

STATE OF COLORADO
JOINT BUDGET COMMITTEE



Fiscal Year 2006-07

APPROPRIATIONS REPORT

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FISCAL YEAR 2006-07 APPROPRIATIONS REPORT

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INTRODUCTION

The purpose of this report is to assist members of the General Assembly, state personnel, and other interested parties in understanding state funding decisions made during the 2006 Regular Session. This report provides an overview of state general tax revenues and expenditures, comparative and historical information regarding appropriations made during the 2006 Regular Session, and a detailed explanation of major funding changes for each state department. The FY 2006-07 Appropriations Report includes the following five sections.

Part I: Overview of Revenues and Expenditures

This section of the report includes: (A) an overview of state General Fund revenues and expenditures, as well as a discussion of related statutory requirements and limitations; (B) a discussion of constitutional revenue and spending limits; and (C) a series of charts identifying the sources of General Fund revenue and comparing the distribution of expenditures by program and fund source over a ten year period.

Part II: Summary Tables

This section consists of a series of tables that summarize FY 2006-07 appropriations and FTE authorizations by department and funding source. Tables in subsection B provide comparable data for the previous three fiscal years.

Part III: Expenditure and Appropriation Detail by Department

This section contains detailed information regarding funding for the operations of each state department and for capital construction projects. The subsection for each department summarizes funding and FTE authorizations for FY 2005-06 and FY 2006-07. The format reflects appropriations by bill and by division or program area. Narrative sections describe major changes in funding from FY 2005-06 to FY 2006-07, factors affecting departmental budgets, fund sources for each division, and division activities. This section also includes brief summaries of bills adopted in the 2005 and 2006 Regular Sessions that contained an appropriation or implemented a major policy change.

The footnotes to the 2006 Long Bill (H.B. 06-1385) can be found at the end of each departmental section in the 2006 Session Laws, or they can be accessed via the internet at the following address:

<http://www.leg.state.co.us/CLICS2006A/csl.nsf/lbcontainer/HB06-1385?OpenDocument>

Additional information on department activities and funding requests may also be found in Joint Budget Committee staff briefing, supplemental, and figure setting documents. These documents may be accessed via the internet at the following address:

http://www.state.co.us/gov_dir/leg_dir/jbc/jbcstaffdocs.htm

Note that these documents, unlike information included in this appropriations report, reflect staff recommendations rather than final funding decisions made by the General Assembly.

Appendices

This section includes: (A) a glossary of terms used in this report; (B) descriptions of the general policies that have been applied to determine funding for operations of state departments; (C) tables summarizing 2006 Session adjustments to operating and capital construction appropriations for years prior to FY 2005-06; (D) a table summarizing appropriations from the State Education Fund; (E) a table summarizing appropriations from the Highway Users Tax Fund; and (F) a summary of severance tax allocations.

Index

Finally, this report includes an index to assist the reader in identifying the state department associated with a particular division, service, or program.

PART I: OVERVIEW OF REVENUES AND EXPENDITURES

A. GENERAL FUND OVERVIEW

This section provides an overview of General Fund revenues and expenditures based on Legislative Council's March 2006 revenue estimate, which was used to prepare the FY 2006-07 budget. Table 1 provides an overview of General Fund revenues, spending obligations, and ending reserves for both FY 2005-06 and FY 2006-07. It is important to note that some of these amounts will change in the future with revised revenue forecasts. Table 2 provides an overview of the statutory General Fund appropriations limit for FY 2006-07.

Table 1		
General Fund Overview (In Millions)		
Description	FY 2005-06	FY 2006-07
<u>General Fund Available</u>		
Beginning General Fund Reserve	\$335.5	\$476.2
Gross General Fund Nonexempt Revenues	5,954.1	6,258.1
Gross General Fund Exempt Revenues	815.1	801.3
Transfer to Older Coloradans Fund	(2.0)	(2.0)
Transfers from/(to) Other Funds	164.4	32.8
S.B. 97-1 Diversion to Highway Fund	(218.5)	(68.1)
Excess Article X, Section 20 Revenues	<u>0.0</u>	<u>0.0</u>
Total General Fund Available	\$7,048.6	\$7,498.3
<u>General Fund Obligations</u>		
Capital Construction Transfer	\$10.1	\$80.0
Rebates and Expenditures	166.6	180.9
Excess Reserve to HUTF	65.4	149.7
Excess Reserve to Capital Construction	32.7	74.8
Reimbursement for Senior Property Tax Cut	0.0	64.6
Controlled Maintenance Trust Fund Transfer	0.0	0.0
Amounts Deemed Exempt from 6.0 Percent Limit	5.0	5.8
General Fund Appropriations	<u>6,292.6</u>	<u>6,669.2</u>
Total General Fund Obligations	\$6,572.4	\$7,225.0
Ending General Fund Reserve (Available Funds Less Obligations)	\$476.2	\$273.3
<u>General Fund Reserve Information</u>		
Statutorily Required General Fund Reserve	\$251.7	\$266.8
General Fund Reserve in Excess of Statutory Requirement	\$224.5	\$6.5

Beginning General Fund Reserve

These figures represent the projected total balance in the General Fund reserve at the start of the fiscal year, based on the assumptions used for revenues and obligations. The beginning General Fund reserve is the same as the prior year's ending General Fund reserve. Section 24-75-201.1 (1) (d) (III), C.R.S., requires a reserve of at least four percent of General Fund appropriations and Section 24-75-201.5, C.R.S., requires the Governor to take action to reduce state spending during the year if revenue estimates indicate the reserve would fall below two percent.

Gross General Fund Nonexempt Revenues

These figures represent estimates of the total General Fund revenues as reflected in Legislative Council's March 2006 revenue estimate. The major components of the State's General Fund revenues are sales and use, individual and corporate income, insurance, and cigarette taxes. General Fund revenues must be applied to statutory obligations before the General Assembly can appropriate the remaining General Fund. These obligations include rebates and expenditures and the capital construction transfer as described below.

Gross General Fund Exempt Revenues

As a result of the passage of Referendum C in the November 2005 election, the State is permitted to retain excess revenues that otherwise would have been refunded under TABOR. These figures represent the estimate of those retained amounts as reflected in Legislative Council's March 2006 revenue estimate. Please see Part B - ARTICLE X, SECTION 20 (TABOR) OVERVIEW of this section for a more detailed overview of TABOR and Referendum C.

Transfer to Older Coloradans Fund

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

Transfers from/(to) Other Funds

This line item identifies miscellaneous transfers to or from the General Fund. The amount shown in FY 2005-06 is primarily due to S.B. 05-210, which transfers \$185.6 million from the Controlled Maintenance Trust Fund back into the General Fund. The remainder of the amount is derived from smaller transfers of Tobacco moneys (H.B. 05-1262 and S.B. 05-211) and interest from the Controlled Maintenance Trust Fund (H.B. 05-1349) into the General Fund. These amounts are offset by pay backs of funds as required in H.B. 02-1391. The amount shown in FY 2006-07 is derived from transfers of Tobacco moneys into the General Fund.

S.B. 97-1 Diversion to Highway Fund

Senate Bill 97-1 allows 10.355 percent of the total sales tax revenue to be transferred to the State Highway Fund for transportation projects as long as there is enough revenue in the General Fund to fund a six percent increase in General Fund appropriations and the four percent statutory reserve.

Excess Article X, Section 20 Revenues

Article X, Section 20 (TABOR) of the Colorado Constitution places restrictions on the amount of total General Fund and cash funds that can be collected and, consequently, spent by the State. Based on the Legislative

Council's March 2006 revenue estimate, the State would have had excess refunds in both FY 2005-06 and FY 2006-07, however, due to the passage of Referendum C in the November 2005 election, the State is permitted to retain these revenues.

Capital Construction Transfer

Section 24-75-302 (2), C.R.S., provides for transfers of General Fund to the Capital Construction Fund. These transfers are exempt from the calculation of the statutory General Fund spending limit. The General Assembly can, and has, changed the amount of the annual transfer when necessary.

Rebates and Expenditures

These statutory obligations include Old Age Pensions, cigarette tax rebates to local governments, Fire and Police Pension Payments for local governments, and Elderly Property Tax and Heating Credits. These statutory obligations are exempt from the calculation of the statutory General Fund spending limit.

Excess Reserve to HUTF and Excess Reserve to Capital Construction

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

Reimbursement for Senior Property Tax Cut

In the 2000 General Election, Colorado voters approved a constitutional amendment that reduces property taxes for qualifying senior citizens. The property tax reduction is available to senior citizens 65 years of age or older. Qualifying seniors must have owned and lived in their homes for a least ten years. The cost of the exemption is borne by the State rather than by local governments or other property owners. Beginning in 2003, the State Treasurer is required to annually reimburse local governments by April 15 for property tax revenues lost as a result of the exemption. However, S.B. 03-265 suspended this program for three years (FY 2003-04, FY 2004-05, and FY 2005-06). As a result, there will be no costs associated with this program in FY 2004-05 or FY 2005-06. The amount shown in FY 2006-07 represents the estimate as reflected in Legislative Council's March 2006 revenue forecast.

Controlled Maintenance Trust Fund Transfer

Section 24-75-302.5, C.R.S., established the Controlled Maintenance Trust Fund to help address capital upkeep needs. Transfers to the Controlled Maintenance Trust Fund were eliminated in the early 2000's in order to balance the State budget.

Amounts Deemed Exempt from the 6.0 Percent Limit

These amounts represent the level of funds that are appropriated for purposes that are exempt from the statutory restrictions on state appropriations as reflected in Section 24-75-201.1, C.R.S. The amount for FY 2005-06 is the result of a bill that provided funding for the Giardino Lawsuit (H.B. 06-1375). The amount in FY 2006-07 is the result of a bill that provided funding for residential treatment centers (H.B. 06-1395).

General Fund Appropriations

These figures represent the total appropriations made in the Long Bill and in any separate bills. This amount does not include funds appropriated for Rebates and Expenditures, which are described above and are exempt from the calculation of the statutory General Fund spending limit.

Ending General Fund Reserve

This figure represents the amount of General Fund in reserve after the transfers and other obligations described above have occurred. The ending General Fund reserve for one fiscal year becomes the beginning General Fund reserve for the next.

Statutorily Required General Fund Reserve

Section 24-75-201.1 (1) (d) (III), C.R.S., requires a reserve of at least four percent of the total General Fund appropriations at the beginning of the fiscal year. If at any time during the year revenue projections indicate that there would not be sufficient General Fund revenues to maintain at least half of the required four percent (i.e., two percent), the Governor must take steps to reduce or restrict spending pursuant to Section 24-75-201.5, C.R.S.

Statutory Limit on General Fund Appropriations

Section 24-75-201.1, C.R.S., restricts the increase in state General Fund appropriations to the lesser of five percent of state personal income or six percent over the total General Fund appropriations of the previous year. The statutes also provide exemptions from the limit for the first year of new federal mandates, requirements of final court orders, and voter approved increases. Since its passage, the lesser amount has been six percent over the previous year's General Fund appropriations, so it is commonly called the "six percent spending limit." It is also referred to as the Arveschoug or Arveschoug/Bird limit after the prime sponsors of the last version of the statute, Representative Arveschoug and Senator Bird.

Table 2 shows the FY 2005-06 General Fund appropriations base used to calculate the allowable General Fund appropriations in FY 2006-07. The table also shows the General Fund appropriations that are exempt from the limit in FY 2006-07, and the amount still available to make General Fund appropriations that are within the limit for FY 2006-07.

Table 2	
Section 24-75-201.1, C.R.S., Statutory Appropriations Limit (In Millions)	
FY 2005-06 General Fund Appropriations Base	\$6,297.6
Multiplied by: Allowable Growth of Six Percent	<u>1.06</u>
FY 2006-07 General Fund Appropriations Limit	\$6,675.5
FY 2006-07 General Fund Appropriations	\$6,806.5
Less: General Fund Appropriations Exempt from Statutory Limitation	<u>(137.3)</u>
FY 2006-07 General Fund Appropriations Subject to Limit	\$6,669.2
Over/(Under) FY 2006-07 General Fund Limit	(\$6.3)

B. ARTICLE X, SECTION 20 (TABOR) OVERVIEW

Description of TABOR

In addition to the General Fund appropriation limitations imposed by Section 24-75-201.1, C.R.S., Article X, Section 20 of the Colorado Constitution (TABOR) places restrictions on the amount of total General Fund and cash funds that can be collected and, consequently, spent by the State. This section provides information about this constitutional revenue and spending limit.

The provisions of Article X, Section 20 have several key points affecting the state budget:

- Fiscal year spending is defined as expenditures or reserve increases. In other words, *all* revenues received by the State that are not specifically exempt are considered "spending";
- The change in fiscal year spending for the next year is restricted to the percentage change in the general price level due to inflation plus the percentage change in state population in the prior calendar year, adjusted for revenue changes approved by the voters after 1991; and
- The base for calculating the allowable growth is the *lesser* of either actual revenues or the allowable limit.

In order to comply with the limits contained in Article X, Section 20, several calculations are necessary. Because this provision makes no distinction between General Fund and cash funds collected by the state, it is necessary to make forecasts of all the separate cash funds as well as the General Fund. The estimated totals of the General Fund and cash funds are then increased by the estimated changes in inflation and population to project the allowable increase in fiscal year spending.

As a result of the 2000 Census, it was discovered that actual population growth in the State was under-counted in prior years, resulting in over-refunds of state revenues. House Bill 02-1310 allows the state to recoup state revenues lost due to over-refunds resulting from the underestimates of population growth. The bill establishes a process which allows the adjustment of population every decade to match the federal census. This process allows the adjustment to occur over more than one fiscal year when the actual amount of state fiscal year spending for the first fiscal year in which such an adjustment can be made is insufficient to allow the state to recoup the full amount of all over-refunds. Therefore, Legislative Council's March 2005 revenue estimate makes adjustments to the calculation of the allowable increase of revenues that the State may retain in FY 2004-05.

Passage of Referendum C at the November 2005 General Election

Referendum C was referred to and passed by the registered electors of the State at the November 2005 election. This measure authorized the State to retain and spend moneys in excess of the constitutional limitation on state fiscal year spending as follows:

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

Within the State General Fund, the measure established the General Fund exempt account, which consists of an amount of moneys equal to the amount of state revenues in excess of the limitation on state fiscal year spending that the State retains for a given fiscal year. The measure further established that moneys in the account would be appropriated or transferred to fund:

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

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

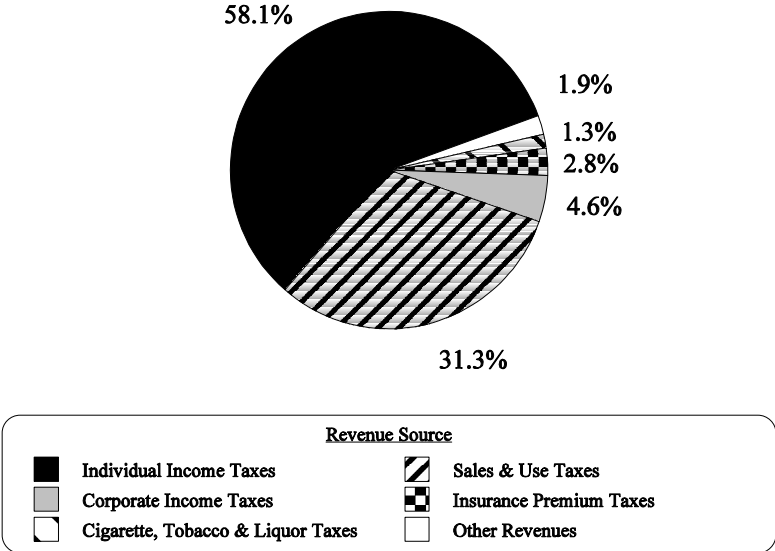
The measure requires the Director of Research of the Legislative Council to prepare an excess state revenues legislative report that includes the amount of excess state revenues that the State retained and a description of how the excess state revenues were expended.

Table 3 summarizes the General Fund Exempt appropriations made in compliance with Section 24-77-104.5 (1) (a) and Section 24-77-103.6 (2) C.R.S.:

Table 3			
"Referendum C" General Fund Exempt Appropriations by Programs in H.B. 06-1385 (Long Bill) and H.B. 06-1386 (Dollars in Millions)			
Department	Long Bill Line Item/Bill Number	FY 05-06	FY 06-07
Education	State Share of Districts' Total Program Funding	\$261.4	\$256.1
Health Care Policy and Finance	Medical Services Premiums Totals	261.3	256.1
Higher Education	College Opportunity Fund Program - Stipends	253.4	235.4
Local Affairs	Volunteer Firefighter Retirement Plans	3.7	3.8
Treasury	Fire and Police Pension Association - Old Hire Plans	25.3	34.8
Transportation	H.B. 06-1386 - Capital Transfer Bill	10.0	15.0
	Total General Fund Exempt	\$815.1	\$801.2

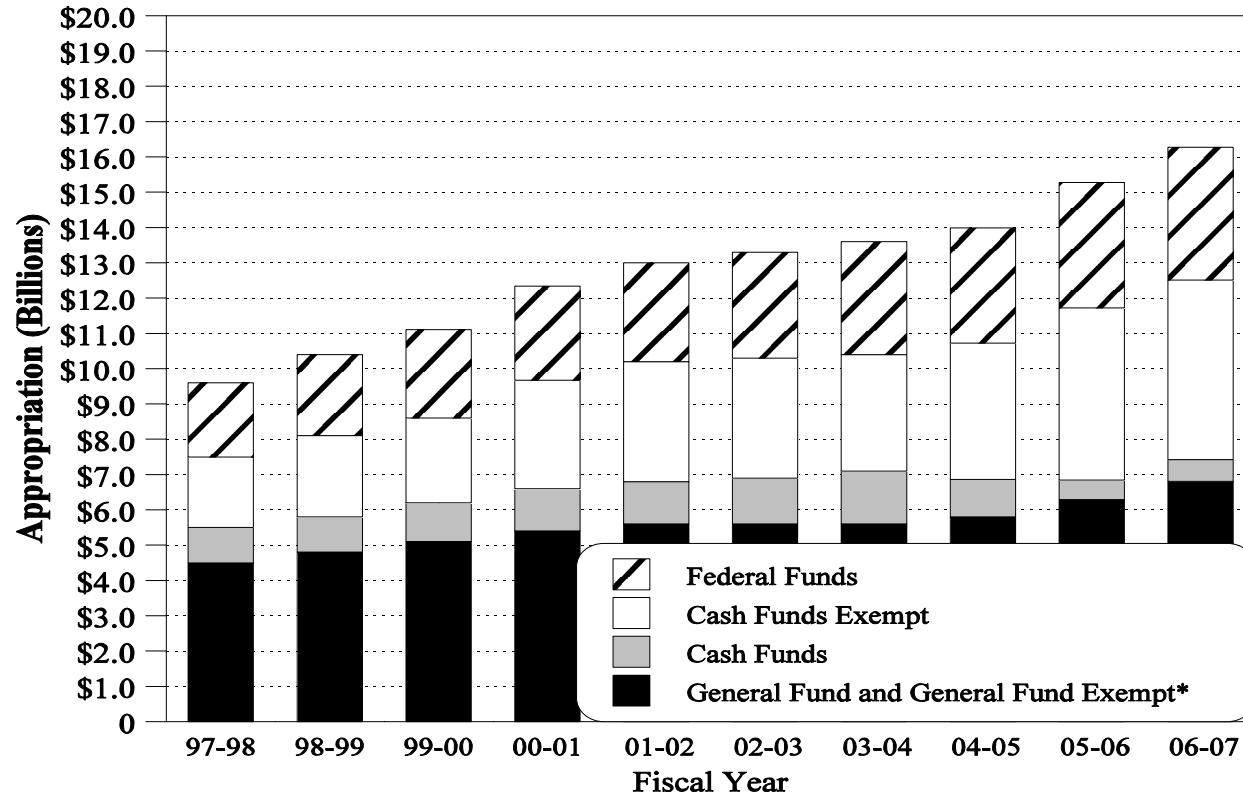
**COLORADO STATE BUDGET
SOURCES OF GENERAL FUND REVENUE
(Fiscal Year 2006-07)**

Estimated Gross General Fund Revenues = \$7.059 Billion*



* Source: Colorado Legislative Council Staff's March 2006 Economic and Revenue Forecast. These percentages are net of income tax receipts that are transferred to the State Education Fund.

**COLORADO STATE OPERATING BUDGET
HISTORY OF APPROPRIATIONS BY FUNDING SOURCE
(Fiscal Years 1997-98 through 2006-07)**



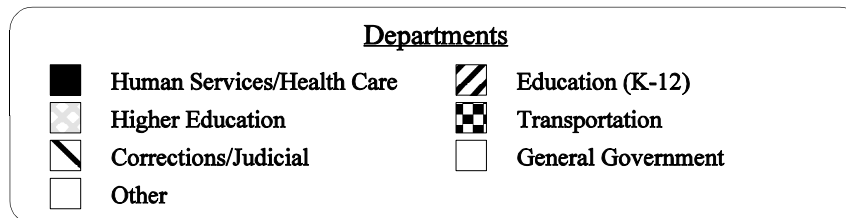
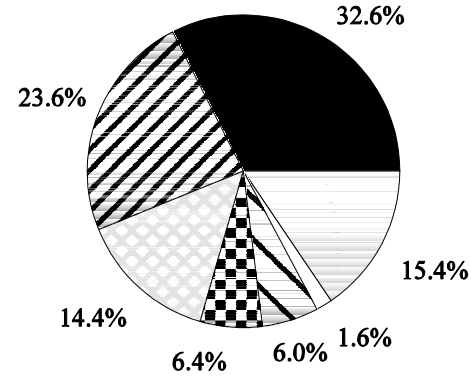
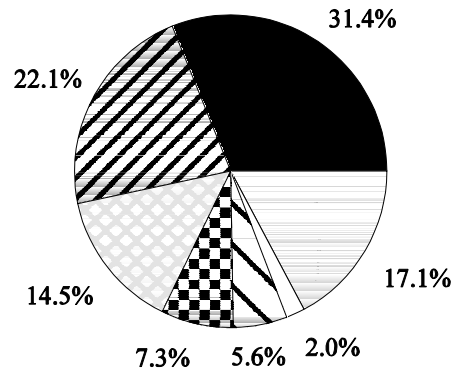
NOTE: Appropriated amounts have not been adjusted for inflation.

* General Fund Exempt amounts are reflected for FY 2005-06 and FY 2006-07.

COLORADO STATE OPERATING BUDGET COMPARISON OF TOTAL APPROPRIATIONS BY PROGRAM

FY 1996-97 = \$8.82 billion

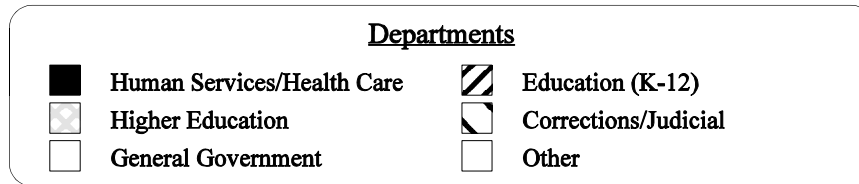
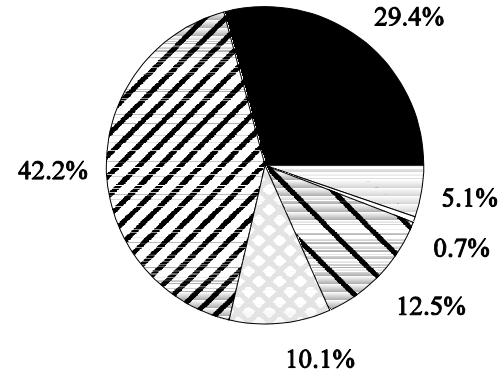
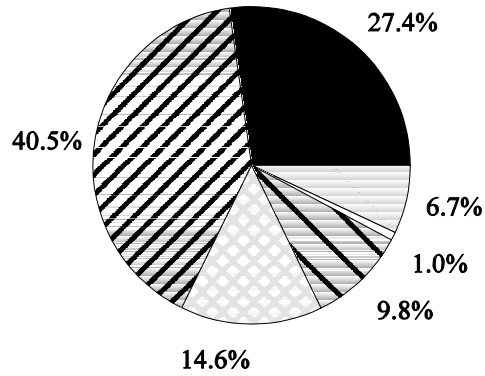
FY 2006-07 = \$16.28 billion



COLORADO STATE OPERATING BUDGET COMPARISON OF GENERAL FUND APPROPRIATIONS BY PROGRAM

FY 1996-97 = \$4.25 billion

FY 2006-07 = \$6.81 billion



PART II: SUMMARY TABLES

A. FY 2006-07 OPERATING APPROPRIATIONS BY DEPARTMENT AND FUND SOURCE

Department	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	TOTAL
Agriculture	\$5,204,790	\$14,285,915	\$13,786,528	\$1,884,682	\$35,161,915
Corrections	584,997,496	1,970,686	57,577,872	1,130,098	645,676,152
Education	2,874,627,998	14,615,679	470,577,544	488,039,789	3,847,861,010
Governor	11,230,755	31,125,440	4,044,045	16,522,636	62,922,876
Health Care Policy and Financing	1,396,681,802	690,959	359,452,661	1,629,000,878	3,385,826,300
Higher Education	689,673,756	23,955,067	1,609,291,082	20,080,322	2,343,000,227
Human Services	604,055,742	103,736,846	635,958,150	573,638,972	1,917,389,710
Judicial	262,618,380	63,387,875	9,901,692	1,166,247	337,074,194
Labor and Employment	140,166	30,440,142	20,141,876	103,958,600	154,680,784
Law	8,935,061	3,924,568	25,734,278	881,866	39,475,773
Legislature	30,886,703	90,000	913,551	0	31,890,254
Local Affairs	10,300,005	29,211,343	101,964,543	97,748,767	239,224,658
Military and Veterans Affairs	5,273,892	76,413	1,371,400	145,805,779	152,527,484
Natural Resources	28,534,012	39,837,017	109,938,993	16,751,750	195,061,772
Personnel and Administration	7,274,376	12,153,774	144,479,967	121,000	164,029,117
Public Health and Environment	22,816,667	32,217,407	187,511,616	210,157,021	452,702,711
Public Safety	66,899,268	12,263,259	106,986,194	35,214,722	221,363,443
Regulatory Agencies	1,360,145	53,776,930	9,153,933	1,151,664	65,442,672
Revenue	94,933,476	45,321,997	413,431,382	1,561,754	555,248,609
State	0	17,450,876	8,924,997	0	26,375,873
Transportation	0	81,347,112	537,713,409	415,271,865	1,034,332,386
Treasury	<u>100,130,989</u>	<u>2,584,606</u>	<u>265,236,100</u>	<u>0</u>	<u>367,951,695</u>
OPERATING TOTAL a/	\$6,806,575,479	\$614,463,911	\$5,094,091,813	\$3,760,088,412	\$16,275,219,615

a/ For information about Capital Construction, see page 470.

B. FOUR-YEAR SUMMARY OF APPROPRIATIONS:

TOTAL FUNDS

Department	FY 2003-04 Appropriation	FY 2004-05 Appropriation	FY 2005-06 Appropriation	FY 2006-07 Appropriation
Agriculture	\$29,133,822	\$29,678,109	\$30,226,521	\$35,161,915
Corrections	535,582,436	555,365,816	592,198,370	645,676,152
Education	3,274,916,027	3,433,794,459	3,727,484,358	3,847,861,010
Governor	34,132,084	35,350,689	43,807,661	62,922,876
Health Care Policy and Financing	2,952,247,054	3,075,508,222	3,256,303,708	3,385,826,300
Higher Education	1,648,148,926	1,699,546,796	2,188,828,336	2,343,000,227
Human Services	1,850,706,233	1,745,154,446	1,848,398,193	1,917,389,710
Judicial	275,986,626	287,263,345	306,604,491	337,074,194
Labor and Employment	116,114,543	131,727,188	152,994,001	154,680,784
Law	33,513,110	69,507,020	36,527,366	39,475,773
Legislature	28,587,781	29,478,646	30,942,776	31,890,254
Local Affairs	180,117,570	181,789,450	219,939,866	239,224,658
Military and Veterans Affairs	128,165,287	128,566,783	132,561,448	152,527,484
Natural Resources	168,989,587	177,377,992	186,291,806	195,061,772
Personnel and Administration	162,436,435	162,214,467	159,622,213	164,029,117
Public Health and Environment	258,253,057	279,366,806	387,931,395	452,702,711
Public Safety	194,975,820	218,578,891	220,482,320	221,363,443
Regulatory Agencies	67,218,961	64,616,218	62,492,925	65,442,672
Revenue	517,151,105	522,672,938	541,802,827	555,248,609
State	51,905,823	25,402,378	31,833,458	26,375,873
Transportation	846,500,558	916,199,700	820,376,668	1,034,332,386
Treasury	<u>261,771,989</u>	<u>264,677,777</u>	<u>308,178,523</u>	<u>367,951,695</u>
TOTAL	\$13,616,554,834	\$14,033,838,136	\$15,285,829,230	\$16,275,219,615

FOUR-YEAR SUMMARY OF APPROPRIATIONS:

GENERAL FUND

Department	FY 2003-04 Appropriation	FY 2004-05 Appropriation	FY 2005-06 Appropriation	FY 2006-07 Appropriation
Agriculture	\$4,112,471	\$4,192,206	\$4,278,434	\$5,204,790
Corrections	468,896,060	496,830,470	535,840,416	584,997,496
Education	2,417,670,435	2,514,557,579	2,721,702,358	2,874,627,998
Governor	13,380,007	15,890,879	16,024,911	11,230,755
Health Care Policy and Financing	1,240,343,033	1,280,754,507	1,363,690,096	1,396,681,802
Higher Education	591,409,402	587,972,772	636,485,608	689,673,756
Human Services	458,630,015	484,945,495	505,514,567	604,055,742
Judicial	208,617,893	219,004,745	236,983,530	262,618,380
Labor and Employment	0	0	0	140,166
Law	6,543,957	6,818,152	7,203,044	8,935,061
Legislature	27,063,281	28,628,519	29,686,409	30,886,703
Local Affairs	4,755,544	8,665,475	8,599,468	10,300,005
Military and Veterans Affairs	3,897,319	3,884,923	4,426,900	5,273,892
Natural Resources	19,710,055	22,356,999	22,843,818	28,534,012
Personnel and Administration	7,986,986	7,863,549	8,266,947	7,274,376
Public Health and Environment	12,500,105	13,106,464	20,570,942	22,816,667
Public Safety	54,171,145	56,498,955	58,901,926	66,899,268
Regulatory Agencies	1,051,133	1,029,665	1,383,348	1,360,145
Revenue	90,654,825	87,137,300	82,781,784	94,933,476
State	0	0	0	0
Transportation	0	0	0	0
Treasury	<u>4,353,913</u>	<u>749,822</u>	<u>26,033,148</u>	<u>100,130,989</u>
OPERATING SUBTOTAL	\$5,635,747,579	\$5,840,888,476	\$6,291,217,654	\$6,806,575,479
Capital Construction Fund a/	0	152,800	62,092,409	0
LESS: Amount Exempt From Statutory Limit	<u>(36,419,836)</u>	<u>(35,190,894)</u>	<u>(60,643,188)</u>	<u>(137,322,895)</u>
GRAND TOTAL	\$5,599,327,743	\$5,805,850,382	\$6,292,666,875	\$6,669,252,584

a/ These figures reflect appropriations from the General Fund into the Capital Construction Fund.

FOUR-YEAR SUMMARY OF APPROPRIATIONS:

CASH FUNDS

Department	FY 2003-04 Appropriation	FY 2004-05 Appropriation	FY 2005-06 Appropriation	FY 2006-07 Appropriation
Agriculture	\$22,334,351	\$10,460,257	\$10,503,713	\$14,285,915
Corrections	2,912,102	2,371,727	1,939,302	1,970,686
Education	15,233,415	14,762,022	15,292,983	14,615,679
Governor	144,950	225,779	9,447,586	31,125,440
Health Care Policy and Financing	12,181,611	11,448,429	741,183	690,959
Higher Education	959,399,101	537,034,995	23,257,260	23,955,067
Human Services	85,815,234	95,417,676	105,626,757	103,736,846
Judicial	59,134,676	60,208,406	60,507,476	63,387,875
Labor and Employment	26,134,315	27,064,568	31,268,769	30,440,142
Law	2,413,554	3,256,881	3,777,263	3,924,568
Legislature	188,743	90,000	90,000	90,000
Local Affairs	25,100,161	25,438,627	25,855,405	29,211,343
Military and Veterans Affairs	25,117	26,244	51,217	76,413
Natural Resources	37,884,274	36,791,001	40,704,370	39,837,017
Personnel and Administration	10,847,769	10,385,054	11,484,436	12,153,774
Public Health and Environment	30,914,921	32,135,179	30,975,401	32,217,407
Public Safety	9,948,119	10,374,569	10,865,049	12,263,259
Regulatory Agencies	50,941,141	51,095,062	51,921,670	53,776,930
Revenue	44,804,075	44,545,391	44,027,000	45,321,997
State	14,297,176	15,937,115	16,630,109	17,450,876
Transportation	64,902,123	64,501,672	54,569,770	81,347,112
Treasury	<u>2,205,076</u>	<u>2,300,955</u>	<u>2,529,943</u>	<u>2,584,606</u>
TOTAL	\$1,477,762,004	\$1,055,871,609	\$552,066,662	\$614,463,911

FOUR-YEAR SUMMARY OF APPROPRIATIONS:

CASH FUNDS EXEMPT

Department	FY 2003-04 Appropriation	FY 2004-05 Appropriation	FY 2005-06 Appropriation	FY 2006-07 Appropriation
Agriculture	\$1,517,498	\$13,300,999	\$13,719,315	\$13,786,528
Corrections	59,904,567	54,888,964	52,737,807	57,577,872
Education	461,334,608	491,370,395	491,727,404	470,577,544
Governor	1,889,010	1,706,447	4,035,337	4,044,045
Health Care Policy and Financing	236,020,640	282,896,025	333,073,353	359,452,661
Higher Education	77,938,125	554,733,876	1,508,723,285	1,609,291,082
Human Services	790,782,095	641,236,839	678,668,853	635,958,150
Judicial	6,475,448	6,760,504	7,954,959	9,901,692
Labor and Employment	15,252,400	15,812,355	18,818,603	20,141,876
Law	23,754,809	58,606,689	24,695,099	25,734,278
Legislature	1,335,757	760,127	1,166,367	913,551
Local Affairs	101,519,458	99,285,237	100,171,655	101,964,543
Military and Veterans Affairs	2,086,791	2,444,862	2,530,529	1,371,400
Natural Resources	94,995,569	101,770,456	106,796,254	109,938,993
Personnel and Administration	143,530,149	143,894,333	139,749,830	144,479,967
Public Health and Environment	55,108,546	64,460,031	134,953,130	187,511,616
Public Safety	87,771,436	109,623,522	115,218,660	106,986,194
Regulatory Agencies	14,136,326	11,404,339	7,791,409	9,153,933
Revenue	379,766,587	389,183,398	413,319,584	413,431,382
State	879,395	9,433,366	15,203,349	8,924,997
Transportation	469,487,824	551,952,803	431,474,156	537,713,409
Treasury	<u>255,213,000</u>	<u>261,627,000</u>	<u>279,615,432</u>	<u>265,236,100</u>
TOTAL	\$3,280,700,038	\$3,867,152,567	\$4,882,144,370	\$5,094,091,813

FOUR-YEAR SUMMARY OF APPROPRIATIONS:

FEDERAL FUNDS

Department	FY 2003-04 Appropriation	FY 2004-05 Appropriation	FY 2005-06 Appropriation	FY 2006-07 Appropriation
Agriculture	\$1,169,502	\$1,724,647	\$1,725,059	\$1,884,682
Corrections	3,869,707	1,274,655	1,680,845	1,130,098
Education	380,677,569	413,104,463	498,761,613	488,039,789
Governor	18,718,117	17,527,584	14,299,827	16,522,636
Health Care Policy and Financing	1,463,701,770	1,500,409,261	1,558,799,076	1,629,000,878
Higher Education	19,402,298	19,805,153	20,362,183	20,080,322
Human Services	515,478,889	523,554,436	558,588,016	573,638,972
Judicial	1,758,609	1,289,690	1,158,526	1,166,247
Labor and Employment	74,727,828	88,850,265	102,906,629	103,958,600
Law	800,790	825,298	851,960	881,866
Legislature	0	0	0	0
Local Affairs	48,742,407	48,400,111	85,313,338	97,748,767
Military and Veterans Affairs	122,156,060	122,210,754	125,552,802	145,805,779
Natural Resources	16,399,689	16,459,536	15,947,364	16,751,750
Personnel and Administration	71,531	71,531	121,000	121,000
Public Health and Environment	159,729,485	169,665,132	201,431,922	210,157,021
Public Safety	43,085,120	42,081,845	35,496,685	35,214,722
Regulatory Agencies	1,090,361	1,087,152	1,396,498	1,151,664
Revenue	1,925,618	1,806,849	1,674,459	1,561,754
State	36,729,252	31,897	0	0
Transportation	312,110,611	299,745,225	334,332,742	415,271,865
Treasury	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL	\$3,222,345,213	\$3,269,925,484	\$3,560,400,544	\$3,760,088,412

FOUR-YEAR SUMMARY OF APPROPRIATIONS:

FTE

Department	FY 2003-04 Appropriation	FY 2004-05 Appropriation	FY 2005-06 Appropriation	FY 2006-07 Appropriation
Agriculture	271.2	278.2	275.2	282.0
Corrections	5,825.6	5,880.5	5,910.4	6,094.3
Education	419.7	435.7	444.4	466.5
Governor	106.9	106.9	128.4	139.4
Health Care Policy and Financing	200.4	202.8	213.4	226.7
Higher Education	18,501.9	18,281.3	18,080.4	18,876.2
Human Services	4,514.4	5,186.3	5,205.1	5,334.7
Judicial	3,197.4	3,260.9	3,365.0	3,542.6
Labor and Employment	1,076.4	1,119.8	1,102.0	1,089.1
Law	335.7	337.3	345.5	358.9
Legislature	272.8	273.2	274.0	276.3
Local Affairs	172.1	175.1	180.1	192.8
Military and Veterans Affairs	1,156.8	1,184.8	1,184.8	1,187.8
Natural Resources	1,532.2	1,537.2	1,546.4	1,466.8
Personnel and Administration	570.1	571.8	542.3	541.3
Public Health and Environment	1,094.6	1,115.5	1,143.2	1,150.2
Public Safety	1,247.4	1,265.7	1,260.8	1,285.8
Regulatory Agencies	518.2	520.1	525.3	537.2
Revenue	1,455.7	1,444.6	1,429.9	1,423.0
State	113.6	128.3	127.0	126.5
Transportation	3,297.2	3,301.2	3,307.2	3,307.2
Treasury	<u>25.5</u>	<u>25.5</u>	<u>26.0</u>	<u>26.0</u>
TOTAL	45,905.8	46,632.7	46,616.8	47,931.3

PART III: EXPENDITURE AND APPROPRIATION DETAIL BY DEPARTMENT

DEPARTMENT OF AGRICULTURE

The Department of Agriculture regulates, promotes and supports various agricultural activities throughout Colorado. Employees perform a wide range of services including policy analysis, program inspection, regulation of the State's agricultural industries, and management of the Colorado State Fair. The Department is comprised of the Commissioner's Office and Administrative Services, the Agricultural Services Division, the Agricultural Markets Division, the Brand Board, Special Purpose, Colorado State Fair, and the Conservation Board.

Department Budget: Recent Appropriations

Funding Source	FY 2003-04	FY 2004-05	FY 2005-06	FY 2006-07
General Fund	\$4,112,471	\$4,192,206	\$4,278,434	\$5,204,790
Cash Funds	22,334,351	10,460,257	10,503,713	14,285,915
Cash Funds Exempt	1,517,498	13,300,999	13,719,315	13,786,528
Federal Funds	<u>1,169,502</u>	<u>1,724,647</u>	<u>1,725,059</u>	<u>1,884,682</u>
Total Funds	\$29,133,822	\$29,678,109	\$30,226,521	\$35,161,915
Full Time Equivalents	271.2	278.2	275.2	282.0

General Factors Driving the Budget

Funding for this department in FY 2006-07 consists of 14.8 percent General Fund, 40.6 percent cash funds, 39.2 percent cash funds exempt, and 5.4 percent federal funds. Some of the most important factors driving the budget are reviewed below.

Agricultural Services Division

For FY 2006-07, the Agricultural Services Division is appropriated 32.8 percent of the Department's total budget and 44.5 percent of the Department's total General Fund appropriation. Although not reflected in the Long Bill, this division is organized into Inspection and Consumer Services, Plant Industry, and Animal Industry. Historically, a large majority of the Department's funding requests are generated by programs within this division.

Cash Funds and Cash Funds Exempt

The majority of the Department's total funding is generated through fees collected from inspection and certification services performed by the Agricultural Services Division and the Brand Board, as well as revenue earned from the activities of the State Fair.

Summary of FY 2005-06 and FY 2006-07 Appropriations

Department of Agriculture						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Total Appropriation:	\$30,226,521	\$4,278,434	\$10,503,713	\$13,719,315	\$1,725,059	275.2
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Commissioner's Office and Administrative Services	4,853,461	966,591	1,545,425	1,530,163	811,282	26.7
Agricultural Services Division	10,915,110	2,236,889	8,224,444	40,000	413,777	145.6
Agricultural Markets Division	597,939	402,765	75,337	119,837	0	5.2
Brand Board	4,008,074	0	112,007	3,896,067	0	66.3
Special Purpose	581,150	0	546,500	34,650	0	1.0
Colorado State Fair	8,098,598	0	0	8,098,598	0	26.9
Conservation Board	1,172,189	672,189	0	0	500,000	3.5
<u>Breakdown of Total Appropriation by Bill</u>						
SB 05-209	30,086,138	7,920,555	6,959,169	13,479,884	1,726,530	275.2
SB 05-176	280,275	(3,575,291)	3,575,291	280,275	0	0.0
HB 06-1213	(139,892)	(66,830)	(30,747)	(40,844)	(1,471)	0.0
FY 2006-07 Total Appropriation:	\$35,161,915	\$5,204,790	\$14,285,915	\$13,786,528	\$1,884,682	282.0
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Commissioner's Office and Administrative Services	5,466,272	1,657,447	1,637,761	1,324,030	847,034	27.7
Agricultural Services Division	11,523,262	2,315,347	8,630,267	40,000	537,648	151.4
Agricultural Markets Division	1,097,430	402,256	75,337	619,837	0	5.2
Brand Board	3,741,614	0	103,795	3,637,819	0	66.3
Special Purpose	709,427	0	674,777	34,650	0	1.0
Colorado State Fair	11,294,170	0	3,163,978	8,130,192	0	26.9
Conservation Board	1,329,740	829,740	0	0	500,000	3.5

Department of Agriculture						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
<u>Breakdown of Total Appropriation by Bill</u>						
HB 06-1385	30,952,121	5,204,790	10,686,121	13,286,528	1,774,682	276.2
HB 06-1132	8,000	0	8,000	0	0	0.0
HB 06-1274	537,816	0	427,816	0	110,000	5.8
HB 06-1322	500,000	0	0	500,000	0	0.0
HB 06-1384	3,163,978	0	3,163,978	0	0	0.0
Increase/(Decrease)	\$4,935,394	\$926,356	\$3,782,202	\$67,213	\$159,623	6.8
Percentage Change	16.3%	21.7%	36.0%	0.5%	9.3%	2.5%

FY 2006-07 Appropriation Highlights

1. The appropriation reflects an increase of \$3,163,978 cash funds for the Colorado State Fair, pursuant to H.B. 06-1384.
2. The appropriation reflects an increase of \$537,816 and 5.8 FTE for the pesticide applicator program, including \$427,816 cash funds and \$110,000 federal funds, pursuant to H.B. 06-1274.
3. The sunset of S.B. 03-169 (Elimination of Indirect Caps) results in an increase of \$516,761 General Fund and a corresponding decrease of cash funds and cash funds exempt.
4. The appropriation reflects an increase of \$500,000 cash funds exempt for the Agricultural Markets Division, Agriculture Value-Added Board, pursuant to H.B. 06-1322.
5. The appropriation includes \$150,000 General Fund to reestablish matching grants to districts for funding of local soil and water conservation projects.
6. The appropriation includes \$77,063 cash funds exempt to replace seven Brand Board vehicles and \$48,143 cash funds exempt for Brand Board postage and operating costs associated with the compilation of data for a new Brand Book.

