agents) to offset the tax diverted from the General Fund, thereby increasing General Fund revenue. The following table outlines the effect on licenses fees.

<b>Division of Insurance Fee and Impact of Proposed Fee Increase</b>						
<b>Type of License</b>	<b>Current Fee</b>	<b>Increase</b>	<b>New Fee</b>	<b>Percent Increase</b>	<b>Number Licenses</b>	<b>Percent of Total Licenses</b>
Resident New Agent	\$13	\$19	\$32	146.2%	15,923	11.9%
Non-Resident New Agent	27	19	46	70.4%	34,686	26.0%
Resident Renewal	3	19	22	633.3%	35,202	26.3%
Non-Resident Renewal	9	19	28	211.1%	46,358	34.7%
Professional Bonding	89	19	108	21.3%	286	0.2%
Resident Surplus Lines	110	19	129	17.3%	203	0.2%

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Division of Insurance Fee and Impact of Proposed Fee Increase						
Type of License	Current Fee	Increase	New Fee	Percent Increase	Number Licenses	Percent of Total Licenses
Non-Resident Surplus Lines	250	19	269	7.6%	951	0.7%

The Department states that the amount diverted from the General Fund can range from \$2.0 million to \$3.0 million, which corresponds to a flat fee increase of \$15 to \$22.

Staff researched what other state's insurance fees were and found that agent fees range from a low of \$30 in Kansas to a high of \$120 in Arizona. Surplus Lines license fees in other states range from \$250 to \$400 annually, and the fee increase associated with this decision item will not make Colorado Surplus Lines licenses more expensive than surrounding states. Even with the \$19 increase, Colorado's agent fees would still be some of the lowest of the surrounding states. Agents have to renew their licenses once every two years, meaning the agents would be paying on average an extra \$9 a year for their license, which is not an outrageous burden.

The Division is allowed to use the most recent three year average to calculate the fee increase to generate enough revenue so tax revenue is not diverted from the General Fund, pursuant to Section 10-2-413, C.R.S. The most recent three year average was \$2.5 million, but in FY 2007-08 the Department used \$2.9 million which would mean the Division would need to divert \$400,000 of tax from the General Fund. Since this budget amendment was submitted solely because of the projected General Fund shortfall, it is possible to make this fee increase temporary for a couple of years. No change of statute is need to increase the fee, or remove the fee in the future.

**Recommendation:** Staff recommends the Committee approve this budget amendment for FY 2009-10. Approval of this budget amendment does not affect the appropriations for this Division and does not require a change of statute.

**Personal Services**

*Description:* The financial regulation unit works primarily with insurance companies and agents, conducting financial exams and managing corporate and financial affairs. The consumer affairs unit works mainly with consumers, taking consumer complaints, conducting investigations and insurance market analysis.

*Request:* The Department requests \$6,350,689 cash funds and 84.7 FTE.

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<b>Staff Summary Division of Insurance</b>	<b>FY 2007-08 Actual</b>	<b>FY 2008-09 Approp.</b>	<b>FY 2009-10 Request</b>	<b>FY 2009-10 Recomm.</b>
Commissioner's Office	2.8	4.0	4.0	<b>4.0</b>
Finance and Administration	45.1	52.9	52.7	<b>50.5</b>
Consumer Affairs	28.2	30.0	30.0	<b>30.0</b>
<b>TOTAL</b>	<b>76.1</b>	<b>86.9</b>	<b>86.7</b>	<b>84.5</b>

**Recommendation: Staff recommends \$6,344,956 cash funds spending authority and 84.5 FTE, pursuant to Committee policy.** The following table summarizes staff's recommendation.

<b>Division of Insurance - Personal Services</b>		
	<b>CF</b>	<b>FTE</b>
FY 2008-09 Appropriation	\$5,804,777	80.2
January 2009 Supplemental for the Office of IT	(5,733)	0.0
S.B. 08-11	10,848	0.2
S.B. 08-135	12,928	0.0
S.B. 08-219	29,500	0.0
H.B. 08-1385	7,774	0.0
H.B. 08-1389	290,514	4.5
H.B. 08-1393	14,705	0.0
Annualize S.B. 08-11	10,848	0.0
Annualize S.B. 08-29	(12,928)	0.0
Annualize S.B. 08-217	(29,500)	0.0
Annualize H.B. 08-1385	(7,774)	0.0
Annualize H.B. 08-1389	(20,750)	(0.4)
Annualize H.B. 08-1393	(14,705)	0.0
Salary Survey awarded in FY 08-09	195,259	
80% of Performance-based Pay awarded in FY 08-09	59,193	
<b>Recommended FY 2009-10 Appropriation</b>	<b>\$6,344,956</b>	<b>84.5</b>

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**Operating Expenses**

*Description:* The Division's Operating Expense appropriation consists of two components: moneys paid by insurance companies for out-of-state travel reimbursement which is continuously appropriated by Section 10-1-108 (9), C.R.S., and amounts annually appropriated by the General Assembly. The out-of-state travel component varies from year to year.

*Request:* The Department requests an appropriation of \$410,358 cash funds.

*Recommendation:* **Staff recommends an appropriation of \$404,972 cash funds.** The following table summarizes the staff recommendation for this line item, and staff requests permission to adjust the line once a Committee policy is established.