Detail of Appropriation by Administrative Section

Commissioner's Office and Administrative Services

The Commissioner's Office, in conjunction with the Colorado Agricultural Commission, is responsible for the development and implementation of agricultural policies throughout Colorado. The Administrative Services section provides administrative and technical support for various programs within the Department, such as

accounting, budgeting, human resources, and computer programming. Cash funds and cash funds exempt are generated from fees collected by various cash-funded programs within the Department.

Commissioner's Office and Administrative Services						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Appropriation:						
SB 05-209	\$4,993,353	\$1,730,641	\$1,159,227	\$1,290,732	\$812,753	26.7
SB 05-176	0	(697,220)	416,945	280,275	0	0.0
HB 06-1213	<u>(139,892)</u>	<u>(66,830)</u>	<u>(30,747)</u>	<u>(40,844)</u>	<u>(1,471)</u>	<u>0.0</u>
TOTAL	\$4,853,461	\$966,591	\$1,545,425	\$1,530,163	\$811,282	26.7
FY 2006-07 Appropriation:						
FY 2005-06 Appropriation	\$4,853,461	\$966,591	\$1,545,425	\$1,530,163	\$811,282	26.7
Adjustments for central appropriations	223,099	87,854	170,977	(40,701)	4,969	0.0
Health, Life, and Dental	180,279	53,864	127,977	(10,859)	9,297	0.0
Animal ID programmer	65,304	11,018	18,618	35,668	0	1.0
Annualized Salary Survey in FY 2005-06	44,008	44,008	0	0	0	0.0
Utilities	35,169	25,460	9,223	486	0	0.0
Other changes	15,547	0	(1,720)	0	17,267	0.0
Sunset of S.B. 03-169	0	516,761	(308,931)	(207,830)	0	0.0
Fund mix adjustments	0	(38,245)	(19,159)	57,404	0	0.0
Salary Survey	(26,646)	(9,864)	19,300	(40,301)	4,219	0.0
HB 06-1385	\$5,390,221	\$1,657,447	\$1,561,710	\$1,324,030	\$847,034	27.7
HB 06-1274	<u>76,051</u>	<u>0</u>	<u>76,051</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$5,466,272	\$1,657,447	\$1,637,761	\$1,324,030	\$847,034	27.7
Increase/(Decrease)	612,811	690,856	92,336	(\$206,133)	\$35,752	1.0
Percentage Change	12.6%	71.5%	6.0%	(13.5)%	4.4%	3.7%

SB 06-1385 (Long Bill) Issue Descriptions

Adjustments for central appropriations: These amounts reflect the rates approved for other centrally appropriated items by the JBC. Such items include the following: S.B. 04-257 amortization equalization disbursement, capital complex leased space, multiuse network payments, and purchased services from computer center. The State is contributing an additional 0.5 percent of base salary to the Public Employees' Retirement Association (PERA) pursuant to S.B. 04-257. The appropriation contains various changes in centrally appropriated line items. These centrally appropriated items include workers' compensation, risk management

and property, vehicle lease payments, and legal services. Operating adjustments are a function of recoverable overhead in the Department of Personnel and Administration or the Department of Law, as is the case with legal services, that are allocated to other departments based on a proportionate share of risk or utilization.

Health, Life, and Dental: The appropriation for Health, Life, and Dental includes increases as provided for in the common policies adopted by the General Assembly.

Animal ID programmer: This FTE will support a program to effectively address the national animal identification requirements through use of Radio Frequency Identification for livestock tracking across the State.

Annualized Salary Survey in FY 2005-06: This amount includes an additional \$44,008 that represents the salary increases allocated to the Division in FY 2005-06.

Utilities: The appropriation reflects an increase for utilities.

Other changes: This change includes various small changes to federal-funded programs and operating expenses.

Sunset of S.B. 03-169: These amounts show funding changes pursuant to the sunset of S.B. 03-169 (Elimination of Indirect Caps) at the end of FY 2005-06. The General Fund change reflects the refinancing of centrally-appropriated line items from cash funds, as well as the elimination of indirect cost recoveries to offset personal services expenditures.

Fund mix adjustments: These appropriations modify the fund split for various line items and do not change the total appropriation.

Salary Survey: The appropriation for this line item includes a 3.0 percent salary survey increase.

Additional legislation: For information on HB 06-1274, see the "Recent Legislation" section at the end of the Department of Agriculture.

Agricultural Services Division

The Agricultural Services Division administers the bulk of the Department's major programs and various statutory responsibilities. Pursuant to the implementation of fees for Inspection and Consumer Services, the major source of funding for this division is now cash funds (60.5 percent) rather than General Fund (44.5 percent).

Inspection and Consumer Services

There are several programs within this section. The Fruit and Vegetable Inspection Program determines the grade, size, and quality of more than two billion pounds of fruits and vegetables each year. The Consumer and Producer Protection Program includes the following: the Farm Products Section, which assures a stable agricultural products distribution system; the Laboratory Services Section, which provides detailed analysis of agricultural products and related issues; and the Measurement Standards Section, which tests and inspects all commercial measuring devices within the State.

Animal Industry

The Animal Health Program helps protect the economic viability of livestock producers and oversees various statewide issues related to animal welfare. These objectives are accomplished through the Veterinary and Animal Health Lab Section, the Rodent and Predatory Animal Control Section, the Bureau of Animal Protection, and the Pet Care Facilities Program.

Plant Industry

This section manages statewide pest control programs, registers pesticides and related applicators, and inspects plant products intended for domestic and overseas export or import to ensure they are free from pests and disease. Despite the elimination of General Fund dollars for the noxious weed management grant program, the State Weed Coordinator still assists local and regional efforts to manage and control noxious weeds. This section also maintains the State's Insectary, which rears and releases beneficial insects to help control insect and weed pests.

Agricultural Services Division						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Appropriation:						
SB 05-209	\$10,634,835	\$5,114,960	\$5,066,098	\$40,000	\$413,777	145.6
SB 05-176	<u>280,275</u>	<u>(2,878,071)</u>	<u>3,158,346</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$10,915,110	\$2,236,889	\$8,224,444	\$40,000	\$413,777	145.6
FY 2006-07 Appropriation:						
FY 2005-06 Appropriation	\$10,915,110	\$2,236,889	\$8,224,444	\$40,000	\$413,777	145.6
Annualized Salary Survey in FY 2005-06	242,473	72,399	154,400	0	15,674	0.0
Indirect cost assessment adjustment	80,611	0	83,763	0	(3,152)	0.0
Other changes	23,133	6,059	15,725	0	1,349	0.0
Sunset of S.B. 03-169	(207,830)	0	(207,830)	0	0	0.0
HB 06-1385	\$11,053,497	\$2,315,347	\$8,270,502	\$40,000	\$427,648	145.6
HB 06-1132	8,000	0	8,000	0	0	0.0
HB 06-1274	<u>461,765</u>	<u>0</u>	<u>351,765</u>	<u>0</u>	<u>110,000</u>	<u>5.8</u>
TOTAL	\$11,523,262	\$2,315,347	\$8,630,267	\$40,000	\$537,648	151.4
Increase/(Decrease)	\$608,152	\$78,458	\$405,823	\$0	\$123,871	5.8
Percentage Change	5.6%	3.5%	4.9%	0.0%	29.9%	4.0%

HB 06-1385 (Long Bill) Issue Descriptions

Annualized Salary Survey in FY 2005-06: This amount includes an additional \$242,473 that represents the salary increases allocated to the Division.

Indirect cost assessment adjustment: These recoveries offset General Fund expenses in the Commissioner's Office.

Other changes: This change includes various small changes to federal-funded programs and operating expenses.

Sunset of S.B. 03-169: The sunset of this legislation at the end of FY 2005-06 means that related personal services and operating expenses refinanced due to the reestablishment of the indirect cap for the Brand Fund, Chemigation Fund and Mandatory Fruit and Vegetable Fund must be back filled with General Fund. The cash funds decrease represents reduced indirect cost recoveries to offset personal services expenditures in the Commissioner's Office.

Additional legislation: For more information regarding HB 06-1132 and HB 06-1274, see the "Recent Legislation" section at the end of the Department of Agriculture.

Agricultural Markets Division

This division provides marketing assistance and related support to Colorado agricultural-based businesses competing in local, national, and international arenas. It also coordinates various market orders, promotes Colorado agricultural products, and works to assist start-up or expanding food processing companies within the State. Cash funds are derived from licensing fees.

Agricultural Markets Division						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Appropriation:						
SB 05-209	<u>\$597,939</u>	<u>\$402,765</u>	<u>\$75,337</u>	<u>\$119,837</u>	<u>\$0</u>	<u>5.2</u>
TOTAL	\$597,939	\$402,765	\$75,337	\$119,837	\$0	5.2
FY 2006-07 Appropriation:						
FY 2005-06 Appropriation	\$597,939	\$402,765	\$75,337	\$119,837	\$0	5.2
Miscellaneous changes	<u>(509)</u>	<u>(509)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
HB 06-1385	\$597,430	\$402,256	\$75,337	\$119,837	\$0	5.2
HB 06-1322	<u>500,000</u>	<u>0</u>	<u>0</u>	<u>500,000</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$1,097,430	\$402,256	\$75,337	\$619,837	\$0	5.2
Increase/(Decrease)	\$499,491	(\$509)	\$0	\$500,000	\$0	0.0
Percentage Change	83.5%	-0.1%	0.0%	417.2%	n/a	0.0%

HB 06-1385 (Long Bill) Issue Descriptions

Miscellaneous changes: This change includes various small changes to operating expenses.

Additional legislation: For more information regarding HB 06-1322, see the "Recent Legislation" section at the end of the Department of Agriculture.

Brand Board

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

Brand Board						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Appropriation:						
SB 05-209	<u>\$4,008,074</u>	<u>\$0</u>	<u>\$112,007</u>	<u>\$3,896,067</u>	<u>\$0</u>	<u>66.3</u>
TOTAL	\$4,008,074	\$0	\$112,007	\$3,896,067	\$0	66.3
FY 2006-07 Appropriation:						
FY 2005-06 Appropriation	\$4,008,074	\$0	\$112,007	\$3,896,067	\$0	66.3
Brand Board trucks	77,063	0	0	77,063	0	0.0
Annualized Salary Survey in FY 2005-06	75,890	0	0	75,890	0	0.0
Brand Board assessment	48,143	0	0	48,143	0	0.0
Sunset of S.B. 03-169	(308,931)	0	0	(308,931)	0	0.0
Remove FY 2005-06 one-time funding	(148,152)	0	0	(148,152)	0	0.0
Indirect cost assessment adjustment	(10,473)	0	(8,212)	(2,261)	0	0.0
HB 06-1385	<u>\$3,741,614</u>	<u>\$0</u>	<u>\$103,795</u>	<u>\$3,637,819</u>	<u>\$0</u>	<u>66.3</u>
TOTAL	\$3,741,614	\$0	\$103,795	\$3,637,819	\$0	66.3
Increase/(Decrease)	(\$266,460)	\$0	(\$8,212)	(\$258,248)	\$0	0.0
Percentage Change	-6.6%	n/a	-7.3%	-6.6%	n/a	0.0%

HB 06-1385 (Long Bill) Issue Descriptions

Brand Board trucks: The appropriation includes \$77,063 cash funds exempt to replace seven vehicles.

Annualized Salary Survey in FY 2005-06: This amount includes an additional \$75,890 that represents the salary increases allocated to the Division in FY 2005-06.

Brand Board assessment: The appropriation includes \$48,143 cash funds exempt for postage and operating costs associated with the compilation of data for a new Brand Book.

Sunset of S.B. 03-169: The sunset of this legislation means that related personal services and operating expenses refinanced due to the reestablishment of the indirect cap for the Brand Fund, Chemigation Fund and Mandatory Fruit and Vegetable Fund must be back filled with General Fund. The cash funds decrease represents reduced indirect cost recoveries to offset personal services expenditures in the Commissioner's Office.

Remove FY 2005-06 one-time funding: This appropriation discontinues the FY 2005-06 one-time funding for Brand Board trucks.

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

Special Purpose

This Long Bill section is comprised of the following program lines: the Wine Promotion Board, which promotes wines produced in Colorado; the Vaccine and Service Fund, which provides for the vaccination of calves against brucellosis; and the Brand Estray Fund, which funds the maintenance and sale or return of stray livestock. Cash funds are from the Colorado Wine Industry Development Fund, the Brand Estray Fund, and the Veterinary Vaccine and Service Fund. The source of cash funds exempt is reserves from the Brand Estray Fund.

Special Purpose						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Appropriation:						
SB 05-209	<u>\$581,150</u>	<u>\$0</u>	<u>\$546,500</u>	<u>\$34,650</u>	<u>\$0</u>	<u>1.0</u>
TOTAL	\$581,150	\$0	\$546,500	\$34,650	\$0	1.0
FY 2006-07 Appropriation:						
FY 2005-06 Appropriation	\$581,150	\$0	\$546,500	\$34,650	\$0	1.0
Vaccine and Services Fund	64,541	0	64,541	0	0	0.0
Wine Promotion Board	63,483	0	63,483	0	0	0.0
Indirect cost assessment adjustment	253	0	253	0	0	0.0
HB 06-1385	<u>\$709,427</u>	<u>\$0</u>	<u>\$674,777</u>	<u>\$34,650</u>	<u>\$0</u>	<u>1.0</u>
TOTAL	\$709,427	\$0	\$674,777	\$34,650	\$0	1.0

Special Purpose						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
Increase/(Decrease)	\$128,277	\$0	\$128,277	\$0	\$0	0.0
Percentage Change	22.1%	n/a	23.5%	0.0%	n/a	0.0%

HB 06-1385 (Long Bill) Issue Descriptions

Vaccine and Services Fund: This funding area is continuously appropriated and is shown for informational purposes only. The increase properly reflects this appropriation based on recent actual annual expenditures.

Wine Promotion Board: This funding area is continuously appropriated and is shown for informational purposes only. The increase properly reflects this appropriation based on recent actual annual expenditures.

Indirect cost assessment adjustment: These recoveries offset General Fund expenses in the Commissioner's Office. Adjustments to this calculation vary according to the FTE in both individual programs and the Department as a whole.

Colorado State Fair

This program includes personal services and operating expenses associated with the Colorado State Fair, which is administered by the State Fair Authority. In FY 2004-05, the State Fair qualified for enterprise status under the provisions of Article X, Section 20 of the Colorado Constitution. The source of funding is fees collected by the Colorado State Fair during its 16-day run each August and from non-fair events held at the fairgrounds throughout the remainder of the year and by new funding provided pursuant to H.B. 06-1384.

Colorado State Fair						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Appropriation:						
SB 05-209	<u>\$8,098,598</u>	<u>\$0</u>	<u>\$0</u>	<u>\$8,098,598</u>	<u>\$0</u>	<u>26.9</u>
TOTAL	\$8,098,598	\$0	\$0	\$8,098,598	\$0	26.9
FY 2006-07 Appropriation:						
FY 2005-06 Appropriation	\$8,098,598	\$0	\$0	\$8,098,598	\$0	26.9
Annualized Salary Survey in FY 2005-06	31,594	0	0	31,594	0	0.0
HB 06-1385	\$8,130,192	\$0	\$0	\$8,130,192	\$0	26.9
HB 06-1384	<u>3,163,978</u>	<u>0</u>	<u>3,163,978</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$11,294,170	\$0	\$3,163,978	\$8,130,192	\$0	26.9

Colorado State Fair						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
Increase/(Decrease)	\$3,195,572	\$0	\$3,163,978	\$31,594	\$0	0.0
Percentage Change	39.5%	n/a	n/a	0.4%	n/a	0.0%

HB 06-1385 (Long Bill) Issue Descriptions

Annualized Salary Survey in FY 2005-06: This amount includes an additional \$31,594 that represents the salary increases allocated to the Division in FY 2005-06.

Additional legislation: For more information on H.B. 06-1384, please see the "Recent Legislation: section at the end of this department.

Conservation Board

The Conservation Board is responsible for providing administrative and fiscal oversight to Colorado's 77 conservation districts. The Board also coordinates various federal programs related to natural resource issues, provides guidance on stream bank erosion, and assists farmers and ranchers in implementing a variety of water and energy efficiency practices. Federal funds comprise 26.5 percent of the Board's total appropriation and are provided by the Bureau of Reclamation to assist land owners with conservation practices along the Colorado River.

Conservation Board						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Appropriation:						
SB 05-209	<u>\$1,172,189</u>	<u>\$672,189</u>	<u>\$0</u>	<u>\$0</u>	<u>\$500,000</u>	<u>3.5</u>
TOTAL	\$1,172,189	\$672,189	\$0	\$0	\$500,000	3.5
FY 2006-07 Appropriation:						
FY 2005-06 Appropriation	\$1,172,189	\$672,189	\$0	\$0	\$500,000	3.5
Matching grants to districts	150,000	150,000	0	0	0	0.0
Annualized Salary Survey in FY 2005-06	7,588	7,588	0	0	0	0.0
Other changes	(37)	(37)	0	0	0	0.0
HB 06-1385	<u>\$1,329,740</u>	<u>\$829,740</u>	<u>\$0</u>	<u>\$0</u>	<u>\$500,000</u>	<u>3.5</u>
TOTAL	\$1,329,740	\$829,740	\$0	\$0	\$500,000	3.5

Conservation Board						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
Increase/(Decrease)	\$157,551	\$157,551	\$0	\$0	\$0	0.0
Percentage Change	13.4%	23.4%	n/a	n/a	0.0%	0.0%

HB 06-1385 (Long Bill) Issue Descriptions

Matching grants to districts: The appropriation includes \$150,000 to reestablish matching grants to districts for funding of local soil and water conservation projects.

Annualized Salary Survey in FY 2005-06: This amount includes an additional \$7,588 that represents the salary increases allocated to the Division in FY 2005-06.

Other changes: This change includes various small changes to operating expenses.

Additional legislation: For more information regarding HB 06-1384, see the "Recent Legislation" section at the end of the Department of Agriculture.

Recent Legislation

2005 Session Bills

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

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

2006 Session Bills

H.B. 06-1132: Allows impounding agencies to sell animals being housed due to charges of neglect, cruelty, abandonment, fighting, or unlawful ownership of a dangerous dog. Prior to the sale, the impounding agency must notify the owner by mail, if there is a known address, or through a notice in the newspaper. Appropriates \$8,000 cash funds to the Department of Agriculture for FY 2006-07.

H.B. 06-1213: Supplemental appropriation for FY 2005-06.

H.B. 06-1274: Makes changes to the regulation of pesticide applicators. Appropriates \$427,816 cash funds, \$110,000 federal funds, and 5.8 FTE to the Department of Agriculture for FY 2006-07. Also appropriates \$76,051 cash funds exempt and 0.8 FTE to the Department of Law from the funds appropriated to the Department of Agriculture in FY 2006-07.

H.B. 06-1322: Creates the Agriculture Value-added Cash Fund and, for FY 2006-07, FY 2007-08, and FY 2008-09, transfers \$500,000 from the Operational Account of the Severance Tax Trust Fund into this Fund. Appropriates \$500,000 cash funds exempt from the Agriculture Value-added Cash Fund to the Department of Natural Resources in FY 2006-07 to promote agricultural energy-related projects and research.

H.B. 06-1384: Contingent upon the passage of H.B. 06-1201, changes the allocation of the Unclaimed Property Tourism Promotion Trust Fund interest to provide additional moneys to the state fair through the Colorado Travel and Tourism Promotion Fund. Moneys provided to the Colorado State Fair are prioritized as follows: (1) state Treasury loans to the state fair are to be paid down with remaining funds; (2) upon repayment of the state Treasury loans, any remaining funds are to pay off outstanding debt incurred by the Colorado State Fair Authority to build the events center in Pueblo; (3) upon payment of all debt, \$550,000 is provided annually for administrative expenses, operating costs, and event promotion; and, (4) after the third fiscal year (in FY 2009-10) only the \$550,000 for administrative, operating, and promotional costs are authorized. Appropriates \$3,163,978 cash funds from the Colorado Travel and Tourism Promotion Fund to the Department of Agriculture, Colorado State Fair, for FY 2006-07. Also makes a funding adjustment to the Office of the Governor from this funding source for FY 2006-07.

H.B. 06-1385: General appropriations act for FY 2006-07.

H.B. 06-1393: Creates the Conservation District Grant Fund. Annually transfers \$450,000 from the Operational Account of the Severance Tax Trust Fund to this newly created fund starting in FY 2006-07. Continuously appropriates these moneys to the Department of Agriculture for the Natural Resources Conservation Matching Grants Program.

DEPARTMENT OF CORRECTIONS

The Department is responsible for the following activities:

- Managing, supervising, and controlling the correctional facilities operated and supported by the State;
- Supervising the population of offenders placed in the custody of the department, including inmates offenders on parole, and transition inmates who are placed into community corrections programs;
- Planning for the projected, long-range needs of the institutions under the Department's control; and
- Developing educational programs, treatment programs, and correctional industries within the facilities, which have a rehabilitative or therapeutic value for inmates, and which supply necessary products for state institutions and other public purposes, as provided by law.

The Department is comprised of the following divisions:

1. Management
2. Institutions
3. Support Services
4. Inmate Programs
5. Community Services
6. Parole Board
7. Correctional Industries
8. Canteen Operation

Department Budget: Recent Appropriations

Funding Source	FY 2003-04	FY 2004-05	FY 2005-06	FY 2006-07
General Fund	\$468,896,060	\$496,830,470	\$535,840,416	\$584,997,496
Cash Funds	2,912,102	2,371,727	1,939,302	1,970,686
Cash Funds Exempt	59,904,567	54,888,964	52,737,807	57,577,872
Federal Funds	<u>3,869,707</u>	<u>1,274,655</u>	<u>1,680,845</u>	<u>1,130,098</u>
Total Funds	\$535,582,436	\$555,365,816	\$592,198,370	\$645,676,152
Full Time Equiv. Staff	5,825.6	5,880.5	5,910.4	6,094.3

General Factors Driving the Budget

Funding for this department includes 90.6 percent General Fund, 0.3 percent cash funds, 8.9 percent cash funds exempt, and 0.2 percent federal funds. Factors driving the budget are reviewed below.

Population Increase - Impact on Operating

The growth in the inmate population is the primary factor driving the Department of Corrections' budget. This population includes inmates who are housed in state-operated prisons, in private prisons, and in transition community corrections placements.

	FY 01-02 Actual	FY 02-03 Actual	FY 03-04 Actual	FY 04-05 Actual	FY 05-06 Estimate	FY 06-07 Estimate
Year End Inmate Population	18,045	18,846	19,569	20,704	21,928	23,159
Percent Change	n/a	4.4%	3.8%	5.8%	5.9%	5.6%

Population Impacts – Jail Backlog

Jail backlog occurs when inmates are sentenced to the Department of Corrections and the capacity does not exist in state prisons or private contract facilities to hold them. In these instances, counties hold the inmates in the county jail until the DOC has the capacity to take them. Pursuant to Section 17-1-112, C.R.S., the DOC is required to reimburse the counties for holding these inmates, subject to available appropriations. The following information highlights the jail backlog payments in recent years.

	FY 01-02 Actual	FY 02-03 Actual	FY 03-04 Actual	FY 04-05 Actual	FY 05-06 Approp.	FY 06-07 Approp.
Average County Jail Backlog	316	433	462	721	678	425
Cost of Jail Backlog	\$5,951,969	\$8,169,693	\$7,861,908	\$12,265,585	\$11,729,242	\$7,587,919
Daily Reimbursement Rate	\$51.65	\$51.65	\$46.49	\$46.49	\$47.42	\$48.96
Percent Rate Increase/(Decrease)	n/a	0.0%	-10.0%	0.0%	2.0%	3.2%

Population Impacts – Private Contract Prisons

In the early 1990s, the DOC began contracting with private prison operators in order to reduce the number of inmates in the jail backlog while state facilities were being constructed. The following information highlights the private payments in recent years.

	FY 01-02 Actual	FY 02-03 Actual	FY 03-04 Actual	FY 04-05 Actual	FY 05-06 Approp.	FY 06-07 Approp.
Average Daily Population	2,271	2,447	2,893	2,812	3,955	4,954
Cost of Private Contracts	\$45,301,729	\$46,854,454	\$53,190,046	\$50,865,321	\$72,642,055	\$93,869,839
Daily Reimbursement Rate	\$54.66	\$52.47	\$50.37	\$49.56	\$50.32	\$51.91
Percent Rate Increase/(Decrease)	n/a	-4.0%	-4.0%	-1.6%	1.5%	3.2%

* In FY 2004-05, an average daily population of 2,812 inmates were funded for in-state private prisons at a cost of \$49.56 per inmate per day. In addition to these inmates, \$2,298,162 was spent to place an average daily population of 123 inmates in an out-of-state private prison at a cost of \$51.00 per inmate per day.

Population Impacts – Impact on Capital Construction and Certificates of Participation

Population increases have resulted in the need to build or renovate several prisons. The following information highlights the capital construction appropriations for prison capacity expansion in recent years.

	FY 00-01 Approp.	FY 01-02 Approp.	FY 02-03 Approp.	FY 03-04 COP Authorization	FY 04-05 Approp.	FY 05-06 Approp.	FY 06-07 Approp.
Capital Appropriation	\$2,088,700	\$12,824,368	\$0	\$102,800,000	\$0	\$0	\$9,000,000

Parole Population Increase

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

	FY 01-02 Actual	FY 02-03 Actual	FY 03-04 Actual	FY 04-05 Actual	FY 05-06 Estimate	FY 06-07 Estimate
Year End Parole Population	4,037	4,858	5,224	5,714	6,181	6,518
Percent Change	n/a	20.3%	7.5%	9.4%	8.2%	5.5%

Inmate and Parole Population Impacts – Community Services

An expanding population results in an increase in the number of inmates placed on community corrections and parole. Community corrections allows inmates to transition to the community while still classified as a DOC inmate. Inmates assigned to community corrections are either placed in a halfway house or in an intensive supervision program (ISP). The Department of Corrections is responsible for supervision of these offenders.

Pursuant to the provisions of S.B. 03-252, parolees can be revoked to the DOC for 180 days for a technical revocation (a revocation that was not the result of the commission of a new offense), provided that the parolee was serving parole for a nonviolent offense. These offenders are placed in "community return to custody" beds, which are funded with appropriations to the Department of Corrections. Other community corrections programs are funded with appropriations made to the Division of Criminal Justice in the Department of Public Safety.

Inmates are released to parole based on the discretion of the Parole Board, or under mandatory parole statutes, depending on the statutes under which they were sentenced. There are two types of parole, regular and intensive supervision. The following information highlights the past five years of community corrections and parole activity.

	FY 01-02 Actual	FY 02-03 Actual	FY 03-04 Actual	FY 04-05 Actual	FY 05-06 Approp.	FY 06-07 Approp.
Community Corrections Supervision	\$9,230,269	\$9,076,660	\$9,163,004	\$10,327,145	\$11,229,730	\$12,154,988
Percent Change	n/a	-1.7%	1.0%	12.7%	8.7%	8.2%
Community Return to Custody Beds	n/a	n/a	\$592,696	\$1,934,068	\$3,045,564	\$4,609,531
Percentage Change	n/a	n/a	n/a	226.3%	57.5%	51.4%
Parole Supervision	\$9,424,032	\$10,044,407	\$10,454,716	\$10,860,777	\$12,386,427	\$14,595,271
Percent Change	n/a	6.6%	4.1%	3.9%	14.0%	17.8%

Summary of FY 2005-06 and FY 2006-07 Appropriations

Department of Corrections						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Total Appropriation:	\$592,198,370	\$535,840,416	\$1,939,302	\$52,737,807	\$1,680,845	5,910.4
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Management	135,151,474	133,222,097	0	1,523,528	405,849	85.3
Institutions	329,161,785	327,772,997	224,679	1,084,109	80,000	4,659.0
Support Services	22,301,704	21,740,183	452,746	108,775	0	283.5
Inmate Programs	33,225,256	27,792,854	1,261,877	3,417,173	753,352	403.7
Community Services	25,237,962	24,185,551	0	610,767	441,644	269.3
Parole Board	1,126,734	1,126,734	0	0	0	13.5
Correctional Industries	34,512,535	0	0	34,512,535	0	171.0
Canteen Operation	11,480,920	0	0	11,480,920	0	25.1
<u>Breakdown of Total Appropriation by Bill</u>						
SB 01-210	176,013	176,013	0	0	0	0.0
HB 01-1204	7,215	7,215	0	0	0	0.0
HB 01-1242	244,204	244,204	0	0	0	0.0
HB 01-1344	26,689	26,689	0	0	0	0.0
SB 02-50	572,271	572,271	0	0	0	0.0
HB 02-1038	770,976	770,976	0	0	0	0.0
HB 02-1283	27,251	27,251	0	0	0	0.0
HB 02-1396	27,251	27,251	0	0	0	0.0
HB 02S1-1006	1,574	1,574	0	0	0	0.0
HB 03-1213	28,818	28,818	0	0	0	0.0
HB 03-1317	28,218	28,218	0	0	0	0.0
HB 04-1003	61,200	61,200	0	0	0	0.0
SB 05-209	589,304,017	531,107,461	2,024,865	51,669,033	4,502,658	5,901.8
HB 05-1278	0	0	0	3,104,425	(3,104,425)	0.0
HB 06-1214	922,673	2,761,275	(85,563)	(2,035,651)	282,612	8.6
FY 2006-07 Total Appropriation:	\$645,676,152	\$584,997,496	\$1,970,686	\$57,577,872	\$1,130,098	6,094.3
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Management	163,863,602	159,192,309	0	4,265,444	405,849	85.6

Department of Corrections						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
Institutions	344,568,905	343,180,117	224,679	1,084,109	80,000	4,789.8
Support Services	24,120,543	23,535,483	470,769	114,291	0	289.9
Inmate Programs	35,458,559	30,242,211	1,275,238	3,296,861	644,249	417.9
Community Services	28,168,555	27,695,975	0	472,580	0	318.6
Parole Board	1,151,401	1,151,401	0	0	0	13.5
Correctional Industries	34,697,780	0	0	34,697,780	0	151.0
Canteen Operation	13,646,807	0	0	13,646,807	0	28.0
<u>Breakdown of Total Appropriation by Bill</u>						
HB 06-1385	643,770,510	583,091,854	1,970,686	57,577,872	1,130,098	6,093.6
HB 02-1038	770,976	770,976	0	0	0	0.0
HB 02-1283	27,251	27,251	0	0	0	0.0
HB 02-1396	27,251	27,251	0	0	0	0.0
SB 02-50	748,721	748,721	0	0	0	0.0
HB 02S1-1006	32,822	32,822	0	0	0	0.0
HB 03-1138	56,436	56,436	0	0	0	0.0
HB 03-1213	28,818	28,818	0	0	0	0.0
HB 03-1317	56,436	56,436	0	0	0	0.0
HB 04-1003	61,200	61,200	0	0	0	0.0
HB 04-1021	19,445	19,445	0	0	0	0.0
HB 06-1315	4,480	4,480	0	0	0	0.0
SB 06-22	71,806	71,806	0	0	0	0.7
Increase/(Decrease)	\$53,477,782	\$49,157,080	\$31,384	\$4,840,065	(\$550,747)	183.9
Percentage Change	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

FY 2006-07 Appropriation Highlights:

1. \$15.3 million, including \$13.0 million General Fund, to reimburse private prisons for anticipated caseload growth in the inmate population.
2. \$15.2 million General Fund for additional costs associated with salary survey, health, life, and dental costs, shift differential, amortization equalization disbursement, and short-term disability.
3. \$5.2 million General Fund and 78.4 FTE for bringing 263 female beds on-line at the La Vista Correctional Facility beginning in August 2006.

4. \$3.5 million General Fund and 43.6 FTE for bringing 400 male beds on-line at four correctional facilities through double-bunking beginning February 2007.
5. \$3.4 million General Fund and 47.1 FTE for additional parole officers and community corrections officers.
6. \$3.3 million General Fund for provider rate increases for private prisons, county jails, and residential community corrections programs.
7. \$2.5 million General Fund for increased medical and food expenses.
8. \$2.2 million General Fund for payments to risk management and property funds and workers' compensation.
9. \$1.4 million General Fund and 13.5 FTE for additional mental health treatment staff, sex offender treatment staff, and drug and alcohol contract services.

Detail of Appropriation by Administrative Section

Management

The Management Division contains the main departmental management functions including the Executive Director's Office and the External Capacity Subprogram. Cash funds and cash funds exempt funding are primarily from Correctional Industries sales revenue, Canteen Operation sales revenue, the Sex Offender Surcharge Fund, and the Victims Assistance and Law Enforcement funds.

Management						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Appropriation:						
SB 05-209	\$137,484,831	\$132,495,481	\$104,249	\$1,526,221	\$3,358,880	85.3
HB 05-1278	0	0	0	3,104,425	(3,104,425)	0.0
HB 06-1214	<u>(2,333,357)</u>	<u>726,616</u>	<u>(104,249)</u>	<u>(3,107,118)</u>	<u>151,394</u>	<u>0.0</u>
TOTAL	\$135,151,474	\$133,222,097	\$0	\$1,523,528	\$405,849	85.3
FY 2006-07 Appropriation:						
FY 2005-06 Appropriation	\$135,151,474	\$133,222,097	\$0	\$1,523,528	\$405,849	85.3
External capacity caseload increases	15,319,569	12,960,862	0	2,358,707	0	0.0
FY 2006-07 salary and benefits adjustments	5,271,113	5,028,277	0	242,836	0	0.0
Provider rate increase	3,330,859	3,330,859	0	0	0	0.0
Payments to risk management	2,182,684	2,110,440	0	72,244	0	0.0

	Management					
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
Amortization equalization disbursement and short-term disability	1,261,327	1,205,348	0	55,979	0	0.0
Employee benefits and leased space costs for various decision items	877,288	877,288	0	0	0	0.0
Personal services adjustments	299,834	299,834	0	0	0	0.0
Miscellaneous adjustments	149,121	135,493	0	13,628	0	0.0
Double-bunk inmates	31,552	31,552	0	0	0	0.3
Annualize FY 2005-06 appropriations	28,740	28,740	0	0	0	0.0
Base reduction for legal expenses	(39,959)	(38,481)	0	(1,478)	0	0.0
HB 06-1385	<u>\$163,863,602</u>	<u>\$159,192,309</u>	<u>\$0</u>	<u>\$4,265,444</u>	<u>\$405,849</u>	<u>85.6</u>
TOTAL	\$163,863,602	\$159,192,309	\$0	\$4,265,444	\$405,849	85.6
Increase/(Decrease)	\$28,712,128	\$25,970,212	\$0	\$2,741,916	\$0	0.3
Percentage Change	21.2%	19.5%	n/a	180.0%	0.0%	0.4%

HB 06-1385 (Long Bill) Issue Descriptions

External capacity caseload increases: The appropriation provides additional funding for private prisons to house the projected growth in inmates pursuant to the Legislative Council Staff inmate population projections. The appropriation includes \$2.4 million in cash funds exempt funding from anticipated federal funds to partially offset the cost of incarcerating inmates who are in the United States illegally. The funds are reflected as cash funds exempt because of statutory provisions requiring the federal funds to be credited to a state cash fund.

FY 2006-07 salary and benefits adjustments: The appropriation includes additional funds for increases in salary, shift differential, and the state contribution for health, life, and dental insurance for Department employees.

Provider rate increase: The appropriation includes funds to provides a 3.25 percent increase in the rates paid to reimburse private prison providers, county jails, and community corrections residential programs authorized pursuant to the provisions of S.B. 03-252.

Payments to risk management: The appropriation provides an additional \$1,698,953 total funds for the Department's share of the property insurance and liability insurance plus an additional \$483,731 total funds for the Department's cost for workers' compensation insurance.

Amortization equalization disbursement and short-term disability: The appropriation includes an additional \$1,388,559 total funds for the amortization equalization disbursement, an incremental amount paid to the Public Employees Retirement Association (PERA) pursuant to the provisions of S.B. 04-257. This appropriation is partially offset by a reduction of \$127,232 total funds for short-term disability insurance for Department employees.

Employee benefits and leased space costs for various decision items: The appropriation includes \$877,288 General Fund associated with decision items for additional staff. The amounts include: (1) \$397,902 General Fund for 22.1 FTE for additional parole and parole ISP staff; (2) \$268,014 General Fund for 78.4 FTE at the La Vista Correctional Facility; (3) \$115,979 General Fund associated with 43.6 FTE for double-bunking an additional 400 inmates in FY 2006-07; (4) \$73,393 General Fund for 7.9 FTE for community corrections officers; and (5) \$22,000 General Fund for 4.0 FTE for community re-entry staff.

Personal services adjustments: The appropriation includes common policy adjustments to personal services line items, including annualizing salary survey awarded in FY 2005-06 and a 0.2 percent base reduction.

Miscellaneous adjustments: The appropriation includes \$94,489 total funds for leased space escalators, \$50,790 for increases in the billing rate for legal services provided by the Department of Law, and \$3,842 for increased expenses for the capitol complex leased space.

Double-bunk inmates: The appropriation includes funding associated with double-bunking 400 inmates beginning in February 2007. The funds for this division will be used to fill 0.3 FTE for additional criminal investigation staff to work in the Inspector General Subprogram. This program is responsible for investigating crimes within the prison system.

Annualize FY 2005-06 appropriations: The appropriation includes funding to annualize the cost for additional investigator positions and private prison monitors funded in FY 2005-06.

Base reduction for legal expenses: The appropriation is for a reduction of 620 hours of legal services from the Department of Law. The reduction is related to lower costs associated with the *Montez* lawsuit, a settlement related to the Americans with Disabilities Act.

Institutions

The Institutions Division includes all cost centers directly attributable to operation of the State's adult correctional facilities. These subprogram cost centers include utilities, maintenance, housing and security, food services, medical services, superintendents, the Youth Offender System, and the specialized San Carlos Correctional Facility. The cash funds are primarily from fees charged for inmate medical costs. The cash funds exempt are primarily from utilities costs associated with Correctional Industries programs. The federal funds are primarily from donated U.S. Department of Agriculture foods.

	Institutions					
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Appropriation:						
SB 05-209	\$325,298,933	\$324,034,717	\$224,679	\$959,537	\$80,000	4,653.8
SB 01-210	176,013	176,013	0	0	0	0.0
HB 01-1204	7,215	7,215	0	0	0	0.0
HB 01-1242	244,204	244,204	0	0	0	0.0
HB 01-1344	26,689	26,689	0	0	0	0.0

Institutions						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
SB 02-50	572,271	572,271	0	0	0	0.0
HB 02-1038	770,976	770,976	0	0	0	0.0
HB 02-1283	27,251	27,251	0	0	0	0.0
HB 02-1396	27,251	27,251	0	0	0	0.0
HB 02S1-1006	1,574	1,574	0	0	0	0.0
HB 03-1213	28,818	28,818	0	0	0	0.0
HB 03-1317	28,218	28,218	0	0	0	0.0
HB 04-1003	61,200	61,200	0	0	0	0.0
HB 06-1214	<u>1,891,172</u>	<u>1,766,600</u>	<u>0</u>	<u>124,572</u>	<u>0</u>	<u>5.2</u>
TOTAL	\$329,161,785	\$327,772,997	\$224,679	\$1,084,109	\$80,000	4,659.0
FY 2006-07 Appropriation:						
FY 2005-06 Appropriation	\$329,161,785	\$327,772,997	\$224,679	\$1,084,109	\$80,000	4,659.0
Personal services adjustments	5,481,133	5,481,133	0	0	0	0.0
La Vista Correctional Facility	4,216,268	4,216,268	0	0	0	73.5
Double-bunk inmates	3,042,761	3,042,761	0	0	0	41.9
Increased medical costs	2,138,595	2,138,595	0	0	0	0.0
Annualize FY 2005-06 supplemental	465,733	465,733	0	0	0	10.4
Additional mental health staff	437,840	437,840	0	0	0	3.5
Food inflation	273,349	273,349	0	0	0	0.0
Miscellaneous increases	212,653	212,653	0	0	0	0.5
Replace laundry equipment	114,442	114,442	0	0	0	0.0
Long Bill reorganization	0	0	0	0	0	1.0
Statutory appropriations	(1,829,356)	(1,829,356)	0	0	0	0.0
Lower utilities costs	(630,054)	(630,054)	0	0	0	0.0
Eliminate one-time appropriations	<u>(345,600)</u>	<u>(345,600)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
HB 06-1385	\$342,739,549	\$341,350,761	\$224,679	\$1,084,109	\$80,000	4,789.8
SB 02-50	748,721	748,721	0	0	0	0.0
HB 02-1038	770,976	770,976	0	0	0	0.0
HB 02-1283	27,251	27,251	0	0	0	0.0
HB 02-1396	27,251	27,251	0	0	0	0.0
HB 02S1-1006	32,822	32,822	0	0	0	0.0

	Institutions					
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
HB 03-1138	56,436	56,436	0	0	0	0.0
HB 03-1213	28,818	28,818	0	0	0	0.0
HB 03-1317	56,436	56,436	0	0	0	0.0
HB 04-1003	61,200	61,200	0	0	0	0.0
HB 04-1021	<u>19,445</u>	<u>19,445</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$344,568,905	\$343,180,117	\$224,679	\$1,084,109	\$80,000	4,789.8
Increase/(Decrease)	\$15,407,120	\$15,407,120	\$0	\$0	\$0	130.8
Percentage Change	4.7%	4.7%	0.0%	0.0%	0.0%	2.8%

HB 06-1385 (Long Bill) Issue Descriptions

Personal services adjustments: The appropriation includes common policy adjustments to personal services line items, including annualizing salary survey awarded in FY 2005-06 and a 0.2 percent base reduction.

La Vista Correctional Facility: The appropriation includes funds and 73.5 FTE to bring 263 female beds on-line at the La Vista Correctional Facility beginning in August 2006.

Double-bunk inmates: The appropriation includes additional funds and 41.9 FTE to double-bunk an additional 400 inmates beginning in February 2007.

Increased medical costs: The appropriation includes \$1,404,559 General Fund based on growth in the inmate population, and it includes \$734,036 General Fund based on medical inflation.

Annualize FY 2005-06 supplemental: The appropriation includes funds and 10.4 FTE to annualize the cost of increases approved in FY 2005-06 through a supplemental appropriation in H.B. 06-1214. The current year contains funding for four months of costs. Funding for twelve months of costs will be required in FY 2006-07. The supplemental appropriation provided funds to reduce the backlog of inmates in county jails by processing them more quickly through the Denver Reception and Diagnostic Center, which is the prison responsible for admitting inmates into the Department's prison system.

Additional mental health staff: The appropriation includes funds for 3.5 additional psychiatric FTE based on high caseloads for the mental health subprogram. The appropriation would reduce caseloads from 361 patients per psychiatrist to 249 per psychiatrist.

Food inflation: The appropriation includes an inflationary increase for food.

Miscellaneous increases: The appropriation includes the following increases: (1) \$109,638 General Fund for additional expenses related to dressout (i.e., the costs of providing transportation, clothing, and \$100 for inmates released from prison); (2) \$74,267 General Fund for funds to purchase inmate clothing; and (3) \$28,748

General Fund and 0.5 FTE for additional expenses for the Legal Access Subprogram associated with the *Montez* lawsuit – a class action settlement related to the Americans with Disabilities Act.

Replace laundry equipment: The appropriation includes \$114,442 General Fund for costs associated with replacing seven commercial washers and nine commercial dryers that are more than 15 years old. These machines are necessary to wash clothing, towels, and sheets used by inmates.

Long Bill reorganization: The appropriation creates a new line item for the Department's Energy Management Program. In prior years, the Department used the Utilities line item to pay for one position to manage the Department's utility expenses. This position was not reflected in the Long Bill, but it was authorized through a footnote. The appropriation eliminates the footnote and adds a separate line item to reflect the position and corresponding operating expenses. The line item was funded with a corresponding reduction in the "Utilities" line item.

Statutory appropriations: The Long Bill is adjusted to reflect the \$1,829,356 General Fund in statutory appropriations that will be made to the Department in FY 2006-07. These appropriations were made in 5-year appropriations clauses for criminal sentencing bills enacted in prior sessions.

Lower utilities costs: The appropriation reflects a reduction of \$630,054 General Fund for utilities based on lower expected costs in FY 2006-07.

Eliminate one-time appropriations: The appropriation reflects a reduction of \$345,600 based on one-time expenses in FY 2005-06 for costs associated with modifying facilities to accommodate an additional 540 inmates through double-bunking.

Support Services

The Support Services Division includes business operations, personnel, offender services, communications, transportation, training, information systems, and facility services. Funding for the Support Services Division is 97.6 percent General Fund. The cash funds and cash funds exempt are primarily from sales from Canteen Operations and Correctional Industries.

Support Services						
	Total Funds	General Funds	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Appropriation:						
SB 05-209	\$22,298,201	\$21,755,145	\$434,060	\$108,996	\$0	283.2
HB 06-1214	<u>3,503</u>	<u>(14,962)</u>	<u>18,686</u>	<u>(221)</u>	<u>0</u>	<u>0.3</u>
TOTAL	\$22,301,704	\$21,740,183	\$452,746	\$108,775	\$0	283.5
FY 2006-07 Appropriation:						
FY 2005-06 Appropriation	\$22,301,704	\$21,740,183	\$452,746	\$108,775	\$0	283.5
Personal services adjustments	975,047	975,047	0	0	0	0.0

Support Services						
	Total Funds	General Funds	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
Facility planning staff	161,564	161,564	0	0	0	1.4
La Vista Correctional Facility	136,554	136,554	0	0	0	1.4
Transportation program adjustments	102,486	102,486	0	0	0	0.8
Administrative costs for various funding initiatives	97,533	97,533	0	0	0	0.0
Double-bunk inmates	95,493	95,493	0	0	0	1.1
Support services adjustments	55,940	55,940	0	0	0	1.0
Annualize FY 2005-06 supplemental	18,836	18,287	549	0	0	0.7
Other	<u>170,906</u>	<u>147,916</u>	<u>17,474</u>	<u>5,516</u>	<u>0</u>	<u>0.0</u>
HB 06-1385	\$24,116,063	\$23,531,003	\$470,769	\$114,291	\$0	289.9
HB 06-1315	<u>4,480</u>	<u>4,480</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$24,120,543	\$23,535,483	\$470,769	\$114,291	\$0	289.9
Increase/(Decrease)	\$1,818,839	\$1,795,300	\$18,023	\$5,516	\$0	6.4
Percentage Change	8.2%	8.3%	4.0%	5.1%	n/a	2.3%

HB 06-1385 (Long Bill) Issue Descriptions

Personal services adjustments: The appropriation includes common policy adjustments to personal services line items, including annualizing salary survey awarded in FY 2005-06 and a 0.2 percent base reduction.

Facility planning staff: The appropriation provides \$161,564 for personal services, operating expenses, and miscellaneous start-up costs (computers and office equipment) for 3.0 FTE to work in the Facility Services Subprogram. This program is responsible for assisting in long range planning for the Department. The appropriation includes 1.4 additional FTE, and assumes the Department will utilize 1.6 vacant FTE for a total of three positions.

La Vista Correctional Facility: The appropriation includes funds and 1.4 FTE to bring 263 female beds on-line at the La Vista Correctional Facility beginning in August 2006.

Transportation program adjustments: The appropriation includes \$102,486 General Fund and 0.8 FTE for the Transportation Subprogram. Of this amount, \$62,865 is for one-time expenses associated with overhauling three buses used to transport inmates. The remaining \$39,621 for this program is for personal services, operating expenses, and start-up costs associated with an additional correctional officer related to caseload increases in the number of inmates that need to be transported.

Administrative costs for various funding initiatives: The appropriation includes adjustments for communications, transportation, information systems, and offender services for various decision items approved by the General Assembly. These decision items include: (1) \$68,113 General Fund for additional parole

officers; (2) \$14,120 General Fund for additional community corrections officers; (3) \$8,000 for additional sex offender treatment staff; (4) \$4,500 for additional community re-entry staff; and (5) \$2,800 for additional mental health treatment staff.

Double-bunk inmates: The appropriation includes additional funds and 1.1 FTE to begin double-bunking an additional 400 inmates beginning in February 2007.

Support services adjustments: The appropriation includes \$55,940 General Fund and 1.0 FTE for the Offender Services Subprogram in response to the growing inmate population. This program coordinates inmate moves, prepares time computation calculations, monitors code of penal discipline hearings, and conducts inmate classifications and reclassifications.

Annualize FY 2005-06 supplemental: The appropriation shown in the table annualizes a position approved through a supplemental appropriation in FY 2005-06 through H.B. 06-1214. This position was created to handle the responsibilities for bank accounts for inmates housed in private prisons. These responsibilities include the collection of restitution from funds credited to bank accounts as required by state law.

Other: The appropriation includes the following miscellaneous adjustments: (1) \$92,639 General Fund for increased payments for communications services to the Department of Personnel and Administration; (2) \$87,704 total funds for changes related to vehicle lease payments made to the Department of Personal and Administration; (3) a reduction of \$9,437 total funds for payments to the Department of Personnel and Administration for the Multi-use Network; and (4) adjustments for changes in indirect cost collections used to offset General Fund.

Additional legislation: For information on H.B. 06-1315, see the "Recent Legislation" section at the end of this department.

Inmate Programs

The Inmate Programs Division includes all educational, vocational, recreational, and inmate labor programs operated by the Department. Also included in this division are the Sex Offender Treatment Subprogram and Drug and Alcohol Treatment Subprogram. The cash funds are primarily from Drug Offender Surcharge funds. The cash funds exempt and federal funds are primarily from educational grants.

Inmate Programs						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Appropriation:						
SB 05-209	\$33,067,641	\$27,765,566	\$1,261,877	\$3,418,064	\$622,134	403.7
HB 06-1214	<u>157,615</u>	<u>27,288</u>		<u>(891)</u>	<u>131,218</u>	<u>0.0</u>
TOTAL	\$33,225,256	\$27,792,854	\$1,261,877	\$3,417,173	\$753,352	403.7
FY 2006-07 Appropriation:						
FY 2005-06 Appropriation	\$33,225,256	\$27,792,854	\$1,261,877	\$3,417,173	\$753,352	403.7

Inmate Programs						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
La Vista Correctional Facility	599,806	595,307	0	4,499	0	3.5
Drug and alcohol treatment	500,000	500,000	0	0	0	0.0
Personal services adjustments	458,406	445,686	0	12,720	0	0.0
Sex offender treatment	454,453	454,453	0	0	0	10.0
Double-bunk inmates	199,338	196,562	0	2,776	0	0.0
Drug and alcohol treatment for parolees and community corrections offenders	117,032	117,032	0	0	0	0.0
Medical inflation	81,872	68,511	13,361	0	0	0.0
Miscellaneous changes in federal funds	<u>(249,410)</u>	<u>0</u>	<u>0</u>	<u>(140,307)</u>	<u>(109,103)</u>	<u>0.0</u>
HB 06-1385	\$35,386,753	\$30,170,405	\$1,275,238	\$3,296,861	\$644,249	417.2
SB 06-22	<u>71,806</u>	<u>71,806</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.7</u>
TOTAL	\$35,458,559	\$30,242,211	\$1,275,238	\$3,296,861	\$644,249	417.9
Increase/(Decrease)	\$2,233,303	\$2,449,357	\$13,361	(\$120,312)	(\$109,103)	14.2
Percentage Change	6.7%	8.8%	1.1%	-3.5%	-14.5%	3.5%

HB 06-1385 (Long Bill) Issue Descriptions

La Vista Correctional Facility: The appropriation includes funds and 3.5 FTE to bring 263 female beds on-line at the La Vista Correctional Facility beginning in August 2006.

Drug and alcohol treatment: The appropriation includes additional funds for contract drug and alcohol treatment services for inmates.

Personal services adjustments: The appropriation includes common policy adjustments to personal services line items, including annualizing salary survey awarded in FY 2005-06 and a 0.2 percent base reduction.

Sex offender treatment: The appropriation provides additional funds and 10.0 FTE for the Department's Sex Offender Treatment Program based on the growing caseload of offenders sentenced under the state's lifetime sex offender supervision statutes.

Double-bunk inmates: The appropriation includes additional funds to double-bunk an additional 400 inmates beginning in February 2007.

Drug and alcohol treatment for parolees and community corrections offenders: The appropriation includes funds based on the growing caseload of inmates who are placed on parole or who are placed into community corrections programs.

Medical inflation: The appropriation includes increases for expenditures eligible for 2.05 percent medical inflation pursuant to the Joint Budget Committee common policy.

Miscellaneous changes in federal funds: The appropriation reflects the level of federal funds that the Department anticipates receiving in FY 2006-07. Some federal funds are received directly by the Department. Other federal funds are transferred from other state agencies and appear as cash funds exempt in the Department of Corrections' budget.

Additional legislation: For information on S.B. 06-22, see the "Recent Legislation" section at the end of this department.

Community Services

The Community Services Division includes the parole, parole Intensive Supervision Program (ISP), community supervision (transition), and community ISP (transition) subprograms. This major program area is designed to isolate most costs associated with supervising inmates and parolees in a community setting. Other costs associated with residential community corrections placements are appropriated to the Department of Public Safety, Division of Criminal Justice. The cash funds exempt are moneys transferred from the Division of Criminal Justice in the Department of Public Safety.

Community Services						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Appropriation:						
SB 05-209	\$25,146,452	\$23,931,897	\$0	\$772,911	\$441,644	267.6
HB 06-1214	<u>91,510</u>	<u>253,654</u>		<u>(162,144)</u>	<u>0</u>	<u>1.7</u>
TOTAL	\$25,237,962	\$24,185,551	\$0	\$610,767	\$441,644	269.3
FY 2006-07 Appropriation:						
FY 2005-06 Appropriation	\$25,237,962	\$24,185,551	\$0	\$610,767	\$441,644	269.3
Additional parole officers and parole ISP officers based on caseload increases	2,052,904	2,052,904	0	0	0	39.2
Additional community corrections officers and community ISP officers based on caseload increases	723,627	723,627	0	0	0	7.9
Personal services adjustments	622,129	622,129	0	0	0	0.0
Additional community re-entry staff	310,123	310,123	0	0	0	4.0
Annualize supplemental appropriation for parole officers	48,420	48,420	0	0	0	1.2
Adjustment for administrative law judge services	498	498	0	0	0	0.0
Miscellaneous changes in federal funds	(579,831)	0	0	(138,187)	(441,644)	(3.0)

Community Services						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
Eliminate one-time expenditures in FY 2005-06	(247,277)	(247,277)	0	0	0	0.0
HB 06-1385	<u>\$28,168,555</u>	<u>\$27,695,975</u>	<u>\$0</u>	<u>\$472,580</u>	<u>\$0</u>	<u>318.6</u>
TOTAL	\$28,168,555	\$27,695,975	\$0	\$472,580	\$0	318.6
Increase/(Decrease)	\$2,930,593	\$3,510,424	\$0	(\$138,187)	(\$441,644)	49.3
Percentage Change	11.6%	14.5%	n/a	-22.6%	-100.0%	18.3%

HB 06-1385 (Long Bill) Issue Descriptions

Additional parole officers and parole ISP officers based on caseload increases: The appropriation includes funds for additional parole officers and contract services based on the growing population of inmates on parole.

Additional community corrections officers and community ISP officers based on caseload increases: The appropriation includes funds for additional community corrections officers and contract services based on the growing population of transition inmates who are placed in community corrections programs.

Personal services adjustments: The appropriation includes common policy adjustments to personal services line items, including annualizing salary survey awarded in FY 2005-06 and a 0.2 percent base reduction.

Additional community re-entry staff: The appropriation provides funding for staff and contract dollars to provide services to assist inmates who transition from prison into the community.

Annualize supplemental appropriation for parole officers: Through the FY 2005-06 supplemental appropriation (H.B. 06-1214), the Department received funding for additional parole officers for the last four months of FY 2005-06. The appropriation reflects the estimated additional cost associated with filling these positions for twelve months in FY 2006-07.

Adjustment for administrative law services: The appropriation reflects the anticipated change in the billing rate for administrative law judge services from the Department of Personnel and Administration.

Miscellaneous changes in federal funds: The appropriation reflects the level of federal funds that the Department anticipates receiving in FY 2006-07. Some federal funds are received directly by the Department. Other federal funds are transferred from the Department of Public Safety and appear as cash funds exempt in the Department of Corrections' budget.

Eliminate one-time expenditures in FY 2005-06: The appropriation reflects reductions associated with start-up costs for parole and community corrections officers that were provided in FY 2005-06. These costs are related to training, computers, office equipment, guns, vests, and related types of expenses that are not ongoing.

Parole Board

The Parole Board has discretion to grant or deny parole for persons who were not sentenced under mandatory parole. The Board can stipulate conditions of parole for discretionary and mandatory parolees. When conditions of parole are violated, the Board can revoke a person's parole. Funding for the Parole Board is 100.0 percent General Fund.

Parole Board						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Appropriation:						
SB 05-209	\$1,124,655	\$1,124,655	\$0	\$0	\$0	13.5
HB 06-1214	<u>2,079</u>	<u>2,079</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$1,126,734	\$1,126,734	\$0	\$0	\$0	13.5
FY 2006-07 Appropriation:						
FY 2005-06 Appropriation	\$1,126,734	\$1,126,734	\$0	\$0	\$0	13.5
Personal services adjustments	24,667	24,667	0	0	0	0.0
HB 06-1385	<u>\$1,151,401</u>	<u>\$1,151,401</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>13.5</u>
TOTAL	\$1,151,401	\$1,151,401	\$0	\$0	\$0	13.5
Increase/(Decrease)	\$24,667	\$24,667	\$0	\$0	\$0	0.0
Percentage Change	2.2%	2.2%	n/a	n/a	n/a	0.0%

HB 06-1385 (Long Bill) Issue Descriptions

Personal services adjustments: The appropriation reflects common policy adjustments to personal services line items, including annualizing salary survey awarded in FY 2005-06 and a 0.2 percent base reduction.

Correctional Industries

Correctional Industries manages profit-oriented work programs to provide inmates with training in various job skills while generating revenues to cover its costs. The major businesses operated by Correctional Industries include manufacturing operations for automobile license plates, office furniture, and modular office systems; a print shop; a leather products shop; and a garment production operation. Correctional Industries sells its products primarily to other government agencies. Funding for the Correctional Industries Division is 100.0 percent cash funds exempt from sales of Correctional Industries products and services. Because Correctional Industries is an enterprise for the purposes of Section 20 of Article X of the State Constitution, appropriations in this area are categorized as cash funds exempt (Section 17-24-104, C.R.S.).

Correctional Industries						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Appropriation:						
SB 05-209	<u>\$34,512,535</u>	<u>\$0</u>	<u>\$0</u>	<u>\$34,512,535</u>	<u>\$0</u>	<u>171.0</u>
TOTAL	\$34,512,535	\$0	\$0	\$34,512,535	\$0	171.0
FY 2006-07 Appropriation:						
FY 2005-06 Appropriation	\$34,512,535	\$0	\$0	\$34,512,535	\$0	171.0
Personal services adjustments	166,681	0	0	166,681	0	0.0
Higher indirect cost assessment	18,564	0	0	18,564	0	0.0
Eliminate vacant FTE	0	0	0	0	0	(20.0)
HB 06-1385	<u>\$34,697,780</u>	<u>\$0</u>	<u>\$0</u>	<u>\$34,697,780</u>	<u>\$0</u>	<u>151.0</u>
TOTAL	\$34,697,780	\$0	\$0	\$34,697,780	\$0	151.0
Increase/(Decrease)	\$185,245	\$0	\$0	\$185,245	\$0	(20.0)
Percentage Change	0.5%	n/a	n/a	0.5%	n/a	-11.7%

HB 06-1385 (Long Bill) Issue Descriptions

Personal services adjustments: The appropriation includes common policy adjustments to personal services line items, including annualizing salary survey awarded in FY 2005-06 and a 0.2 percent base reduction.

Higher indirect cost assessment: The appropriation includes an increase based on higher anticipated indirect cost recoveries.

Eliminate vacant FTE: The appropriation includes a reduction of vacant FTE based on prior year reversions of FTE authority.

Canteen Operation

The Canteen Operation provides various personal items for purchase by inmates including toiletries, snack foods, phone services, and other approved items. Per court order, all funds remaining after expenses are to be used to provide inmates with additional educational or recreational resources including library materials and cable television services. Funding for the Canteen Operation is 100.0 percent cash funds exempt from sales of canteen products to inmates. Because the Canteen Operation is an enterprise for the purposes of Section 20 of Article X of the State Constitution, appropriations are categorized as cash funds exempt (Section 17-24-126, C.R.S.).

Canteen Operation						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Appropriation:						
SB 05-209	\$10,370,769	\$0	\$0	\$10,370,769	\$0	23.7
HB 06-1214	<u>1,110,151</u>	<u>0</u>	<u>0</u>	<u>1,110,151</u>	<u>0</u>	<u>1.4</u>
TOTAL	\$11,480,920	\$0	\$0	\$11,480,920	\$0	25.1
FY 2006-07 Appropriation:						
FY 2005-06 Appropriation	\$11,480,920	\$0	\$0	\$11,480,920	\$0	25.1
Canteen in private prisons	2,132,738	0	0	2,132,738	0	2.6
Double-bunk inmates	22,953	0	0	22,953	0	0.0
Personal services adjustments	10,737	0	0	10,737	0	0.0
Lower indirect cost assessment	(541)	0	0	(541)	0	0.3
SB 06-1385	<u>\$13,646,807</u>	<u>\$0</u>	<u>\$0</u>	<u>\$13,646,807</u>	<u>\$0</u>	<u>28.0</u>
TOTAL	\$13,646,807	\$0	\$0	\$13,646,807	\$0	28.0
Increase/(Decrease)	\$2,165,887	\$0	\$0	\$2,165,887	\$0	2.9
Percentage Change	18.9%	n/a	n/a	18.9%	n/a	11.6%

HB 06-1385 (Long Bill) Issue Descriptions

Canteen in private prisons: The appropriation includes funds necessary to annualize a supplemental appropriation made in FY 2005-06 for the state to assume the responsibilities for canteen operations in private prisons.

Double-bunk inmates: The appropriation includes additional funds to double-bunk an additional 400 inmates in FY 2006-07.

Personal services adjustments: The appropriation includes common policy adjustments to personal services line items, including annualizing salary survey awarded in FY 2005-06 and a 0.2 percent base reduction.

Lower indirect cost assessment: The appropriation includes a reduction based on lower anticipated indirect cost recoveries.

Recent Legislation

2005 Session Bills

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

H.B. 05-1278: Creates the State Criminal Alien Assistance Program Cash Fund. Credits federal funds from the State Criminal Alien Assistance Program to the cash fund created by the bill. Specifies that the cash fund created by the bill shall be subject to appropriation by the General Assembly. Specifies that investment earnings from the cash fund created by the bill shall be credited to the cash fund. Specifies that any unexpended fund balance at year end shall remain in the fund and shall not be transferred or credited to the General Fund or another fund. Reduces the appropriation by \$3,104,425 federal funds and increases the appropriation by an equal amount of cash funds exempt for FY 2004-05 and FY 2005-06.

2006 Session Bills

S.B. 06-22: Expands the statutory definition of "sexually violent predator" to include offenders who are found to be a sexually violent predator in any other state or jurisdiction. Requires sexually violent predators to be subject to community notification subject to procedures established by the Sex Offender Management Board. Requires the Department of Corrections to complete risk assessments on sexually violent predators prior to release on parole or discharge from prison. Requires local authorities to be notified when a sexually violent predator has been released into the community. Establishes notification requirements for local agencies when a sexually violent predator changes residence. Requires peace officers to arrest an individual if a determination is made that there is probable cause that the individual is a sexually violent predator who has failed to register as a sex offender as required by law. Appropriates \$29,000 General Fund to the Division of Criminal Justice in the Department of Public Safety in FY 2006-07. Appropriates \$71,806 General Fund and 0.7 FTE to the Department of Corrections in FY 2006-07, and appropriates \$27,000 cash funds (Sex Offender Surcharge Fund) to the Judicial Department in FY 2006-07.

H.B. 06-1214: Supplemental appropriation to the Department of Corrections to modify appropriations for FY 2005-06.

H.B. 06-1315: Authorizes juveniles 14 years of age and older convicted of Class 1 felonies committed on or after July 1, 2006, to apply for parole after being imprisoned for 40 years. Requires persons granted parole pursuant to the provisions of the bill to remain in the legal custody of the Department of Corrections for life. Appropriates \$4,480 General Fund to the Department of Corrections in FY 2006-07.

H.B. 06-1385: General appropriations act for FY 2005-06.

DEPARTMENT OF EDUCATION

The State Board of Education is responsible for the general supervision of public schools throughout Colorado. The Commissioner of Education, appointed by the State Board, advises the State Board concerning the operation and status of public schools and serves as the executive officer of the Department of Education. The Department supports the Board in its duties by:

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

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

In addition to its responsibilities related to public schools, the Department is charged with promoting the improvement of library services statewide to ensure equal access to information, including providing library services to persons who reside in state-funded institutions and to persons who are blind or physically disabled.

Department Budget: Recent Appropriations

Funding Source	FY 2003-04	FY 2004-05	FY 2005-06	FY 2006-07
General Fund/1	\$2,417,670,435	\$2,514,557,579	\$2,721,702,358	\$2,874,627,998
Cash Funds	15,233,415	14,762,022	15,292,983	14,615,679
Cash Funds Exempt	461,334,608	491,370,395	491,727,404	470,577,544
Federal Funds	<u>380,677,569</u>	<u>413,104,463</u>	<u>498,761,613</u>	<u>488,039,789</u>
Total Funds	\$3,274,916,027	\$3,433,794,459	\$3,727,484,358	\$3,847,861,010
Full Time Equiv. Staff	419.7	435.7	444.4	466.5

/1 FY 2005-06 and FY 2006-07 appropriations include General Fund Exempt.

General Factors Driving the Budget

Although local government revenues provide a significant source of funding for K-12 education in Colorado, local funds are not reflected in the State's annual appropriations to the Department of Education. Appropriations to the Department of Education for FY 2006-07 consist of 74.7 percent General Fund, 12.7 percent federal funds, 12.2 percent cash funds exempt, and less than one percent cash funds. Some of the most important factors driving the budget are reviewed below.

School Finance - State's Share of Districts' Total Program

The General Assembly has established a statutory public school finance formula under which all public school districts operate. The school finance formula takes into consideration the individual characteristics of each school district in order to equalize funding among districts and to provide thorough and uniform educational opportunities throughout the state. The school finance formula allocates state and local funds to school districts by calculating a specific per pupil level of funding for each school district, as well as a specific state and local share of funding for each district.

The formula provides the same *base* amount of funding per pupil for every district (\$4,864 per pupil for FY 2006-07). The formula then increases base per pupil funding for each district based on factors that affect districts' costs of providing educational services. Thus, per pupil funding allocations vary for each district. For FY 2006-07, per pupil funding allocations are estimated to range from \$5,875 to \$13,608, with a statewide average allocation of \$6,376 per pupil. Each district's per pupil funding allocation is multiplied by its funded pupil count to determine its "total program" funding. For FY 2006-07, a total of \$4.8 billion in state and local funds will be allocated among school districts based on the public school finance formula.

Constitutional Inflationary Requirement (Amendment 23).

Pursuant to Section 17 of Article IX of the Colorado Constitution, the General Assembly is required to provide annual inflationary increases in *base* per pupil funding. Specifically, for FY 2001-02 through FY 2010-11, the base per pupil funding amount must increase annually by at least the rate of inflation plus one percent; for FY 2011-12 and each fiscal year thereafter, the base per pupil funding amount must increase annually by at least the rate of inflation. For FY 2006-07, base per pupil funding increased from \$4,718 to \$4,864 (3.1 percent), based on the actual inflation rate of 2.1 percent in calendar year 2005. Given an estimated funded pupil count of 750,307, the General Assembly is thus required to provide a minimum of \$3.7 billion in state and local funds for FY 2006-07 -- 76.3 percent of the \$4.8 billion in total state and local funding.

Factors Considered in Public School Finance Formula.

The remaining 23.7 percent of state and local funds that will be allocated among school districts in FY 2006-07 is driven by other factors in the school finance formula that increase the base per pupil funding for each district by varying amounts to account for individual district characteristics. The table at the top of the next page summarizes the three primary factors.

Factors Used to Differentiate Per Pupil Funding for Each District		
Factor	Description	Portion of Total Program Funding Attributable
Cost of Living Factor	Recognizes differences in the cost of living among districts. Provides greater per pupil funding for higher cost districts.	14.6%
Size Factor	Recognizes economies of scale experienced by larger school districts. Provides greater per pupil funding for districts with low enrollment.	4.4%
At-risk Factor	Provides additional funding for districts serving students who may be at risk of failing or dropping out of school (determined based on the number and concentration of students eligible for free lunches under the federal National School Lunch Program)	4.5%

Determining the State and Local Shares of Public School Funding.

Once the total program funding amount is determined for each district, the state and local share of such funding is calculated for each district. Local property and specific ownership taxes provide the first source of revenue for each district's total program funding, and the remainder is covered by state funds. Property taxes are based on each district's mill levy and the assessed (taxable) value of property in each district. Specific ownership taxes are paid when registering motor vehicles. For FY 2006-07, local taxes are expected to contribute about \$1.7 billion toward public school finance. Thus, the General Assembly appropriated over \$3.0 billion in state funding to provide a total of \$4.8 billion for school district operations. Two constitutional provisions -- the Gallagher amendment and TABOR -- have the effect of limiting property taxes, causing the local share of total program funding to increase at a slower rate than overall funding. Thus, state funding is required to increase at an even greater rate than total program funding, and the state's proportional share of funding continues to rise annually. Since FY 1994-95, when the existing School Finance Act was first adopted, the state share of funding has risen from 54.3 percent to an estimated 63.6 percent for FY 2006-07.

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

- ✓ the number of pupils enrolled in public schools (including the number of slots statutorily authorized for state-funded preschool and full-day kindergarten programs);
- ✓ the rate of inflation;
- ✓ changes in the relative cost-of-living in various regions of the state;
- ✓ the number of at-risk students enrolled in public schools;
- ✓ changes in statutory definitions, procedures, or mathematical factors that impact the calculation of per-pupil funding or state aid for each district; and
- ✓ fluctuations in local property and specific ownership tax revenues, as well as constitutional provisions that limit property tax revenues.

The table on the following page provides key data related to school finance funding for the last four fiscal years, as well as appropriations for FY 2005-06 and FY 2006-07.

School Finance Funding						
Description	FY 01-02 Actual	FY 02-03 Actual	FY 03-04 Actual	FY 04-05 Actual	FY 05-06 Approp.	FY 06-07 Approp.
Funded Pupil Count	707,202	717,465	722,980	729,377	741,403	750,307
<i>Annual Percent Change</i>	2.0%	1.5%	0.8%	0.9%	1.6%	1.2%
<i>Denver-Boulder Inflation Rate for Previous Calendar Year</i>	4.0%	4.7%	1.9%	1.1%	0.1%	2.1%
<i>Statewide Base Per Pupil Funding</i>	\$4,202	\$4,442	\$4,570	\$4,666	\$4,718	\$4,864
<i>Annual Percent Change</i>	5.0%	5.7%	2.9%	2.1%	1.1%	3.1%
Statewide Average Per Pupil Funding	\$5,451	\$5,796	\$5,943	\$6,074	\$6,167	\$6,376
<i>Annual Percent Change</i>	5.5%	6.3%	2.5%	2.2%	1.5%	3.4%
Districts' Total Program Funding	\$3,854,831,914	\$4,158,114,214	\$4,296,674,752	\$4,430,126,525	\$4,572,554,442	\$4,783,715,116
<i>Annual Percent Change</i>	7.5%	7.9%	3.3%	3.1%	3.2%	4.6%
Local Share of Districts' Total Program Funding						
	\$1,624,795,679	\$1,674,010,828	\$1,671,170,411	\$1,686,385,318	\$1,701,325,166	\$1,743,412,372
<i>Annual Percent Change</i>	5.7%	3.0%	-0.2%	0.9%	0.9%	2.5%
State Share of Districts' Total Program Funding						
	\$2,230,036,235	\$2,484,103,386	\$2,625,504,341	\$2,743,741,207	\$2,871,229,276	\$3,040,302,744
<i>Annual Percent Change</i>	8.9%	11.4%	5.7%	4.5%	4.6%	5.9%
<i>State Share as Percent of Districts' Total Program Funding</i>	57.9%	59.7%	61.1%	61.9%	62.8%	63.6%
General Fund Portion of State Share Appropriation						
	\$2,073,406,872	\$2,137,582,405	\$2,247,917,791	\$2,342,782,148	\$2,483,349,077	\$2,649,049,913
<i>Annual Percent Change</i>	5.0%	3.1%	5.2%	4.2%	6.0%	6.7%

Categorical Programs

Programs designed to serve particular groups of students (e.g., students with limited proficiency in English) or particular student needs (e.g., transportation) have traditionally been referred to as "categorical" programs. Unlike public school finance funding, there is no legal requirement that the General Assembly increase funding commensurate with the number of students eligible for any particular categorical program. However, Section 17 of Article IX of the Colorado Constitution requires the General Assembly to increase *total state funding* for all categorical programs annually by at least the rate of inflation plus one percent for FY 2001-02 through FY 2010-11, and by at least the rate of inflation for subsequent fiscal years. For example, based on the actual inflation rate for calendar year 2005 (2.1 percent), the General Assembly is required to increase state funding for categorical programs by at least \$5.9 million (3.1 percent) for FY 2006-07. The General Assembly elected, however, to increase state funding for categorical programs by a total of \$9.8 million.

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

Increases in State Funding for Categorical Programs			
Long Bill Line Item	FY 2006-07 Appropriation	Change in Annual Appropriation of State Funds Since FY 2000-01	
Special education - children with disabilities	\$115,953,326	\$44,442,553	62.1%
English Language Proficiency Program	6,132,897	3,031,299	97.7%
Public school transportation	42,940,625	6,018,398	16.3%
Colorado Vocational Act distributions	20,635,922	2,843,072	16.0%
Special education - gifted and talented children	7,808,744	2,308,744	42.0%
Expelled and at-risk student services grant program	6,285,171	496,364	8.6%
Small attendance center aid*	890,777	(57,363)	-6.1%
Comprehensive health education	600,000	0	0.0%
Total	\$201,247,462	\$59,083,067	41.6%

* Although funding provided for small attendance center aid has declined since FY 2000-01, the amount appropriated for FY 2006-07 is estimated to be sufficient to fully fund the program.

School Capital Construction Funding

Pursuant to S.B. 00-181, the General Assembly is required to appropriate a total of \$190.0 million from the General Fund over an eleven-year period to assist school districts with capital improvements. The \$190.0 million is to be split between two funds:

- ✓ A total of \$105.0 million is to be appropriated to the *School Capital Construction Expenditures Reserve* for capital expenditures of school districts that: (1) address immediate safety hazards or health concerns; (2) relieve excessive operating costs created by insufficient maintenance or construction spending; or (3) relieve conditions that detract from an effective learning environment.
- ✓ The remaining \$85.0 million is to be appropriated to the *School Construction and Renovation Fund* to provide matching grants to districts for qualified capital construction projects.

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

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

Fiscal Year	Appropriations Required Pursuant to S.B. 00-181 if General Fund Revenues are Sufficient	Funding Made Available To Date for Capital Construction			
		General Fund	State Education Fund	Lottery Proceeds	Total
00-01	\$5,000,000	\$5,000,000	\$0	\$0	\$5,000,000
01-02	10,000,000	10,000,000	6,471,052	0	16,471,052
02-03	15,000,000	0	6,500,060	8,499,940	15,000,000
03-04	20,000,000	0	10,000,000	3,690,377	13,690,377
04-05	20,000,000	0	5,000,000	2,396,438	7,396,438
05-06	20,000,000	25,000,000	5,000,000	1,691,454	31,691,454
06-07	<u>20,000,000</u>	<u>15,000,000</u>	<u>0</u>	n/a	<u>15,000,000</u>
Subtotal	110,000,000	55,000,000	32,971,112	16,278,209	104,249,321
07-08	20,000,000				n/a
08-09	20,000,000				n/a
09-10	20,000,000				n/a
10-11	<u>20,000,000</u>				n/a
Total	\$190,000,000	n/a	n/a	n/a	n/a

Summary of FY 2005-06 and FY 2006-07 Appropriations

Department of Education						
	Total Funds	General Fund/1	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Total Appropriation:	\$3,727,484,358	\$2,721,702,358	\$15,292,983	\$491,727,404	\$498,761,613	444.4
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Management and Administration	36,722,580	23,194,530	2,632,983	2,902,266	7,992,801	118.5
Assistance to Public Schools	3,678,136,223	2,689,114,653	12,575,000	485,677,758	490,768,812	165.8
Library Programs	1,169,796	959,796	0	210,000	0	0.0
School for the Deaf and the Blind	11,455,759	8,433,379	85,000	2,937,380	0	160.1
<u>Breakdown of Total Appropriation by Bill</u>						
SB 05-209	3,581,195,269	2,698,318,712	15,308,970	368,727,670	498,839,917	444.4
SB 05-200	16,785,753	0	0	16,785,753	0	0.0
HB 05-1217	0	0	0	0	0	0.0
HB 05-1262	1,385,188	0	0	1,385,188	0	0.0
SB 06-129	(2,706,157)	0	0	(2,706,157)	0	0.0
HB 06-1215	32,537,583	10,440,442	(15,987)	22,191,432	(78,304)	0.0
HB 06-1368	1,610,000	1,610,000	0	0	0	0.0
HB 06-1375	70,000,000	45,000,000	0	25,000,000	0	0.0
HB 06-1385	26,676,722	(33,666,796)	0	60,343,518	0	0.0
FY 2006-07 Total Appropriation:	\$3,847,861,010	\$2,874,627,998	\$14,615,679	\$470,577,544	\$488,039,789	466.5
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Management and Administration	38,431,461	24,342,814	1,955,679	3,967,017	8,165,951	130.8
Assistance to Public Schools	3,795,341,200	2,839,675,245	12,575,000	463,217,117	479,873,838	173.8
Library Programs	1,640,819	1,420,819	0	220,000	0	0.0
School for the Deaf and the Blind	12,447,530	9,189,120	85,000	3,173,410	0	161.9
<u>Breakdown of Total Appropriation by Bill</u>						
HB 06-1385	3,815,405,312	2,842,509,140	15,379,219	469,477,164	488,039,789	463.4
SB 06-130	210,000	210,000	0	0	0	0.0
SB 06-176	(775,000)	0	(775,000)	0	0	0.0
HB 06-1001	261,460	0	11,460	250,000	0	0.0
HB 06-1004	300,000	0	0	300,000	0	0.0

Department of Education						
	Total Funds	General Fund/1	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
HB 06-1008	531,580	0	0	531,580	0	0.0
HB 06-1109	0	0	0	0	0	1.0
HB 06-1283	25,245	25,245	0	0	0	0.3
HB 06-1310	(4,369,567)	0	0	(4,369,567)	0	0.0
HB 06-1375	36,271,980	31,883,613	0	4,388,367	0	1.8
Increase/(Decrease)	\$120,376,652	\$152,925,640	(\$677,304)	(\$21,149,860)	(\$10,721,824)	22.1
Percentage Change	3.2%	5.6%	-4.4%	-4.3%	-2.2%	5.0%

/1 Includes General Fund Exempt. See Division Detail for information on General Fund Exempt appropriations.

FY 2006-07 Appropriation Highlights:

1. The appropriation provides for a \$211.2 million *total increase* (4.6 percent) *in state and local funding* for schools pursuant to the School Finance Act of 1994, as amended, based on the following:

- a projected 1.1 percent increase in the funded pupil count (requiring \$48.9 million total funds), plus an increase of \$6.0 million to allow 2,000 more children to participate in the State Preschool and Kindergarten Program; and
- a 3.1 percent increase in the statewide base per pupil funding amount, based on an actual inflation rate of 2.1 percent in CY 2005 plus an additional 1.0 percent as required by the State Constitution (requiring \$156.3 million total funds).

Although *total* funding will increase by \$211.2 million in FY 2006-07, it is anticipated that *local* property and specific ownership tax revenues (which are not reflected in state appropriations) will increase by only \$42.1 million (2.5 percent). The appropriation thus reflects a \$169.1 million (5.9 percent) increase in the *State's* share of funding for districts' total program funding.

2. The appropriation includes General Fund appropriations totaling \$40.0 million over two fiscal years for public school capital construction programs, including \$25.0 million for FY 2005-06 and \$15.0 million for FY 2006-07.
3. The appropriation includes increases in state funding for categorical programs totaling \$35.5 million over two fiscal years, including \$4.1 million initially provided for FY 2005-06, an additional \$21.6 million increase provided mid-year for FY 2005-06, and another \$9.8 million increase for FY 2006-07.
4. The appropriation reflects the elimination of a \$11.6 million one-time General Fund appropriation for the Read-to-Achieve Grant Program.
5. The appropriation includes a partial restoration of funding for library programs by providing an increase of \$400,000 General Fund for the statewide courier service.

6. The appropriation includes an increase of \$462,620 General Fund for the Colorado School for the Deaf and the Blind to expand early literacy development programs for hearing impaired children.

Detail of Appropriation by Administrative Section

Management and Administration

This section of the budget provides funding and staff for the State Board of Education, for the administration of a variety of education- and library-related programs, and for general department administration, including human resources, budgeting, accounting, information management, and facilities maintenance. This section also includes funding for administration of the Colorado Student Assessment Program (CSAP) and associated accountability programs, as well as funding associated with the State Charter School Institute. Finally, this section includes funding for the Department to provide technical assistance to school districts concerning civic education and financial literacy. The primary source of cash funds is the Educator Licensure Cash Fund, which consists of fees paid by applicants for educator licenses and certificates. Cash funds exempt sources consist primarily of indirect cost recoveries and transfers of funds from various cash- and federally-funded line items. Federal funds reflected in this section are from a variety of sources.

Management and Administration						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Appropriation:						
SB 05-209	\$36,746,208	\$23,273,232	\$2,648,970	\$2,752,901	\$8,071,105	118.5
SB 05-200	200,000	0	0	200,000	0	0.0
HB 05-1217	0	0	0	0	0	0.0
HB 06-1215	<u>(223,628)</u>	<u>(78,702)</u>	<u>(15,987)</u>	<u>(50,635)</u>	<u>(78,304)</u>	<u>0.0</u>
TOTAL	\$36,722,580	\$23,194,530	\$2,632,983	\$2,902,266	\$7,992,801	118.5
FY 2006-07 Appropriation:						
FY 2005-06 Appropriation	\$36,722,580	\$23,194,530	\$2,632,983	\$2,902,266	\$7,992,801	118.5
State Charter School Institute	1,830,251	0	0	1,830,251	0	9.5
Colorado Student Assessment Program (CSAP)	360,483	(55,504)	0	0	415,987	0.0
FY 2006-07 salary and benefit adjustments	353,405	140,386	20,517	22,574	169,928	0.0
Annualize salary increases	200,694	123,065	27,800	49,829	0	0.0
School finance unit staffing	131,726	131,726	0	0	0	2.0
Accounting unit staffing	47,627	47,627	0	0	0	1.0
Other	259,345	(135,713)	12,222	(37,986)	420,822	0.0
Federal assessment funds available for other activities	(415,987)	0	0	0	(415,987)	(3.0)

Management and Administration						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
Reduce funding for accountability reports	(200,000)	(200,000)	0	0	0	0.0
Transfer to Library Programs section	(48,464)	(48,464)	0	0	0	0.0
Personal services base reductions	(15,501)	(7,672)	(2,103)	(4,113)	(1,613)	0.0
HB 06-1385	\$39,066,370	\$23,368,550	\$2,719,219	\$4,812,650	\$8,165,951	128.0
SB 06-176	(775,000)	0	(775,000)	0	0	0.0
HB 06-1001	11,460	0	11,460	0	0	0.0
HB 06-1109	0	0	0	0	0	1.0
HB 06-1283	25,245	25,245	0	0	0	0.3
HB 06-1375	<u>103,386</u>	<u>949,019</u>	<u>0</u>	<u>(845,633)</u>	<u>0</u>	<u>1.5</u>
TOTAL	\$38,431,461	\$24,342,814	\$1,955,679	\$3,967,017	\$8,165,951	130.8
Increase/(Decrease)	\$1,708,881	\$1,148,284	(\$677,304)	\$1,064,751	\$173,150	12.3
Percentage Change	4.7%	5.0%	-25.7%	36.7%	2.2%	10.4%

HB 06-1385 (Long Bill) Issue Descriptions

State Charter School Institute: The appropriation increases cash funds exempt spending authority related to the State Charter School Institute by \$1,830,251 and 9.5 FTE. The appropriations provide spending authority to both the Institute and the Department to perform administrative duties required pursuant to H.B. 04-1362. In addition, an appropriation is provided to allow the Institute to forward funding from various categorical programs to Institute charter schools. Appropriations are based on projections of the number of Institute charter schools (seven) and the associated funded pupil count (4,000).