<b>Division of Insurance - Operating Expenses</b>	
	<b>CF</b>
FY 2008-09 Appropriation	\$383,869
H.B. 08-1385	100
H.B. 08-1389	19,471
Annualize H.B. 08-1385	(1,000)
Annualize H.B. 08-1389	2,532
Non-Prioritized DI #4 - Mail Equipment and Postage	<u>Pending</u>
<b>Recommended FY 2009-10 Appropriation</b>	<b>404,972</b>

**Senior Health Counseling Program**

*Description:* This federally funded program provides senior citizens with Medicare information, and the appropriation is contingent on the availability of federal money from the Centers for Medicare and Medicaid Services and the U.S. Administration on Aging. Annual spending fluctuations are the result of the availability of funds.

*Request:* The Department requests \$509,000 federal funds and 2.0 FTE for this purpose.

*Recommendation:* **Staff recommends an appropriation of \$509,000 federal funds and 2.0 FTE.**

**PIP Exam Program**

The Personal Injury Protection (PIP) line is from the days of no-fault auto insurance, which ended on July 1, 2003 when the relevant portions of statute sunsetted. Funding for the program was discontinued in FY 2007-08 and is in **staff's numbers pages for informational purposes only, and will not appear in the FY 2009-10 Long Bill.**

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**Insurance Fraud Prosecution**

*Description:* The Division of Insurance refers cases to the Department of Law's (Law) Special Prosecutions Unit for criminal prosecution. Funds from this line are reappropriated to Law and used to pay for the costs of prosecutions.

*Request:* The Department requests a continuation appropriation of \$845,305 cash funds.

*Recommendation:* **Staff recommendation is pending figure setting for the Department of Law,** and staff requests permission to adjust the line as necessary.

**Transfer to CAPCO Administration (New Line Item)**

*Description:* This line item was added during the FY 2008-09 supplemental process to account for the reappropriated funds in the CAPCO Administration line in the Governor's Office budget. This line provides the cash funds for the administration of the capital company (CAPCO) incentives program in the Governor's Office. The Office of Economic Development (OED) certifies CAPCOs that are qualified to offer assistance to business enterprises that create jobs in the state. Insurance companies that make an investment of certified capital in an OED-certified CAPCO can receive a tax credit against premium taxes owed.

*Request:* Through a January 2009 budget amendment the Department requests an appropriation of \$91,930 cash funds.

*Recommendation:* **Staff recommendation is pending figure setting for the Governor's Office,** and staff requests permission to adjust the line as necessary.

**Indirect Cost Assessment**

*Request:* The Department has requested \$974,950 for this line item.

*Recommendation:* **The staff recommendation is pending the approval of Committee common policies,** and staff requests permission to adjust the line and apply a funding split once Committee common policies are established.

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**(7) PUBLIC UTILITIES COMMISSION**

The three-member Public Utilities Commission (PUC) regulates the rates and services of fixed and transportation utilities, and possesses quasi-legislative and quasi-judicial responsibilities. The PUC administers the Colorado Telecommunications High Cost Program, the Low Income Telephone Assistance Program, and the Disabled Telephone Users Program.



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**Decision Item #7 - Increase Resources for Electricity Transmission Planning**

*Request:* The Department requests \$221,658 cash funds and 2.0 FTE to represent Colorado's interest at national, state, and regional meetings for electricity transmission planning.

*Analysis:* The ultimate goal of these two FTE is to ensure that interstate electricity transmission lines are built through Colorado, which could take anywhere from eight to ten years to complete. If Colorado is not represented at transmission meetings, not only is the opportunity for transmissions lines to be built through Colorado lost, but if another state decides to build a facility, Colorado will not be a part of the fee negotiations and end up paying the highest fees.

The Department is requesting two General Professional (GP) VI, but staff believes based on the position descriptions by the Department of Personal and Administration that two GP Vs would have sufficient skills, and reduce the cost. Additionally, increasing the PUC's appropriation will impact fee payers. Fee payers are public utilities companies, who will most likely pass the cost on to the consumer. The following table outlines the impact on a consumer's monthly electric bill.

Decision Item Impact on Utility Fees				
Number of Households	Dept. Request	Cost per Household	Staff Recomm.	Cost per Household
1,960,617	\$221,658	\$0.11	\$183,900	\$0.09

*Recommendation:* Staff recommends the Committee approve this decision item in part. Staff recommends the Committee approve \$146,803 cash funds and 2.0 FTE for the Public Utilities Commission Personal Services line. Staff also recommends the Committee approve an appropriation of \$52,356 for the Public Utilities Commission Operating Expenses line item, for a total decision item appropriation of \$199,159 and 2.0 FTE. Staff recommends adding a request for information, which is provided at the end of this packet, so that the Committee and staff are aware of the progress and effectiveness of these positions, and staff's recommendation is outlined in the following table.

Decision Item #7 - Electricity Transmission Planning			
	Unit Cost	CF	FTE
Personal Services			
2 GP V	\$5,481 per month	131,544	2.0
PERA / Medicare		15,259	

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<b>Decision Item #7 - Electricity Transmission Planning</b>			
	<b>Unit Cost</b>	<b>CF</b>	<b>FTE</b>
<b>Recommended Personal Services Appropriation</b>		<b>\$146,803</b>	<b>2.0</b>
Operating Expenses			
Office Supplies	\$6,178 per FTE	12,356	0.0
Travel - Out of State, 3 trips per month	\$1,000 per trip	36,000	0.0
Travel - In State		4,000	0.0
<b>Recommended Operating Expenses Appropriation</b>		<b>\$52,356</b>	<b>0.0</b>
<b>Total Decision Item Recommendation</b>		<b>\$199,159</b>	<b>2.0</b>

**Personal Services**

*Request:* The Department has requested an appropriation of \$8,989,921 cash funds and 102.9 FTE, reflecting Decision Item #7.