Colorado Student Assessment Program (CSAP): The appropriation reflects a net increase in funding for the CSAP, including an increase of \$415,987 federal funds and a *decrease* of \$55,504 General Fund. The appropriation includes the following changes: an increase of \$1,741,158 to cover the costs of a new Colorado English Language Assessment, which is required by federal law; an increase of \$108,261 for the contract with ACT, Inc., based on projected increases in the number of 11th grade students and inflationary increases; and a \$1,488,936 decrease in the cost of the primary contract for developing, scoring, and reporting assessments.

FY 2006-07 salary and benefit adjustments: The appropriation includes adjustments to centrally-appropriated line items for salary and benefits, including the following changes: an increase of \$267,389 for health, life and dental benefits; an increase of \$145,578 for amortization equalization disbursement; and a decrease of \$59,562 for salary survey and senior executive service.

Annualize salary increases: The appropriation includes \$200,694 to annualize salary increases awarded in FY 2005-06.

School finance unit staffing: The appropriation includes an increase of \$57,109 to restore 1.0 FTE auditor in the school finance unit to address a backlog of school district audits and to complete audits prospectively within reasonable time frames. The appropriation also includes an increase of \$74,617 to add 1.0 FTE to the school finance unit to improve the unit's ability to provide training and technical assistance to school districts related to financial policies and procedures, and to address workload increases related to a number of new state and federal data and reporting requirements.

Accounting unit staffing: The appropriation includes an increase of \$47,627 to add 1.0 FTE for the accounting unit to address workload increases primarily related to a significant increase in the number of federal grants administered by the Department.

Other: The appropriation reflects relatively small changes in a number of centrally-appropriated line items, including: workers' compensation, administrative law judge services, risk management and property payments, Capitol complex leased space, short-term disability, services from the general government computer center, multi-use network payments, legal services, fingerprint services from the Colorado Bureau of Investigation, and indirect costs.

Federal assessment funding available for other activities: The appropriation includes a \$415,987 increase in the portion of federal funding that is used to develop and administer those assessments that are required by federal law (and not state law). This appropriation thus reduces the amount of federal funds available for other permissible activities by \$415,987.

Reduce funding for accountability reports: The appropriation includes a reduction of \$200,000 in the amount appropriated for the Department to compile, produce, and distribute school accountability reports for each public school in the state.

Transfer to Library Programs section: The appropriation reflects a decrease of \$48,464 General Fund to transfer moneys that are currently allocated to cover building maintenance and utilities expenses at the Colorado Talking Book Library to a separate line item within the Library Programs section of the Long Bill.

Personal services base reductions: The appropriation includes a reduction of \$15,501 associated with a 0.2 percent reduction in funding for personal services.

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

Assistance to Public Schools

This section includes all funding that is distributed to public schools or is used to directly support public schools (e.g., federally-funded Department staff that provide technical assistance to districts concerning special education programs). This section is comprised of the following four subsections:

- Public School Finance - funding for the *State's* share of districts' total program funding required under the School Finance Act (the local share of funding is not reflected in appropriations to the Department);
- Categorical Programs - funding for all programs defined as "categorical programs" pursuant to Section 17 of Article IX of the Colorado Constitution;

- Grant Programs and Other Distributions - other funding that is distributed to public schools or is used to directly support public schools; and
- Appropriated Sponsored Programs - federal funds and transfers from other departments that support a variety of programs.

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

Assistance to Public Schools						
	Total Funds	General Fund/1	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Appropriation:						
SB 05-209	\$3,531,896,841	\$2,665,725,640	\$12,575,000	\$362,827,389	\$490,768,812	165.8
SB 05-200	16,585,753	0	0	16,585,753	0	0.0
HB 05-1262	1,385,188	0	0	1,385,188	0	0.0
SB 06-129	(2,706,157)	0	0	(2,706,157)	0	0.0
HB 06-1215	32,687,876	10,445,809	0	22,242,067	0	0.0
HB 06-1368	1,610,000	1,610,000	0	0	0	0.0
HB 06-1375	70,000,000	45,000,000	0	25,000,000	0	0.0
HB 06-1385	<u>26,676,722</u>	<u>(33,666,796)</u>	<u>0</u>	<u>60,343,518</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$3,678,136,223	\$2,689,114,653	\$12,575,000	\$485,677,758	\$490,768,812	165.8
FY 2006-07 Appropriation:						
HB 06-1385	\$3,762,250,593	\$2,808,530,651	\$12,575,000	\$461,271,104	\$479,873,838	173.5
SB 06-130	210,000	210,000	0	0	0	0.0
HB 06-1001	250,000	0	0	250,000	0	0.0
HB 06-1004	300,000	0	0	300,000	0	0.0
HB 06-1008	531,580	0	0	531,580	0	0.0
HB 06-1310	(4,369,567)	0	0	(4,369,567)	0	0.0
HB 06-1375	<u>36,168,594</u>	<u>30,934,594</u>	<u>0</u>	<u>5,234,000</u>	<u>0</u>	<u>0.3</u>
TOTAL	\$3,795,341,200	\$2,839,675,245	\$12,575,000	\$463,217,117	\$479,873,838	173.8
Increase/(Decrease)	\$117,204,977	\$150,560,592	\$0	(\$22,460,641)	(\$10,894,974)	8.0
Percentage Change	3.2%	5.6%	0.0%	-4.6%	-2.2%	4.8%

/1 Includes General Fund Exempt amounts. See Subsection Detail, below, for information on General Fund Exempt appropriations.

Public School Finance

This subsection of Assistance to Public Schools consists of appropriations for the State's share of funding required under the School Finance Act of 1994, as amended. The local share of funding (an estimated 36.4 percent of the amount required for FY 2006-07 or \$1.7 billion) is not reflected in state appropriations to the Department. For FY 2006-07, 87.1 percent of the State's share is funded from the General Fund. Cash funds appropriations reflect anticipated rental income earned on public school lands, less the amount appropriated for other purposes. Cash funds exempt appropriations consist of moneys in the State Education Fund, federal mineral lease revenues, interest earned on the Public School Fund, spending from reserves in the State Public School Fund, and school district audit recoveries. For further information concerning the State Education Fund, including a table providing a history of appropriations from the Fund, see Appendix D.

<i>Public School Finance</i>						
	Total Funds	General Fund/1	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Appropriation:						
SB 05-209	\$2,824,289,454	\$2,524,010,166	\$9,527,356	\$290,751,932	\$0	0.0
SB 05-200	14,139,724	(2,280,029)	0	16,419,753	0	0.0
HB 06-1215	32,800,098	10,400,049	0	22,400,049	0	0.0
HB 06-1385	<u>3,551,904</u>	<u>(45,229,205)</u>	<u>0</u>	<u>48,781,109</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$2,874,781,180	\$2,486,900,981	\$9,527,356	\$378,352,843	\$0	0.0
FY 2006-07 Appropriation:						
FY 2005-06 Appropriation	\$2,874,781,180	\$2,486,900,981	\$9,527,356	\$378,352,843	\$0	0.0
Fund projected enrollment growth and 3.1 percent increase in base per pupil funding	164,142,251	160,769,619	0	3,372,632	0	0.0
Eliminate one-time appropriation to State Education Fund	(3,551,904)	(3,551,904)	0	0	0	0.0
HB 06-1385	\$3,035,371,527	\$2,644,118,696	\$9,527,356	\$381,725,475	\$0	0.0
HB 06-1008	0	0	0	0	0	0.0
HB 06-1375	<u>4,931,217</u>	<u>4,931,217</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$3,040,302,744	\$2,649,049,913	\$9,527,356	\$381,725,475	\$0	0.0
Increase/(Decrease)	\$165,521,564	\$162,148,932	\$0	\$3,372,632	\$0	0.0
Percentage Change	5.8%	6.5%	0.0%	0.9%	n/a	n/a

/1 Includes General Fund Exempt amounts.

General Fund Summary	Total General Fund	General Fund	General Fund Exempt
FY 2005-06 Appropriation	\$2,532,130,186	\$2,532,130,186	\$0
Long Bill supplemental (H.B. 06-1385)	<u>(45,229,205)</u>	<u>(306,629,205)</u>	<u>261,400,000</u>
FY 2005-06 Adjusted Appropriation	\$2,486,900,981	\$2,225,500,981	\$261,400,000
Fund projected enrollment growth and 3.1 percent increase in base per pupil funding	160,769,619	160,769,619	0
Eliminate one-time appropriation to State Education Fund	(3,551,904)	(3,551,904)	0
Adjust General Fund Exempt amount based on FY 2006-07 revenue projections	0	5,300,000	(5,300,000)
Fund 2,000 additional preschool slots (H.B. 06-1375)	<u>4,931,217</u>	<u>4,931,217</u>	<u>0</u>
Total FY 2006-07 Appropriation	\$2,649,049,913	\$2,392,949,913	\$256,100,000

General Fund Exempt

In November 2005, the Colorado voters passed Referendum C. Referendum C allows the State to retain all revenue that is collected above the TABOR limit for FY 2005-06 through FY 2009-10. This revenue must be placed in a General Fund Exempt Account [see Section 24-77-103.6 (2), C.R.S.]. The above table shows the amount appropriated from the General Fund Exempt Account for preschool through twelfth grade education pursuant to Sections 24-77-103.6 (2) (b) and 24-77-104.5 (3), C.R.S.

Overview: FY 2006-07 Funding for Public School Finance

The appropriation provides for a *total increase in state and local funding* for schools pursuant to the School Finance Act of 1994, as amended, of \$211.2 million (4.6 percent) based on the following:

- a 1.2 percent projected increase in the funded pupil count (including 2,000 new funded slots for the State Preschool and Kindergarten Program); and
- a 3.4 percent average increase in per pupil funding, including: (a) a 3.1 percent increase in the statewide *base* per pupil funding amount (based on the actual 2.1 percent inflation rate for the Denver-Boulder area for calendar year 2005 plus an additional one percent as required by Section 17 of Article IX of the Colorado Constitution); and (b) a projected 5.0 percent increase in the number of "at-risk" students.

Although *total* funding will increase by 4.6 percent in FY 2006-07 (\$211.2 million), it is anticipated that *local* property and specific ownership tax revenues (which are not reflected in state appropriations) will increase by only 2.5 percent (\$42.1 million). The appropriation thus reflects a 5.9 percent (\$169.1 million) increase in the *State's* share of funding for districts' total program funding to provide the total increase of \$211.2 million. The appropriation of state funds includes \$1.1 million to partially offset the \$2.2 million in local property tax revenues that are estimated to be foregone in FY 2006-07 due to locally-negotiated business incentive agreements.

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

School Finance: Total Program	FY 05-06 Amended Appropriation	FY 06-07 Appropriation	Change
Funded Pupil Count	741,403.3	750,306.8	8,903.5
<i>Annual Percent Change</i>	<i>1.6%</i>	<i>1.2%</i>	
Statewide <u>Base</u> Per Pupil Funding	\$4,717.62	\$4,863.87	\$146.25
<i>Annual Percent Change</i>	<i>1.1%</i>	<i>3.1%</i>	
Statewide <u>Average</u> Per Pupil Funding	\$6,167.43	\$6,375.68	\$208.25
<i>Annual Percent Change</i>	<i>1.5%</i>	<i>3.4%</i>	
Total Program Funding	\$4,572,554,442	\$4,783,715,116	\$211,160,674
<i>Annual Percent Change</i>	<i>3.2%</i>	<i>4.6%</i>	
<u>Local Share</u> of Districts' Total Program Funding (excluding appropriation related to BIAs)	\$1,701,325,166	\$1,743,412,372	\$42,087,206
<i>Annual Percent Change</i>	<i>0.8%</i>	<i>2.5%</i>	
<i>Local Share as % of Districts' Total Program</i>	<i>37.2%</i>	<i>36.4%</i>	
<u>State Share</u> of Districts' Total Program Funding (including appropriation related to BIAs)	\$2,871,229,276	\$3,040,302,744	\$169,073,468
<i>Annual Percent Change</i>	<i>4.6%</i>	<i>5.9%</i>	
<i>State Share as % of Districts' Total Program</i>	<i>62.8%</i>	<i>63.6%</i>	

Long Bill Supplemental (H.B. 06-1385)

The FY 2006-07 Long Bill contains a section that adjusts FY 2005-06 appropriations in order to reflect a portion of the General Fund appropriation for the State Share of Districts' Total Program Funding (\$261.4 million) as General Fund Exempt. This section also makes the following financing adjustments for FY 2005-06:

- ▶ Reduces the General Fund appropriation for the State Share of Districts' Total Program Funding by \$48.8 million;
- ▶ Appropriates \$3.6 million General Fund to the State Education Fund (slightly offsetting the above reduction); and
- ▶ Increases the cash funds exempt appropriation from the State Education Fund by \$48.8 million.

The above adjustments have the effect of lowering the "maintenance of effort base", the amount that is used for purposes of calculating the minimum (5.0 percent) General Fund appropriation constitutionally required for FY 2006-07. These adjustments reduce the annual increase in the General Fund appropriation for the State Share of Districts' Total Program Funding for FY 2005-06 from 8.1 percent to 6.0 percent.

HB 06-1385 (Long Bill) Issue Descriptions

Fund projected enrollment growth and 3.1 percent increase in base per pupil funding: Section 17 of Article IX of the Colorado Constitution (Amendment 23) requires the General Assembly to increase the statewide base per pupil funding amount by inflation plus one percent annually for FY 2001-02 through FY

2010-11, and by inflation annually thereafter. The Long Bill appropriation provides the required \$164.1 million (5.7 percent) increase in state funding for the School Finance Act, including:

- ▶ General Fund increases totaling \$160.7 million (6.6 percent);
- ▶ an \$8.2 million *decrease* in appropriations from the State Public School Fund; and
- ▶ State Education Fund increases of \$11.6 million.

Amendment 23 includes a requirement related to the sources of funds the General Assembly uses to provide the required inflationary increases. Specifically, for FY 2001-02 through FY 2010-11, the General Assembly is required to annually increase the General Fund appropriation for districts' total program funding by at least five percent. This five percent General Fund "maintenance of effort" requirement, however, does not apply in any fiscal year in which Colorado personal income grows less than 4.5 percent between the previous two calendar years. While the maintenance of effort did not apply for FY 2002-03 through FY 2004-05, it does apply for FY 2005-06 and is projected to apply for FY 2006-07 through FY 2010-11. Fiscal year 2006-07 appropriations, due to the financing adjustments for FY 2005-06, reflect a 6.7 percent increase in the General Fund appropriation for districts' total program funding.

The net \$3.4 million increase in cash funds exempt appropriations consists of an \$11.6 million increase in appropriations from the State Education Fund, offset by an \$8.2 million decrease in appropriations from the State Public School Fund.

Elimination of one-time appropriation to State Education Fund: The appropriation eliminates the one-time \$3.6 million appropriation of General Fund moneys to the State Education Fund (described above).

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

Categorical Programs

This subsection of Assistance to Public Schools includes appropriations for all "categorical programs", a term traditionally used to refer to programs designed to serve particular groups of students (e.g., students with limited proficiency in English) or particular student needs (e.g., transportation). Section 17 of Article IX of the Colorado Constitution defines "categorical programs", and requires the General Assembly to increase total state funding for all categorical programs annually by at least the rate of inflation plus one percent for FY 2001-02 through FY 2010-11, and by at least the rate of inflation for subsequent fiscal years.

Categorical programs are funded primarily with General Fund and various sources of federal funds. Cash funds exempt sources include moneys in the State Education Fund, funds transferred from other departments, and spending from reserves in the Colorado Comprehensive Health Education Fund.

<i>Categorical Programs</i>						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Appropriation:						
SB 05-209	\$332,760,438	\$141,465,474	\$0	\$26,486,255	\$164,808,709	59.1
SB 05-200	2,280,029	2,280,029	0	0	0	0.0
HB 06-1215	45,760	45,760	0	0	0	0.0
HB 06-1368	1,550,000	1,550,000	0	0	0	0.0
HB 06-1375	<u>20,000,000</u>	<u>20,000,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$356,636,227	\$165,341,263	\$0	\$26,486,255	\$164,808,709	59.1
FY 2006-07 Appropriation:						
FY 2005-06 Appropriation	\$356,636,227	\$165,341,263	\$0	\$26,486,255	\$164,808,709	59.1
Reflect anticipated federal funds	6,198,370	0	0	0	6,198,370	6.0
Increase state funding	4,061,944	3,270,692	0	791,252	0	0.0
Reverse temporary refinancing	0	300,000	0	(300,000)	0	0.0
Reflect transfer of Part C program	(7,215,847)	0	0	0	(7,215,847)	(5.1)
Reflect anticipated transfers	<u>(264,000)</u>	<u>0</u>	<u>0</u>	<u>(264,000)</u>	<u>0</u>	<u>(0.5)</u>
Subtotal	359,416,694	168,911,955	0	26,713,507	163,791,232	59.5
Continuation funding included in H.B. 06-1375 for FY 2006-07 (see below)	<u>(20,000,000)</u>	<u>(20,000,000)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
HB 06-1385	\$339,416,694	\$148,911,955	\$0	\$26,713,507	\$163,791,232	59.5
HB 06-1375	<u>25,720,000</u>	<u>25,720,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$365,136,694	\$174,631,955	\$0	\$26,713,507	\$163,791,232	59.5
Increase/(Decrease)	\$8,500,467	\$9,290,692	\$0	\$227,252	(\$1,017,477)	0.4
Percentage Change	2.4%	5.6%	n/a	0.9%	-0.6%	0.7%

HB 06-1385 (Long Bill) Issue Descriptions

Reflect anticipated federal funds: The appropriation reflects an increase in federal funds anticipated to be available, along with associated adjustments to staffing levels. Anticipated increases include: \$2,498,543 and 5.5 FTE for special education for children with disabilities; and \$3,699,827 and 0.5 FTE for English language proficiency programs.

Increase state funding: As required by Amendment 23, the FY 2006-07 appropriation includes a \$5,935,431 (3.1 percent) increase in *state funding* for categorical programs based on the actual inflation rate for CY 2005. In addition, the appropriation includes an additional increase of \$3,846,513 state funds, which is not required by Amendment 23. Of the total \$9,781,944 increase, \$4,061,944 is appropriated in the Long Bill (H.B. 06-

1385) and \$5,720,000 is appropriated in H.B. 06-1375. The \$9.8 million overall increase is allocated among categorical programs as follows: \$5,720,000 for special education for children with disabilities; \$2,089,342 for English language proficiency programs; \$1,331,492 for public school transportation; \$639,874 for Colorado Vocational Act distributions, and \$1,236 for Small Attendance Center Aid.

Given the significant increases provided through mid-year adjustments to FY 2005-06 appropriations, the following table details the appropriation of state funds by program for fiscal years 2005-06 and 2006-07.

Increase in State Funding for Categorical Programs for FY 2005-06 and FY 2006-07				
Long Bill Line Item	FY 2004-05 Appropriation of State Funds	Allocation of FY 2005-06 and FY 2006-07 Increases in State Funds		FY 2006-07 Appropriation of State Funds
District Programs Required by Statute:				
Special education - children with disabilities	\$86,634,025	\$29,319,301	33.8%	\$115,953,326
English Language Proficiency Program	3,766,630	2,366,267	62.8%	6,132,897
Other Categorical Programs:				
Public school transportation	41,418,393	1,522,232	3.7%	42,940,625
Colorado Vocational Act distributions	19,959,556	676,366	3.4%	20,635,922
Special education - gifted and talented children	6,258,744	1,550,000	24.8%	7,808,744
Expelled and at-risk student services grant program	6,285,171	0	0.0%	6,285,171
Small attendance center aid	843,781	46,996	5.6%	890,777
Comprehensive health education	600,000	0	0.0%	600,000
Total	\$165,766,300	\$35,481,162	21.4%	\$201,247,462

Reverse temporary refinancing: The appropriation reverses a temporary refinancing of the Comprehensive Health Education Program, restoring the \$300,000 General Fund appropriation and reducing the appropriation from the Colorado Comprehensive Health Education Fund by \$300,000.

Reflect transfer of Part C program: The appropriation transfers the federal Special Education Grant for Infants, Toddlers, and Their Families ("Part C" funding) and associated staff to the Department of Human Services, consistent with Executive Order #D 017 05 that changed the lead agency for the program.

Reflect anticipated transfers: The appropriation eliminates a \$264,000 cash funds exempt transfer that is not anticipated to continue, along with the associated 0.5 FTE authorization.

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

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Grant Programs and Other Distributions

This subsection of Assistance to Public Schools includes funding for a variety of state and federal grant programs. A portion of the cash funds exempt appropriations are duplicative, simply providing the Department with the authority to spend moneys that are appropriated to various cash funds. For example, for FY 2006-07, \$7.5 million General Fund is appropriated to the School Capital Construction Expenditures Reserve, and a \$7.5 million cash funds exempt appropriation is also provided to authorize the Department to spend moneys in the Reserve to award grants to schools. Other cash funds exempt sources include the State Education Fund, the Tobacco Litigation Settlement Cash Fund, federal Medicaid funds appropriated to the Department of Health Care Policy and Financing that are used to reimburse participating school districts for health care services provided to Medicaid-eligible students, reserves in the State Public School Fund, and gifts, grants, and donations.

<i>Grant Programs and Other Distributions</i>						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Appropriation:						
SB 05-209	\$56,561,356	\$250,000	\$2,472,644	\$42,240,990	\$11,597,722	11.9
SB 05-200	166,000	0	0	166,000	0	0.0
HB 05-1262	1,385,188	0	0	1,385,188	0	0.0
SB 06-129	(2,706,157)	0	0	(2,706,157)	0	0.0
HB 06-1215	(157,982)	0	0	(157,982)	0	0.0
HB 06-1368	60,000	60,000	0	0	0	0.0
HB 06-1375	50,000,000	25,000,000	0	25,000,000	0	0.0
HB 06-1385	<u>23,124,818</u>	<u>11,562,409</u>	<u>0</u>	<u>11,562,409</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$128,433,223	\$36,872,409	\$2,472,644	\$77,490,448	\$11,597,722	11.9
FY 2006-07 Appropriation:						
FY 2005-06 Appropriation	\$128,433,223	\$36,872,409	\$2,472,644	\$77,490,448	\$11,597,722	11.9
Eliminate one-time adjustment	2,706,157	0	0	2,706,157	0	0.0
Spending authority from cash fund reserves	961,570	0	0	961,570	0	0.0
Provide funding for family literacy	400,000	0	0	400,000	0	0.0
Restore funding for school breakfast program	190,000	190,000	0	0	0	0.0
Reflect anticipated increase in tobacco settlement funds	19,330	0	0	19,330	0	0.0
Eliminate one-time increase for Read-to-Achieve	(23,124,818)	(11,562,409)	0	(11,562,409)	0	0.0
Reduce General Fund appropriations for capital construction programs	(20,000,000)	(10,000,000)	0	(10,000,000)	0	0.0

Grant Programs and Other Distributions

	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
Eliminate State Education Fund appropriation to School Capital Construction Expenditures Reserve	(10,000,000)	0	0	(10,000,000)	0	0.0
Change in anticipated federal funds	(719,497)	0	0	0	(719,497)	0.5
Anticipated transfers from DHCPF	(257,622)	0	0	(257,622)	0	0.0
HB 06-1385	\$78,608,343	\$15,500,000	\$2,472,644	\$49,757,474	\$10,878,225	12.4
SB 06-130	210,000	210,000	0	0	0	0.0
HB 06-1001	250,000	0	0	250,000	0	0.0
HB 06-1004	300,000	0	0	300,000	0	0.0
HB 04-1008	531,580	0	0	531,580	0	0.0
HB 06-1310	(4,369,567)	0	0	(4,369,567)	0	0.0
HB 06-1375	<u>5,517,377</u>	<u>283,377</u>	<u>0</u>	<u>5,234,000</u>	<u>0</u>	<u>0.3</u>
TOTAL	\$81,047,733	\$15,993,377	\$2,472,644	\$51,703,487	\$10,878,225	12.7
Increase/(Decrease)	(\$47,385,490)	(\$20,879,032)	\$0	(\$25,786,961)	(\$719,497)	0.8
Percentage Change	-36.9%	-56.6%	0.0%	-33.3%	-6.2%	6.7%

HB 06-1385 (Long Bill) Issue Descriptions

Eliminate one-time adjustment: The appropriation eliminates the one-time reduction in the cash funds exempt appropriation for public school health services that was required to implement a cash-based, rather than accrual-based, system of accounting (pursuant to S.B. 06-129).

Spending authority from cash fund reserves: The appropriation increases spending authority from reserves in two cash funds: (a) an additional \$523,968 from the Contingency Reserve, a fund which is continuously appropriated to the State Board of Education to provide financial assistance to school districts under certain circumstances; and (b) an additional \$437,602 from the School Construction and Renovation Fund to allow the Department to award additional grants using moneys reverted from previous grant awards.

Provide funding for family literacy: The appropriation includes a \$200,000 cash funds exempt appropriation from the State Education Fund to the Family Literacy Education Fund, along with \$200,000 in cash funds exempt spending authority out of such fund for the provision of grants.

Restore funding for school breakfast program: The appropriation adds \$190,000 General Fund for the school breakfast program.

Reflect anticipated increase in tobacco settlement funds: The appropriation reflects a small increase (\$9,665) in the amount of tobacco settlement funding anticipated to be allocated to the Read-to-Achieve Cash Fund, along with a commensurate increase in the associated cash funds exempt spending authority out of such fund.

Eliminate one-time increase for Read-to-Achieve: The appropriation reflects the elimination of a one-time \$11.6 million General Fund appropriation to the Read-to-Achieve Cash Fund, along with the associated cash funds exempt spending authority out of such fund.

Reduce General Fund appropriations for capital construction programs: The appropriation reflects a \$10.0 million reduction in the General Fund appropriations to the School Capital Construction Expenditures Reserve and the School Construction and Renovation Fund, along with \$10.0 million in associated cash funds exempt spending authority.

Eliminate State Education Fund appropriation to School Capital Construction Expenditures Reserve: The appropriation eliminates a \$5.0 million cash funds exempt appropriation from the State Education Fund to the School Capital Construction Expenditures Reserve, along with the associated cash funds exempt spending authority out of the Reserve. This appropriation is no longer required pursuant to Section 22-54-117-(1.7) (a), C.R.S.

Change in anticipated federal funds: The appropriation reflects an anticipated reduction in the amount of federal Reading First funds anticipated to be available, as well as adjustments in staff supported by this grant.

Anticipated transfers from the Department of Health Care Policy and Financing (DHCPF): The appropriation reflects a net decrease in the transfer from the DHCPF for school-based health services. This amount includes a modest increase (\$434,972) in the amount of federal Medicaid funds anticipated to be claimed by school districts. This increase is more than offset, however, by a reduction of \$692,594 required to correct an error in the appropriation that was included in H.B. 05-1262 for this line item.

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

Appropriated Sponsored Programs

This subsection of Assistance to Public Schools reflects the majority of federal funds available to the Department and the associated federally-funded department staff. This section also provides cash funds spending authority for the Department to receive fees related to conferences, as well as cash funds exempt spending authority for the Department to receive transfers from other state agencies. The vast majority of the funds reflected in this section are distributed directly to local school districts, with the balance utilized by the Department to provide technical assistance to school districts and to cover department administrative costs.

The most significant sources of federal funds currently reflected in this section include the following:

- ▶ Title I of the Elementary and Secondary Education Act -- funding to improve education for children at risk of school failure, including those who live in low income communities, migrant children, and those who are neglected and delinquent;
- ▶ U.S. Department of Agriculture Food and Nutrition Service -- funding for the National School Lunch Program, which provides for reduced-cost or free lunches to students; and
- ▶ Title II Teacher and Principal Training and Recruiting Funds -- funding for a variety of activities designed to improve teacher/principal quality.

Appropriated Sponsored Programs

	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Appropriation:						
SB 05-209	<u>\$318,285,593</u>	<u>\$0</u>	<u>\$575,000</u>	<u>\$3,348,212</u>	<u>\$314,362,381</u>	<u>94.8</u>
TOTAL	\$318,285,593	\$0	\$575,000	\$3,348,212	\$314,362,381	94.8
FY 2006-07 Appropriation:						
FY 2005-06 Appropriation	\$318,285,593	\$0	\$575,000	\$3,348,212	\$314,362,381	94.8
Change in anticipated federal funds	(9,158,000)	0	0	0	(9,158,000)	5.2
Anticipated grants and donations	(273,564)	0	0	(273,564)	0	1.6
HB 06-1385	<u>\$308,854,029</u>	<u>\$0</u>	<u>\$575,000</u>	<u>\$3,074,648</u>	<u>\$305,204,381</u>	<u>101.6</u>
TOTAL	\$308,854,029	\$0	\$575,000	\$3,074,648	\$305,204,381	101.6
Increase/(Decrease)	(\$9,431,564)	\$0	\$0	(\$273,564)	(\$9,158,000)	6.8
Percentage Change	-3.0%	n/a	0.0%	-8.2%	-2.9%	7.2%

HB 06-1385 (Long Bill) Issue Descriptions

Change in anticipated federal funds: The appropriation reflects an anticipated net decrease in a variety of federal fund sources that are reflected in this subsection (compared to the FY 2005-06 appropriation), as well as adjustments in federally-funded staffing levels.

Anticipated grants and donations: The appropriation reflects a net decrease in the amount of grants and donations the Department anticipates receiving, as well as adjustments in staff supported by grants and donations.

Library Programs

This section contains appropriations for all library-related programs, with the exception of department staff, who are funded through two other line items. Specifically, library program staff supported by state funds (11.6 FTE) are included in the consolidated General Department and Program Administration line item in the Management and Administration section; library program staff supported by federal funds (21.5 FTE) are included in the Appropriated Sponsored Programs line item in the Assistance to Public Schools section. Library programs reflected in this section are primarily supported by General Fund. Cash funds exempt sources include transfers from the Colorado Disabled Telephone Users Fund to support privately operated reading services for the blind, as well as grants and donations.

Library Programs						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Appropriation:						
SB 05-209	<u>\$1,169,796</u>	<u>\$959,796</u>	<u>\$0</u>	<u>\$210,000</u>	<u>\$0</u>	<u>0.0</u>
TOTAL	\$1,169,796	\$959,796	\$0	\$210,000	\$0	0.0
FY 2006-07 Appropriation:						
FY 2005-06 Appropriation	\$1,169,796	\$959,796	\$0	\$210,000	\$0	0.0
Library courier service	400,000	400,000	0	0	0	0.0
Talking Book Library building maintenance and utilities	61,023	61,023	0	0	0	0.0
Reading services for the blind	10,000	0	0	10,000	0	0.0
HB 06-1385	<u>\$1,640,819</u>	<u>\$1,420,819</u>	<u>\$0</u>	<u>\$220,000</u>	<u>\$0</u>	<u>0.0</u>
TOTAL	\$1,640,819	\$1,420,819	\$0	\$220,000	\$0	0.0
Increase/(Decrease)	\$471,023	\$461,023	\$0	\$10,000	\$0	0.0
Percentage Change	40.3%	48.0%	n/a	4.8%	n/a	n/a

HB 06-1385 (Long Bill) Issue Descriptions

Library courier service: The appropriation includes an increase of \$400,000 General Fund to partially restore funding for the Colorado Library Consortium (formerly the Regional Library Service Systems). This funding will be used to expand courier service and to reduce fees for participating libraries.

Talking Book Library building maintenance and utilities: The appropriation restores funding for the building maintenance and utilities expenses of the Talking Book Library. The appropriation includes \$48,464 transferred from the Management and Administration section.

Reading services for the blind: The appropriation includes a \$10,000 increase in spending authority out of the Reading Services for the Blind Cash Fund commensurate with the increase in the annual transfer to this fund from the Disabled Telephone Users Fund in the Department of Regulatory Agencies.

School for the Deaf and the Blind

This section contains appropriations for the operation of the Colorado School for the Deaf and the Blind (CSDB), which is located in Colorado Springs. The CSDB provides educational services for children throughout the state who are deaf, hard-of-hearing, blind, or visually-impaired. In FY 2004-05, the CSDB had a total enrollment of 543 children, including 316 infants and toddlers and 227 students (ages 3 to 21) who received services on-campus. The on-campus enrollment included 120 residential students (who return home on weekends and for the Summer) and 107 students who only attended classes during the day. The majority of children who receive services through the CSDB (83.8 percent in FY 2004-05) are deaf or hearing impaired.

The primary source of funding for the CSDB is General Fund. However, for each student eligible for funding under the School Finance Act (an estimated 200 students for FY 2006-07)¹, the CSDB receives funding from each student's "home" school district. The amount the CSDB receives for each eligible pupil is equal to the statewide per pupil *operating* revenue (which excludes capital and insurance reserve allocations), estimated at \$6,097 per pupil for FY 2006-07. The Department effects such transfers by withholding funds appropriated for the State's share of districts' total program funding that would otherwise be paid to the home school district. This source of funding is reflected in the Long Bill as a cash funds exempt transfer from the State Share of Districts' Total Program Funding line item. In addition, the appropriation includes other cash funds exempt transfers from the Assistance to Public Schools section of the Long Bill, including state and federal funding for special education services, federal Medicaid funds, federal child nutrition funds, and various federal grants. Cash funds appropriations consist of fees paid by individuals for workshops and conferences and housing reimbursements.

School for the Deaf and Blind						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Appropriation:						
SB 05-209	\$11,382,424	\$8,360,044	\$85,000	\$2,937,380	\$0	160.1
HB 06-1215	<u>73,335</u>	<u>73,335</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$11,455,759	\$8,433,379	\$85,000	\$2,937,380	\$0	160.1
FY 2006-07 Appropriation:						
FY 2005-06 Appropriation	\$11,455,759	\$8,433,379	\$85,000	\$2,937,380	\$0	160.1
Expand home-based family literacy programs	462,620	462,620	0	0	0	1.8
Annualize salary increases	269,987	225,457	0	44,530	0	0.0
Federal funds transferred from school districts	186,500	0	0	186,500	0	0.0
Increase funding for utilities, fleet fuel, food, and medical expenses	61,758	61,758	0	0	0	0.0
Vehicle lease payments	22,224	22,224	0	0	0	0.0
Other	6,526	1,526	0	5,000	0	0.0
Personal services base reduction	(17,844)	(17,844)	0	0	0	0.0
HB 06-1385	<u>\$12,447,530</u>	<u>\$9,189,120</u>	<u>\$85,000</u>	<u>\$3,173,410</u>	<u>\$0</u>	<u>161.9</u>
TOTAL	\$12,447,530	\$9,189,120	\$85,000	\$3,173,410	\$0	161.9

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

School for the Deaf and Blind						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
Increase/(Decrease)	\$991,771	\$755,741	\$0	\$236,030	\$0	1.8
Percentage Change	8.7%	9.0%	0.0%	8.0%	n/a	1.1%

HB 06-1385 (Long Bill) Issue Descriptions

Expand home-based family literacy programs: The appropriation adds \$462,620 General Fund and 1.8 FTE to expand two early literacy development programs for hearing impaired children.

Annualize salary increases: The appropriation includes \$269,987 to annualize salary survey increases awarded in FY 2005-06.

Federal funds transferred from school districts: The appropriation includes an increase of \$186,500 to better reflect the amount of federal special education funding anticipated to be transferred from school districts.

Increase funding for utilities, fleet fuel, food, and medical expenses: The appropriation includes an increase of \$57,859 for utilities, \$1,982 for fleet fuel, \$1,867 for food expenses, and \$50 for medical expenses.

Vehicle lease payments: The appropriation adds \$22,224 for the replacement of one vehicle and the annualization of funding for five vehicles scheduled to be replaced in April 2006.

Other: The appropriation reflects relatively small changes in funding for shift differential, communications services payments, and allocations from various categorical programs.

Personal services base reduction: The appropriation includes a reduction of \$17,844 associated with a 0.2 percent reduction in funding for personal services

Recent Legislation

2005 Session Bills

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

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

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

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

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

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

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

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

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

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

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

S.B. 05-249: For FY 2004-05, increases the statutory allocation of tobacco settlement moneys to the Read-to-Achieve Grant Program from 5.0 percent to 19.0 percent. Adjusts FY 2004-05 appropriations for the Read-to-Achieve Grant Program in the FY 2004-05 Long Bill (H.B. 04-1422), as amended by the FY 2005-06 Long Bill (S.B. 05-209), to reflect the change in the allocation. Increases FY 2004-05 appropriations of tobacco

settlement moneys to various other programs, based on the change in the statutory allocation of tobacco settlement moneys, to ensure that each program pays a proportionate share of the costs incurred by the State Auditor's Office to conduct statutorily-required performance reviews of various tobacco-funded programs.

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

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

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

2006 Session Bills

S.B. 06-24: Requires public schools to assign each student (including those enrolled in the State Preschool and Kindergarten Program) a unique identification number that will carry through college; requires data sharing between the State Board of Education, Colorado Commission on Higher Education and qualified researchers.

S.B. 06-73: Effective July 1, 2007, expands the age requirements associated with compulsory school attendance to include children ages seven through 16 (adding 16-year-olds).

S.B. 06-119: For the purpose of charter schools that rely on the State Charter School Debt Service Reserve Fund to have bonds issued by the Colorado Educational and Cultural Facilities Authority on their behalf, increases the aggregate outstanding principal amount of bonds that may be secured by the state's moral obligation and the State Charter School Debt Service Reserve Fund from \$200 million to \$400 million.

S.B. 06-127: Creates a pilot program to make fresh fruits and vegetables available throughout the school day to students of participating schools. Directs the Department of Education to use \$150,000 of the \$500,000 General Fund appropriated for the federal school breakfast program for FY 2006-07 and FY 2007-08 to fund the pilot program.

S.B. 06-129: Expands the programs for which the Department of Health Care Policy and Financing is required to use a cash-based, rather than accrual-based, system of accounting. Reduces the FY 2005-06 cash funds exempt appropriation to the Department of Education for public school health services by \$2,706,157. For more information refer to the bill description in the Department of Health Care Policy and Financing.

S.B. 06-130: Requires the General Assembly to annually make a separate appropriation to cover the estimated cost of providing a basic grant of at least \$10,000 to each eligible board of cooperative services. Appropriates

\$210,000 General Fund to the Department of Education for FY 2006-07 for the provision of \$10,000 grants to each eligible board.

S.B. 06-176: Clarifies certain provisions related to educator licensure. Directs applicants for educator licenses and nonpublic schools to submit fingerprints (and the associated fees) directly to the Colorado Bureau of Investigation (CBI) for a criminal history record check. Eliminates the \$775,000 cash funds appropriation to the Department of Education for background record checks, and shifts \$337,816 of the appropriation to the Department of Public Safety for fingerprint processing services (the portion related to CBI record checks) from cash funds exempt to cash funds.

H.B. 06-1001: Requires the State Board of Education to annually survey school district superintendents who employ new principals. Specifies the frequency of principal performance evaluations, and requires local boards of education to identify any areas in which one or more principals require further training or development. Creates the Principal Development Scholarship Program to provide stipends for professional development activities for principals on the basis of need. Appropriates \$250,000 from the Principal Development Scholarship Fund (consisting of gifts, grants, and donations) to the Department of Education for FY 2006-07 for the purpose of awarding stipends to principals through the Principal Development Scholarship Program, as well as \$11,460 from the Educator Licensure Cash Fund to survey superintendents.

H.B. 06-1004: Establishes the Reading Assistance Grant Program to provide grants to nonprofit organizations that provide and distribute to school districts and eligible facilities accessible educational materials for students who have difficulty achieving the state model content standards, but are not identified as having a disability. Authorizes the State Board of Education to award grants totaling up to \$100,000 per fiscal year. Appropriates \$300,000 from the Read-to-Achieve Cash Fund to the Reading Assistance Grant Program Fund for FY 2006-07. Continuously appropriates moneys in the latter fund to the Department.

H.B. 06-1008: Allows small school districts and certain charter schools to receive reimbursement for the cost of purchasing supplemental on-line education courses. Appropriates \$531,580 to the Department of Education for FY 2006-07 to reimburse eligible school districts and charter schools. This appropriation is from mineral lease revenues that are transferred to the State Public School Fund. Also adjusts a letter note in the FY 2006-07 Long Bill to reduce the amount appropriated from federal mineral lease revenues and increase the amount appropriated from reserves in the State Public School Fund.

H.B. 06-1109: Requires the Department to provide, within existing resources, technical assistance and training to school districts and charter schools in interpreting and using diagnostic academic growth information. Requires the State Board of Education to present the Governor's distinguished improvement awards to schools that demonstrate the highest rate of student academic growth. Authorizes the State Board to use any funds remaining from the amount annually appropriated for longitudinal analyses to provide tangible items of recognition (such as banners or trophies) to schools that receive the awards from the John Irwin Schools of Excellence Awards Program and the Governor's Distinguished Improvement Awards. Increases the appropriation to the Department of Education for FY 2006-07 for longitudinal analyses of student assessment results by 1.0 FTE.

H.B. 06-1215: Supplemental appropriation to the Department of Education to modify FY 2005-06 appropriations included in the FY 2005-06 Long Bill (S.B. 05-209).

H.B. 06-1283: Refers a measure for the November 2006 ballot to require each school district to spend at least 65 percent of its operating expenditures on services that directly affect student achievement. Also requires all

school districts to send their budgets to the Department in a standard format. Allows school district voters to exempt the school district from the operational expenditures requirement. Appropriates \$25,245 General Fund and 0.3 FTE to the Department for FY 2006-07 to determine the apportionment of districts' operational account spending.

H.B. 06-1310: Instructs the State Treasurer to transfer a specified amount of tobacco settlement moneys to the Read-to-Achieve Cash Fund, instead of requiring an appropriation for such purpose. Adjusts FY 2006-07 appropriations to the Department of Education, reducing the appropriation of tobacco litigation settlement cash funds to the Read-to-Achieve Cash Fund by \$4,369,567, thereby eliminating it. For more information refer to the bill description in the Department of Public Health and Environment.

H.B. 06-1368: Second supplemental appropriation to the Department of Education to modify FY 2005-06 appropriations included in the FY 2005-06 Long Bill (S.B. 05-209).

H.B. 06-1375 (annual "School Finance Act"): Amends the Public School Finance Act of 1994, to provide funding for school districts for FY 2006-07, making the following changes:

- ▶ Increases the statewide *base* per pupil funding from \$4,717.62 to \$4,863.87 (3.1 percent).
- ▶ Adds 2,000 funded slots for the Colorado Preschool Program (for a total of 14,360) and expresses the General Assembly's intent to "fully fund" the program over the next three fiscal years. Authorizes districts to utilize up to 15 percent of the total number of slots to provide full-day kindergarten programs and up to five percent of the total number of slots to provide full-day preschool programs. Renames the program the *State Preschool and Kindergarten Program*.
- ▶ Repeals *full-day kindergarten* (versus half-day) funding for students who attend a school that receives an academic performance rating of "unsatisfactory" for the previous school year.
- ▶ Eliminates the authority of the Department to transfer moneys appropriated for the state share of districts' total program funding to offset the direct and indirect costs for administering the Public School Finance Act.

Increases the FY 2006-07 Long Bill appropriation from the General Fund for the state share of districts' total program funding by \$4,931,217 (including an increase of \$5,058,721 for the new preschool slots and a reduction of \$127,504 associated with repealing full-day kindergarten funding). Increases the General Fund appropriation for Department administration by \$845,633 and 10.0 FTE, and decreases the cash funds exempt appropriations for this purpose by the same amounts. Appropriates \$65,804 General Fund and 1.0 FTE for administration of the State Preschool and Kindergarten Program.