<b>Staff Summary Public Utilities Commission</b>	<b>FY 2007-08 Actual</b>	<b>FY 2008-09 Approp.</b>	<b>FY 2009-10 Request</b>	<b>FY 2009-10 Recomm.</b>
Director & Commissioners	4.0	4.0	4.0	<b>4.0</b>
Executive Office	1.0	1.0	1.0	<b>1.0</b>
Administrative Services	12.8	12.8	12.8	<b>12.8</b>
Administrative Hearings	7.0	7.0	8.0	<b>7.0</b>
Policy Advisers & Case Mgmt	14.6	16.0	15.0	<b>15.0</b>
External Affairs	7.0	7.0	7.0	<b>7.0</b>
Utilities	27.4	34.3	36.1	<b>35.1</b>
Transportation	10.0	12.0	12.0	<b>12.0</b>
Gas Pipeline Safety	4.0	4.0	4.0	<b>4.0</b>
Rail/Transit	1.0	3.0	3.0	<b>3.0</b>
<b>TOTAL</b>	<b>88.8</b>	<b>101.1</b>	<b>102.9</b>	<b>100.9</b>

*Recommendation:* There are 2.0 FTE, a General Profession III and a Rate Analyst IV, within this line item that have not been filled for some time and the PUC does not plan to fill these positions. **Staff recommends reducing the FTE by 2.0 FTE to account for these vacant FTE**, and is the reason that staff's recommendation is lower than the Department's request. **Staff recommends an**

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**appropriation of \$8,852,294 cash funds and 100.9 FTE, reflecting the recommendation of the seventh decision item in part.** The following table summarizes staff's recommendation.

<b>Public Utilities Commission - Personal Services</b>		
	<b>CF</b>	<b>FTE</b>
FY 2008-09 Appropriation	\$8,138,973	97.1
Salary Survey awarded in FY 08-09	265,023	
80% of Performance-based Pay awarded in FY 08-09	89,917	
H.B. 08-1227	336,635	4.0
Annualize FY 2008-09 BA #3 PUC Fingerprinting Checks	(2,429)	(0.2)
Reduction for General Professional III, which is vacant with no plans to fill.	(46,740)	(1.0)
Reduction for Rate/Financial Analyst IV, which is vacant with no plans to fill.	(75,888)	(1.0)
Decision Item #7 - PUC Electric Transmission Planning	146,803	2.0
<b>Recommended FY 2009-10 Appropriation</b>	<b>\$8,852,294</b>	<b>100.9</b>

**Operating Expenses**

*Request:* The Department requests an appropriation of \$467,741 cash funds.

*Recommendation:* **Staff recommends an appropriation of \$445,762 cash funds.** The following table summarizes the staff recommendation for this line item, and staff requests permission to adjust the line once Committee policy is established for the two pending items.

<b>Public Utilities Commission - Operating Expenses</b>	
	<b>CF</b>
FY 2008-09 Appropriation	\$400,479
January 2009 Supplemental for the Office of IT	(8,038)
H.B. 08-1227	17,620
Annualize FY 2008-09 BA #3	(3,455)
Annualize H.B. 08-1227	(13,200)
Decision Item #7	52,356

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<b>Public Utilities Commission - Operating Expenses</b>	
NP DI #3 - Workers' Compensation	<u>Pending</u>
NP DI #4 - Mail Equipment and Postage	<u>Pending</u>
<b>Recommended FY 2009-10 Appropriation</b>	445,762

**Expert Testimony**

*Description:* This line pays for expert testimony during hearings before the PUC, as well as to support contractual services requiring expertise not available from PUC staff and to assist the PUC staff with representation before the Commissioners.

*Request:* The Department requests a continuation appropriation of \$25,000 cash funds.

*Recommendation:* **Staff recommends a continuation appropriation of \$25,000 cash funds.**

**Highway Crossing Payments**

*Description:* This line pays for a portion of expenditures incurred during safety upgrades at railroad crossings. Safety upgrades are primarily changing passive warnings, like signs, to active warning devices, like road blocks and flashing lights. Funding for this line was discontinued in FY 2002-03 because statutorily only a General Fund appropriation to this line can be made, but due to a remaining fund balance the Department continued to fund projects. The Department projects the fund to be drawn down to zero during FY 2009-10. **This line is shown in staff's numbers pages only for informational purposes and will not appear in the FY 2009-10 Long Bill.**

**Disabled Telephone Users Fund Payments**

*Description:* Revenue for the Disabled Telephone Users Fund (DTSF) is from fees on land lines pursuant to Section 40-17-104 (1), C.R.S. Money in the fund is continuously appropriated to pay the cost of a contract with Sprint that provides telecommunications relay services for disabled individuals. A call through Sprint's service works as follows: a non-disabled individual telephones a hearing-impaired individual and the call is routed to a communications assistant who types the spoken words so they can be sent to a TTY terminal used by the hearing-impaired individual.