Special Education for Children With Disabilities. For FY 2005-06 and each budget year thereafter, modifies the distribution of state moneys appropriated for special education for children with disabilities, including the creation of the Special Education High Cost Grant Program for administrative units that incur high per-child costs (this program begins in FY 2006-07). Creates the Colorado Special Education Fiscal Advisory Committee to award high cost grants to administrative units and to make recommendations concerning the distribution of state funds. Increases the appropriation of state funds for districts' special education costs by \$20,000,000 for FY 2005-06 (for a total of \$110,233,326), and by \$25,720,000 for FY 2006-07 (for a total of \$115,953,326). Appropriates \$37,582 General Fund and 0.5 FTE to cover the Department's administrative costs associated with the changes in the distribution and data collection.

School District Capital Construction. Appropriates \$19,250,000 General Fund (including \$5,000,000 that is exempt from the six percent limit on General Fund appropriations) to the School Construction and Renovation Fund (the "Fund") for FY 2005-06. Authorizes the Department to expend the \$19.25 million in FY 2005-06 or FY 2006-07, and specifies that statutory application deadlines shall not apply to grants awarded from moneys appropriated to the Fund in FY 2005-06. Appropriates \$5,750,000 General Fund to the School Capital Construction Expenditures Reserve for FY 2005-06, and authorizes the Department to expend these moneys from the Reserve in FY 2005-06. Requires the General Assembly to appropriate a total of \$15 million, split evenly between the Fund and the Reserve, for FY 2006-07 (these appropriations are included in H.B. 06-1385).

Eliminates the provision that requires the State Treasurer to transfer any moneys in the Reserve that remain unexpended or unencumbered on March 15 of each fiscal year to the Fund. Allows the General Assembly to appropriate General Fund moneys to the Fund or the Reserve for fiscal years 2005-06 through 2010-11 even if General Fund revenues do not exceed the relevant statutory threshold.

Charter School Capital Construction Funding. Requires the General Assembly to appropriate \$7.8 million from the State Education Fund for charter school capital construction for FY 2006-07 (rather than \$5.0 million), and increases the FY 2006-07 appropriation for such purpose by \$2.8 million.

Aid to Declining Enrollment Districts. Provides one year of additional state aid to declining enrollment districts in which a new charter school is opened. Appropriates \$1,283,377 (including \$1,000,000 from the State Education Fund and \$283,377 from the General Fund) for declining enrollment district aid.

Summer School Grant Program. Creates a program to provide grants for districts to operate summer school programs for students entering the 4th through 8th grades who received an unsatisfactory score on the reading, writing, or math portion of the Colorado student assessment program in the preceding academic year. Appropriates \$1,000,000 from the State Education Fund and 0.3 FTE to the Department for FY 2006-07 for the new grant program.

Facility Summer School Program. Narrows the Facility Summer School Grant Program to focus on reading, writing, or math. Eliminates the Facility Summer School Grant Program Fund and instead provides for direct appropriations from the State Education Fund for the program. Appropriates \$500,000 from the State Education Fund to the Department for FY 2006-07 for the grant program.

National Credential Fee Assistance. Eliminates the National Credential Fund and instead provides for direct appropriations from the State Education Fund for the provision of national credential fee assistance. Increases the appropriation from the State Education Fund for such purpose by \$17,000 (for a total of \$100,000).

Transportation. Requires any recovered overpayments of transportation reimbursements to school districts and the State Charter School Institute due to an audit to be credited to the Public School Transportation Fund (rather than the State Public School Fund). Modifies the method for calculating unreimbursed excess transportation costs for purposes of allowing local boards of education to seek voter approval to impose a mill levy for the payment of such costs.

Tax Increment Financing. Establishes a task force to study the impact of tax increment financing provisions in urban renewal plans on public school finance. Appropriates \$3,816 General Fund to the Legislative Department for FY 2006-07 to fund per diem costs for the members of the task force.

H.B. 06-1385: General appropriations act for FY 2006-07. Also includes supplemental adjustments to modify appropriations to the Department of Education included in the FY 2005-06 Long Bill (S.B. 05-209).

GOVERNOR - LIEUTENANT GOVERNOR - STATE PLANNING AND BUDGETING

The Department is comprised of the Office of the Governor, the Office of the Lieutenant Governor, the Office of State Planning and Budgeting, Economic Development Programs, the Office of Innovation and Technology, the Office of Energy Management and Conservation, and the Office of the Colorado Benefits Management System.

Department Budget: Recent Appropriations

Funding Source	FY 2003-04	FY 2004-05	FY 2005-06	FY 2006-07
General Fund	\$13,380,007	\$15,890,879	\$16,024,911	\$11,230,755
Cash Funds	144,950	225,779	9,447,586	31,125,440
Cash Funds Exempt	1,889,010	1,706,447	4,035,337	4,044,045
Federal Funds	<u>18,718,117</u>	<u>17,527,584</u>	<u>14,299,827</u>	<u>16,522,636</u>
Total Funds	\$34,132,084	\$35,350,689	\$43,807,661	\$62,922,876
Full Time Equiv. Staff	106.9	106.9	128.4	139.4

General Factors Driving the Budget

Funding for this department consists of 17.8 percent General Fund, 49.5 percent cash funds, 6.4 percent cash funds exempt, and 26.3 percent federal funds.

Economic Development Funding

In recent years, funding for the Governor-Lieutenant Governor-Office of State Planning and Budgeting has fluctuated significantly based on decisions by the General Assembly to add or reduce funding for economic development programs. For FY 2006-07, this includes a net increase of \$23.6 million in cash fund support for various economic development programs funded through H.B. 06-1201 and other new legislation, partially offset by a reduction of \$5.4 million in General Fund support for Colorado promotion activities.

Federal Funds

Federally-funded programs comprised 32.6 percent of the Governor's Office budget in FY 2005-06 and 26.3 percent of the Office's budget in FY 2006-07. Most federally-funded programs require no state match, and funding is provided at the discretion of federal authorities. Historically, federal funding has fluctuated significantly and has included a wide variety of programs, ranging from job training to energy conservation. Federal funding for FY 2006-07 reflects an increase of \$4.2 million to support state information security activities, pursuant to H.B. 06-1157, partially offset by a reduction of \$2.0 million in funding from various unmatched sources.

Summary of FY 2005-06 and FY 2006-07 Appropriations

Governor - Lieutenant Governor - Office of State Planning and Budgeting						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Total Appropriation:	\$43,807,661	\$16,024,911	\$9,447,586	\$4,035,337	\$14,299,827	128.4
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Office of the Governor	16,381,746	3,069,814	77,570	133,747	13,100,615	35.4
Office of the Lieutenant Governor	280,990	279,490	0	1,500	0	5.0
Office of State Planning and Budgeting	1,323,711	0	0	1,323,711	0	19.5
Economic Development Programs	15,638,973	11,759,797	2,370,016	309,948	1,199,212	37.0
Office of Innovation and Technology	915,810	915,810	0	0	0	10.0
Office of Energy Management and Conservation	7,075,000	0	7,000,000	75,000	0	0.0
Office of Colorado Benefits Management System	2,191,431	0	0	2,191,431	0	21.5
<u>Breakdown of Total Appropriation by Bill</u>						
SB 05-209	32,282,228	16,065,909	147,586	1,768,906	14,299,827	106.9
SB 05-66	75,000	0	0	75,000	0	0.0
HB 06-1200	7,000,000	0	7,000,000	0	0	0.0
HB 06-1216	4,450,433	(40,998)	2,300,000	2,191,431	0	21.5
FY 2006-07 Total Appropriation:	\$62,922,876	\$11,230,755	\$31,125,440	\$4,044,045	\$16,522,636	139.4
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Office of the Governor	15,929,143	3,312,818	1,200,837	309,636	11,105,852	35.9
Office of the Lieutenant Governor	286,689	285,189	0	1,500	0	5.0
Office of State Planning and Budgeting	1,356,306	0	0	1,356,306	0	19.5
Economic Development Programs	33,899,807	6,446,279	25,924,603	312,141	1,216,784	39.0
Office of Innovation and Technology	5,386,469	1,186,469	0	0	4,200,000	14.0
Office of Energy Management and Conservation	4,000,000	0	4,000,000	0	0	0.0
Office of Colorado Benefits Management System	2,064,462	0	0	2,064,462	0	26.0
<u>Breakdown of Total Appropriation by Bill</u>						
HB 06-1385	29,793,171	10,981,474	2,445,016	4,044,045	12,322,636	132.9
SB 06-49	1,500,000	0	1,500,000	0	0	2.0
SB 06-63	249,281	249,281	0	0	0	3.0

Governor - Lieutenant Governor - Office of State Planning and Budgeting

	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
HB 06-1157	4,200,000	0	0	0	4,200,000	1.0
HB 06-1200	5,050,000	0	5,050,000	0	0	0.0
HB 06-1201	22,354,587	0	22,354,587	0	0	3.0
HB 06-1360	2,000,000	0	2,000,000	0	0	0.0
HB 06-1384	(2,300,000)	0	(2,300,000)	0	0	(3.0)
HB 06-1400	75,837	0	75,837	0	0	0.5
Increase/(Decrease)	\$19,115,215	(\$4,794,156)	\$21,677,854	\$8,708	\$2,222,809	11.0
Percentage Change	43.6%	-29.9%	229.5%	0.2%	15.5%	8.6%

FY 2006-07 Appropriation Highlights:

1. The appropriation includes net increases of \$18.3 million for economic development programs, including cash funds increases in H.B. 06-1201 and H.B. 06-1360, cash funds decreases in H.B. 06-1384, and a General Fund reduction in the Long Bill (H.B. 06-1385). This increase also includes \$1.5 million related to the transfer of the Council on the Arts to the Office of the Governor, economic development programs section pursuant to S.B. 06-49.
2. The appropriation includes \$5.1 million cash funds for low income energy assistance activities, pursuant to H.B. 06-1200; this is a \$2.0 million reduction from the FY 2005-06 amount provided through H.B. 06-1200.
3. The appropriation includes an increase of \$4.2 million federal funds and 1.0 FTE for information security activities pursuant to H.B. 06-1157 and the addition of \$249,000 and 3.0 FTE for new information technology system managers, pursuant to S.B. 06-63.
4. The appropriation provides continuing funding of \$2.1 million for the Office of the Colorado Benefits Management System, using moneys from the Department of Human Services.
5. The appropriation reflects a \$2.0 million reduction in federal discretionary program funding in the Office of the Governor, based on anticipated receipts.

Detail of Appropriation by Administrative Section

Office of the Governor

As the chief executive of the State, the Governor is responsible for the overall operation of the executive branch of government. This office provides for coordination, direction, and planning of agency operations; maintains a liaison with local governments and the federal government; and exercises the executive powers of the State. The cash funds amount includes moneys from the Operational Account of the Severance Tax Trust Fund, pursuant to H.B. 06-1200 and H.B. 06-1400. The balance of cash funds are primarily from the Mansion Activity Fund. The cash funds exempt funding is primarily from indirect cost recoveries. The federal funds represent grants received, or estimated to be received, by the Governor's Office for the Office of Energy Conservation, the Head Start Program, and other initiatives.

Office of the Governor						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Appropriation:						
SB 05-209	\$16,423,091	\$3,111,159	\$77,570	\$133,747	\$13,100,615	35.4
HB 06-1216	<u>(41,345)</u>	<u>(41,345)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$16,381,746	\$3,069,814	\$77,570	\$133,747	\$13,100,615	35.4
FY 2006-07 Appropriation:						
FY 2005-06 Appropriation	\$16,381,746	\$3,069,814	\$77,570	\$133,747	\$13,100,615	35.4
Health, Life & Dental	224,688	112,815	105,170	6,703	0	0.0
Adjustments for central appropriations	94,216	78,173	73	15,439	531	0.0
Annualize salary adjustments	55,964	55,964	0	0	0	0.0
Salary Survey	46,692	(3,948)	0	49,994	646	0.0
Fund mix adjustments	0	0	(107,813)	103,753	4,060	0.0
Federal programs	(2,000,000)	0	0	0	(2,000,000)	0.0
HB 06-1385	\$14,803,306	\$3,312,818	\$75,000	\$309,636	\$11,105,852	35.4
HB 06-1200	1,050,000	0	1,050,000	0	0	0.0
HB 06-1400	<u>75,837</u>	<u>0</u>	<u>75,837</u>	<u>0</u>	<u>0</u>	<u>0.5</u>
TOTAL	\$15,929,143	\$3,312,818	\$1,200,837	\$309,636	\$11,105,852	35.9
Increase/(Decrease)	(\$452,603)	\$243,004	\$1,123,267	\$175,889	(\$1,994,763)	0.5
Percentage Change	-2.8%	7.9%	1448.1%	131.5%	-15.2%	1.4%

HB 06-1385 (Long Bill) Issue Descriptions

Health, Life and Dental: The appropriation for Health, Life, and Dental includes increases consistent with the Joint Budget Committee's common policies.

Adjustments for central appropriations: The amounts shown reflect the rates approved by the Joint Budget Committee and the General Assembly for various centrally appropriated line items. Such line items include the following: S.B. 04-257 amortization equalization disbursement, capital complex leased space, multiuse network payments, purchased services from computer center, workers' compensation, risk management and property, vehicle lease payments, and legal services. Total adjustments reflected include, among other factors, the State contribution of an additional 0.5 percent of base salary to the Public Employees' Retirement Associated pursuant to S.B. 04-257. Many of the other line item adjustments included are a function of recoverable overhead in the Department of Personnel and Administration or the Department of Law. For such line items, costs are allocated by the Departments of Personnel and Law to other departments based on a proportionate share of risk or utilization.

Annualize salary adjustments: The appropriation includes \$55,964 that represents the salary survey increases allocated to the Division in FY 2005-06.

Salary Survey: The appropriation contains the increase in salary survey funding, consistent with common policies.

Fund mix adjustments: These appropriations modify the fund split for various line items and do not change the total appropriation.

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

Additional legislation: For information on H.B. 06-1200 (Low Income Energy Assistance) see the "Recent Legislation" sections for this department and the Department of Human Services. For information on H.B. 06-1400 (Interbasin Compacts) see the "Recent Legislation" sections for this department and for the Department of Natural Resources.

Office of the Lieutenant Governor

Colorado's Constitution provides for the Lieutenant Governor to become Governor in the case of the death, impeachment, felony conviction, incapacitation, or resignation of the Governor. The Lieutenant Governor serves as chairperson of the Colorado Commission of Indian Affairs and handles additional responsibilities assigned by the Governor. The cash exempt funds are from donations.

Office of the Lieutenant Governor						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Appropriation:						
SB 05-209	<u>\$280,990</u>	<u>\$279,490</u>	<u>\$0</u>	<u>\$1,500</u>	<u>\$0</u>	<u>5.0</u>
TOTAL	\$280,990	\$279,490	\$0	\$1,500	\$0	5.0

Office of the Lieutenant Governor						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Appropriation:						
FY 2005-06 Appropriation	\$280,990	\$279,490	\$0	\$1,500	\$0	5.0
Annualize salary adjustments	5,699	5,699	0	0	0	0.0
HB 06-1385	<u>\$286,689</u>	<u>\$285,189</u>	<u>\$0</u>	<u>\$1,500</u>	<u>\$0</u>	<u>5.0</u>
TOTAL	<u>\$286,689</u>	<u>\$285,189</u>	<u>\$0</u>	<u>\$1,500</u>	<u>\$0</u>	<u>5.0</u>
Increase/(Decrease)	\$5,699	\$5,699	\$0	\$0	\$0	0.0
Percentage Change	2.0%	2.0%	n/a	0.0%	n/a	0.0%

HB 06-1385 (Long Bill) Issue Descriptions

Annualize salary adjustments: This represents the salary survey increases allocated to the Division in FY 2005-06.

Office of State Planning and Budgeting

The Office of State Planning and Budgeting is responsible for the development of executive budget requests, the review and analysis of departmental expenditures, and preparation of revenue and economic forecasts for the State. The cash exempt funds are from indirect cost recoveries collected primarily from the State Highway Fund in the Department of Transportation pursuant to Section 43-1-113 (8) (a), C.R.S.

Office of State Planning and Budgeting						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Appropriation:						
SB 05-209	<u>\$1,323,711</u>	<u>\$0</u>	<u>\$0</u>	<u>\$1,323,711</u>	<u>\$0</u>	<u>19.5</u>
TOTAL	<u>\$1,323,711</u>	<u>\$0</u>	<u>\$0</u>	<u>\$1,323,711</u>	<u>\$0</u>	<u>19.5</u>
FY 2006-07 Appropriation:						
FY 2005-06 Appropriation	\$1,323,711	\$0	\$0	\$1,323,711	\$0	19.5
Annualize salary adjustments	32,595	0	0	32,595	0	0.0
HB 06-1385	<u>\$1,356,306</u>	<u>\$0</u>	<u>\$0</u>	<u>\$1,356,306</u>	<u>\$0</u>	<u>19.5</u>
TOTAL	<u>\$1,356,306</u>	<u>\$0</u>	<u>\$0</u>	<u>\$1,356,306</u>	<u>\$0</u>	<u>19.5</u>

Office of State Planning and Budgeting

	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
Increase/(Decrease)	\$32,595	\$0	\$0	\$32,595	\$0	0.0
Percentage Change	2.5%	n/a	n/a	2.5%	n/a	0.0%

HB 06-1385 (Long Bill) Issue Descriptions

Annualize salary adjustments: This represents the salary increases allocated to the Division in FY 2005-06.

Economic Development Programs

The Office of Economic Development was formed in 1988 to centralize and coordinate the State's business assistance, retention, expansion, and recruitment programs. Other activities include international trade assistance and Colorado tourism promotion. The cash funds are primarily from the Colorado Travel and Tourism Promotion Fund and also come from the New Jobs Incentives Cash Fund, the Bioscience Discovery Evaluation Cash Fund, the Film Incentives Cash Fund, and the Minority Business Cash Fund and fees. The cash exempt funds are from indirect cost recoveries from federal grants, reserves from the Colorado Travel and Tourism Fund, transfers from the Division of Insurance Cash Fund (for the capital company incentives program), donations, and gifts. The federal funds are grants from the Small Business Association and grants passed through from the Department of Transportation for the Construction Development Center.

Economic Development Programs						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Appropriation:						
SB 05-209	\$13,338,626	\$11,759,450	\$70,016	\$309,948	\$1,199,212	37.0
HB 06-1216	<u>2,300,347</u>	<u>347</u>	<u>2,300,000</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$15,638,973	\$11,759,797	\$2,370,016	\$309,948	\$1,199,212	37.0
FY 2006-07 Appropriation:						
FY 2005-06 Appropriation	\$15,638,973	\$11,759,797	\$2,370,016	\$309,948	\$1,199,212	37.0
Annualize salary adjustments	56,018	51,042	0	2,193	2,783	0.0
Indirect Cost Assessments	14,789	0	0	0	14,789	0.0
Vehicle Lease Payments	4,880	4,880	0	0	0	0.0
Colorado Promotion - Other Program Costs	(5,369,440)	(5,369,440)	0	0	0	0.0
HB 06-1385	\$10,345,220	\$6,446,279	\$2,370,016	\$312,141	\$1,216,784	37.0
SB 06-49	1,500,000	0	1,500,000	0	0	2.0
HB 06-1201	22,354,587	0	22,354,587	0	0	3.0

Economic Development Programs						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
HB 06-1360	2,000,000	0	2,000,000	0	0	0.0
HB 06-1384	<u>(2,300,000)</u>	<u>0</u>	<u>(2,300,000)</u>	<u>0</u>	<u>0</u>	<u>(3.0)</u>
TOTAL	\$33,899,807	\$6,446,279	\$25,924,603	\$312,141	\$1,216,784	39.0
Increase/(Decrease)	\$18,260,834	(\$5,313,518)	\$23,554,587	\$2,193	\$17,572	2.0
Percentage Change	116.8%	-45.2%	993.9%	0.7%	1.5%	5.4%

HB 06-1385 (Long Bill) Issue Descriptions

Annualize salary adjustments: This represents the salary increases allocated to the Division in FY 2005-06.

Indirect Cost Assessments: This amount is an adjustment to reflect anticipated federal fund indirect cost recoveries in FY 2006-07.

Vehicle Lease Payments: This is an adjustment to reflect the anticipated vehicle lease expense in FY 2006-07.

Colorado Promotion - Other Program Costs: The appropriation reduces General Fund support for tourism promotion by \$5.4 million.

Additional legislation: For information on S.B. 06-49 (Council on the Arts) and H.B. 06-1201 (Limited Gaming Revenues for Tourism Promotion) see the "Recent Legislation" section for this department. For information on H.B. 06-1360 (Advancement of Bioscience Discoveries) see the "Recent Legislation" sections for this department and the Department of Higher Education. For information on H.B. 06-1384 (State Fair) see the "Recent Legislation" sections for this department and the Department of Agriculture.

Office of Innovation and Technology

The Office of Innovation and Technology was established in 1999 and is responsible for oversight of state communications and information systems policy, including support of the Commission on Information Management (IMC).

Office of Innovation and Technology						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Appropriation:						
SB 05-209	<u>\$915,810</u>	<u>\$915,810</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>10.0</u>
TOTAL	\$915,810	\$915,810	\$0	\$0	\$0	10.0

Office of Innovation and Technology						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Appropriation:						
FY 2005-06 Appropriation	\$915,810	\$915,810	\$0	\$0	\$0	10.0
Annualize salary adjustments	21,291	21,291	0	0	0	0.0
Legal Services	87	87	0	0	0	0.0
HB 06-1385	\$937,188	\$937,188	\$0	\$0	\$0	10.0
SB 06-63	249,281	249,281	0	0	0	3.0
HB 06-1157	<u>4,200,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>4,200,000</u>	<u>1.0</u>
TOTAL	\$5,386,469	\$1,186,469	\$0	\$0	\$4,200,000	14.0
Increase/(Decrease)	\$4,470,659	\$270,659	\$0	\$0	\$4,200,000	4.0
Percentage Change	488.2%	29.6%	n/a	n/a	n/a	40.0%

HB 06-1385 (Long Bill) Issue Descriptions

Annualize salary adjustments: This represents the salary increases allocated to the Division in FY 2005-06.

Legal Services: The appropriation for Legal Services includes an hourly rate increase consistent with common policies.

Additional legislation: For information on S.B. 06-63 (Procurement of Information Technology Systems) and H.B. 06-1157 (Information Security) see the "Recent Legislation" section for this department.

Office of Energy Management and Conservation

The Office of Energy Management and Conservation is typically funded by federal funds and is not in the Long Bill. Due to 2006 session legislation, it is contained here for informational purposes.

Office of Energy Management and Conservation						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Appropriation:						
SB 05-66	\$75,000	\$0	\$0	\$75,000	\$0	0.0
HB 06-1200	<u>7,000,000</u>	<u>0</u>	<u>7,000,000</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$7,075,000	\$0	\$7,000,000	\$75,000	\$0	0.0

Office of Energy Management and Conservation

	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Appropriation:						
FY 2005-06 Appropriation	\$7,075,000	\$0	\$7,000,000	\$75,000	\$0	0.0
Elimination of one-time funding	(7,075,000)	0	(7,000,000)	(75,000)	0	0.0
HB 06-1385	\$0	\$0	\$0	\$0	\$0	0.0
HB 06-1200	<u>4,000,000</u>	<u>0</u>	<u>4,000,000</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$4,000,000	\$0	\$4,000,000	\$0	\$0	0.0
Increase/(Decrease)	(\$3,075,000)	\$0	(\$3,000,000)	(\$75,000)	\$0	0.0
Percentage Change	-43.5%	n/a	-42.9%	-100.0%	n/a	n/a

HB 06-1385 (Long Bill) Issue Descriptions

Elimination of one-time funding: The appropriation reflects the elimination of one-time funding for FY 2005-06 provided in S.B. 05-66 and H.B. 06-1200. House Bill 06-1200 also includes one-time funding for FY 2006-07, which is reflected in the subsequent row.

Additional legislation: For information on H.B. 06-1200 (Low Income Energy Assistance) see the "Recent Legislation" section for this department and the Department of Human Services.

Office of Colorado Benefits Management System

The Office of the Colorado Benefits Management System (CBMS) was established by executive order. This office oversees the ongoing development and enhancements to CBMS. CBMS is a complex computer system whose role is to accurately, and in a timely manner, determine eligibility and calculate benefits for 14 high level program groups and their subgroups supporting the approximately 500,000 eligible Coloradans. Cash funds exempt amounts reflect transfers from the Department of Human Services.

Office of Colorado Benefits Management System

	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Appropriation:						
HB 06-1216	<u>\$2,191,431</u>	<u>\$0</u>	<u>\$0</u>	<u>\$2,191,431</u>	<u>\$0</u>	<u>21.5</u>
TOTAL	\$2,191,431	\$0	\$0	\$2,191,431	\$0	21.5

Office of Colorado Benefits Management System

	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Appropriation:						
FY 2005-06 Appropriation	\$2,191,431	\$0	\$0	\$2,191,431	\$0	21.5
Program cost adjustments	(126,969)	0	0	(126,969)	0	4.5
HB 06-1385	<u>\$2,064,462</u>	<u>\$0</u>	<u>\$0</u>	<u>\$2,064,462</u>	<u>\$0</u>	<u>26.0</u>
TOTAL	\$2,064,462	\$0	\$0	\$2,064,462	\$0	26.0
Increase/(Decrease)	(\$126,969)	\$0	\$0	(\$126,969)	\$0	4.5
Percentage Change	-5.8%	n/a	n/a	-5.8%	n/a	20.9%

HB 06-1385 (Long Bill) Issue Descriptions

Program cost adjustments: These include the program costs for Colorado Benefits Management System, which is funded by the Department of Human Services.

Recent Legislation

2005 Session Bills

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

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

2006 Session Bills

S.B. 06-49: Transfers administration of the Council on the Arts from the Department of Higher Education to the Office of Economic Development in the Governor's Office. This Appropriations Report describes the effect of S.B. 06-049 as a reduction in funding for the Department of Higher Education and an increase in funding for the Governor - Lieutenant Governor - Office of State Planning and Budgeting. The amount moved from the Department of Higher Education to the Governor - Lieutenant Governor - Office of State Planning and

Budgeting is \$1.5 million cash funds and 2.0 FTE. In H.B. 06-1201 \$1.5 million was transferred from limited gaming fund moneys to the State Council on the Arts Cash Fund, and \$1.5 million cash funds and 2.0 FTE was appropriated from the State Council on the Arts Cash Fund to the Council on the Arts.

S.B. 06-63: Requires that prior to the approval or disbursement of any moneys for any major automation system development project, the Office of Innovation and Technology (OIT) must certify to the State Controller that the project is in compliance with "best practices" concerning management of the information technology project. Requires the OIT to develop policies regarding defining best practices and the certification of project managers (PM's) and project management analysts (PMA's). Also requires the Department of Personnel and Administration (DPA), in collaboration with the OIT, to create a job category for PM's and PMA's. Requires OIT to develop a major information system project management team consisting of qualified PM's and PMA's and requires a state agency utilizing a member of the OIT project management team to reimburse OIT for personnel costs. Also requires the OIT to establish and implement a training plan for all state employees who provide services or functions consistent with the job descriptions of PM's and PMA's to become certified for the job category. Requires associated reporting by OIT to committees of the General Assembly. Includes an appropriation of \$249,281 General Fund and 3.0 FTE to the Office of the Governor, for allocation to the Office of Innovation and Technology, for FY 2006-07.

H.B. 06-1017: Provides an incentive for companies that create a certain number and type of new jobs in Colorado. To claim the incentive, an employer must submit an application to the Economic Development Commission. The amount of incentive payments that may be claimed in a given fiscal year is limited to the amount appropriated by the General Assembly for this purpose. Creates the New Job Incentives Cash Fund. An associated appropriation of \$3.0 million from the New Job Incentives Cash Fund to the Office of the Governor, for allocation to the Economic Development Commission, is included in H.B. 06-1201 in FY 2006-07.

H.B. 06-1157: Authorizes the Governor to appoint a chief information security officer (CISO) and defines the duties of the position. Requires public agencies to develop and submit information security plans to the CISO and to report information security incidents. Reflects anticipated receipt of \$4.2 million federal funds and 1.0 FTE to the Office of the Governor in FY 2006-07 for implementation.

H.B. 06-1200: Takes a portion of the Operational Account of the Severance Tax Trust Fund in the Department of Natural Resources and appropriates it to the Department of Human Services for the Low-Income Energy Assistance Program (LEAP) and the Office of the Governor for direct bill payment assistance and home energy efficiency improvements for low-income households. For FY 2006-07 through FY 2008-09, funds in the Operational Account of the Severance Tax Trust Fund will be appropriated for similar purposes, though for FY 2007-08 and FY 2008-09 the amount of the appropriation would be determined by the lesser of a formula-based appropriation or a capped amount. Includes a cash funds appropriation from the Operational Account of the Severance Tax Trust Fund for FY 2005-06 of \$17.0 million to the Department of Human Services and \$7.0 million to the Office of the Governor and a cash funds appropriation from the Operational Account of the Severance Tax Trust Fund for FY 2006-07 of \$5.95 million to the Department of Human Services and \$5.05 million to the Office of the Governor.

H.B. 06-1201: Modifies the distribution of limited gaming revenues to increase funding for various economic development programs. Pursuant to Section 12-47.1-701 (4)(a), C.R.S., after all expenses for administration of the Colorado Limited Gaming Act are paid, 49.8 percent of the funds available for distribution in the Limited Gaming Fund at the end of each fiscal year are transferred to the General Fund, and 0.2 percent are transferred

to the Colorado Travel and Tourism Promotion Fund. Out of the percentage that is transferred to the General Fund, at least 13 percent is transferred annually to the Local Government Limited Gaming Impact Fund.

Starting in FY 2005-06, this bill changes the allocation of gaming revenue so that *after* distribution to the Local Government Gaming Impact Fund, gaming revenue is to be distributed as follows:

- \$19.0 million to the Colorado Travel and Tourism Promotion Fund;
- \$1.5 million to the State Council on the Arts Cash Fund;
- \$0.5 million to the Film Incentives Cash Fund;
- \$3.0 million to the New Jobs Incentives Cash Fund; and
- remaining revenue to the state General Fund.

Distributions are to be adjusted annually by the rate of inflation for the calendar year ending in the preceding fiscal year. The moneys transferred at the end of a fiscal year will be appropriated for use in the next fiscal year. For any year in which the revenue forecast prepared by the Legislative Council indicates that General Fund revenues for that year will be insufficient to allow the maximum amount of General Fund appropriations permitted by law, then moneys would instead be transferred to the General Fund.

Appropriates \$18,854,587 and 3.0 FTE from the Colorado Travel and Tourism Promotion Fund to the Office of Economic Development – Other Program Costs in the Office of the Governor (with addition of the 3.0 FTE contingent upon passage of H.B. 06-1384). Appropriates \$1.5 million and 2.0 FTE from the State Council on the Arts Cash Fund to the Council on the Arts in the Department of Higher Education. Appropriates \$500,000 from the Film Incentives Cash Fund to the Economic Development Commission in the Office of the Governor, subject to passage of H.B. 06-1362. Appropriates \$3.0 million cash funds from the New Job Incentives Cash Fund to the Economic Development Commission in the Office of the Governor, subject to passage of H.B. 06-1017.

H.B. 06-1216: Supplemental appropriation to the Governor-Lieutenant Governor-Office of State Planning and Budgeting to modify appropriations in the FY 2005-06 Long Bill.

H.B. 06-1360: Creates the Bioscience Discovery Evaluation Grant Program to improve and expand the evaluation of new bioscience discoveries at research institutions with the intent of accelerating the development of new products and services. Administration of the grant program would be provided by the Office of Economic Development (OED) in the Governor's office in consultation with a Colorado bioscience membership organization. The bill establishes a grant application process for grants of up to \$150,000 per bioscience research project. Among other requirements to qualify for the grants, recipients must provide matching funds from non-state sources that at least equal the grant requested. Creates the Bioscience Discovery Evaluation Cash Fund in the State Treasury and provides that moneys in the fund shall be continuously appropriated to OED for the direct and indirect costs associated with implementing the program. Up to 2 percent of the moneys initially deposited in the Fund may be used by OED for its costs. The OED is required to provide a report to committees of the General Assembly that evaluates the effectiveness of the grant program. The bill authorizes the transfer of \$2 million in FY 2005-06 from the General Fund portion of Limited Gaming Fund moneys to the Bioscience Discovery Evaluation Cash Fund and includes an appropriation of \$2.0 million cash funds from the Bioscience Discovery Evaluation Cash Fund to the OED for FY 2005-06.

HB 06-1362: Allows any motion picture production company that spends at least 75 percent of its production expenditures in Colorado on qualified local expenditures and at least 75 percent of payroll expenditures on local hires to claim an incentive payment from the Colorado Economic Development Commission (EDC). Subject

to various requirements, up to 10 percent of qualifying expenditures may be claimed. The bill allows the EDC to determine the application and evaluation process for the program. Creates the Film Incentives Cash Fund, consisting of Limited Gaming funds transferred to the Fund and any General Fund appropriated to the Fund. Moneys in the Fund are subject to annual appropriation by the General Assembly. No more than 2.5 percent of appropriations may be used for administrative costs associated with the program. Should the EDC receive applications for incentives that exceed amounts appropriated, the funds are to be paid on a first-come, first-served basis. Enactment is contingent on enactment of H.B. 06-1201, which includes an associated appropriation of \$500,000 from the Film Incentives Cash Fund to the Economic Development Commission in the Office of the Governor.

H.B. 06-1384: Contingent upon the passage of H.B. 06-1201, changes the allocation of the Unclaimed Property Tourism Promotion Trust Fund interest to provide additional moneys to the State Fair through the Colorado Travel and Tourism Promotion Fund. Moneys provided to the Colorado State Fair are prioritized as follows: (1) state Treasury loans to the State Fair are to be paid down with remaining funds; (2) upon repayment of the state Treasury loans, any remaining funds are to pay off outstanding debt incurred by the Colorado State Fair Authority to build the events center in Pueblo; (3) upon payment of all debt, \$550,000 is provided annually for administrative expenses, operating costs, and event promotion; and (4) after the third fiscal year (in FY 2009-10) only the \$550,000 for administrative, operating, and promotional costs are authorized. Appropriates \$3,163,978 cash funds from the Colorado Travel and Tourism Promotion Fund to the Department of Agriculture, Colorado State Fair, for FY 2006-07. Also reduces the appropriation to the Office of the Governor for Colorado promotion by \$2,300,000 and 3.0 FTE for FY 2006-07.

H.B. 06-1385: General appropriations act for FY 2006-07.

H.B. 06-1400: Approves the interbasin compact charter, pursuant to the provisions of H.B. 05-1177. Appropriates \$75,837 cash funds from the Operational Account of the Severance Tax Trust Fund and 0.5 FTE to the Office of the Governor, Director of Compact Negotiations and \$855,481 cash funds from the Operational Account of the Severance Tax Trust Fund and 1.2 FTE to the Department of Natural Resources, Colorado Water Conservation Board for FY 2006-07.

DEPARTMENT OF HEALTH CARE POLICY AND FINANCING

The Department of Health Care Policy and Financing provides health care services to approximately 656,000 Colorado residents through four health care programs: (1) the State's Medicaid medical and mental health programs; (2) the Colorado Indigent Care program (CICP); (3) the Children's Basic Health Plan (CBHP); and (4) the Old Age Pensioner Medical program. In addition to these programs, the Department administers the Comprehensive Primary and Preventive Care Grant program and the Primary Care Program to increase access to health care services for medically under-served populations and areas. The Medicaid, CICP, and CBHP programs are federal and state partnerships; therefore, the State receives approximately \$1.6 billion in federal matching funds for these programs. The Department transfers approximately 12.8 percent of its appropriation to other state agencies that administer programs eligible for Medicaid funding. The majority of this funding is transferred to the Department of Human Services.

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

Department Budget: Recent Appropriations

Funding Source	FY 2003-04	FY 2004-05	FY 2005-06	FY 2006-07
General Fund/1	\$1,240,343,033	\$1,280,754,507	\$1,363,690,096	\$1,396,681,802
Cash Funds	12,181,611	11,448,429	741,183	690,959
Cash Funds Exempt	236,020,640	282,896,025	333,073,353	359,452,661
Federal Funds	<u>1,463,701,770</u>	<u>1,500,409,261</u>	<u>1,558,799,076</u>	<u>1,629,000,878</u>
Total Funds	\$2,952,247,054	\$3,075,508,222	\$3,256,303,708	\$3,385,826,300
Full Time Equiv. Staff	200.4	202.8	213.4	226.7

/1 FY 2005-06 and FY 2006-07 appropriations include General Fund Exempt.

General Factors Driving the Budget

Funding for this department in FY 2006-07 consists of 41.3 percent General Fund, 48.1 percent federal funds, and 10.6 percent cash funds exempt and cash funds. Some of the most important factors driving the budget are reviewed below.

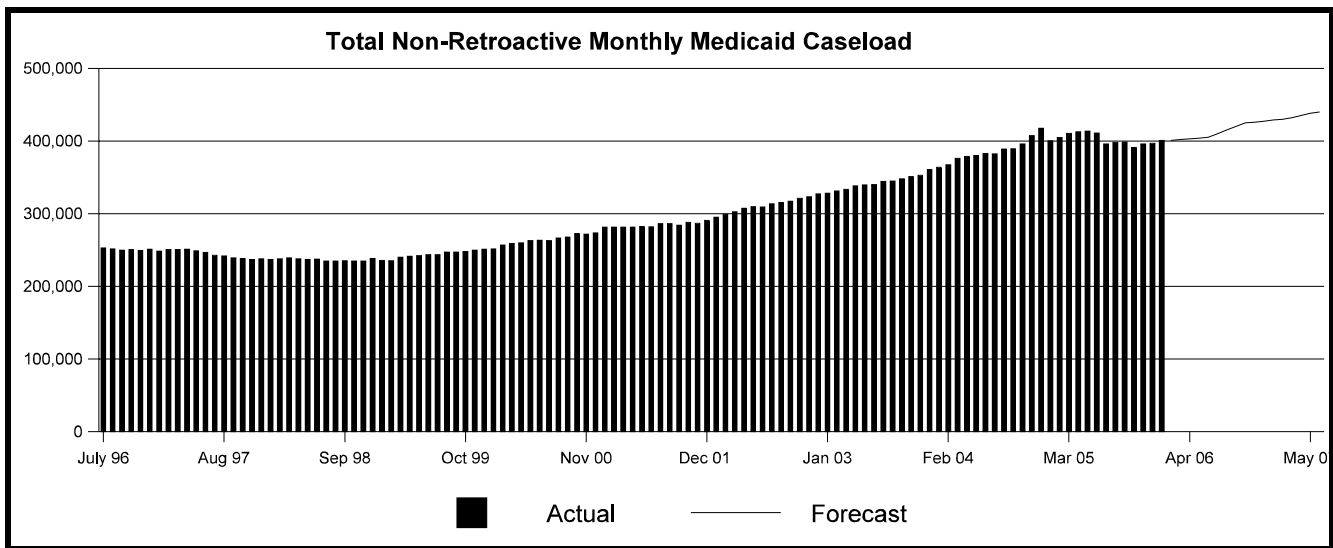
Medical Services Premiums

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

for the program are driven by the number of clients, the costs of providing health care services, and utilization of health care services.

Medicaid Caseload Growth

The following factors affect the number of clients participating in the Medicaid program: (1) general population growth; (2) policy changes at the state and federal level regarding who is eligible for services; and (3) economic cycles. During the late 1990s, the Medicaid caseload declined due to the impacts of federal welfare reform and the strong economic expansion. However, since early 1999 the Medicaid caseload has increased sharply. This increase is partly due to federal legislation authorizing new populations to become eligible (mainly children) and the economic recession in the early 2000's. In November 2004, the voters of Colorado passed Amendment 35 to the State Constitution. Amendment 35 allowed additional taxes on tobacco products in order to fund new health programs including an expansion of the Medicaid program. While the rate of caseload growth is anticipated to decline for the populations traditionally eligible for the Medicaid program during the forecast period in FY 2006-07, overall caseload growth is anticipated to remain strong because of the eligibility increases funded through Amendment 35 revenues. The following chart shows the monthly Medicaid caseload growth from FY 1996-97 through the forecast period for FY 2006-07 for the Medicaid population.



For FY 2005-06, the final caseload forecast (performed in March 2006) is for a slight decrease of 3,092 clients (or -0.8 percent) from the FY 2004-05 actual caseload. However, this decrease in caseload was likely the result of caseload being over-reported in FY 2004-05, during the conversion to the Colorado Benefits Management System (CBMS), rather than from an actual decline in caseload. Prior to FY 2005-06, caseload had grown by double-digit rates of 10.8 percent, 10.7 percent, and 11.4 percent, for FY 2002-03, FY 2003-04, and FY 2004-05, respectively. For FY 2006-07, caseload is anticipated to grow by an additional 29,523 clients (7.39 percent). The table on the following page shows the caseload history and the FY 2006-07 caseload projection for the Medicaid caseload by aid category.

Medicaid Caseload	FY 01-02 Actual	FY 02-03 Actual	FY 03-04 Actual	FY 04-05 Actual	FY 05-06 Approp.	FY 06-07 Approp.
<i>Elderly Populations</i>						
Supplemental. Security Income (SSI) Ages 65+	33,916	34,485	34,149	35,615	36,569	37,036
Supplemental. Security Income (SSI) Ages 60 - 64	5,184	5,456	5,528	6,103	6,107	6,241
Qualified Medicare Beneficiaries/Special Low-income Medicare Beneficiaries	<u>8,428</u>	<u>8,949</u>	<u>9,787</u>	<u>9,572</u>	<u>11,170</u>	<u>12,570</u>
<i>Subtotal Elderly</i>	47,528	48,890	49,464	51,290	53,846	55,847
<i>Disabled</i>	46,349	46,378	46,565	47,626	47,709	48,447
<i>Low-Income Adult</i>						
Categorically Eligible	33,347	40,021	46,754	56,453	58,045	63,127
Expansion Low-Income	0	0	0	0	0	4,850
Baby Care Adults	<u>7,131</u>	<u>7,579</u>	<u>8,203</u>	<u>6,110</u>	<u>4,912</u>	<u>4,890</u>
<i>Subtotal Low-Income Adults</i>	40,478	47,600	54,957	62,563	62,957	72,867
<i>Breast and Cervical Cancer Treatment</i>	0	46	103	86	192	223
<i>Children</i>						
Children	143,909	166,537	192,048	220,592	212,850	228,449
Foster Children	<u>13,121</u>	<u>13,843</u>	<u>14,790</u>	<u>15,669</u>	<u>16,363</u>	<u>17,091</u>
<i>Subtotal Children</i>	157,030	180,380	206,838	236,261	229,213	245,540
<i>Non-Citizens</i>	4,028	4,101	4,604	4,976	5,793	6,309
<i>Total Medicaid Caseload</i>	295,413	327,395	362,531	402,802	399,710	429,233
<i>Annual Percent Change</i>	7.27%	10.83%	10.73%	11.11%	-0.77%	7.39%

Medical Cost Increases

In addition to increased costs due to caseload growth, the Medicaid budget also grows as a result of higher medical costs and greater utilization of medical services. Recent budget increases for medical services are primarily related to nursing home rate increases and utilization increases in the areas of community long-term care and pharmaceuticals. However, because of recent budget reduction initiatives, the implementation of the U.S. Medicare Modernization Act of 2003, and to higher growth in the lower cost categories of low-income

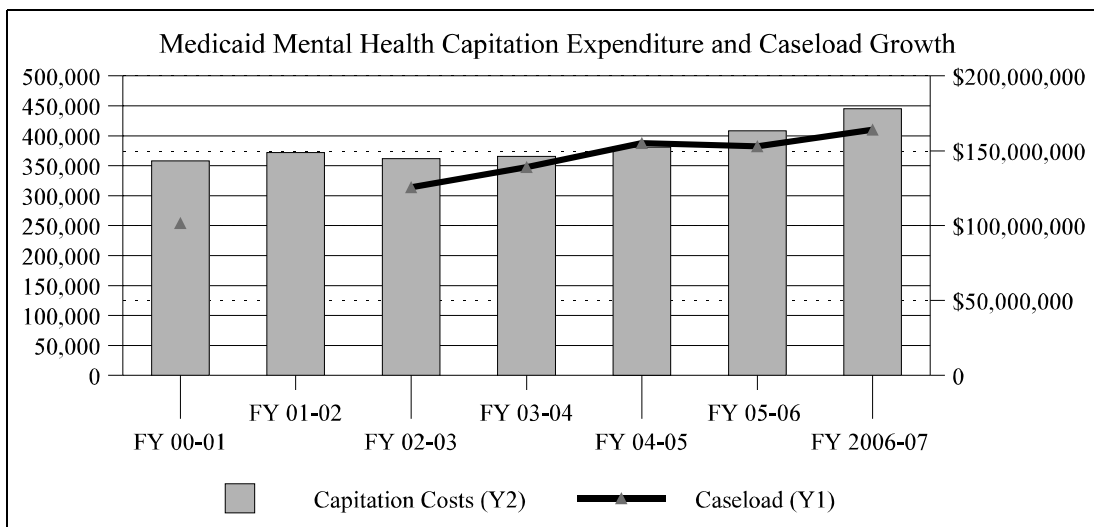
children and adults, the average cost per Medicaid client for FY 2006-07 is actually lower than it was in FY 2002-03. The following table provides a five-year history of average cost-per-client.

	FY 02-03 Actual	FY 03-04 Actual	FY 04-05 Actual	FY 05-06 Approp.	FY 06-07 Approp.
<i>Medical Service Cost Per Capita</i>	\$5,044.88	\$5,080.22	\$4,700.29	\$4,960.54	\$4,910.73
<i>Percent Change</i>	(3.0)%	0.7%	(7.5)%	5.5%	(1.0)%

Medicaid Mental Health Capitation

Medicaid mental health community services throughout Colorado are delivered through a managed care or "capitated" program. Under capitation, the State pays a regional entity - a Behavioral Health Organization (BHO) - a contracted amount (per member per month) for each Medicaid client eligible for mental health services in the entity's geographic area (currently around 383,000 clients statewide). The BHO is then required to provide appropriate mental health services to all Medicaid-eligible persons needing such services.

The rate paid to each BHO is based on each class of Medicaid client eligible for mental health services (*e.g.*, children in foster care, low-income children, elderly, disabled) in each geographic region. Under the capitated mental health system, changes in rates paid, and changes in overall Medicaid eligibility and case-mix (mix of clients within the population) are important drivers in overall state appropriations for mental health services. Capitation represents the bulk of the funding shown for Medicaid mental health community programs.



The table on the following page provides information on the recent expenditures and caseload for the Medicaid mental health capitation. Please note, the Medicaid mental health caseload used was converted effective FY 2005-06 to mirror how Medicaid caseload is reported in other areas of the Department's budget. Specifically, the caseload beginning in FY 2005-06 does not include retroactivity adjustments.

	FY 01-02 Actual	FY 02-03 Actual	FY 03-04 Actual	FY 04-05 Actual	FY 05-06 Appropriation	FY 06-07 Appropriation
Medicaid Mental Health Capitation Funding	\$148,906,860	\$144,704,276	\$146,346,423	\$152,435,998	\$163,362,872	\$178,184,177
Annual Dollar Change	\$0	(\$4,202,584)	\$1,642,147	\$6,089,575	\$10,926,874	\$14,821,305
Annual Dollar Percent Change	0.0%	-2.8%	1.1%	4.2%	7.2%	9.1%
Individuals Eligible for Medicaid Mental Health Services (Caseload)	282,957	314,345	348,140	388,254	382,747	410,343
Annual Caseload Change	0	31,388	33,795	40,114	(5,507)	27,596
Annual Caseload % Change	0.0%	11.1%	10.8%	11.5%	-1.4%	7.2%

Indigent Care Program

The Safety Net Provider Payment, the Children's Hospital Clinic Based Indigent Care, and the Pediatric Speciality Hospital line items provide direct or indirect funding to hospitals and clinics that have uncompensated costs from treating approximately 170,000 under-insured or uninsured Coloradans through the Indigent Care Program. The Indigent Care Program is not an insurance program, or an entitlement program. Because this is not an entitlement program, funding for this program is based on policy decisions passed at the state and federal level and is not directly dependent on the number of individuals served or the cost of the services provided. The majority of the funding for this program is from federal sources. State funds for the program come through General Fund appropriations and through certifying qualifying expenditures at public hospitals (these are cash fund exempt appropriations).

In FY 2003-04, through the Medicare Upper Payment Limit (UPL) financing mechanism, the State was able to increase funding for the program by approximately \$23.3 million. In FY 2004-05, funding for private hospitals participating in the program was cut by \$6.2 million total funds. However, because the State received approval from the U.S. Centers for Medicare and Medicaid Services (CMS) to change the methodology by which the UPL financing was calculated, the total fund appropriation for the program actually increased by \$8.1 million associated with recouping prior year payments. In FY 2005-06, total funding for the program increased by \$28.7 million. The increase was due to restoring the \$6.2 million for private hospitals that was cut in the prior year, increasing funding for pediatric speciality hospitals by \$5.5 million, and accessing an additional \$17 million in available Medicare UPL funding. For FY 2006-07, funding for existing programs is anticipated to increase by \$11.2 million total funds. In addition to this increase, an increase of \$15.0 million will be available for additional indigent care costs through S.B. 06-044. The table on the following page provides a five-year funding history for the Indigent Care Program.

	FY 02-03 Actual	FY 03-04 Actual	FY 04-05 Actual	FY 05-06 Approp.	FY 06-07 Approp.
Safety Net Provider Payments ¹	\$233,394,276	\$255,976,646	\$264,013,206	\$287,296,074	\$296,188,630
Children's Hospital Clinic Based Indigent Care	6,119,760	6,119,760	6,119,760	6,119,760	6,119,760
Pediatric Speciality Hospital	0	0	0	5,452,134	7,732,072
<u>Medically Indigent Program</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$14,262,663</u>
Total	\$239,514,036	\$262,096,406	\$270,132,966	\$298,867,968	\$324,303,125
General Fund	14,663,540	13,555,006	12,492,364	18,362,593	19,500,662
Cash Fund Exempt	104,535,651	115,400,000	122,574,119	131,071,391	149,782,232
Federal Funds	120,314,845	133,141,400	135,066,483	149,433,984	155,020,231
Total funding percent increase	n/a	9.43%	3.07%	10.64%	8.51%

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

New Programs Under Amendment 35

In November 2004, the voters passed Amendment 35 to the Colorado Constitution which increased the taxes on tobacco products in order to expand several health care programs. During the 2005 Legislative Session, the General Assembly passed H.B. 05-1262 to implement the provisions of Amendment 35. Specifically, H.B. 05-1262 created the Comprehensive Primary Care program. This program will provide additional funding to qualifying providers with patient caseloads that are at least 50 percent uninsured, indigent, or enrolled in the Medicaid or Children's Basic Health Plan programs. For FY 2005-06, the amount of funding available for this program was \$44.1 million. Funding in FY 2005-06 included tobacco tax revenues that were collected in both FY 2004-05 and FY 2005-06. In FY 2006-07, funding for this program will decrease to \$32.9 million. The decrease solely reflects the fact that program will have only twelve months of revenue in FY 2006-07 instead of the 18 months of revenue collections that were available in FY 2005-06. Funding for this program is solely from the increase in tobacco taxes; there are no matching federal funds available for this program.

Children's Basic Health Plan

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

In November 2004 the voters approved Amendment 35 to the Colorado Constitution, which increased the taxes on tobacco products in order to expand several health care programs. During the 2005 Legislative Session, the General Assembly passed H.B. 05-1262 to implement the provisions of Amendment 35. Among other changes, H.B. 05-1262 increased eligibility for the Children's Basic Health Plan for both children and women up to 200 percent of the federal poverty level (approximately \$38,700 for a family of four in 2006). Additionally, H.B.

05-1262 allowed caseload growth over the FY 2003-04 level to be funded through Amendment 35 monies and allowed for increased marketing activities to further expand caseload enrollment. The following table provides a five-year funding history for the Children's Basic Health Plan medical and dental costs.

	FY 02-03 Actual	FY 03-04 Actual	FY 04-05 Actual	FY 05-06 Approp.	FY 06-07 Approp.
Medical Services	\$51,548,754	\$51,777,408	\$52,000,289	\$65,932,159	\$70,371,177
Dental Services	<u>5,649,083</u>	<u>5,405,336</u>	<u>5,084,701</u>	<u>5,451,524</u>	<u>5,913,659</u>
Total Service Costs	\$57,197,837	\$57,182,744	\$57,084,990	\$71,383,683	\$76,284,836
Cash Fund Exempt	20,167,514	20,114,345	20,059,529	25,320,330	26,824,539
Federal Funds	37,030,323	37,068,399	37,025,461	46,063,353	49,460,297
Total funding percent increase	n/a	-0.03%	-0.17%	25.05%	6.87%

The following table provides a five year history of the caseload served by the Children's Basic Health Plan. The number of children in the traditional caseload is anticipated to decrease in FY 2006-07 from the FY 2005-06 level once the elimination of the Medicaid asset test occurs and some of the children currently eligible for the CBHP program become eligible for the Medicaid program.

	FY 02-03 Actual	FY 03-04 Actual	FY 04-05 Actual	FY 05-06 Approp.	FY 06-07 Approp.
Children's Traditional Caseload	49,216	46,694	41,101	42,547	38,635
Children's Expansion Caseload	n/a	n/a	n/a	1,630	3,955
Traditionally Eligible Adult Prenatal Member Months up to 185% FPL	4,779	1,428	6,684	1,428	1,428
Amendment 35 Eligible Adult Prenatal Member Months up to 200% FPL	n/a	n/a	n/a	13,019	17,508

Department of Human Services Medicaid-Funded Programs

Many programs in the Department of Human Services (DHS) qualify for Medicaid funding. The federal government requires that one state agency receive all federal Medicaid funding. Therefore, the state and federal funding for all DHS programs that qualify for Medicaid funding is first appropriated in the Department of Health Care Policy and Financing and then transferred to the Department of Human Services (as cash funds exempt). A five-year funding history for the DHS Medicaid related programs is provided in the table on the following page.

	FY 02-03 Actual	FY 03-04 Actual	FY 04-05¹ Actual	FY 05-06 Approp.	FY 06-07 Approp.
Expenditures	\$529,215,363	\$567,683,764	\$420,876,735	\$446,257,606	\$404,911,178
Annual Percent Increase	-0.5%	7.3%	-25.9%	6.0%	-9.3%

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

Summary of FY 2005-06 and FY 2006-07 Appropriations

Department of Health Care Policy and Financing						
	Total Funds	General Fund/1	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Total Appropriation:	\$3,256,303,708	\$1,363,690,096	\$741,183	\$333,073,353	\$1,558,799,076	213.4
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Executive Director's Office	65,670,426	22,247,072	418,929	1,911,415	41,093,010	212.4
Medical Services Premiums	1,999,646,558	976,750,574	76,512	26,328,894	996,490,578	0.0
Medicaid Mental Health Community Programs	198,042,414	82,357,631	0	33,212,191	82,472,592	0.0
Indigent Care Program	463,295,419	35,325,001	245,742	229,142,626	198,582,050	1.0
Other Medical Services	83,391,285	39,768,328	0	28,740,749	14,882,208	0.0
Department of Human Services Medicaid-Funded Programs	446,257,606	207,241,490	0	13,737,478	225,278,638	0.0
<u>Breakdown of Total Appropriation by Bill</u>						
SB 05-209	3,271,672,981	1,384,833,668	11,405,697	285,329,027	1,590,104,589	206.1
HB 05-1066	291,589	0	0	137,857	153,732	0.5
HB 05-1131	(733,970)	(366,985)	0	0	(366,985)	0.0
HB 05-1243	(803,395)	(444,369)	0	0	(359,026)	0.5
HB 05-1262	99,851,331	(5,211,733)	85,486	76,073,400	28,904,178	7.3
HB 05-1349	6,288,324	3,144,162	0	0	3,144,162	0.0
SB 06-044	(14,962,408)	0	0	0	(14,962,408)	0.0
SB 06-129	(5,643,341)	0	0	(2,821,670)	(2,821,671)	0.0
SB 06-135	353,161	0	0	353,161	0	0.0
SB 06-208	(200,000)	(100,000)	0	0	(100,000)	0.0
HB 06-1217	28,679,721	10,420,806	(10,750,000)	15,011,751	13,997,164	(0.5)
HB 06-1369	9,043,514	5,521,757	0	0	3,521,757	0.0
HB 06-1385	(137,533,799)	(34,107,210)	0	(41,010,173)	(62,416,416)	(0.5)
FY 2006-07 Total Appropriation:	\$3,385,826,300	\$1,396,681,802	\$690,959	\$359,452,661	\$1,629,000,878	226.7
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Executive Director's Office	87,278,411	29,131,557	422,375	5,197,296	52,527,183	226.7
Medical Services Premiums	2,111,287,559	996,821,857	76,512	55,563,806	1,058,825,384	0.0
Medicaid Mental Health Community Programs	211,550,200	87,803,777	0	33,783,245	89,963,178	0.0
Indigent Care Program	444,110,702	20,016,698	192,072	216,365,831	207,536,101	0.0

Department of Health Care Policy and Financing

	Total Funds	General Fund/1	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
Other Medical Services	126,688,250	74,396,494	0	34,354,864	17,936,892	0.0
Department of Human Services Medicaid- Funded Programs	404,911,178	188,511,419	0	14,187,619	202,212,140	0.0
<u>Breakdown of Total Appropriation by Bill</u>						
HB 06-1385	3,388,531,182	1,400,632,441	690,959	364,874,341	1,622,333,441	222.7
SB 06-044	14,962,408	0	0	14,962,408	0	0.0
SB 06-128	126,780	0	0	45,070	81,710	1.0
SB 06-131	2,376,406	1,188,203	0	0	1,188,203	0.0
SB 06-165	433,757	203,558	0	0	230,199	1.0
SB 06-219	(7,319,962)	(10,485,986)	0	3,166,024	0	1.0
HB 06-1270	59,532	29,766	0	0	29,766	1.0
HB 06-1310	(23,595,753)	(571)	0	(23,595,182)	0	0.0
HB 06-1395	10,251,950	5,114,391	0	0	5,137,559	0.0
Increase/(Decrease)	\$129,522,592	\$32,991,706	(\$50,224)	\$26,379,308	\$70,201,802	13.3
Percentage Change	4.0%	2.4%	-6.8%	7.9%	4.5%	6.2%

/1 Includes General Fund Exempt. See Division Detail for information on General Fund Exempt appropriations.

FY 2006-07 Appropriation Highlights:

1. The appropriation includes an increase of \$68.9 million total funds for caseload and cost-per-client increases in the Medicaid medical program. This amount includes an increase of \$40.7 million cash funds exempt and \$34.3 million from matching federal funds. These increases are offset by a decrease in the General Fund of \$6.1 million.
2. The appropriation includes a total increase of \$51.5 million for provider rate increases. Of this amount, \$25.2 million is General Fund, \$0.5 million is from the Health Care Expansion Fund, and \$25.7 million is matching federal funds.
3. The appropriation includes an increase of \$45.1 million to annualize the State contribution payment for the Medicare Modernization Act of 2003. This increase is partially offset by a decrease of \$36.7 million in the Medical Services Premiums line item due to the fact that clients eligible for both the Medicare and Medicaid program will no longer receive a prescription drug benefit from the Medicaid program.
4. The appropriation includes an increase of \$14.8 million (including \$5.4 million General Fund) to fund increases in Medicaid mental health behavioral health organization contract increases. Of the \$14.8 million, \$7.9 million is attributable to caseload and case-mix changes, \$4.4 million is attributable to changes in the per capita rate (including a 2.71 percent inflationary increase), \$2.3 million is to reverse a FY 2005-06 recouplement, and \$0.2 million is for compounding effects of these factors.

5. The appropriation includes a total increase of \$8.8 million to increase payments to safety net provider hospitals. Of this amount, \$0.5 is from the General Fund, \$3.9 million is certified public expenditures at public hospitals, and \$4.4 million is matching federal funds.
6. The appropriation includes a total increase of \$5.2 million for caseload and cost-per-client increases in the Children's Basic Health Plan. Of this amount, \$1.8 million is cash funds exempt (CBHP Trust Fund and Health Care Expansion Fund) and \$3.4 million is matching federal funds.
7. The appropriation includes a reduction of \$35.3 million (including \$17.6 million General Fund) in amounts transferred to the Department of Human Services for programs administered in that department. The most significant changes include a decrease of \$63.4 million total funds for programs administered by the Division of Youth Corrections and the Division of Child Welfare. The reduction is primarily related to Medicaid funding for residential treatment centers. These reductions are partially offset by an increase of \$25.9 million for Services for People with Developmental Disabilities. This primarily reflects new community-based placements added in FY 2006-07 and the annualization of placements added in FY 2005-06 for adults with developmental disabilities.

Detail of Appropriation by Administrative Section

Executive Director's Office

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

Executive Director's Office						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Appropriation:						
SB 05-209	\$65,285,700	\$23,285,772	\$420,446	\$699,732	\$40,879,750	206.1
HB 05-1066	68,766	0	0	26,445	42,321	0.5
HB 05-1243	201,020	57,838	0	0	143,182	0.5
HB 05-1262	1,355,319	(219)	0	474,713	880,825	6.3
HB 06-1217	(1,284,912)	(1,062,301)	(1,517)	696,433	(917,527)	(0.5)
HB 06-1385	<u>44,533</u>	<u>(34,018)</u>	<u>0</u>	<u>14,092</u>	<u>64,459</u>	<u>(0.5)</u>
TOTAL	\$65,670,426	\$22,247,072	\$418,929	\$1,911,415	\$41,093,010	212.4
FY 2006-07 Appropriation:						
FY 2005-06 Appropriation	\$65,670,426	\$22,247,072	\$418,929	\$1,911,415	\$41,093,010	212.4

Executive Director's Office						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
Salary and benefits adjustments	650,953	123,820	0	12,185	514,948	0.0
County transportation issues	612,734	306,367	0	0	306,367	0.0
Health Insurance Portability and Accountability Act of 1996 (HIPAA) national provider identifier	581,862	141,101	0	6,109	434,652	0.0
Implement audit findings for prescription drug rebate program and payment error rate project	540,642	176,572	0	0	364,070	2.8
Medicaid Management Information System reprocurement	412,500	81,106	0	4,331	327,063	0.0
Staffing adjustment	332,912	166,456	0	0	166,456	5.7
Nursing facility appraisals	279,746	139,873	0	0	139,873	0.0
Operating and technical adjustments	222,398	152,374	3,446	(18,165)	84,743	0.0
Inspection issues	188,718	76,087	0	0	112,631	0.0
Audit issues	94,510	47,255	0	0	47,255	0.0
Study physician rate disparities	58,000	29,000	0	0	29,000	0.0
Transfer primary care fund administrative funding	42,316	0	0	42,316	0	0.5
Annualize prior year funding and remove one-time expenditures	(2,517,301)	(803,310)	0	(523,883)	(1,190,108)	1.3
Reduce funding for medical identification cards	(192,231)	(96,116)	0	0	(96,115)	0.0
HB 06-1385	\$66,978,185	\$22,787,657	\$422,375	\$1,434,308	\$42,333,845	222.7
SB 06-128	126,780	0	0	45,070	81,710	1.0
SB 06-165	111,326	42,342	0	0	68,984	1.0
SB 06-219	19,956,252	6,260,208	0	3,717,918	9,978,126	1.0
HB 06-1270	59,532	29,766	0	0	29,766	1.0
HB 06-1395	<u>46,336</u>	<u>11,584</u>	<u>0</u>	<u>0</u>	<u>34,752</u>	<u>0.0</u>
TOTAL	\$87,278,411	\$29,131,557	\$422,375	\$5,197,296	\$52,527,183	226.7
Increase/(Decrease)	\$21,607,985	\$6,884,485	\$3,446	\$3,285,881	\$11,434,173	14.3
Percentage Change	32.9%	30.9%	0.8%	171.9%	27.8%	6.7%

HB 06-1385 (Long Bill) Issue Descriptions

Salary and benefits adjustments : The appropriation includes an increase of \$459,483 for state employee pay raises and \$220,688 for adjustments to health, life, and dental benefits, short-term disability, workers'

compensation, and amortization of equalization disbursements for PERA. These increases are partially offset by a 0.2 percent personal services base reduction of \$29,218. In addition, the appropriation adjusts funding splits and applies statewide indirect costs savings, which decreases the General Fund and cash funds exempt appropriations by a total of \$149,968 while providing a corresponding increase of \$149,968 to the federal funds appropriation.

County transportation issues: The appropriation transfers a total of \$485,732 from the county administration line item in the Department of Human Services - Medicaid Funded Programs Division to the non-emergency transportation services line item in the Executive Director's Office. The transfer allows all funding for the transportation broker contract for the eight front range counties to be consolidated into one line item. In addition, the appropriation includes an increase of \$127,002 for a 2.67 percent inflation increase for transportation services.

Health Insurance Portability and Accountability Act of 1996 (HIPAA) national provider identifier: The appropriation includes an increase of \$581,862 total funds for implementation costs associated with complying with a new federal rule under the Health Insurance Portability and Accountability Act of 1996 (HIPAA). This Act requires that a national provider identifier number be obtained by all health providers. This funding will allow the Department to make the necessary system changes to incorporate the national provider identifier codes.

Implement audit findings for prescription drug rebate program and payment error rate project: The appropriation includes an increase of \$494,921 total funds and an increase of 2.0 FTE to provide additional oversight for the drug rebate program. In 2004, the State Auditor's Office released an audit recommending administrative changes for the Department to maximize drug rebates collected by the Department. This funding increase addresses the audit report recommendations. In addition, the appropriation also includes an appropriation of \$45,721 total funds and 0.8 FTE to oversee the Department's compliance with the federal Payment Error Rate Measurement (PERM) program which is scheduled to begin in October 2006. Both of the increases are totally offset by decreases in the Medical Services Premiums line item due to anticipated cost reductions and avoidances from complying with the audit and (PERM) project.

Medicaid Management Information System reprourement: The appropriation includes \$412,500 for the second year of a consulting contract to provide technical assistance to the Department during the reprourement process for the Medicaid Management Information System (MMIS). The contract with the current fiscal agent expires in December 2006. The Centers for Medicare and Medicaid Services (CMS) requires that the Department reprocure this contract. Due to delays in starting the reprourement process last year, CMS has granted the Department an extension to June 2007 for completing the reprourement and selecting a fiscal agent to manage the MMIS system.

Staffing adjustment: The appropriation includes a total funds appropriation of \$332,912 and 5.7 FTE to address staffing shortages within the Department. In FY 2003-04, the Department's personal services and operating expenses were reduced by 4.0 percent and 5.7 FTE. This appropriation is a restoration of the FTE and partial restoration of the associated funding.

Nursing facility appraisals: The appropriation includes an increase of \$279,746 for contract services to appraise nursing home facilities. Section 26-4-503 (3) (a) (B) (II), C.R.S., requires the Department to appraise nursing facilities every four years. The fair rental value of nursing home facilities is used in the nursing home reimbursement formula. The last time the Department conducted appraisals was in FY 2002-03.

Operating and technical adjustments: The appropriation includes an increase of \$125,699 for operating expenses related to legal services, administrative law judges, central computer system costs, risk management, and Capitol complex and private leased space. In addition to this increase, the appropriation also includes an increase of \$96,699 to adjust for centrally-appropriated items that are administered by other Departments.

Inspection issues: The appropriation includes an increase of \$182,718 for the inspection and certification of facilities conducted by the Department of Public Health and Environment. The appropriation also includes an increase of \$6,000 for the sunrise review of in-home support services by the Department of Regulatory Agencies.

Audit issues: The appropriation includes an increase of \$76,660 to perform annual audits on each single entry point agency. Current funding levels support only a few audits each year. This is not in compliance with federal guidelines requiring annual audits. There is a corresponding decrease in the Medical Services Premium division for this amount. In addition, the appropriation includes an increase of \$17,850 for a 3.0 percent inflationary increase for the audit contract for hospitals and federally qualified health centers.

Study physician rate disparities: The appropriation includes \$58,000 for the Department to assemble a task force to make recommendations on rate disparities within the provider codes for primary care providers, including but not limited to: physicians, surgeons, and dentists. The Department is requested through a footnote to provide a preliminary report to the Joint Budget Committee by November 1, 2006. The intent is for the report to make recommendations on how to address current rate disparities and to provide a comparison of how Colorado's reimbursement schedules compare to other regional Medicaid programs, the Medicare program and the private sector.

Transfer Primary Care Fund administrative funding: The appropriation transfers \$42,316 and 0.5 FTE from the Indigent Care Program Division to the Executive Director's Office Division. This appropriation is consistent with consolidating all personal services and operating costs for the Department within the Executive Director's Office.

Annualize prior year funding and remove one-time expenditures: The appropriation includes a total fund decrease of \$2,517,301 to eliminate one-time appropriations and to annualize funding provided in 2004 and 2005 legislation. The majority of the reduction relates the implementation the Medicare Modernization Act of 2003 and the Colorado Benefits Management System lawsuit. These reductions are offset by increases to annualize additional staffing costs that were approved in FY 2005-06 to audit the certification of public expenditures at public facilities and for the Old Age Pension Medical Program drug rebate program. The net change to FTE is a 1.3 FTE increase.

Reduce funding for medical identification cards: The appropriation includes a decrease of \$192,231 to realign funding in the Medical Identification Cards line item with actual costs. Specifically, the appropriation: (1) eliminates \$113,077 funding associated with General Government Computer Center costs that are unnecessary now that the Department has moved to permanent plastic cards rather than paper cards; and (2) reduces funding by \$79,154 to reflect lower than anticipated mailing and replacement card costs.

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

Medical Services Premiums

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

Medical Services Premiums						
	Total Funds	General Fund/1	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Appropriation:						
SB 05-209	\$2,127,668,373	\$1,047,035,002	\$76,512	\$36,505,064	\$1,044,051,795	0.0
HB 05-1066	222,823	0	0	111,412	111,411	0.0
HB 05-1131	(733,970)	(366,985)	0	0	(366,985)	0.0
HB 05-1243	(1,004,415)	(502,207)	0	0	(502,208)	0.0
HB 05-1262	52,068,559	(3,803,176)	0	29,449,127	26,422,608	0.0
HB 06-1217	(43,245,100)	(23,392,288)	0	(13,722,753)	(6,130,059)	0.0
HB 06-1369	6,240,000	3,120,000	0	0	3,120,000	0.0
HB 06-1385	<u>(141,569,712)</u>	<u>(45,339,772)</u>	<u>0</u>	<u>(26,013,956)</u>	<u>(70,215,984)</u>	<u>0.0</u>
TOTAL	\$1,999,646,558	\$976,750,574	\$76,512	\$26,328,894	\$996,490,578	0.0
FY 2006-07 Appropriation:						
FY 2005-06 Appropriation	\$1,999,646,558	\$976,750,574	\$76,512	\$26,328,894	\$996,490,578	0.0
Medicaid base adjustments	68,947,254	(6,227,987)	0	40,822,984	34,352,257	0.0
Acute care rate adjustment	26,547,278	12,759,937	0	513,702	13,273,639	0.0
Community long-term care rate adjustment	24,951,408	12,475,704	0	0	12,475,704	0.0

Medical Services Premiums						
	Total Funds	General Fund/1	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
Denver Health out-stationing costs	2,339,156	0	0	1,169,578	1,169,578	0.0
Eliminate double-count of certified funds	(13,271,352)	0	0	(13,271,352)	0	0.0
Audit findings for prescription drug rebate program	(494,920)	(247,460)	0	0	(247,460)	0.0
Single entry point audits	(76,660)	(38,330)	0	0	(38,330)	0.0
HB 06-1385	\$2,108,588,722	\$995,472,438	\$76,512	\$55,563,806	\$1,057,475,966	0.0
SB 06-131	2,376,406	1,188,203	0	0	1,188,203	0.0
SB 06-165	<u>322,431</u>	<u>161,216</u>	<u>0</u>	<u>0</u>	<u>161,215</u>	<u>0.0</u>
TOTAL	\$2,111,287,559	\$996,821,857	\$76,512	\$55,563,806	\$1,058,825,384	0.0
Increase/(Decrease)	\$111,641,001	\$20,071,283	\$0	\$29,234,912	\$62,334,806	0.0
Percentage Change	5.6%	2.1%	0.0%	111.0%	6.3%	n/a

/1 Includes General Fund Exempt amounts.

General Fund Summary	Total General Fund	General Fund	General Fund Exempt
FY 2005-06 Appropriation	\$1,022,090,346	\$1,022,090,346	\$0
Long Bill supplemental (HB 06-1385)	<u>(45,339,772)</u>	<u>(306,639,772)</u>	<u>261,300,000</u>
FY 2005-06 Adjusted Appropriation	976,750,574	715,450,574	261,300,000
Medical Services Premiums	<u>20,071,283</u>	<u>25,271,283</u>	<u>(5,200,000)</u>
Total FY 2006-07 Appropriation	\$996,821,857	\$740,721,857	\$256,100,000

General Fund Exempt

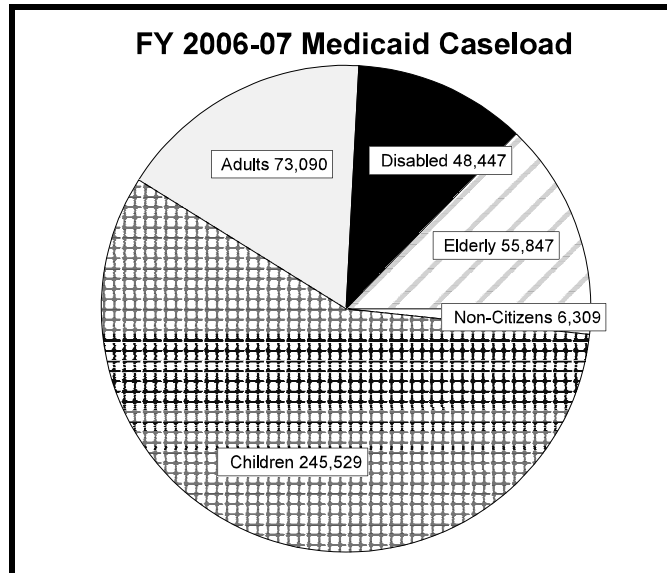
In November 2005, the Colorado voters passed Referendum C. Referendum C allowed the State to retain all revenue that is collected above the TABOR limit for FY 2005-06 through FY 2009-10. This revenue must be placed in a General Fund Exempt Account (see Section 24-77-103.6 (2), C.R.S.). The above table shows the amount of General Fund Exempt that was appropriated from the General Fund Exempt Account for purposes of funding health care for Colorado's elderly, low-income, and disabled populations pursuant to Sections 24-77-103.6 (2) (a) and 24-77-104.5 (2) (a) (I), Colorado Revised Statutes.

HB 06-1385 (Long Bill) Issue Descriptions

Medicaid base adjustments: The FY 2006-07 appropriation supports medical services for an estimated 429,222 total Medicaid clients. Of this number, 404,047 are traditional Medicaid clients and 25,175 are expansion Medicaid clients (eligible to be funded with Health Care Expansion Funds). The FY 2006-07 caseload forecast reflects an increase of 29,512 clients over the FY 2005-06 final forecast. However, the majority of the increased caseload is in the expansion Medicaid populations. The following table shows the projected caseload growth from FY 2005-06 to FY 2006-07.

Eligibility Category	FY 2005-06	FY 2006-07	# Change	%
<i>Traditional Medicaid</i>				
Traditional Caseload	395,233	402,319	7,086	1.8%
Estimated Impact from Medicare Modernization Act	471	965	494	104.9%
Impact from increased CBHP marketing	<u>211</u>	<u>763</u>	<u>552</u>	<u>261.6%</u>
<i>Subtotal Traditional Medicaid</i>	395,915	404,047	8,132	2.1%
<i>Expansion Medicaid</i>				
Legal Immigrants	3,512	3,512	0	0.0%
Increase Breast and Cervical Cancer Clients	58	67	9	15.5%
Eliminate Children Waiver Caps	225	652	427	189.8%
Eliminated Asset Test	0	16,094	16,094	n/a
Expand eligibility to 60% FPL for Adults	<u>0</u>	<u>4,850</u>	<u>4,850</u>	<u>n/a</u>
<i>Subtotal Expansion Medicaid</i>	3,795	25,175	21,380	205.3%
Total Caseload Forecast	399,710	429,222	29,512	7.4%

The majority of the caseload and caseload growth is in the low-income adults and children categories. The pie chart on the following page breaks-out the FY 2006-07 total caseload (both traditional and expansion) by major aid category.



The base service costs are the amounts needed to fund requirements under current law. The base service costs are a function of both cost and utilization projections based on prior years' experience, as adjusted to increase the type, range, or cost of services. These base service costs are a function of the following: (1) the cost of acute, community long-term care, institutional long-term care, supplemental insurance, and medical administrative costs; (2) the mix of services within these caseload categories; and (3) the caseload mix that utilizes the various array of services. The table on the following page compares the FY 2005-06 estimated costs (including the FY 2005-06 Long Bill supplemental) with the FY 2006-07 base service cost appropriation for each service category.

Service Category	FY 2005-06	FY 2006-07	\$ Change	%
Acute Care Services/1	\$1,226,426,394	\$1,252,689,639	\$26,263,245	2.1%
Community Long-Term Care Services/2	172,777,944	174,064,067	1,286,123	0.7%
Long-Term Care and Insurance	560,963,176	586,274,247	25,311,071	4.5%
Medical Administrative Costs	22,609,031	29,022,855	6,413,824	28.4%
Bottom Line Financing/3	16,870,013	26,543,064	9,673,051	57.3%
Total Service Costs	\$1,999,646,558	\$2,068,593,872	\$68,947,314	3.4%

/1 FY 2006-07 does not include any policy rate increases. Rate increases are discussed as a separate issue.

/2 FY 2006-07 does not include any policy rate increases. Rate increases are discussed as a separate issue.

/3 FY 2006-07 does not include out-stationing costs for Denver Health. This issue is discussed as a separate issue.

Acute Care Services: The appropriation includes an increase of \$26,263,185 total funds for acute care services. This amount includes the following increases: (1) \$88,005,955 for caseload and cost-per-client assumption changes; (2) \$7,062,073 increase for outpatient substance abuse treatment; (3) \$3,454,264 for non-covered Medicare Part D drugs for dual eligibles; and (4) \$3,227,765 to eliminate the wait list for children's CES/HCBS waiver programs. These increases are offset by the following decreases: (1) \$73,471,791 for the Medicare Modernization Act of 2003 ; (2) \$1,218,371 for savings anticipated for including an outpatient substance abuse treatment program (these are part-year savings); (3) \$796,710 in savings anticipated from participating in the federal payment error rate project.

Community Long-Term Care Services: The appropriation includes an increase of \$1,286,123 for community-based long term care services. This appropriation includes the following increases: (1) \$3,921,580 for caseload and cost-per-client assumption changes; (2) \$1,253,500 for the children with autism waiver costs; (3) \$149,000 to eliminate the wait list for children's CES/HCBS waiver programs. These increases are offset by the following decreases: (1) \$4,034,143 for cost savings from implementing the consumer directed care waiver, and (2) \$3,814 for redispensing prescription drugs.

Long-Term Care and Insurance: The appropriation includes a total increase of \$25,311,071 for institutional long-term care services and supplemental insurance. The appropriation includes the following increases: (1) \$18,561,632 for class I nursing home rate increases and patient day assumptions; (2) \$57,624 for class II nursing homes; (3) \$4,589,357 for caseload and cost increases for the Program for All Inclusive Care of the Elderly; (4) \$2,086,068 for caseload and cost increases for supplemental Medicare insurance; and (5) \$16,390 for caseload assumptions for the Health Insurance Buy-In program.

Medical Administrative Costs: The appropriation includes a total increase of \$6,413,824 for medical administrative costs. The appropriation includes the following increases: (1) \$1,245,441 for single entry point agencies to case management long-term care needs; (2) \$3,940,776 for disease management programs mainly required by H.B. 05-1262; and (3) \$1,227,607 for administrative service organizations to manage medical services for certain contracted Medicaid caseloads.

Bottom Line Financing: The appropriation includes an increase of \$9,673,051 related mainly to annualizing the impact of the Medicare Upper Payment Limit financing option. In FY 2005-06, the General Assembly approved a supplemental to change the methodology for certifying public expenditures to a calendar year basis rather than a fiscal year basis. This means that in FY 2005-06 only six months of certified public expenditures will be counted for UPL purposes. In FY 2006-07 a total of 12 months of certified public expenditures will be counted for UPL purposes.

The table on the following page provides the fund splits for the base appropriation.

	FY 2005-06	FY 2006-07	Difference
Expansion Medicaid			
Health Care Expansion Fund	\$8,682,450	\$35,657,741	\$26,975,291
Transfer from Department of Public Health and Environment	352,936	533,573	180,637
Federal Funds	<u>8,647,633</u>	<u>36,348,819</u>	<u>27,701,186</u>
Subtotal Expansion Medicaid	17,683,019	72,540,133	54,857,114
Traditional Medicaid			
General Fund	976,750,574	970,646,125	(6,104,449)
Cash Funds	76,512	76,512	0
Certification of Public Expenditures	15,330,866	26,466,552	11,135,686
Health Care Expansion/1	1,551,242	1,585,039	33,797
Transfer from Department of Public Health and Environment	0	1,970,388	1,970,388
Breast and Cervical Cancer Fund	411,400	239,612	(171,788)
Autism Fund	0	626,750	626,750
Federal Funds	<u>987,842,945</u>	<u>994,430,584</u>	<u>6,587,639</u>
Subtotal Traditional Medicaid	1,981,963,539	1,996,041,562	14,078,023
Grand Total All Medicaid	\$1,999,646,558	\$2,068,581,695	\$68,935,137

/1 This is an offset to the General Fund for presumptive eligibility costs.

Acute care rate adjustment: The appropriation includes a total fund increase of \$26,547,278 (including \$12,759,937 General Fund) for rate increases for acute care providers. This appropriation reflects the full-year cost for the rate increases that were approved in H.B. 06-1349 and additional rate increases to begin on July 1, 2006. The rate adjustments are summarized in the table on the following page.

Service Category	Additional Rate		Total Rate Increase	Total FY 2006-07 Rate Impact
	Rate Increase Approved April 1, 2006	Increase Approved July 1, 2006		
Inpatient Hospitals	1.0%	3.25%	4.25%	\$15,317,970
Durable Medical Equipment	2.0%	3.25%	5.25%	\$3,442,378
Physician / EPSDT	0.0%	3.25%	3.25%	\$5,360,638
Dentist	0.0%	3.25%	3.25%	\$1,667,678
Lab / X-Ray	0.0%	3.25%	3.25%	\$758,614
TOTAL				\$26,547,278

*Includes an estimated impact to HMO rates in the rates above.

Community long-term care rate adjustments: The appropriation includes a total funding increase of \$24,951,408 (including \$12,475,704 General Fund) for community long-term care rate adjustments. This

appropriation reflects the full-year cost for the rate increases that were approved in H.B. 06-1349 and additional rates increases to begin on April 1, 2007. The appropriation will move most of the provider rate codes up to 90 percent of the current Medicare rate by April 1, 2007. The rate adjustments are summarized in the table below.

Service Category	Rate Increase Approved April 1, 2006	Additional Rate Approved April 1, 2007	Total FY 2006-07 Rate \$ Impact
Assisted Living Facilities	15.07%	12.5%	\$5,759,201
Adult Day Care Services	3.57%	1.0%	202,803
Skilled Nursing	7.20%	23.60%	4,352,874
Home Health Aide	4.20%	0.00%	2,393,694
Physical Therapy	36.30%	23.60%	1,430,318
Speech Therapy	35.90%	23.60%	732,034
Occupational Therapy	29.20%	23.60%	891,937
Private Duty Nursing RN	3.80%	23.40%	1,534,648
Private Duty Nursing LPN	8.00%	23.60%	1,534,647
Personal Care Homemaking	10.00%	3.25%	5,360,638
All Other	2.57%	0.0%	758,614
TOTAL			\$24,951,408

Denver Health out-stationing costs: The appropriation includes a total fund increase of \$2,339,156 for out stationing costs for Denver Health. Federal regulations require state Medicaid agencies to allow certain Medicaid clients to apply at locations other than a local welfare office. Through a contract with the State, Denver Health provides services to inform, educate, assist and enroll qualifying children and families into the Medicaid program. This funding certifies the public expenditures incurred by Denver Health for these activities in order to draw down the federal match.

Eliminate double count of certified funds: The appropriation includes a decrease of \$13,271,352 total funds to eliminate a double count of public certified funds. Beginning in FY 2002-03, the Department began certifying funds at public hospitals, nursing facilities, and home health agencies up to the Medicare Upper Payment limit. This financing mechanism was used to offset General Fund expenditures. In order to show the total budget impact, the Department's budget actually reflected twice as many funds as were certified in order to offset the General Fund reduction. This practice is inconsistent with how certified funds are treated elsewhere in the Department's budget. Therefore, the appropriation eliminates the practice of double counting the certified funds in the cash exempt funds.

Audit findings for prescription drug rebate program: The appropriation includes a decrease of \$494,920 based on the assumption that drug rebates will increase once the Department implements the State Auditor's findings to make system and administrative changes to maximize rebate collections. The estimated savings offsets the anticipated increase in administrative funding for this activity found in the Executive Director's Office.

Single entry point audits: The appropriation includes a decrease of \$76,660 based on the assumption that additional audits of single entry point agencies will result in savings due to payment corrections. The estimated savings offsets the anticipated increase in administrative funding for this activity found in the Executive Director's Office.

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

Medicaid Mental Health Community Programs

This division provides for mental health services through the purchase of services from five regional behavioral health organizations (BHOs), which manage mental health services for eligible Medicaid recipients in a capitated, risk-based model. This division contains funding for Medicaid mental health fee-for-service and shows, for informational purposes, the anti-psychotic pharmaceutical expenditures appropriated for this population in the Medical Services Premiums section. Funding for FY 2006-07 reflects funding for 410,343 Medicaid clients who are eligible for mental health services.