*Request:* The Department requests an appropriation of \$2,439,591 cash funds.

*Recommendation:* **Staff recommends an appropriation of \$2,439,591 cash funds.**

**Transfer to Reading Services for the Blind Cash Fund**

*Description:* Funds appropriated out of the Disabled Telephone Users Fund (DTUF) to this line, are shown in the Department of Education as reappropriated funds for allocation to privately

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operated reading services for the blind. A FY 2008-09 supplemental increased the appropriation for this line to \$250,000 cash funds.

*Request:* Through a January 2008 budget amendment the Department requests an appropriation of \$250,000 cash funds.

*Recommendation:* **Staff recommendation is pending the Department of Education figure setting**, and staff requests permission to adjust the line as necessary.

**Commission for the Deaf and Hard of Hearing Cash Fund**

*Description:* The appropriation to this line is reappropriated to the Department of Human Services for the Commission's use. Funds are annually appropriated out of the Disabled Telephone User Fund (DTUF). Prior to FY 2006-07, the Commission was supported by ongoing and one-time transfers from the DTUF that were fixed in statute, but SB-218 changed the funding mechanism to an annual appropriation.

*Request:* The Department requests an appropriation of \$675,840 cash funds.

*Recommendation:* **Staff recommendation is pending the Department of Human Services figure setting**, and staff requests permission to adjust the line as necessary.

**Commission for the Blind or Visually Impaired Cash Fund**

*Description:* Added in FY 2008-09, this line accounts for the funds reappropriated to the Colorado Commission for the Individuals who are Blind or Visually Impaired line item in the Division of Human Services. Appropriated funds are out of the Disabled Telephone Users Fund.

*Request:* The Department requests a continuing appropriation of \$112,067 cash funds.

*Recommendation:* **Staff recommendation is pending the Department of Human Services figure setting**, and staff requests permission to adjust the line as necessary.

**Low Income Telephone Assistance**

*Description:* Since 1990 the PUC has run a program that subsidizes service for eligible low income telephone customers pursuant to Section 40-3.4-104, C.R.S. On February 22, 2006, the PUC adopted Decision # C06-0164 ordering Qwest Communications, INC. to establish a trust fund in the amount of \$5,500,000 for the purposes of funding the Low Income Telephone Assistance Program. Prior to adopting this decision, the program was funded with a monthly surcharge on telephone lines, but following the decision the PUC has eliminated this surcharge.

*Request:* The Department requests a continuing informational appropriation of \$2,143,752.

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*Recommendation:* **Staff recommends an information appropriation of \$2,143,752 cash funds.**

**Colorado Bureau of Investigation Background Checks Pass-through**

*Description:* This line item was added to the FY 2008-09 Long Bill to account for reappropriated to the Department of Public Safety, Colorado Bureau of Investigation, for processing of fingerprint-based criminal history record checks.

*Request:* The Department requests a continuing appropriation of \$67,128 cash funds.

*Recommendation:* **Staff recommends an appropriation of \$67,128 cash funds.**

**Indirect Cost Assessment**

*Request:* The Department has requested an appropriation of \$1,164,093 cash funds.

*Recommendation:* **The staff recommendation is pending the approval of Committee common policies**, and staff requests permission to adjust the line once a Committee common policies are established.

**(8) DIVISION OF REAL ESTATE**

This Division licenses real estate brokers and appraisers, analyzes subdivision offerings on undeveloped land, and enforces regulatory laws.

**Personal Services**

*Request:* The Department requests an appropriation of \$3,230,890 and 49.1 FTE.

<b>Staff Summary Division of Real Estate</b>	<b>FY 2007-08 Actual</b>	<b>FY 2008-09 Approp.</b>	<b>FY 2009-10 Request</b>	<b>FY 2009-10 Recomm.</b>
Director's Office	2.0	2.0	2.0	<b>2.0</b>
Enforcement Unit	12.6	17.6	17.6	<b>17.6</b>
Financial Examinations and Auditing	2.0	3.0	2.0	<b>2.0</b>
Education	2.0	2.0	2.0	<b>2.0</b>
Licensing and Certification	6.5	6.0	6.0	<b>6.0</b>
Appraisal Unit	3.9	5.5	5.5	<b>5.5</b>
Operational Support	5.5	7.0	7.0	<b>7.0</b>
Mortgage Broker	4.3	7.0	7.0	<b>7.0</b>
<b>TOTAL</b>	<b>38.8</b>	<b>50.1</b>	<b>49.1</b>	<b>49.1</b>

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*Recommendation:* **Staff recommends \$3,227,942 cash funds and 49.1 FTE**, pursuant to Committee policy. The following table summarizes staff's recommendation.

<b>Division of Real Estate - Personal Services</b>		
	<b>CF</b>	<b>FTE</b>
FY 2008-09 Appropriation	\$2,984,740	46.5
January 2009 Supplemental for the Office of IT	(2,948)	0.0
Salary Survey awarded in FY 08-09	90,780	
80% of Performance-based Pay awarded in FY 08-09	27,751	
H.B. 08-1353	187,072	3.6
Annualize H.B. 08-1353	(59,453)	(1.0)
<b>Recommended FY 2009-10 Appropriation</b>	<b>\$3,227,942</b>	<b>49.1</b>

**Operating Expenses**

*Request:* The Department requests an appropriation of \$210,081 cash funds.