Medicaid Mental Health Community Programs						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Appropriation:						
SB 05-209	\$209,839,169	\$83,119,904	\$0	\$43,588,448	\$83,130,817	0.0
HB 05-1262	3,871,047	0	0	1,933,630	1,937,417	0.0
HB 06-1385	<u>(15,667,802)</u>	<u>(762,273)</u>	<u>0</u>	<u>(12,309,887)</u>	<u>(2,595,642)</u>	<u>0.0</u>
TOTAL	\$198,042,414	\$82,357,631	\$0	\$33,212,191	\$82,472,592	0.0
FY 2006-07 Appropriation:						
FY 2005-06 Appropriation	\$198,042,414	\$82,357,631	\$0	\$33,212,191	\$82,472,592	0.0
Capitation caseload and cost changes	14,821,305	5,366,767	0	2,043,331	7,411,207	0.0
Fee for service increases	158,758	79,379	0	0	79,379	0.0
Anti-psychotic pharmacy adjustment	(1,472,277)	0	0	(1,472,277)	0	0.0
HB 06-1385	<u>\$211,550,200</u>	<u>\$87,803,777</u>	<u>\$0</u>	<u>\$33,783,245</u>	<u>\$89,963,178</u>	<u>0.0</u>
TOTAL	\$211,550,200	\$87,803,777	\$0	\$33,783,245	\$89,963,178	0.0
Increase/(Decrease)	\$13,507,786	\$5,446,146	\$0	\$571,054	\$7,490,586	0.0
Percentage Change	6.8%	6.6%	n/a	1.7%	9.1%	n/a

Capitation Program

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

Medicaid Clients Eligible for Mental Health Services <1>			
Medicaid Mental Health Eligible Category	FY 2004-05 Actual	FY 2005-06 Appropriation	FY 2006-07 Appropriation
Elderly	35,615	36,569	37,036
Disabled	53,729	53,816	54,688
Adults	62,563	62,957	72,867
Children	220,592	212,850	228,438
Children in Foster Care	15,669	16,363	17,091
Breast and Cervical Cancer	<u>86</u>	<u>192</u>	<u>223</u>
Total	388,254	382,747	410,343
<i>Annual caseload change</i>	0	(5,507)	27,596
<i>Percent annual caseload change</i>	N/A	-1.4%	7.2%

<1> Please note, this caseload is based on the Medicaid populations that are eligible for mental health services that are included in the capitation program (i.e., Qualified Medicare Beneficiaries and Non-citizens are not eligible for mental health services and are thus excluded).

HB 06-1385 (Long Bill) Issue Descriptions

Long Bill Supplemental: House Bill 06-1385 includes adjustments to FY 2004-05 and FY 2005-06 appropriations. For FY 2004-05 (not shown in the table on preceding page), the appropriation appropriates \$1,283,444 General Fund for the FY 2004-05 Medicaid mental health General Fund over-expenditure.

For FY 2005-06 the appropriation contains adjustments to Medicaid mental health capitation which reduce \$5,553,093 total funds (an increase of \$945,992 General Fund) based on a reduction of 46,617 clients (10.9 percent). This adjustment includes changes to H.B. 05-1262 (Amendment 35) which reduce \$1,825,777 cash funds exempt and \$1,828,038 federal funds associated with decreased caseload attributable to slower than anticipated implementation of the legislation.

This supplemental adjustment reduces 18,910 of the 19,193 clients (98.5 percent) estimated in the appropriation. The appropriation also adjusts the core "traditional" caseload with a reduction of 27,707 clients (6.8 percent). Finally, the Medicaid mental health capitation adjustment adjusts the per capita (per client) cost.

The table below summarizes the impact of the caseload and capitation adjustments.

FY 2005-06 Medicaid Mental Health Capitation Appropriation (Changes)							
	Caseload & Per Capita Changes			Dollar Impact of Changes			
	Appropriation Caseload	Caseload Change	Per Capita Rate Change	Caseload Impact	Per Capita Impact	Compounding	Total
Elderly	35,308	1,261	\$3.94	\$197,266	\$139,244	\$4,973	\$341,483
Disabled	55,143	(1,327)	\$13.03	(1,233,884)	718,526	(17,291)	(532,649)
Adults	70,324	(7,367)	\$12.68	(1,217,659)	892,020	(93,446)	(419,085)
Children	251,976	(39,126)	\$12.49	(6,004,855)	3,145,973	(488,496)	(3,347,378)
Foster Care	16,303	60	(\$110.45)	227,409	(1,800,587)	(6,627)	(1,579,804)
B&C Cancer	<u>310</u>	<u>(118)</u>	<u>(\$17.12)</u>	<u>(12,373)</u>	<u>(5,308)</u>	<u>2,021</u>	<u>(15,661)</u>
	429,364	(46,617)		(\$8,044,095)	\$3,089,868	(\$598,867)	(\$5,553,093)

House Bill 06-1385's supplemental adjustment also increases the Medicaid mental health community fee-for-service appropriation by \$367,438 total funds (\$183,719 General Fund). The appropriation eliminates the Child Placement Agency ("CPA") line appropriation of \$6,149,084 cash funds exempt; the federal government has not yet approved proposals for funding this program. Finally, the appropriation reduces the anti-psychotic pharmaceutical appropriation by \$4,333,062 cash funds exempt, which is shown for informational purposes only, as it is appropriated in Medical Services Premiums in this department.

Capitation caseload and cost changes: The appropriation funds an estimated 410,343 Medicaid clients eligible for mental health services, an increase of 27,596 clients from the adjusted FY 2005-06 level. This caseload increase drives \$7.9 million in additional costs. The appropriation reflects a 2.71 percent inflator which drives a cost of \$4.4 million. Finally, the appropriation includes an increase of \$2.25 million associated with the discontinuation of a FY 2005-06 recoupment. These factors, including \$0.2 million of compounding increases, total \$14.8 million.

FY 2006-07 Medicaid Mental Health Capitation Compared to FY 2005-06 Appropriation					
	Caseload Impact	Per Capita Impact	Compounding	Recoupment	Total
Elderly	\$74,897	\$158,940	\$2,030	\$76,157	\$312,024
Disabled	822,174	1,375,080	22,281	665,784	2,885,319
Adults	1,763,683	303,641	47,796	159,345	2,274,464
Children	2,586,984	957,296	70,107	520,491	4,134,879
Foster Care Children	2,678,829	1,631,721	72,596	827,782	5,210,928
B&C Cancer Clients	<u>2,720</u>	<u>456</u>	<u>74</u>	<u>441</u>	<u>3,691</u>
	\$7,929,287	\$4,427,134	\$214,884	\$2,250,000	\$14,821,305

Fee-for-service increases: The appropriation reflects the estimate for fee-for-service mental health services. This represents a \$159,000 increase over the FY 2005-06 adjusted supplemental base.

Anti-psychotic pharmacy adjustment: The appropriation reflects the estimate for Medicaid anti-psychotic pharmacy costs. This appropriation is shown for informational purposes only as it is appropriated in Medical Services Premiums in this department.

Indigent Care Program

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

The Safety Net Provider Payment Program provides reimbursement to participating hospitals and clinics that serve uninsured or under-insured people using funding from the disproportionate share, major teaching hospital, and Medicare Upper Payment Limit payments made through the Colorado Indigent Care Program. To be eligible for the Colorado Indigent Care Program, individuals must have income or assets equal to or lower than 185 percent of the federal poverty level and may not qualify for assistance through the Medicaid program.

The Children's Basic Health Plan (CBHP) provides health care insurance to otherwise uninsured children from families at or below 200 percent of the federal poverty level. The program also provides health insurance to eligible adult women between 133 percent and 200 percent of the federal poverty level. In FY 2005-06, the CBHP is estimated to provide health insurance to an estimated 43,094 children and an average monthly caseload of 1,905 adult pregnant women.

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

Indigent Care Program						
	Total Funds	General Fund/1	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Appropriation:						
SB 05-209	\$383,355,623	\$17,473,431	\$160,256	\$176,068,836	\$189,653,100	0.0
HB 05-1262	38,335,276	(2,255,000)	85,486	42,953,397	(2,448,607)	1.0
HB 05-1349	6,288,324	3,144,162	0	0	3,144,162	0.0
SB 06-044	(14,962,408)	0	0	0	(14,962,408)	0.0
SB 06-135	353,161	0	0	353,161	0	0.0
SB 06-208	(200,000)	(100,000)	0	0	(100,000)	0.0
HB 06-1217	25,204,801	0	0	12,341,938	12,862,863	0.0
HB 06-1369	2,000,000	2,000,000	0	0	0	0.0
HB 06-1385	<u>22,920,642</u>	<u>15,062,408</u>	<u>0</u>	<u>(2,574,706)</u>	<u>10,432,940</u>	<u>0.0</u>
TOTAL	\$463,295,419	\$35,325,001	\$245,742	\$229,142,626	\$198,582,050	1.0

Indigent Care Program

	Total Funds	General Fund/1	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Appropriation:						
FY 2005-06 Appropriation	\$463,295,419	\$35,325,001	\$245,742	\$229,142,626	\$198,582,050	1.0
Safety Net Provider Payments	8,892,556	514,136	0	3,932,142	4,446,278	0.0
Children's Basic Health Plan medical and dental costs	4,901,153	0	0	1,504,209	3,396,944	0.0
Pediatric Specialty Hospital	2,279,938	623,933	0	516,036	1,139,969	0.0
Appropriation from Tobacco Tax Cash Fund to General Fund	1,032,072	0	0	1,032,072	0	0.0
Appropriation from General Fund Exempt to Pediatric Specialty Hospital Fund	516,036	516,036	0	0	0	0.0
Comprehensive Primary and Preventive Care Fund and Program	11,598	0	0	11,598	0	0.0
Colorado Health Services Fund	(14,962,408)	(14,962,408)	0	0	0	0.0
Primary Care Fund Program	(11,159,042)	0	0	(11,159,042)	0	(1.0)
Children's Basic Health Plan Trust Fund	(2,007,275)	(2,000,000)	(53,670)	46,395	0	0.0
Children's Basic Health Plan Administration	(56,000)	0	0	(26,860)	(29,140)	0.0
HB 06-1385	\$452,744,047	\$20,016,698	\$192,072	\$224,999,176	\$207,536,101	0.0
SB 06-044	14,962,408	0	0	14,962,408	0	0.0
HB 06-1310	<u>(23,595,753)</u>	<u>0</u>	<u>0</u>	<u>(23,595,753)</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$444,110,702	\$20,016,698	\$192,072	\$216,365,831	\$207,536,101	0.0
Increase/(Decrease)	(\$19,184,717)	(\$15,308,303)	(\$53,670)	(\$12,776,795)	\$8,954,051	(1.0)
Percentage Change	-4.1%	-43.3%	-21.8%	-5.6%	4.5%	-100.0%

/1 This amount includes a General Fund Exempt Appropriation.

General Fund Summary	Total General Fund	General Fund	General Fund Exempt
FY 2005-06 Appropriation	\$35,325,001	\$35,325,001	\$0
Appropriation from General Fund Exempt to Pediatric Speciality Hospital Fund	516,036	0	516,036
All Other Line Items	<u>(15,824,339)</u>	<u>(15,824,339)</u>	<u>0</u>
Total FY 2006-07 Appropriation	\$20,016,698	\$19,500,662	\$516,036

General Fund Exempt

In November 2004, the Colorado voters passed Amendment 35 to the Colorado Constitution. Amendment 35 requires that 3.0 percent of the new tobacco tax be appropriated to the General Fund and the Old Age Pension Fund, and be distributed to the counties and cities. Because Amendment 35 moneys are exempt from the TABOR limit, the General Fund appropriations of these moneys are General Fund Exempt. House Bill. 05-1262 requires that beginning in FY 2006-07, 50 percent of the tobacco tax revenues appropriated to the General Fund be appropriated to the Pediatric Specialty Hospital Fund pursuant to Section 24-22-117 (1) (c) (I) (B), C.R.S.

HB 06-1385 (Long Bill) Issue Descriptions

Safety Net Provider Payments: The appropriation includes an increase of \$3,932,142 cash funds exempt and a corresponding increase of \$3,932,142 federal funds to provide a 3.0 percent increase in the amount of federal funds available to reimburse public hospitals for the uncompensated care that they provide to indigent clients. The cash funds exempt appropriation is a certification of public expenditures at the public hospitals and therefore, does not reflect an increase in funding available to reimburse public hospitals. The appropriation also includes an increase of \$514,136 General Fund and a corresponding increase of \$514,136 in federal funds to provide a 4.0 percent increase in the available funding to reimburse private hospitals for the uncompensated care that they provide to indigent clients.

Children's Basic Health Plan medical and dental costs: The appropriation includes an increase of \$5,254,314 based on the following assumptions: (1) an overall net decrease to the children's caseload of 1,587 or 3.6 percent; (2) an increase in the adult prenatal program of 4,489 member months or 31 percent; (3) an increase in the per capita rate for the children's medical program of \$2.70 or 2.7 percent; (4) an increase in the per capita rate for the children's dental program of \$1.48 or 12.5 percent; and (5) increase in the adult prenatal program per capita of \$88.57 or 10.8 percent. The per capita rate changes are from an actuary's recommendation based on current health care trends in the community and for the program. The table on the next page shows the FY 2006-07 caseload assumptions and per-capita costs compared to the final recommended caseload and per-capita costs for FY 2005-06.

FY 2006-07 Children's Basic Health Plan

	<u>Caseload</u>			<u>Per Capita Costs</u>		
	FY 2005-06 Final Caseload Estimate	FY 2006-07 Recommended caseload Estimate	Difference	FY 2005-06 Per Capita Cost	FY 2006-07 Per Capita Cost	Difference
Children Medical Clients	44,177	42,590	(1,587)	\$101.44	\$104.14	\$2.70
Children Dental Clients/1	38,434	37,053	(1,381)	\$11.82	\$13.30	\$1.48
Prenatal Adults Member Months	14,447	18,936	4,489	\$816.97	\$905.54	\$88.57

/2 Dental Caseload is 87% of the Medical caseload to reflect a delay of one month from the time a child is eligible to enroll in the dental program after enrolling in the Medical program.

The main reason that the children's caseload is dropping in FY 2006-07 is that the Medicaid asset test will be eliminated. Children in the CBHP program must be screened for Medicaid eligibility before they can enroll in the CBHP program. When the Medicaid asset test is eliminated, the appropriation assumes a drop in the caseload of 12,979 clients. This drop in clients is offset by an increase in the expansion CBHP program (clients between 185 and 200 percent of federal poverty level) and by enrollment growth due to increased marketing activities for the traditional CBHP program (up to 185 percent of FPL). Therefore, the final caseload estimate reflects only a 1,587 decrease in the number of total children served by the CBHP program. The adult prenatal program is anticipated to increase as more women become aware of the program.

Pediatric Specialty Hospital: The appropriation includes an increase of \$2,279,938 to provide additional funding to compensate pediatric specialty hospitals for the disproportionate share of Medicaid and Children's Basic Health Plan children that are served by these hospitals.

Appropriation from Tobacco Tax Cash Fund to General Fund: The appropriation includes an appropriation of \$1,032,072 from the Tobacco Tax Cash Fund to the General Fund. This appropriation is to comply with the Constitutional requirement to appropriate a portion of the revenues collected from the Amendment 35 tobacco taxes to the General Fund.

Appropriation from General Fund Exempt to Pediatric Speciality Hospital Fund: The appropriation includes an appropriation of \$516,036 from the General Fund to the Pediatric Speciality Hospital Fund. This appropriation is required by Section 24-22-117 (1) (c) (I) (B), C.R.S.

Comprehensive Primary and Preventive Care Fund and Program: The appropriation includes a \$5,799 increase from the Tobacco Litigation Settlement Cash Fund to the Comprehensive Primary and Preventive Care Grant Fund to reflect the current estimate receipts. The appropriation makes a corresponding increase of \$5,799 from the Comprehensive Primary and Preventive Care Grant Fund for the Comprehensive Primary and Preventive Care Grant program.

Colorado Health Services Fund: The appropriation reflects a decrease of \$14,962,408 to reflect an appropriation in FY 2005-06 to the Colorado Health Services Fund that was made in FY 2005-06 but was not

continued in FY 2006-07. However, S.B. 06-044 requires that beginning in FY 2006-07 through FY 2008-09 approximately \$15.0 million be appropriated from the General Fund Exempt account into this fund each year.

Primary Care Fund Program: The appropriation includes a decrease of \$11,159,042 for the Primary Care Fund Program. The FY 2005-06 appropriation included 18 months of tax receipts from Amendment 35 tobacco taxes. The FY 2006-07 appropriation will only include 12 months of tax receipts anticipated for this program in FY 2006-07.

Children's Basic Health Plan Trust Fund: The appropriation includes a decrease of \$2,007,275 to the Children's Basic Health Plan Trust Fund. Primarily, the appropriation eliminates a one-time appropriation of \$2,000,000 in FY 2005-06 contained in H.B. 06-1349. The appropriation also reflects a decrease of \$53,670 for lower enrollment fees due to the drop in caseload from eliminating the Medicaid asset test on July 1, 2006. Lastly, the appropriation reflects an increase of \$46,395 to reflect the current estimate of Tobacco Litigation receipts.

Children's Basic Health Plan Administration: The appropriation includes a decrease of \$56,000 to eliminate one-time expenses associated with implementing H.B. 05-1262.

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

Other Medical Services

This section contains the funding for the following programs: (1) Old Age Pensioner Health and Medical Program; (2) Home Care Allowance; (3) Adult Foster Care; (4) Primary Care Physician Reimbursements; (5) H.B. 92-1208 immunizations, administered by the Department of Public Health and Environment; (6) Family Medicine Residency Training, administered by the Commission on Family Medicine at the University of Colorado; and (7) S.B. 97-101 Public School Health Services, administered jointly with the Department of Education. For those programs administered by another department, the funds are reflected in this division to receive the federal Medicaid match and are transferred to the other department as Medicaid cash funds exempt. The Old Age Pensioner Health and Medical Program is a state-only medical program funded solely from the Old Age Pensioner Medical Fund. The Home Care Allowance and Adult Foster Care programs are state-only programs funded with 95.0 percent General Fund and 5.0 percent local match. The S.B. 97-101 Public School Health Services program is a Medicaid program funded with certified cash funds exempt which are used to draw down the federal funds match.

Other Medical Services						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Appropriation:						
SB 05-209	\$56,673,218	\$11,325,410	\$10,748,483	\$17,583,342	\$17,015,983	0.0
HB 05-1262	1,385,188	0	0	692,594	692,594	0.0

Other Medical Services						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
SB 06-129	(5,643,341)	0	0	(2,821,670)	(2,821,671)	0.0
HB 06-1217	34,033,302	31,500,000	(10,748,483)	13,286,483	(4,698)	0.0
HB 06-1385	<u>(3,057,082)</u>	<u>(3,057,082)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$83,391,285	\$39,768,328	\$0	\$28,740,749	\$14,882,208	0.0
FY 2006-07 Appropriation:						
FY 2005-06 Appropriation	\$83,391,285	\$39,768,328	\$0	\$28,740,749	\$14,882,208	0.0
MMA State contribution payment annualization	45,050,624	45,050,624	0	0	0	0.0
Eliminate one-time savings for cash accounting	5,643,341	0	0	2,821,670	2,821,671	0.0
Tobacco Tax Cash Fund transfer to Supplemental Old Age Pension State Medical Fund	2,580,180	0	0	2,580,180	0	0.0
Old Age Pension State Medical Program	976,180	0	0	976,180	0	0.0
School-based services	352,607	0	0	183,122	169,485	0.0
Family medicine residency training	127,056	63,528	0	0	63,528	0.0
Eliminate double count of Colorado Autism Treatment Fund	(395,143)	0	0	(395,143)	0	0.0
HB 06-1385	\$137,726,130	\$84,882,480	\$0	\$34,906,758	\$17,936,892	0.0
SB 06-219	<u>(11,037,880)</u>	<u>(10,485,986)</u>	<u>0</u>	<u>(551,894)</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$126,688,250	\$74,396,494	\$0	\$34,354,864	\$17,936,892	0.0
Increase/(Decrease)	\$43,296,965	\$34,628,166	\$0	\$5,614,115	\$3,054,684	0.0
Percentage Change	51.9%	87.1%	n/a	19.5%	20.5%	n/a

HB 06-1385 (Long Bill) Issue Descriptions

MMA State contribution payment annualization: The appropriation includes an increase of \$45,050,624 General Fund to annualize the State's contribution payment required under the U.S. Medicare Modernization Act of 2003 (MMA). The MMA was implemented in January 2006. However, in FY 2005-06, the Department was only required to make five state contribution payments. In FY 2006-07, the Department will be required to make a total of 12 monthly payments. The appropriation assumes a dual eligible caseload of 50,226 clients

(1.28 percent increase from FY 2005-06). In addition, the appropriation assumes a per capita rate increase of 9.76 percent. Based on these assumptions, the State contribution payments are anticipated to total \$73,493,542 in FY 2006-07 (an increase of \$45,050,624 from the final State contribution payment appropriated in FY 2005-06 at the end of the 2006 Session).

Eliminate one-time savings for cash accounting: The appropriation contains an increase of \$5,643,341 to eliminate one-time savings that occurred in FY 2005-06 when the accounting methodology for the Nurse Home Visitor and Public School Health Services programs was changed from an accrual basis of accounting to a cash basis of accounting.

Tobacco Tax Cash Fund transfer to Supplemental Old Age Pension State Medical Fund: The appropriation transfers \$2,580,180 from the Tobacco Tax Cash Fund to the General Fund. This appropriation is to comply with the Constitutional requirement to appropriate a portion of the revenues collected from the Amendment 35 tobacco taxes to the Old Age Pension Health Program for health related expenditures.

Old Age Pension State Medical Program: The appropriation includes an increase of \$976,180 to appropriate additional funds available in the Supplemental Old Age Pension Health and Medical Care Fund to the Old Age Pension (OAP) State Medical Program. The OAP Medical Program's caseload is anticipated to increase from 5,343 clients in FY 2005-06 to 5,989 clients in FY 2006-07 (an increase of 12.1 percent). Because this is a capped program, caseload growth results in fewer benefits being available to the eligible clients. The appropriation uses some of the fund balance currently in the Supplemental Old Age Pension Health and Medical Care Fund in order to decrease the amount of benefits that will have to be reduced in FY 2006-07 because of caseload growth. Even with the increase recommended, the amount available per client will decrease from \$2,486.71 to \$2,381.47 (a decrease of 4.2 percent).

School-based services: The appropriation includes an increase of \$352,607 total funds to reflect an increase in anticipated services to Medicaid eligible children due to the elimination of the caps for the Children's Extensive Services Waiver and for the Children's Home and Community-Based Services Waiver Program.

Family medicine residency training: The appropriation includes an increase of \$127,056 funding for the nine family medicine residency programs in the state. From FY 2001-02 to FY 2005-06, the Commission on Family Medicine had their state appropriation cut by \$788,043 (33.3 percent). The appropriation increase of \$127,056 restores approximately 16 percent of the budget reductions that were made to the Commission's budget over the last four years.

Eliminate double count of the Colorado Autism Treatment Fund: The appropriation includes a decrease of \$395,143 to eliminate a double counted appropriation. This line item was created in FY 2005-06 to notify the State Treasurer of the amount of funding to transfer from the Tobacco Litigation Cash Fund to the Colorado Autism Treatment Fund. This appropriation did not reflect an expenditure, rather it was a revenue transfer. Because the statute already allows the Treasurer to transfer the amount of funding needed by the Autism Treatment Program up to \$1.0 million, the Long Bill can reflect the amount needed for the transfer through description of funding sources with the Long Bill letter notes. Therefore, a separate appropriation is unnecessary and creates a double count of the same funding in other program line items.

Additional legislation: For information on H.B. 06-219, see the "Recent Legislation" section at the end of the this department.

Department of Human Services Medicaid-Funded Programs

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

Department of Human Services Medicaid-Funded Programs						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Appropriation:						
<u>SB 05-209</u>	\$428,850,898	\$202,594,149	\$0	\$10,883,605	\$215,373,144	0.0
HB 05-1262	2,835,942	846,662	0	569,939	1,419,341	0.0
HB 06-1217	13,971,630	3,375,395	0	2,409,650	8,186,585	0.0
HB 06-1369	803,514	401,757	0	0	401,757	0.0
HB 06-1385	(204,378)	23,527	0	(125,716)	(102,189)	0.0
TOTAL	\$446,257,606	\$207,241,490	\$0	\$13,737,478	\$225,278,638	0.0
FY 2006-07 Appropriation:						
FY 2005-06 Appropriation	\$446,257,606	\$207,241,490	\$0	\$13,737,478	\$225,278,638	0.0
Services for People with Developmental Disabilities	25,938,876	12,726,318	0	224,524	12,988,034	0.0
County Administration	1,669,105	1,269,753	0	0	399,352	0.0
Executive Director's Office	1,228,815	612,359	0	0	616,456	0.0
Mental Health and Alcohol and Drug Abuse Services	477,932	238,955	0	11	238,966	0.0
Office of Operations	163,396	81,698	0	0	81,698	0.0
Division of Child Welfare	(50,007,088)	(24,911,910)	0	0	(25,095,178)	0.0
Division of Youth Corrections	(13,409,897)	(6,704,946)	0	0	(6,704,951)	0.0
Office of Information Tech. Services	<u>(1,374,847)</u>	<u>(884,326)</u>	<u>0</u>	<u>225,035</u>	<u>(715,556)</u>	<u>0.0</u>

Department of Human Services Medicaid-Funded Programs

	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
HB 06-1385	\$410,943,898	\$189,669,391	\$0	\$14,187,048	\$207,087,459	0.0
SB 06-219	(16,238,334)	(6,260,208)	0	0	(9,978,126)	0.0
HB 06-1310	0	(571)	0	571	0	0.0
HB 06-1395	10,205,614	5,102,807	0	0	5,102,807	0.0
TOTAL	\$404,911,178	\$188,511,419	\$0	\$14,187,619	\$202,212,140	0.0
Increase/(Decrease)	(\$41,346,428)	(\$18,730,071)	\$0	\$450,141	(\$23,066,498)	0.0
Percentage Change	-9.3%	-9.0%	n/a	3.3%	-10.2%	n/a

HB 06-1385 (Long Bill) Issue Descriptions

Services for People with Developmental Disabilities: The appropriation reflects \$10.2 million for the annualization of FY 2005-06 adjustments, including: (1) \$7.7 million for 90 new residential and 60 new supported living placements for adults with developmental disabilities (funded as Medicaid placements, rather than General Fund placements, for the first time in FY 2006-07); (2) \$2.4 million for a base-rate increase for residential and case management services; and (3) \$0.1 million for Medicaid case management associated with 613 new early intervention placements. The appropriation also includes (1) \$7.5 million for a 3.25 cost of living increase; (2) \$3.1 million for 79 new adult residential placements and 9 supported living placements for 6 months; (3) \$2.4 million to annualize new FY 2005-06 placements; (4) \$1.0 million to annualize salary and benefits adjustments at the regional centers; (5) \$0.8 million to annualize a one-time FY 2005-06 reduction for new children’s extensive support resources (6) \$0.4 million to more accurately reflect the use of Medicaid (rather than General Fund) in case management for early intervention services; (7) \$0.3 million for 30 new children’s extensive support resources for 6 months; (8) \$0.2 million to annualize new children’s extensive support resources added in H.B. 05-1262.

County Administration: The appropriation includes reductions in one-time funding of \$2.7 million associated with assistance provided to counties for CBMS implementation. This is offset by increases in the Medicaid appropriation to reflect the amount historically earned, as well as approximately \$2.6 million for counties to begin addressing the shortfall in county expenditures related to the administration of the Medicaid program.

Executive Director's Office: Increases are primarily attributable to line items that contain salary and benefits funding and items such as workers' compensation, risk management and property.

Mental Health and Alcohol and Drug Abuse Services: The appropriation reflects financing changes for the mental health institutes in the Department of Human Services as well as the impact of the 3.25 percent cost of

living increase. The appropriation also contains a small adjustment attributable to H.B. 06-1310 (tobacco simplification).

Office of Operations: The appropriation includes an increase for administrative expenses in the Department of Human Services that qualify for Medicaid funding.

Division of Child Welfare: The decrease reflects the lost Medicaid revenues associated with residential treatment centers. This lost revenue is accounted for in the Department of Human Services as General Fund and federal Title IV-E funds. The appropriation does include a 3.25 percent cost-of-living adjustment, which partially offsets the loss of federal funds.

Division of Youth Corrections: The decrease reflects the lost Medicaid revenues associated with residential treatment centers. This lost revenue is accounted for in the Department of Human Services as General Fund. The appropriation does include a 3.25 percent cost-of-living adjustment, which partially offsets the loss of federal funds.

Office of Information Technology Services: The funding reduction results from updated information regarding the lawsuit and court order the state is currently litigating. Other changes in the appropriation include an incremental adjustment to the postage rates for client correspondence now handled by the state to account for the \$0.02 increase in postage effective in January 2006; a slight increase in the costs to operate the Office of the Colorado Benefits Management System (located in the Governor's Office but funded in the Department of Human Services and the Department of Health Care Policy and Financing); a transfer of 1.0 FTE from CBMS to the Food Stamps Program (Department of Human Services); and a reduction in one-time funding for maintenance costs.

Additional legislation: For information on S.B. 06-219, see the "Recent Legislation" section at the end of the department. For information on H.B. 06-1310, see the "Recent Legislation" section at the end of the Department of Public Health and Environment. For information on H.B. 06-1395, see the "Recent Legislation" section at the end of the Department of Human Services.

Recent Legislation

2005 Session Bills

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

H.B. 05-1066: Created an Obesity Treatment Pilot Program to treat Medicaid recipients with a body mass index (BMI) that is equal to or greater than 30 and who have comorbidity related to their obesity, including but not limited to diabetes, hypertension, and coronary heart disease. The FY 2005-06 appropriation for this program was contingent on the Department receiving gifts, grants, and donations to fund the state match.

Because the program never received any gifts, grants, or donations, the program was not implemented and the appropriation for this bill was eliminated in H.B. 06-1385. The bill prohibits the use of General Fund for this program through FY 2006-07.

H.B. 05-1131: Allowed a licensed facility, or the patient's family, to return unused, individually packaged medication to a pharmacist to be redispensed to another patient of the facility. House Bill 05-1131 also allowed pharmacists to accept and distribute medications to nonprofit organizations that provided medical care. Due to delay in the adoption of rules by the Board of Pharmacy and in receiving the necessary federal approval, the Department did not implement this bill in FY 2005-06 and the appropriation for the bill was eliminated in FY 2005-06 in H.B. 06-1385.

H.B. 05-1243: Allowed Medicaid recipients who are enrolled in a Home- and Community-based Services (HCBS) waiver to receive services through a consumer-directed care service model. Additionally, the bill specified that certain professional licensing requirements do not apply to a person who is directly employed by an individual participating in the consumer-directed care service model and who is acting within the scope of such employment. Due to a delay in implementation, the program is not anticipated to be operational until September 2006 and H.B. 06-1385 eliminated the FY 2005-06 appropriation.

H.B. 05-1262: Implemented Section 21 of Article X of the Colorado Constitution, concerning taxes on tobacco products, that was adopted by vote of the citizens of the State in November 2004. However, due to delays in implementation of many components of the bill, H.B. 06-1385 significantly changed the appropriation clause for this bill for FY 2005-06. Please see the description for H.B. 06-1385 for more information.

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

2006 Session Bills

S.B. 06-044: This bill increases eligibility into the medically indigent program to clients with incomes up to 250 percent of the federal poverty level. The bill creates the Health Care Services Fund and requires that the General Assembly appropriate \$14,962,408 into this fund from the General Fund in each year for FY 2005-06, FY 2007-08, FY 2008-09 and FY 2009-10. In FY 2005-06, this bill reduces the appropriation for the Children's Hospital, Indigent Care Program by a total of \$29,924,816. Of this amount, \$14,962,408 is from the General Fund and \$14,962,408 is from federal funds. The bill then appropriates the General Fund savings of \$14,962,408 into the Health Care Services Fund as required by the bill. For FY 2006-07, the bill appropriates \$14,962,408 from the Health Care Services Fund to the Health Care Services Fund program to be used to increase eligibility into the Medically Indigent Care Program as specified in the bill.

S.B. 06-128: This bill directs a non-profit organization to submit a proposal to the Department for a pilot program to improve the overall quality of care received by Medicaid recipients with disabilities. The proposed

pilot program must be submitted to the Department by September 1, 2006. The bill contains a total fund appropriation of \$126,780 and 1.0 FTE to the Department for the administrative expenses involved in evaluating and implementing the pilot program. Of this amount, \$45,070 is cash funds exempt from the Coordinated Care for People with Disabilities Fund (whose revenue source is interest earnings from the Breast and Cervical Cancer Fund) and \$81,710 is matching federal funds.

S.B. 06-129: This bill clarifies that non-administrative programs that qualify for federal participation under Title XIX of the U.S. Social Security Act shall be on the cash basis of accounting. The bill results in a one-time savings of \$5,643,341 in FY 2005-06 resulting from moving the Nurse Home Visitor and School Based Services Programs from accrual accounting to cash accounting. Of this amount, \$2,821,670 is cash funds exempt and \$2,821,671 is matching federal funds.

S.B. 06-131: This bill requires the Department to conduct a feasibility study for a new pricing model for class I nursing facilities. The bill also requires that each class I nursing facility's reimbursement rate be at least 85 percent of the statewide average for FY 2006-07. However, a provider's reimbursement rate is limited to a 10 percent increase over its current rate. Finally, the bill removes the 8 percent limit on health care services costs for class I and class V nursing facilities for FY 2006-07. The bill contains a total fund appropriation of \$2,376,406. Of this amount, \$1,188,203 is from the General Fund and \$1,188,203 is matching federal funds.

S.B. 06-135: This bill provides a FY 2005-06 cash funds exempt appropriation of \$353,161 from the Health Care Expansion Fund to cover the costs of pregnant women added to the Children's Basic Health Plan before federal approval was obtained to increase the eligibility for the program from 185 percent to 200 percent of the federal poverty level.

S.B. 06-165: This bill authorizes the Department to adopt rules that would eliminate the requirement for in-person medical consultation for telemedicine services under the Medicaid program. The bill also requires the Department to establish a pilot program using telemedicine for the treatment of patients with chronic conditions. The bill appropriates a total of \$433,757 and 1.0 FTE for the initial administrative and services costs required under the bill's provisions. Of this amount, \$203,558 is General Fund and \$230,199 is matching federal funds.

S.B. 06-208: This bill establishes the Blue Ribbon Commission on Health Care Reform for the purpose of studying and establishing health care reform models to expand health care coverage and to decrease health care costs. In FY 2005-06, the bill reduces the appropriation for the Children's Hospital, Indigent Care Program by a total of \$200,000. Of this amount, \$100,000 is from the General Fund and \$100,000 is from federal funds. The General Fund savings is then placed into Health Care Reform Cash Fund to be available for appropriation to the Department of Regulatory Agencies, Division of Insurance, to provide funding for the Blue Ribbon Commission as outlined in the bill. See the Department of Regulatory Agencies for additional information.

S.B. 06-219: This bill reorganizes and amends statutes relating to all programs administered by the Department. The bill clarifies and transfers administrative responsibilities between the Department and the Department of Human Services for county administration, and the Home Care Allowance and Adult Foster Care Program. The bill decreases the total appropriations to the Department of Health Care Policy and Financing by

\$7,319,962. Of this amount, 10,485,986 is a decrease from the General Fund and \$3,166,024 is an increase in cash funds exempt. The bill also decreases the appropriations to the Department of Human Services by a total of \$19,996,252. Of this amount \$10,485,986 is an increase to the General Fund that is offset by a decrease to cash funds exempt of \$30,482,238.

H.B. 06-1217: Supplemental appropriation to the Department of Health Care Policy and Financing to modify the appropriations included in the FY 2005-06 Long Bill.

H.B. 06-1270: This bill creates a demonstration project in the Department of Health Care Policy and Financing to authorize public school personnel to perform eligibility determinations for the Medicaid program. The bill contains a total fund appropriation of \$59,532 and 1.0 FTE in FY 2006-07 for the administrative costs associated with developing the demonstration project. Of this amount, \$29,766 is General Fund and \$29,766 is matching federal funds.

H.B. 06-1310: This bill simplifies the distribution of funds from the Tobacco Litigation Settlement Cash Funds to the various programs authorized to receive such funding. The bill eliminates a total of \$23,595,753 in double counted appropriations from the Department of Health Care Policy and Financing. For more information on this bill, see the Department of Public Health and Environment.

H.B. 06-1369: Provides a second supplemental appropriation to the Department of Health Care Policy and Financing for FY 2005-06. Specifically, the bill authorizes provider rate increases to begin April 2006 and increases the General Fund appropriation into Children's Basic Health Plan Trust Fund.

H.B. 06-1385: General Appropriations Act for FY 2006-07. Specific issues funded by this bill for the Department of Health Care Policy and Financing are described in the narrative proceeding this section. This bill also includes supplemental adjustments to the FY 2005-06 Long Bill appropriation to the Department of Health Care Policy and Financing, as amended by H.B. 06-1217 and H.B. 06-1369.

H.B. 06-1395: Establishes the Psychiatric Residential Treatment Facility (PRTF) which will be eligible earn federal Medicaid revenue for children placed in out-of-home settings. Provides \$5.8 million General Fund, and matching federal funds, to the Department of Health Care Policy and Financing above the 6.0 percent limit pursuant to the definition of a "requirement of federal law" in Section 24-75-201.1 (1) (a) (VII) (C), C.R.S. In the Department of Human Services, the bill appropriates \$4.2 million of which \$9.9 million is a transfer from the Department of Health Care Policy and Financing (cash funds exempt Medicaid transfer). It includes a decrease of \$4.7 million General Fund in the Department of Human Services, which represents funding provided for other levels of care in out-of-home placement for children that qualify for PRTF placement. The bill provides approximately \$30,000 cash funds to the Department of Regulatory Agencies for provisional licensure requirements and a small amount of funding to the Department of Law for legal work related to provisional licensure.

DEPARTMENT OF HIGHER EDUCATION

This department is responsible for higher education and vocational training programs in the state. The Colorado Commission on Higher Education (CCHE) serves as the central policy and coordinating board for the Department. The Commission is responsible for negotiating performance contracts with public higher education institutions. Financial aid programs also fall under the purview of CCHE. The executive director of CCHE is also the executive director of the Department and appoints the directors of the Colorado Student Loan Program and the Colorado Student Obligation Bond Authority, which are both statutorily authorized state enterprises within the Department.

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

The Division of Occupational Education oversees Colorado Vocational Act programs, the Area Vocational Schools, federal Perkins technical training programs, and resources for the promotion of job development, job training, and job retraining.

The Department also includes: state subsidies for Local District Junior Colleges; the Advisory Commission on Family Medicine, which funds and promotes family medicine residency programs; the Council on the Arts; the State Historical Society; and the Auraria Higher Education Center, which maintains the single shared campus of the Community College of Denver, Metropolitan State College of Denver, and the University of Colorado at Denver and Health Sciences Center.

Department Budget: Recent Appropriations

Funding Source	FY 2003-04	FY 2004-05	FY 2005-06	FY 2006-07
General Fund/1	\$591,409,402	\$587,972,772	\$636,485,608	\$689,673,756
Cash Funds	959,399,101	537,034,995	23,257,260	23,955,067
Cash Funds Exempt	77,938,125	554,733,876	1,508,723,285	1,609,291,082
Federal Funds	<u>19,402,298</u>	<u>19,805,153</u>	<u>20,362,183</u>	<u>20,080,322</u>
Total Funds	\$1,648,148,926	\$1,699,546,796	\$2,188,828,336	\$2,343,000,227
Full Time Equiv. Staff	18,501.9	18,281.3	18,080.4	18,876.2

/1 The FY 2005-06 and FY 2006-07 appropriations include General Fund Exempt.

General Factors Driving the Budget

College Opportunity Fund Program (S.B. 04-189)

In FY 2005-06 the funding mechanism for higher education changed dramatically. Senate Bill 04-189 required that direct appropriations for higher education institutions be replaced by a combination of (1) stipends for students and (2) "fee-for-service" contracts.

Stipends can be used by eligible undergraduate students to attend any of the twenty-six state-operated institutions. In limited circumstances students may also receive a stipend to attend a private institution. The stipend to attend private institutions is worth half as much as the stipend to attend state-operated institutions. To use a stipend at a private institution, a student must qualify for the need-based federal Pell grant. They must also attend a participating private, non-sectarian, accredited, baccalaureate college. Currently the University of Denver and Regis University are the only participating private institutions. The amount of the flat-rate, per-credit-hour stipend is determined annually by the legislature through the budget process. In FY 2005-06 the General Assembly set the stipend amount for students attending state-operated institutions at \$80 per credit hour, or \$2,400 annually for a full-time student. For FY 2006-07 the General Assembly increased the stipend to \$86 per credit hour, or \$2,580 annually for a full-time student.

Fee-for-service contracts ensure that higher education functions not paid for by the stipends are still provided and made available to students and the public. The kinds of services purchased through these contracts include graduate education, professional education, high-cost specialized education, and access to education in rural areas. The General Assembly appropriates funds to CCHE and the Department contracts with the various state-operated higher education institutions to provide the services. Fee-for-service contracts are nearly as significant to funding for higher education in Colorado as the stipends. In FY 2006-07 appropriations for fee-for-service contracts represent 44.8 percent of the state funding available that state-operated higher education institutions can earn.

The amount that schools rely on revenue earned from stipends versus fee-for-service contracts varies widely.

	Stipends		Fee-for-service Contracts	
	Dollars	Percent	Dollars	Percent
Adams State College	\$3,898,380	31.0%	\$8,664,032	69.0%
Mesa State College	11,586,780	56.2%	9,045,856	43.8%
Metropolitan State College of Denver	37,002,360	89.9%	4,163,555	10.1%
Western State College	3,893,220	37.2%	6,577,560	62.8%
Colorado State University System	49,577,280	40.2%	73,786,913	59.8%
Fort Lewis College	6,651,240	61.9%	4,094,553	38.1%
University of Colorado	72,879,840	40.9%	105,515,552	59.1%
Colorado School of Mines	6,976,320	34.8%	13,067,037	65.2%
University of Northern Colorado	23,078,100	60.8%	14,870,911	39.2%
Community Colleges	103,148,400	84.5%	18,850,155	15.5%
TOTAL	318,691,920	55.2%	258,636,124	44.8%

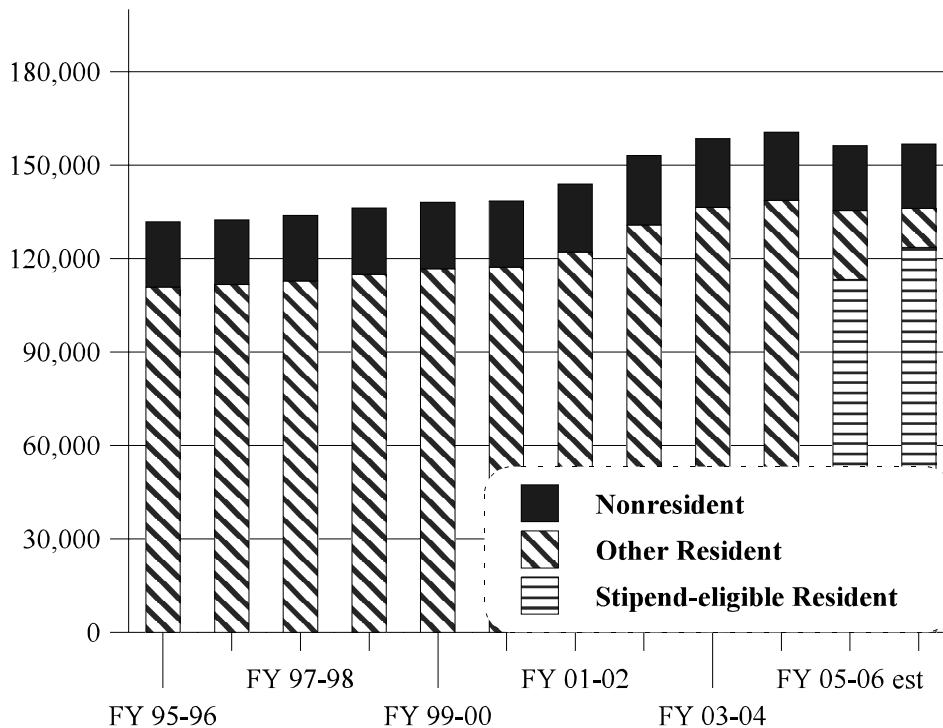
As a condition of participation in the College Opportunity Fund Program, higher education institutions must negotiate performance contracts with CCHE. Performance contracts are *not* the same thing as fee-for-service contracts. The performance contracts establish parameters for measuring the success of higher education institutions in meeting statewide goals. The performance contracts can also delegate certain functions to the governing boards that were previously administered statewide, or regulated by CCHE.