*Recommendation:* **Staff recommends an appropriation of \$206,738 cash funds.** The following table summarizes the staff recommendation for this line item, and staff requests permission to adjust the line once Committee policy is established for the pending line.

<b>Division of Real Estate - Operating Expenses</b>	
	<b>CF</b>
FY 2008-09 Appropriation	\$197,768
H.B. 08-1353	11,862
Annualize H.B. 08-1353	(2,892)
Non-Prioritized DI #4 - Mail Equipment and Postage	<u>Pending</u>
<b>Recommended FY 2009-10 Appropriation</b>	<b>\$206,738</b>

**Commission Meeting Costs**

*Description:* This line item funds per diem, travel, and miscellaneous expenses for Real Estate Commission members when they attend meetings to conduct business.

*Request:* The Department requests a continuation appropriation of \$38,836 cash funds.

*Recommendation:* **Staff recommends a continuation appropriation of \$38,836 cash funds.**

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**Hearings Pursuant to Complaint**

*Request:* The Department requests a continuation appropriation of \$4,000 cash funds.

*Recommendation:* **Staff recommends a continuation appropriation of \$4,000 cash funds.**

**Payments from Real Estate Recovery**

*Description:* The Real Estate Recovery Fund was repealed by H.B. 05-1264. This fund supported a program that reimbursed the public for acts of fraud committed by real estate licensees who were unable to pay judgments issued by a civil court. Per the act, moneys were transferred from the Recovery Fund to the Division of Real Estate Cash Fund, however to date these funds have been exhausted and any further claims will be paid for from the General Fund. **This line is shown in staff's numbers pages only for informational purposes and will not appear in the FY 2009-10 Long Bill.**

**Mortgage Broker Consumer Protection**

*Description:* This line was added to the Long Bill in FY 2008-09 and is used to pay the costs for the investigation and prosecution of mortgage brokers, and mortgage fraud by the Attorney General's Office. Funds are appropriated to the Division then reappropriated to the Department of Law.

*Request:* The Department is requesting a continuation appropriation of \$309,495 cash funds.

*Recommendation:* **Staff recommends an appropriation of \$309,495 cash funds for this purpose.**

**Indirect Cost Assessment**

*Request:* The Department has requested an appropriation of \$557,469 cash funds.

*Recommendation:* **The staff recommendation is pending the approval of Committee common policies,** and staff requests permission to adjust the line once a Committee common policies are established.

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**(9) DIVISION OF REGISTRATIONS**

The Division of Registrations regulates nearly 300,000 licensees in more than forty-two professions and occupations. This Division is entirely cash funded by the Division of Registrations Cash Fund, which receives revenue from the regulated professionals registration and licensing fees.

**Decision Item #2 - Increase Resources for Office of Expedited Settlement**

*Request:* The Department requests \$110,815 cash funds and 2.0 FTE for the Office of Expedited Settlement.



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Analysis: The core of the Department's justification for this decision item is that the Expedited Settlement Process (ESP) costs less than sending cases to the Attorney General's Office (AG). The Department did not include costs of conferring with the AG in the cost of ESP. Staff spoke with the AG and learned that for only two boards in FY 2007-08 ESP used 224 hours of legal services or \$16,135. The AG staff assigned to work on ESP cases did not always log the correct billing code for ESP when tracking hours which is why there is information for only two boards.

From July 1, 2008 to January 1, 2009 the AG has billed ESP for 153 hours, but due to billing code issues it is likely this number is significantly higher. The following table shows for three boards the amount of legal service hours for the first half of FY 2008-09. Staff is concerned that the Department claimed these costs were marginal.

ESP Legal Service Costs		
Board	Hours	Cost
Chiropractors	37	2,779
Medical	53	3,980
Pharmacy	37	2,779
<b>Total</b>	<b>127</b>	<b>\$9,538</b>

During the Department hearing, it was stated that the AG should be able to use the work done by ESP staff when a case is unable to be settled in ESP and sent on to the AG. The AG stated that while the work done by ESP staff was good, they are not lawyers, and therefore the lawyers at the AG's office have to spend the time learning the case and creating a file that will withstand legal scrutiny.

Staff believes that ESP is a good conceptual idea, but staff is not sure it is being utilized to its best potential. Additionally, the difficulty staff had obtaining data on ESP makes staff question the effectiveness of this program. If the Department does not keep data or requires a great deal of work to access data, it makes it difficult to believe the program is effective. Examples include the number of legal service hours ESP is billed for, or the amount of time ESP staff spend on one case.

**Recommendation - Part 1: Staff recommends adding the Office of Expedited Settlement Program Costs as a new line item to the FY 2009-10 Long Bill** because of the number of decision items regarding OES over the past five years and the increasing cost and FTE associated with OES. Staff recommends adding the line as program costs so that personal services and operating expenses are not split out and give the Division the flexibility to met

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financial obligations. The following table summarizes the FTE and expenditures for OES since FY 2004-05.

<b>Office of Expedited Settlement FTE and Expenditures Since FY 2004-05</b>			
<b>Fiscal Year</b>	<b>FTE</b>	<b>Expenditures</b>	<b>Expenditure Increase</b>
FY 2004-05	2.0	\$138,592	
FY 2005-06	2.0	156,549	17,957
FY 2006-07	3.0	188,008	31,459
FY 2007-08	4.0	273,909	85,901
FY 2008-09 Estimated	4.0	298,584	24,675
FY 2009-10 Request	6.0	424,328	125,744

Staff is concerned about the lack of expenditure increase from FY 2005-06 to FY 2006-07 despite adding 1.0 FTE. Staff believes adding the Office of Expedited Settlement as a separate line item within the Division of Registrations it will help answer questions regarding expenditures and FTE.

*Recommendation - Part 2: Staff recommends the Committee approve this decision item in part*, because, while staff believes there is a need for the program, staff feels that the program needs to provide better data for the justification of 2.0 FTE. Staff recommends the Committee approve \$58,340 and 1.0 FTE for this decision item, which is outlined in the table below. Staff also recommends the Committee approve a request for information regarding the use of legal services by ESP, which staff has prepared and is located at the end of this packet.

<b>Office of Expedited Settlement - Staff Recommendation</b>		
<b>Personal Services</b>	<b>Per Unit</b>	<b>Total</b>
1 General Professional III	\$3,895	\$46,740
PERA / Medicare	5,422	5,422
Operating Expenses	6,178	6,178
<b>Recommended Total Appropriation</b>		<b>58,340</b>

**Personal Services**

Description: Staff investigate complaints, and staff board meetings and answer questions of applicants and current licensees.

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*Request:* The Department requests an appropriation of \$11,799,352 and 180.4 FTE.

Staff Summary Division of Registrations	FY 2007-08 Actual	FY 2008-09 Approp.	FY 2009-10 Request	FY 2009-10 Recomm.
Director's Office	3.3	5.0	5.0	<b>5.0</b>
Expedited Settlement	4.0	4.0	6.0	<b>0.0</b>
Examinations	2.5	1.0	1.0	<b>1.0</b>
Complaint Investigations	13.0	13.6	13.6	<b>13.6</b>
Licensing	20.0	23.0	23.0	<b>23.0</b>
Support Services	16.5	17.5	17.5	<b>17.5</b>
Board Personnel - Allied Health & Director Programs	8.0	11.1	11.1	<b>11.1</b>
Board Personnel - Business & Technical Section	59.0	63.3	63.3	<b>63.3</b>
Healthcare Section	35.9	39.9	39.9	<b>39.9</b>
<b>Total</b>	<b>162.2</b>	<b>178.4</b>	<b>180.4</b>	<b>174.4</b>

*Recommendation:* **Staff recommends \$11,500,267 and 174.4 FTE, pursuant to Committee policy.** The following table summarizes the staff recommendation for this line and reflects staff's recommendation to make the Office of Expedited Settlement a separate line item.

Division of Registrations - Personal Services						
	GF	CF	RF/CFE	FF	Total	FTE
FY 2008-09 Appropriation	\$0	\$8,774,814	\$2,181,315	\$6,492	\$10,962,621	172.0
Salary Survey awarded in FY 08-09	0	269,061	57,057	0	326,118	
80% of Performance-based Pay awarded in FY 08-09	0	95,358	19,977	0	115,335	
S.B. 08-29	0	28,130	0	0	28,130	0.5
S.B. 08-152	0	76,643	0	0	76,643	1.2
S.B. 08-188	67,400	0	0	0	67,400	0.0
S.B. 08-219	0	226,478	0	0	226,478	3.5
H.B. 08-1058	0	42,983	0	0	42,983	0.6
H.B. 08-1383	0	27,060	0	0	27,060	0.5

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Division of Registrations - Personal Services						
	GF	CF	RF/CFE	FF	Total	FTE
Annualize FY 2008-09 DI #1	0	5,999	0	0	5,999	0.1
Annualize S.B. 08-29	0	270	0	0	270	0.0
Annualize S.B. 08-152	0	(17,173)	0	0	(17,173)	0.0
Annualize S.B. 08-188	(67,400)	0	0	0	(67,400)	0.0
Annualize S.B. 08-219	0	(57,408)	0	0	(57,408)	0.0
Annualize H.B. 08-1383	0	20,292	0	0	20,292	0.0
Remove ESP*	0	(257,081)	0	0	(257,081)	(4.0)
<b>Recommended FY 2009-10 Appropriation</b>	<b>\$0</b>	<b>\$9,235,426</b>	<b>\$2,258,349</b>	<b>\$6,492</b>	<b>\$11,500,267</b>	<b>174.4</b>

\*Assumes that Personal Services make up 82% of the total ESP cost for FY 2008-09 which was \$313,513.

**Operating Expenses**

*Request:* Through a January 2009 budget amendment the Department requests an appropriation of \$1,389,410 cash funds. This request includes funding for Decision Item #2.

*Recommendation:* **Staff recommends an appropriation of \$1,299,888 cash funds.** The following table summarizes the staff recommendation, and reflects staff's recommendation to make ESP a separate line item. Staff requests permission to adjust the line once Committee policy is established for the pending line.

Division of Registrations - Operating Expenses	
	CF
FY 2008-09 Appropriation	\$1,367,967
S.B. 08-29	7,400
S.B. 08-152	7,748
S.B. 08-219	28,105
H.B. 08-1058	6,202
H.B. 08-1383	6,908
Annualize FY 08-09 DI #1 - Board of Medical Examiners	(2,980)
Annualize FY 08-09 DI #2 - Records Management Funding	(59,715)

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<b>Division of Registrations - Operating Expenses</b>	
Annualize S.B. 08-29	500
Annualize S.B. 08-152	2,517
Annualize S.B. 08-219	(1,555)
Annualize H.B. 08-1058	(2,805)
Annualize H.B. 08-1383	(3,972)
Remove ESP	(56,432)
Non-Prioritized DI #2 - Fleet Fuel	0
Non-Prioritized DI #4 - Mail Equipment and Postage	<u>Pending</u>
<b>Recommended FY 2009-10 Appropriation</b>	<b>\$1,299,888</b>

**Office of Expedited Settlement Program Costs (New Line Item)**

*Description:* The Office of Expedited Settlement oversees the Expedited Settlement Process (ESP) where all complaints received by Boards and Commissions in the Division of Registrations are sent to try and resolve the complaint without the use of the Attorney General's Office and legal service costs. ESP was started in FY 2004-05 via a decision item by the Department, and expanded again in FY 2007-08 via another decision item. Staff recommends this line item combine personal services costs and operating expenses for OES so the Department has flexibility to meet financial obligations.

*Request:* The Department did not request an appropriation for this line.

*Recommendation:* **Staff recommends an appropriation of \$371,853 cash funds and 5.0 FTE**, which reflects staff's recommendation to approve Decision Item #2 in part. Staff's recommendation is outlined in the following table.

<b>Office of Expedited Settlement - Program Costs</b>		
	<b>CF</b>	<b>FTE</b>
FY 2008-09 Projected Costs	\$298,584	4.0
FY 2009-10 Project Increases	14,929	0.0
DI #2 - ESP Resources	58,340	1.0
<b>Recommended FY 2009-10 Appropriation</b>	<b>\$371,853</b>	<b>5.0</b>

**Hearings Pursuant to Complaint**

*Request:* The Department requests a continuation appropriation of \$307,075 cash funds.

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*Recommendation:* **Staff recommends a continuation appropriation of \$307,075 cash funds.**

**CBI/FBI Background Checks (New Line Item)**

*Description:* The Division of Registrations regulates massage therapists pursuant to S.B. 08-219. As a requirement of licensure, massage therapists must submit their fingerprints and associated fees for a background criminal history check by either the Colorado Bureau of Investigations or the Federal Bureau of Investigations. The Division passes the fees and finger prints on to the Department of Public Safety. The Department has requested through their November 1, 2008 budget submission to add this line item to the FY 2009-10 Long Bill and all years thereafter to account for these fees that are passed on to the Department of Public Safety. **Staff recommends this line item be added to the FY 2009-10 Long Bill and all years thereafter.**

*Request:* The Department requests an appropriation of \$7,563 cash funds, pursuant to S.B. 08-219.

*Recommendation:* **Staff recommends an appropriation of \$7,563 cash funds.**

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

*Description:* Federal regulations require the state to certify nurse aides who work in medical facilities with Medicaid or Medicare patients. The Nursing Board runs Colorado's nurse aide certification program. Federal matching funds pay half the cost of the Medicaid portion of this program, but the Department cannot apply directly for the federal match because Medicaid's centralization rules require that the matching funds be funneled through the Department of Health Care Policy and Financing. The Division obtains the funds for the state's portion of expenses from an assessment on nursing homes.

*Request:* The Department requests an appropriation of \$14,652 cash funds.

*Recommendation:* **Staff recommends an appropriation of \$14,652 cash funds for this purpose.**

**Indirect Cost Assessment**

*Request:* The Department has requested an appropriation of \$4,070,137 cash funds .

*Recommendation:* **The staff recommendation is pending the approval of Committee common policies**, and staff requests permission to adjust the line and apply a funding split once Committee common policies are established.

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**(10) DIVISION OF SECURITIES**

This Division regulates the conduct of securities broker-dealers and sales representatives throughout Colorado. This Division is responsible for enforcing the following programs: the Colorado

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Securities Act, Colorado Commodity Code, the Colorado Municipal Bond Supervision Act, and the Local Government Investment Pool Trust Fund Administration and Enforcement Act. The Division is entirely cash funded from the Division of Securities Cash Fund.

**Decision Item #3 - Funding for Securities Field Examiners**

*Request:* The Department is requesting \$148,982 cash funds and 2.0 FTE to increase the number of investment advisory examiners.

*Staff Analysis:* Colorado has the seventh highest number of investment advisory firms (IAs) in the county, with 671 firms. IAs are firms that manage and invest funds for investors. The Department is unsure why Colorado has such a high number, but in order to keep these firms in Colorado the Department needs to ensure there is enough staff to conduct exams of these firms, which occur once every five to seven years. The way the securities industry measures the effectiveness of regulation is the ratio of the number of IAs to the number of securities examiners. The following table outline this ratio for certain states.

The ratio for Colorado is significantly higher than any of the top ten states, and adding 2.0 FTE to this Division the ratio will drop to 168 IAs per 1.0 FTE, bringing Colorado in line with other top ten states.

Ratio of IAs to Examiners				
State	Rank	Number of IAs	Examiners	Ratio
Colorado	7	671	2	336
California	1	2,840	17	167
Arizona	n.a	380	4	95
Pennsylvania	8	657	10	66
Washington	n.a.	441	7	63
Texas	2	1,264	10	126

Increasing the appropriation to the Division will result in an increase in fees for regulated firms and individuals. The Division has proposed increasing the fee for all 153,200 licensed individuals and 4,460 firms by \$1 to \$2 to fund this decision item. This fee increase is not unreasonable and would benefit the entire securities industry.

***Recommendation:* Staff recommends the Committee approve this decision item. Staff recommends the Committee approve the appropriation of \$129,126 and 2.0 FTE for the Personal Services and \$12,356 cash funds for the Operating Expenses line item in**

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**the Division of Securities**, for a total decision item appropriation of \$141,482 and 2.0 FTE. The following table outlines staff's recommendation.

Staff Calculation of Decision Item #5 Appropriation			
		Total Cost	FTE
2 FCE II	\$4,821 per FTE per month	\$115,704	2.0
PERA / Medicare		\$13,422	
Operating Expenses	\$6,178 per FTE	\$12,356	0.0
<b>Total</b>		<b>\$141,482</b>	<b>2.0</b>

**Personal Services**

*Description:* Division of Securities staff work to bring enforcement actions against fraudulent and other abusive conduct in the securities market. Staff investigate complaints made by citizens and monitor Colorado broker-dealer and sale representative conduct. Division staff also screens license applications, and perform on-site examinations of broker-dealer offices.

*Request:* The Department requests \$1,936,967 cash funds and 22.0 FTE.

Staff Summary Division of Securities	FY 2007-08 Actual	FY 2008-09 Approp.	FY 2009-10 Request	FY 2009-10 Recomm.
Commissioner's Office	2.0	2.0	2.0	<b>2.0</b>
Administration Unit	1.8	2.0	2.0	<b>2.0</b>
Examination Unit	6.0	6.0	8.0	<b>8.0</b>
Enforcement Unit	10.0	10.0	10.0	<b>10.0</b>
<b>TOTAL</b>	<b>19.8</b>	<b>20.0</b>	<b>22.0</b>	<b>22.0</b>

*Recommendation:* **Staff recommends \$1,935,460 cash funds and 22.0 FTE**, reflecting staff's recommendation on Decision Item #2. The following table summarizes the staff recommendation.

Division of Securities - Personal Services		
	CF	FTE
FY 2008-09 Appropriation	\$1,731,241	20.0
Salary Survey awarded in FY 08-09	57,278	0.0
80% of Performance-based Pay awarded in FY 08-09	17,815	0.0



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Division of Securities - Personal Services		
Decision Item #3 - Securities Resources	129,126	2.0
<b>Recommended FY 2009-10 Appropriation</b>	<b>\$1,935,460</b>	<b>22.0</b>

**Operating Expenses**

*Request:* Through a January 2009 budget amendment the Department requests an appropriation of \$61,063 cash funds for this line.

*Recommendation:* **Staff recommends an appropriation of \$60,172 cash funds**, which is outlined in the following table. Staff requests permission to adjust the line once Committee policy is established for the pending line.

Division of Securities - Operating Expenses	
	CF
FY 2008-09 Appropriation	\$47,816
Decision Item #3 - Securities Resources	12,356
Non-Prioritized DI #2 - Fleet Fuel	0
Non-Prioritized DI #4 - Mail Equipment and Postage	<u>Pending</u>
<b>Recommended FY 2009-10 Appropriation</b>	<b>\$60,172</b>

**Hearings Pursuant to Complaint**

*Request:* The Department requests an appropriation of \$19,594 cash funds.

*Recommendation:* **Staff recommends an appropriation of \$19,594 cash funds.**

**Board Meeting Costs**

*Description:* This line item funds per diem, travel, and miscellaneous costs for the five members of the Colorado Securities Board.

*Request:* The Department requests a continuation appropriation of \$4,500 cash funds.

*Recommendation:* **Staff recommends a continuation appropriation of \$4,500 cash funds.**

**Securities Fraud Prosecution**

*Description:* Division refers cases to the Securities Fraud Unit within the Criminal, Justice and Appellate Division of the Department of Law (Law) for investigation and criminal prosecution. Funds appropriated in this line are reappropriated to Law.

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*Request:* The Department requests \$473,014 cash funds for this line.

*Recommendation:* **Staff recommendation is pending figure setting for the Department of Law,** and staff requests permission to adjust the line as necessary.

**Indirect Cost Assessment**

*Request:* The Department has requested an appropriation of \$239,771 cash funds.

*Recommendation:* **The staff recommendation is pending the approval of Committee common policies,** and staff requests permission to adjust the line once Committee common policies are established.

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**Long Bill Footnotes and Requests for Information**

The Long Bill for FY 2008-09 did not contain any footnotes specific to the Department of Regulatory Agencies. Staff recommends the following information request be **added** for FY 2009-10:

**N Department of Regulatory Agencies, Public Utilities Commission** – The General Assembly requests that the Department submit to the Joint Budget Committee, on or before November 1, 2009, a summary of the meetings and conferences attended by the Electricity Transmission Planning staff, and an outline of meetings and conferences to be attended during the remainder of FY 2009-10.

**N Department of Regulatory Agencies, Division of Registrations** – The General Assembly requests that the Department submit to the Joint Budget Committee, on or before November 1, 2009, a report detailing the method being used to track the number of legal service hours billed to the Office of Expedited Settlement by the Department of Law and the number of hours billed to the Office for the current fiscal year.