Senate Bill 04-189 also provided a mechanism for designating qualifying institutions as enterprises, so that tuition and other cash fund revenue used by the institutions is exempt from limitations imposed by TABOR. To achieve enterprise status under TABOR a program must: 1) be a government-owned business; 2) have authority to issue revenue bonds; and 3) receive less than 10 percent of annual revenue from state and local grants. Senate Bill 04-189 stated that stipends and fee-for-service contracts are not state grants for TABOR purposes. In the case of stipends, the payments are on behalf of students who have choice in where to apply the funds, and thus the benefit to higher education institutions is indirect. In the case of fee-for-service contracts, a market exchange occurs where services are provided and paid for at a rate sufficient for the independent operation of the enterprise. All of the state-operated higher education institutions have been designated as enterprises. The final determination will be made at the end of each fiscal year when actual revenues from state grants are compared to the 10 percent threshold.

Enrollment

Enrollment affects expenditures for stipends and the revenue that schools earn from tuition. It is also a workload and performance measure for the campuses. For a few schools, nonresident enrollment is important in terms of total revenues, since nonresident tuition helps subsidize resident education. Enrollment tends to be counter-cyclical. In other words, when economic growth slows or the economy enters a recession, higher education enrollment increases.

Enrollment



Tuition

Statutes delegate the authority to make decisions about tuition rates to the higher education governing boards. However, since the implementation of TABOR the General Assembly has expressed its intent with regard to tuition increases in a footnote to the Long Bill. Senate Bill 04-189 codified this practice by requiring that the General Assembly annually include the footnote. Senate Bill 04-189 also stated that despite the change to enterprise status for the higher education institutions, the General Assembly retained the ability to approve tuition spending authority. At times the General Assembly has used the footnote and its power of appropriation to significantly restrict tuition increases. However, both the restrictiveness of appropriations and the degree of specificity expressed in the footnote about the General Assembly's intent regarding tuition have varied widely. For FY 2006-07, the footnote states the General Assembly's intent that no governing board increase the tuition credit-hour rate for resident undergraduates students more than 2.5 percent. The table below charts actual annual tuition rates for full-time students over the last five years.

Resident Undergraduate Full-time Academic Year Tuition Rates (Student Share)					
Institution	FY 2001-02	FY 2002-03	FY 2003-04	FY 2004-05	FY 2005-06
Mines	\$4,940	\$5,246	\$5,700	\$6,336	\$7,248
CU - Boulder	2,614	2,776	3,192	3,480	4,446
CU - Denver	2,490	2,752	3,028	3,300	4,032
CU - CO Springs	2,490	2,750	3,024	3,296	3,966
CSU - Fort Collins	2,502	2,655	2,908	2,940	3,381
UNC	2,155	2,290	2,520	2,850	3,192
CSU - Pueblo	1,940	2,060	2,289	2,524	2,903
Fort Lewis	1,792	1,902	2,020	2,270	2,462
Mesa	1,688	1,767	1,855	2,063	2,359
Western	1,622	1,698	1,783	1,980	2,352
Metro	1,838	1,925	2,021	2,044	2,191
Adams	1,636	1,712	1,798	1,818	1,980
Community Colleges	1,441	1,510	1,585	1,603	1,746

Percent Change in Resident Undergraduate Full-time Academic Year Tuition Rates				
Institution	FY 2002-03	FY 2003-04	FY 2004-05	FY 2005-06
Mines	6.2%	8.7%	11.2%	14.4%
CU - Boulder	6.2%	15.0%	9.0%	27.8%
CU - Denver	10.5%	10.0%	9.0%	22.2%
CU - CO Springs	10.4%	10.0%	9.0%	20.3%
CSU - Fort Collins	6.1%	9.5%	1.1%	15.0%
UNC	6.3%	10.0%	13.1%	12.0%
CSU - Pueblo	6.2%	11.0%	10.3%	15.0%
Fort Lewis	6.1%	6.2%	12.4%	8.5%
Mesa	4.7%	5.0%	11.2%	14.3%
Western	4.7%	5.0%	11.0%	18.8%

Percent Change in Resident Undergraduate Full-time Academic Year Tuition Rates				
Institution	FY 2002-03	FY 2003-04	FY 2004-05	FY 2005-06
Metro	4.7%	5.0%	1.1%	7.2%
Adams	4.6%	5.0%	1.1%	8.9%
Community Colleges	4.8%	5.0%	1.1%	8.9%

Financial Aid

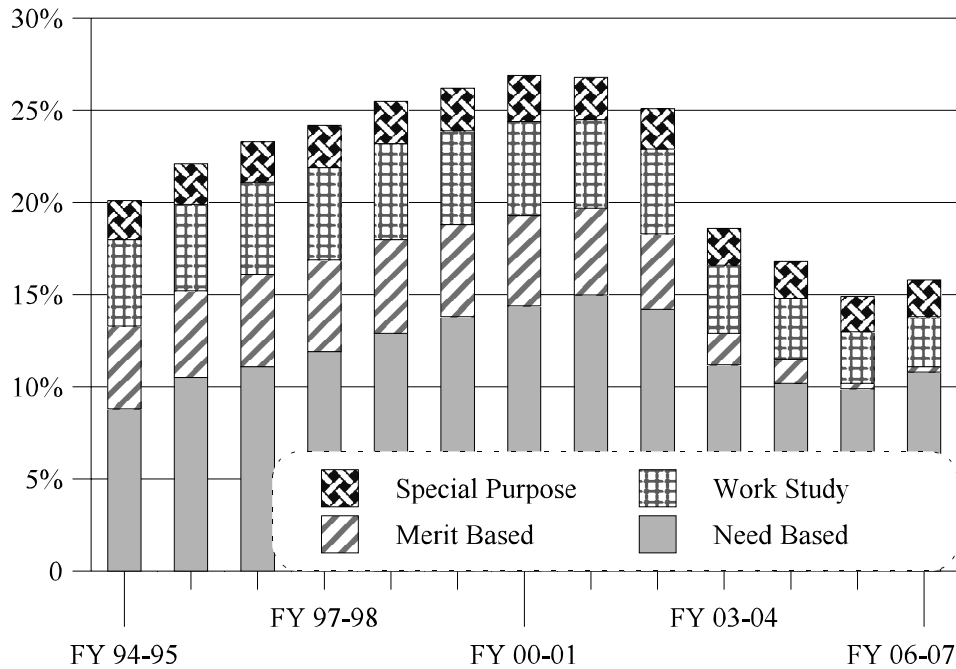
Of the General Fund appropriation for higher education in FY 2006-07, \$87.8 million (12.7 percent) is for financial aid. The three major, broad-based Colorado financial aid programs are (1) need based aid, (2) merit based aid, and (3) work study. There are also a number of smaller, special purpose financial aid programs. Financial aid funds are appropriated to CCHE and then allocated to the institutions based on formulas that consider financial need at the schools, total student enrollment, and program eligibility criteria.

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

State financial aid programs trail federal financial aid distributions in Colorado. The most recent year of data shows federal Pell Grants to the neediest students attending Colorado schools totaled \$151.6 million in FY 2004-05. Federal guaranteed loan programs provided another \$817.6 million for students and their parents.

Another source of funding for financial aid is money set aside by the institutions. Some of the money comes from fund-raising, but the majority comes from the operating budgets of the schools. There is significant variation in the amount of money available by institution based on differences in school policies and fund raising. The total institutional financial aid available in the state in FY 2004-05 was \$194.3 million. Senate Bill 04-189 implemented a new requirement that higher education institutions increase need based institutional financial aid by an amount equal to 20 percent of any increase in tuition revenues in excess of inflation.

Financial Aid as a Percentage of Resident Tuition Revenue



Summary of FY 2005-06 and FY 2006-07 Appropriations

Department of Higher Education						
	Total Funds	General Fund/1	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Total Appropriation:	\$2,188,828,336	\$636,485,608	\$23,257,260	\$1,508,723,285	\$20,362,183	18,080.4
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Department Administrative Office	1,259,401	71,250	685,119	484,827	18,205	0.0
Colorado Commission on Higher Education	4,205,295	0	3,321,500	883,795	0	34.4
Colorado Commission on Higher Education Financial Aid	80,093,984	78,788,984	0	5,000	1,300,000	0.0
College Opportunity Fund Program	534,901,542	534,901,542	0	0	0	0.0
Governing Boards	1,456,582,262	0	0	1,456,582,262	0	17,754.1
Local District Junior College Grants	12,601,934	12,601,934	0	0	0	0.0
Advisory Commission on Family Medicine	1,576,502	0	0	1,576,502	0	0.0
Division of Occupational Education	49,664,864	9,161,898	243,630	22,721,070	17,538,266	34.2

Department of Higher Education

	Total Funds	General Fund/1	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
Auraria Higher Education Center	16,972,136	0	16,972,136	0	0	128.3
Council on the Arts	1,416,000	700,000	0	16,000	700,000	2.0
State Historical Society	29,554,416	260,000	2,034,875	26,453,829	805,712	127.4
<u>Breakdown of Total Appropriation by Bill</u>						
SB 05-209	2,124,885,766	597,931,311	20,658,633	1,485,933,639	20,362,183	18,080.7
SB 05-66	1,675,000	0	0	1,675,000	0	0.0
SB 05-132	(8,553)	(8,553)	0	0	0	(0.3)
SB 05-158	(188,708)	0	0	(188,708)	0	0.0
HB 06-1218	4,014,732	321,250	(1,373)	3,694,855	0	0.0
HB 06-1370	61,100,000	30,800,000	0	30,300,000	0	0.0
HB 06-1385	(2,649,901)	7,441,600	2,600,000	(12,691,501)	0	0.0

FY 2006-07 Total Appropriation:	\$2,343,000,227	\$689,673,756	\$23,955,067	\$1,609,291,082	\$20,080,322	18,876.2
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<u>Breakdown of Total Appropriation by Administrative Section</u>						
Department Administrative Office	1,280,790	0	692,142	565,312	23,336	0.0
Colorado Commission on Higher Education	24,626,366	0	3,267,118	21,009,248	350,000	37.9
Colorado Commission on Higher Education Financial Aid	89,062,759	87,757,759	0	5,000	1,300,000	0.0
College Opportunity Fund Program	578,102,044	578,102,044	0	0	0	0.0
Governing Boards	1,537,052,574	0	2,500,000	1,534,552,574	0	18,553.6
Local District Junior College Grants	13,668,051	13,668,051	0	0	0	0.0
Advisory Commission on Family Medicine	1,703,558	0	0	1,703,558	0	0.0
Division of Occupational Education	51,435,112	9,635,902	900,000	23,360,944	17,538,266	34.2
Auraria Higher Education Center	14,864,761	0	14,864,761	0	0	123.6
Council on the Arts	0	0	0	0	0	0.0
State Historical Society	31,204,212	510,000	1,731,046	28,094,446	868,720	126.9
<u>Breakdown of Total Appropriation by Bill</u>						
HB 06-1385	2,340,327,670	689,512,156	21,444,110	1,609,291,082	20,080,322	18,876.2
SB 06-49	(1,500,000)	0	(1,500,000)	0	0	(2.0)
SB 06-136	161,600	161,600	0	0	0	0.0

Department of Higher Education						
	Total Funds	General Fund/1	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
SB 06-183	500,000	0	500,000	0	0	0.0
HB 06-1046	10,957	0	10,957	0	0	0.0
HB 06-1201	1,500,000	0	1,500,000	0	0	2.0
HB 06-1322	2,000,000	0	2,000,000	0	0	0.0
Increase/(Decrease)	\$154,171,891	\$53,188,148	\$697,807	\$100,567,797	(\$281,861)	795.8
Percentage Change	7.0%	8.4%	3.0%	6.7%	-1.4%	4.4%

/1 Includes General Fund Exempt. See Division Detail for information on General Fund Exempt appropriations.

FY 2006-07 Appropriation Highlights:

1. Provides \$24.6 million General Fund for increases in the stipend-eligible population, including increases due to expanding the eligibility criteria to include basic skills students, Post Secondary Enrollment Options Act students, and Fast Tracks students, and increases due to students authorizing payments for summer courses.
2. Increases the stipend reimbursement rate for full-time resident students attending state institutions by \$180 dollars at a projected cost of \$22.2 million General Fund, and provides corresponding cash funds exempt spending authority for the governing boards.
3. Adjusts fee-for-service contracts with consideration for the combined stipend and fee-for-service contract increase relative to the "mandated costs" identified by CCHE at each higher education institution, an increase in students paid for through stipends instead of fee-for-service contracts due to changes in the stipend-eligibility requirements, and discontinuation of one-time funding provided in FY 2005-06. The net change in fee-for-service contracts is a \$3.6 million General Fund decrease and a corresponding decrease in cash funds exempt spending authority for the governing boards. Included in the net fee-for-service change is \$1.15 million for base funding for Fort Lewis College.
4. Provides an additional 34.3 million cash funds exempt tuition spending authority for enrollment changes and rate increases, with an expression of the intent of the General Assembly that no governing board increase the rate per credit hour for resident undergraduate students by more than 2.5 percent.
5. Provides an additional \$9.0 million General Fund, or an 11.4 percent increase, for financial aid programs.
6. Transfers administration of the Council on the Arts to the Governor's Office, including 2.0 FTE.
7. Adds \$350,000 federal funds and 3.6 FTE for CCHE to reflect projected costs associated with administering the GEAR UP program.
8. Eliminates \$5,000 General Fund and 0.1 FTE for CCHE for financial aid research.

9. Adds a net 794.3 FTE to reflect updated employee estimates by the governing boards, the Auraria Higher Education Center, and the Historical Society.

Detail of Appropriation by Administrative Section

Department Administrative Office

This division includes funding for centrally appropriated items for the Department, including salary survey, risk management, leased space, health benefits, and other miscellaneous expenses. The primary sources of cash funds are indirect cost recoveries, fees charged by the Division of Private Occupational Schools, and earned revenue by the Colorado Historical Society. The primary source of cash funds exempt is limited gaming moneys deposited in the State Historical Fund.

Department Administrative Office						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Appropriation:						
SB 05-209	\$1,199,008	\$0	\$686,492	\$494,311	\$18,205	0.0
HB 06-1218	<u>60,393</u>	<u>71,250</u>	<u>(1,373)</u>	<u>(9,484)</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$1,259,401	\$71,250	\$685,119	\$484,827	\$18,205	0.0
FY 2006-07 Appropriation:						
FY 2005-06 Appropriation	\$1,259,401	\$71,250	\$685,119	\$484,827	\$18,205	0.0
Salary and benefits adjustments	81,491	0	936	75,424	5,131	0.0
Operating adjustments	191	0	(4,870)	5,061	0	0.0
One-time legal services	(71,250)	(71,250)	0	0	0	0.0
HB 06-1385	\$1,269,833	\$0	\$681,185	\$565,312	\$23,336	0.0
HB 06-1046	<u>10,957</u>	<u>0</u>	<u>10,957</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$1,280,790	\$0	\$692,142	\$565,312	\$23,336	0.0
Increase/(Decrease)	\$21,389	(\$71,250)	\$7,023	\$80,485	\$5,131	0.0
Percentage Change	1.7%	-100.0%	1.0%	16.6%	28.2%	n/a

HB 06-1385 (Long Bill) Issue Descriptions

Salary and benefits adjustments: The appropriation includes a net increase for salary and benefits adjustments including: an increase of \$107,840 for health, life and dental insurance premiums; an increase of \$9,306 for S.B. 04-257 amortization equalization disbursement; an increase of \$271 for workers' compensation

premiums; a decrease of \$33,469 for salary survey and senior executive service; and a decrease of \$2,457 for short-term disability.

Operating adjustments: The appropriation includes a net increase of \$191 for risk management premiums, leased space, and legal services expenditures.

One-time legal services: The appropriation discontinues one-time funding provided in FY 2005-06 for legal services related to a lawsuit over how the Department implemented the College Opportunity Fund Program.

Additional legislation: For more information on H.B. 06-1046, see the "Recent Legislation" section at the end of this department.

Colorado Commission on Higher Education

This division includes funding for the Commission's staff, the Division of Private Occupational Schools, and special purpose initiatives of the Department. The sources of cash funds include indirect cost recoveries and fees paid to the Division of Private Occupational Schools. The sources of cash funds exempt include indirect cost recoveries used to offset the need for General Fund for the Commission's staff and operating expenses, and waste tire fees transferred from the Department of Local Affairs and deposited in the Advanced Technology Fund.

Colorado Commission on Higher Education						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Appropriation:						
SB 05-209	\$4,213,848	\$0	\$3,330,053	\$883,795	\$0	34.7
SB 05-132	<u>(8,553)</u>	<u>0</u>	<u>(8,553)</u>	<u>0</u>	<u>0</u>	<u>(0.3)</u>
TOTAL	\$4,205,295	\$0	\$3,321,500	\$883,795	\$0	34.4
FY 2006-07 Appropriation:						
FY 2005-06 Appropriation	\$4,205,295	\$0	\$3,321,500	\$883,795	\$0	34.4
Enrollment/Tuition and Stipend Contingency	20,000,000	0	0	20,000,000	0	0.0
Gear-up administration	350,000	0	0	0	350,000	3.6
Annualize salary increases	72,071	0	(53,382)	125,453	0	0.0
WICHE dues	4,000	0	4,000	0	0	0.0
Financial aid research	(5,000)	0	(5,000)	0	0	(0.1)
HB 06-1385	<u>\$24,626,366</u>	<u>\$0</u>	<u>\$3,267,118</u>	<u>\$21,009,248</u>	<u>\$350,000</u>	<u>37.9</u>
TOTAL	\$24,626,366	\$0	\$3,267,118	\$21,009,248	\$350,000	37.9

Colorado Commission on Higher Education

	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
Increase/(Decrease)	\$20,421,071	\$0	(\$54,382)	\$20,125,453	\$350,000	3.5
Percentage Change	485.6%	n/a	-1.6%	2277.2%	n/a	10.2%

HB 06-1385 (Long Bill) Issue Descriptions

Enrollment/Tuition and Stipend Contingency: The appropriation includes cash funds exempt spending authority that can be transferred to the governing boards in the event that enrollment is greater than anticipated, and thus tuition and stipend revenues are greater than anticipated.

Gear-up administration: The appropriation includes an anticipated \$350,000 federal funds and 3.6 FTE for GEAR UP (Gaining Early Awareness and Readiness for Undergraduate Programs). This federal grant is designed to prepare low achieving students for college.

Annualize salary increases: The appropriation includes \$60,306 for the Colorado Commission on Higher Education and \$11,765 for the Division of Private Occupational Schools to annualize salary survey increases awarded in FY 2005-06. These figures are net of the 0.2 percent common policy base reduction. These figures also include an adjustment in the source of indirect cost payments.

WICHE dues: The appropriation includes a \$4,000 increase for WICHE (Western Interstate Commission on Higher Education) membership dues.

Financial aid research: The appropriation includes a decrease of \$5,000 and 0.1 FTE for financial aid research requested by the General Assembly.

Colorado Commission on Higher Education Financial Aid

This division includes the state funded financial aid programs administered by CCHE. The source of cash funds exempt is federal Child Care Development Fund moneys transferred from the Department of Human Services. The source of federal funds is the federal Perkins Act and other programs requiring a state match.

Colorado Commission on Higher Education Financial Aid

	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Appropriation:						
SB 05-209	\$78,435,584	\$77,130,584	\$0	\$5,000	\$1,300,000	0.0
HB 06-1218	0	0	0	0	0	0.0
HB 06-1385	<u>1,658,400</u>	<u>1,658,400</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$80,093,984	\$78,788,984	\$0	\$5,000	\$1,300,000	0.0

Colorado Commission on Higher Education Financial Aid

	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Appropriation:						
FY 2005-06 Appropriation	\$80,093,984	\$78,788,984	\$0	\$5,000	\$1,300,000	0.0
Need based financial aid	7,851,475	7,851,475	0	0	0	0.0
Precollegiate programs	800,000	800,000	0	0	0	0.0
Native American students	335,189	335,189	0	0	0	0.0
National Guard tuition assistance	19,990	19,990	0	0	0	0.0
Required federal match	(199,479)	(199,479)	0	0	0	0.0
HB 06-1385	\$88,901,159	\$87,596,159	\$0	\$5,000	\$1,300,000	0.0
SB 06-136	<u>161,600</u>	<u>161,600</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$89,062,759	\$87,757,759	\$0	\$5,000	\$1,300,000	0.0
Increase/(Decrease)	\$8,968,775	\$8,968,775	\$0	\$0	\$0	0.0
Percentage Change	11.2%	11.4%	n/a	0.0%	0.0%	n/a

HB 06-1385 (Long Bill) Issue Descriptions

Need based financial aid: The appropriation includes a \$7.9 million General Fund increase for need based financial aid.

Precollegiate programs: The appropriation includes a new \$800,000 General Fund authorization for scholarships for students in precollegiate programs.

Native American students: The appropriation includes a \$335,189 General Fund increase in payments for Fort Lewis College for Native American student tuition waivers pursuant to Section 23-52-105, C.R.S.

National Guard tuition assistance: The appropriation includes an increase of \$19,990 General Fund for tuition assistance to qualifying members of the National Guard pursuant to Section 23-3.3-202, C.R.S.

Required federal match: The appropriation includes a decrease of \$199,479 General Fund due to a decrease in the federal matching requirements for the Perkins Student Loan Program.

Additional legislation: For more information on S.B. 06-136, see the "Recent Legislation" section at the end of this department.

College Opportunity Fund Program

This section includes General Fund for student stipend payments for students attending state-operated higher education institutions and students attending private institutions, and for fee-for-service contracts between

CCHE and the institutions. For a summary of the impact of these changes by governing board, see the *Governing Boards* section.

College Opportunity Fund Program						
	Total Funds	General Fund/1	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Appropriation:						
SB 05-209	\$498,818,342	\$498,818,342	\$0	\$0	\$0	0.0
SB 05-158	0	0	0	0	0	0.0
HB 06-1370	30,300,000	30,300,000	0	0	0	0.0
HB 06-1385	<u>5,783,200</u>	<u>5,783,200</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$534,901,542	\$534,901,542	\$0	\$0	\$0	0.0
FY 2006-07 Appropriation:						
FY 2005-06 Appropriation	\$534,901,542	\$534,901,542	\$0	\$0	\$0	0.0
Changes in stipend-eligible population	24,552,000	24,552,000	0	0	0	0.0
Increase public stipend rate by \$180	22,234,320	22,234,320	0	0	0	0.0
Increase private stipend rate by \$90	54,000	54,000	0	0	0	0.0
Fee-for-service contracts	(3,639,818)	(3,639,818)	0	0	0	0.0
HB 06-1385	<u>\$578,102,044</u>	<u>\$578,102,044</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>0.0</u>
TOTAL	\$578,102,044	\$578,102,044	\$0	\$0	\$0	0.0
Increase/(Decrease)	\$43,200,502	\$43,200,502	\$0	\$0	\$0	0.0
Percentage Change	8.1%	8.1%	n/a	n/a	n/a	n/a

/1 This amount includes a General Fund Exempt appropriation.

General Fund Summary	Total General Fund	General Fund	General Fund Exempt
FY 2005-06 Appropriation	\$529,118,342	\$529,118,342	\$0
Long Bill Supplemental (H.B. 06-1385):			
Stipend payments	(17,971,200)	(271,371,200)	253,400,000
All other changes	<u>23,754,400</u>	<u>23,754,400</u>	<u>0</u>
FY 2005-06 Adjusted Appropriation	\$534,901,542	\$281,501,542	\$253,400,000
Stipend payments	46,840,320	64,840,320	(18,000,000)
All other changes	<u>(3,639,818)</u>	<u>(3,639,818)</u>	<u>0</u>
Total FY 2006-07 Appropriation	\$578,102,044	\$342,702,044	\$235,400,000

General Fund Exempt

In November 2005, the Colorado voters passed Referendum C. Referendum C allowed the State to retain all revenue that is collected above the TABOR limit for FY 2005-06 through FY 2009-10. This revenue must be placed in a General Fund Exempt Account (see Section 24-77-103.6 (2), C.R.S.). The above table shows the amount of General Fund Exempt appropriated from the General Fund Exempt Account for higher education pursuant to Sections 24-77-103.6 (2) (b) and 24-77-104.5 (1) (b) (III), C.R.S.

HB 06-1385 (Long Bill) Issue Descriptions

Changes in stipend-eligible population: The appropriation includes an increase of \$24.6 million for projected changes in the stipend-eligible population. The increase is partially due to an expansion of the eligible population, pursuant to S.B. 04-132, to include students taking basic skills courses, students taking courses through the Post Secondary Enrollment Options Act, and students taking courses through the Fast Tracks program. Another contributing factor is that FY 2005-06 did not include a full year of students authorizing stipend payments, since students didn't start authorizing payments until August for the Fall semester. The 2005 summer term students did not authorize stipend payments.

Increase public stipend rate by \$180: The appropriation includes an increase of \$180 in the stipend rate for full-time students attending public higher education institutions (from \$2,400 for 30 credit hours to \$2,580). With a projected stipend-eligible population of 123,524 student full-time equivalents (SFTE) the increase in the rate costs \$22,234,320 General Fund.

Increase private stipend rate by \$90: The appropriation includes an increase of \$90 in the stipend rate for full-time students attending private higher education institutions (from \$1,200 for 30 credit hours to \$1,290). With a projected stipend-eligible population of 600 SFTE, the increase in the rate costs \$54,000 General Fund.

Fee-for-service contracts: The appropriation includes a net decrease of \$3,639,818 General Fund for fee-for-service contracts. The primary consideration in determining the fee-for-service adjustment was the combined change in stipends and fee-for-service contracts relative to the "mandated costs" identified by CCHE for each institution for salary, benefit, utility, and insurance increases. Part of the net change in fee-for-service contracts is due to more students being paid for through the stipends as a result of changes in the stipend eligibility criteria and inclusion of the summer term (see the heading "Changes in stipend-eligible population" above for more detail). The net change is also attributable to the discontinuance of one-time funding provided in FY 2005-06. The net change in fee-for-service contracts includes \$1,150,000 in base funding for Fort Lewis College.

Governing Boards

This division includes appropriations for the governing boards of the state-operated higher education institutions. The sources of cash funds exempt are student stipend payments, fee-for-service contracts, tuition, academic and academic facility fees, and appropriated grants.

Governing Boards						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Appropriation:						
SB 05-209	\$1,433,783,132	\$0	\$0	\$1,433,783,132	\$0	17,754.1
SB 05-66	1,675,000	0	0	1,675,000	0	0.0
SB 05-158	(188,708)	0	0	(188,708)	0	0.0
HB 06-1218	3,704,339	0	0	3,704,339	0	0.0
HB 06-1370	30,300,000	0	0	30,300,000	0	0.0
HB 06-1385	<u>(12,691,501)</u>	<u>0</u>	<u>0</u>	<u>(12,691,501)</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$1,456,582,262	\$0	\$0	\$1,456,582,262	\$0	17,754.1
FY 2006-07 Appropriation:						
FY 2005-06 Appropriation	\$1,456,582,262	\$0	\$0	\$1,456,582,262	\$0	17,754.1
Student stipend payments	46,786,320	0	0	46,786,320	0	0.0
Tuition	34,266,638	0	0	34,266,638	0	0.0
Academic fees and facility fees	1,032,172	0	0	1,032,172	0	0.0
Fee-for-service contracts	(3,639,818)	0	0	(3,639,818)	0	0.0
Colorado Energy Research Institute	(475,000)	0	0	(475,000)	0	0.0
Adjust FTE estimate	0	0	0	0	0	799.5
HB 06-1385	\$1,534,552,574	\$0	\$0	\$1,534,552,574	\$0	18,553.6
SB 06-183	500,000	0	500,000	0	0	0.0
HB 06-1322	<u>2,000,000</u>	<u>0</u>	<u>2,000,000</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$1,537,052,574	\$0	\$2,500,000	\$1,534,552,574	\$0	18,553.6
Increase/(Decrease)	\$80,470,312	\$0	\$2,500,000	\$77,970,312	\$0	799.5
Percentage Change	5.5%	n/a	n/a	5.4%	n/a	4.5%

HB 06-1385 (Long Bill) Issue Descriptions

Student stipend payments: The appropriation includes a \$46.8 million General Fund increase in the College Opportunity Fund Program section for stipends for students attending state institutions due to enrollment changes and rate increases. The payment of this General Fund to the higher education institutions is shown as cash funds exempt in this section.

Stipends						
	FY 2005-06 Estimate		FY 2006-07 Estimate		Difference	
	Stipend-Eligible SFTE	Stipend Payments at \$2,400	Stipend-Eligible SFTE	Stipend Payments at \$2,580	Stipend-Eligible SFTE	Stipend Payments
Adams	1,409	\$3,381,600	1,511	\$3,898,380	102	\$516,780
Mesa	4,071	9,770,400	4,491	11,586,780	420	1,816,380
Metro	14,118	33,883,200	14,342	37,002,360	224	3,119,160
Western	1,498	3,595,200	1,509	3,893,220	11	298,020
CSU System	18,922	45,412,800	19,216	49,577,280	294	4,164,480
Fort Lewis	2,493	5,983,200	2,578	6,651,240	85	668,040
CU Regents	26,425	63,420,000	28,248	72,879,840	1,823	9,459,840
Mines	2,544	6,105,600	2,704	6,976,320	160	870,720
UNC	8,817	21,160,800	8,945	23,078,100	128	1,917,300
Com. Colleges	32,997	79,192,800	39,980	103,148,400	6,983	23,955,600
TOTAL	113,294	\$271,905,600	123,524	\$318,691,920	10,230	\$46,786,320

Fee-for-service contracts: The appropriation includes a net \$3.6 million General Fund decrease in the College Opportunity Fund Program section for fee-for-service contracts between CCHE and the institutions. In the Governing Boards section the transfer of the General Fund to pay each governing board is shown as cash funds exempt. Part of the net change in fee-for-service contracts is due to more students being paid for through the stipends as a result of changes in the stipend eligibility criteria and inclusion of the summer term (see the heading "Changes in stipend-eligible population" above for more detail). The net change is also attributable to the discontinuance of one-time funding provided in FY 2005-06. The net change in fee-for-service contracts includes \$1,150,000 in base funding for Fort Lewis College.

Fee-for-service Contracts			
	FY 2005-06	FY 2006-07	Difference
Adams	\$8,767,722	\$8,664,032	(\$103,690)
Mesa	10,117,992	9,045,856	(1,072,136)
Metro	5,895,368	4,163,555	(1,731,813)
Western	6,296,947	6,577,560	280,613
CSU System	68,207,228	73,786,913	5,579,685
Fort Lewis	2,774,622	4,094,553	1,319,931
CU Regents	95,683,982	105,515,552	9,831,570
Mines	12,688,025	13,067,037	379,012
UNC	14,016,078	14,870,911	854,833
Com. Colleges	37,827,978	18,850,155	(18,977,823)
TOTAL	\$262,275,942	\$258,636,124	(\$3,639,818)

Tuition: The appropriation provides an additional \$34.2 million cash funds exempt spending authority as shown in the table below for enrollment growth and tuition rate increases.

Tuition Spending Authority			
	FY 2005-06	FY 2006-07	Difference
Adams	\$6,209,372	\$6,368,109	\$158,737
Mesa	18,817,452	19,958,072	1,140,620
Metro	42,971,625	44,214,860	1,243,235
Western	8,933,170	8,980,816	47,646
CSU System	155,404,559	163,433,524	8,028,965
Fort Lewis	22,124,354	22,407,865	283,511
CU Regents	437,717,261	453,264,459	15,547,198
Mines	37,650,000	40,759,486	3,109,486
UNC	48,139,166	51,043,730	2,904,564
Com Colleges	109,127,334	110,930,010	1,802,676
TOTAL	\$887,094,293	\$921,360,931	\$34,266,638

Academic fees and facility fees: The appropriation includes an increase of \$1,032,172 for academic fees and academic facility fees. Academic fees and academic facility fees are a small subset of total fees charged by campuses. These fees directly support the academic mission of the institutions. Fees for auxiliary programs like housing, food services, parking, and student government are not appropriated in the Long Bill.

Academic Fees and Academic Facility Fees			
	FY 2005-06	FY 2006-07	Difference
Adams	\$70,400	\$92,096	\$21,696
Mesa	150,000	150,000	0
Metro	546,000	559,650	13,650
Western	205,000	300,000	95,000
CSU System	6,181,790	6,224,000	42,210
Fort Lewis	1,150,000	1,150,000	0
CU Regents	16,700,000	17,357,531	657,531
Mines	139,000	142,475	3,475
UNC	712,000	738,017	26,017
Com Colleges	6,903,706	7,076,299	172,593
TOTAL	\$32,757,896	\$33,790,068	\$1,032,172

Colorado Energy Research Institute: Pursuant to Section 23-41-114, C.R.S., the Colorado School of Mines receives money from the Oil and Gas Conservation and Environmental Response Fund for the Colorado Energy Research Institute. The statutory authorization in FY 2006-07 is for \$1,200,000, if a May 1, 2006 projection

of the unencumbered balance in the fund exceeds \$2.5 million. This is a \$475,000 decrease from the statutory authorization in FY 2005-06.

Adjust FTE estimate: The FTE for the higher education institutions are included in the Long Bill for informational purposes only. Pursuant to statute, each governing board retains control over the number of employees hired. Projections submitted by the schools of employment in the current year are used as the best indicator of employment levels in FY 2006-07. The large percentage increase in FTE reported for the Colorado School of Mines is primarily due to correcting an error in the estimate of FY 2005-06 employees.

Estimated FTE at the Higher Education Institutions			
	FY 2005-06	FY 2006-07	Difference
Adams	286.9	286.1	(0.8)
Mesa	405.5	426.6	21.1
Metro	964.9	1,023.1	58.2
Western	200.8	205.1	4.3
CSU System	3,417.9	3,750.1	332.2
Fort Lewis	413.3	425.2	11.9
CU Regents	5,971.2	6,169.8	198.6
Mines	465.9	591.2	125.3
UNC	1,000.0	1,006.9	6.9
Com. Colleges	4,627.7	4,669.5	41.8
TOTAL	17,754.1	18,553.6	799.5

Additional legislation: For information on S.B. 06-183 and H.B. 06-1385, see the "Recent Legislation" section at the end of this department.

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

This section subsidizes the operations of the state's two local district junior colleges: Aims Community College and Colorado Mountain College. Institutions that are set up as local district junior colleges have special property tax districts that also support their operations. Students from the special property tax districts pay discounted tuition rates. These two schools serve approximately 5,057 student FTE, based on the spring 2006 student census.

Local District Junior College Grants						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Appropriation:						
SB 05-209	\$12,101,934	\$12,101,934	\$0	\$0	\$0	0.0
HB 06-1370	<u>500,000</u>	<u>500,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$12,601,934	\$12,601,934	\$0	\$0	\$0	0.0

Local District Junior College Grants

	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Appropriation:						
FY 2005-06 Appropriation	\$12,601,934	\$12,601,934	\$0	\$0	\$0	0.0
Increase grants	1,066,117	1,066,117	0	0	0	0.0
HB 06-1385	<u>\$13,668,051</u>	<u>\$13,668,051</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>0.0</u>
TOTAL	<u>\$13,668,051</u>	<u>\$13,668,051</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>0.0</u>
Increase/(Decrease)	\$1,066,117	\$1,066,117	\$0	\$0	\$0	0.0
Percentage Change	8.5%	8.5%	n/a	n/a	n/a	n/a

HB 06-1385 (Long Bill) Issue Descriptions

Increase grants: The appropriation includes a \$1.1 million, or 8.5 percent, increase in the grants that support Aims Community College and Colorado Mountain College.

Advisory Commission on Family Medicine

The Commission distributes funds for the support of family medicine residency programs throughout the state and assists in the recruitment of family medicine residents. All federal Medicaid dollars originate in the Department of Health Care Policy and Financing, the single state agency for Medicaid, where they receive their General Fund match. These dollars are then transferred to the respective departments that utilize Medicaid funding. When these Medicaid funds are transferred, they are reflected in the recipient department as cash funds exempt.

Advisory Commission on Family Medicine

	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Appropriation:						
SB 05-209	<u>\$1,576,502</u>	<u>\$0</u>	<u>\$0</u>	<u>\$1,576,502</u>	<u>\$0</u>	<u>0.0</u>
TOTAL	<u>\$1,576,502</u>	<u>\$0</u>	<u>\$0</u>	<u>\$1,576,502</u>	<u>\$0</u>	<u>0.0</u>
FY 2006-07 Appropriation:						
FY 2005-06 Appropriation	\$1,576,502	\$0	\$0	\$1,576,502	\$0	0.0
Additional funding for family residency programs	127,056	0	0	127,056	0	0.0
HB 06-1385	<u>\$1,703,558</u>	<u>\$0</u>	<u>\$0</u>	<u>\$1,703,558</u>	<u>\$0</u>	<u>0.0</u>

Advisory Commission on Family Medicine						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
TOTAL	\$1,703,558	\$0	\$0	\$1,703,558	\$0	0.0
Increase/(Decrease)	\$127,056	\$0	\$0	\$127,056	\$0	0.0
Percentage Change	8.1%	n/a	n/a	8.1%	n/a	n/a

HB 06-1385 (Long Bill) Issue Descriptions

Additional funding for family residency programs: The appropriation includes an increase of \$127,056 to increase funding for the family medicine residency programs in the state. The increased funding is a transfer of Medicaid funding from the Department of Health Care Policy and Financing, half of which is from the General Fund. From FY 2001-02 to FY 2005-06, the state appropriation to the Commission was reduced by \$788,043 (33.3 percent). The increase of \$127,056 restores approximately 16.0 percent of the budget reductions that were made to the Commission's budget over the last four years.

Division of Occupational Education

The Division of Occupational Education supervises and administers the occupational education programs of the state and distributes state and federal vocational education funds to the community colleges, local district junior colleges, area vocational schools, secondary school districts, and other state and local educational agencies or institutions with eligible programs. This division also coordinates resources available for the promotion of job development, job training, and job retraining. Sources of cash funds exempt include General Fund and State Education Fund moneys transferred from the Department of Education for Colorado Vocational Act programs, and General Fund transferred from the Governor's Office of Economic Development for job training programs. The source of federal funds is primarily Perkins Act money for vocational training.

Division of Occupational Education						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Appropriation:						
SB 05-209	\$49,664,864	\$9,170,451	\$235,077	\$22,721,070	\$17,538,266	34.2
SB 05-132	<u>0</u>	<u>(8,553)</u>	<u>8,553</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$49,664,864	\$9,161,898	\$243,630	\$22,721,070	\$17,538,266	34.2
FY 2006-07 Appropriation:						
FY 2005-06 Appropriation	\$49,664,864	\$9,161,898	\$243,630	\$22,721,070	\$17,538,266	34.2
Area Vocational Schools	1,130,374	1,130,374	0	0	0	0.0
Colorado Vocational Act	639,874	0	0	639,874	0	0.0

Division of Occupational Education						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
Fund source adjustment	0	(656,370)	656,370	0	0	0.0
HB 06-1385	<u>\$51,435,112</u>	<u>\$9,635,902</u>	<u>\$900,000</u>	<u>\$23,360,944</u>	<u>\$17,538,266</u>	<u>34.2</u>
TOTAL	\$51,435,112	\$9,635,902	\$900,000	\$23,360,944	\$17,538,266	34.2
Increase/(Decrease)	\$1,770,248	\$474,004	\$656,370	\$639,874	\$0	0.0
Percentage Change	3.6%	5.2%	269.4%	2.8%	0.0%	0.0%

HB 06-1385 (Long Bill) Issue Descriptions

Area Vocational Schools: The appropriation includes a \$1,130,374 General Fund, or 13.3 percent, increase in support for post-secondary career and technical education programs provided by the four Area Vocational Schools.

Colorado Vocational Act: The appropriation includes a \$639,874, or 3.2 percent, increase in the transfer from the Department of Education to secondary career and technical education programs through the Colorado Vocational Act. The cash funds exempt originates as General Fund or State Education Funds in the Department of Education.

Fund source adjustment: The appropriation includes an increase in the amount of indirect cost recoveries applied to offset the need for General Fund for the Division of Occupational Education's administration.

Auraria Higher Education Center

Established by statute in 1974, the Auraria Higher Education Center is governed by a Board of Directors who oversee the centralized operations of the Auraria Higher Education Center complex located in Denver. The Center houses and provides common services to the Community College of Denver, Metropolitan State College of Denver, and the University of Colorado at Denver and Health Sciences Center. The sources of cash funds are payments by the schools located on the Auraria campus and earned revenue by the Auraria Higher Education Center.

Auraria Higher Education Center						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Appropriation:						
SB 05-209	\$14,372,136	\$0	\$14,372,136	\$0	\$0	128.3
HB 06-1385	<u>2,600,000</u>	<u>0</u>	<u>2,600,000</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$16,972,136	\$0	\$16,972,136	\$0	\$0	128.3

Auraria Higher Education Center						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Appropriation:						
FY 2005-06 Appropriation	\$16,972,136	\$0	\$16,972,136	\$0	\$0	128.3
Increase in campus operating budget	492,625	0	492,625	0	0	(4.7)
Eliminate one-time spending authority	(2,600,000)	0	(2,600,000)	0	0	0.0
HB 06-1385	<u>\$14,864,761</u>	<u>\$0</u>	<u>\$14,864,761</u>	<u>\$0</u>	<u>\$0</u>	<u>123.6</u>
TOTAL	\$14,864,761	\$0	\$14,864,761	\$0	\$0	123.6
Increase/(Decrease)	(\$2,107,375)	\$0	(\$2,107,375)	\$0	\$0	(4.7)
Percentage Change	-12.4%	n/a	-12.4%	n/a	n/a	-3.7%

HB 06-1385 (Long Bill) Issue Descriptions

Increase in campus operating budget: The board for the Auraria Higher Education Center, which includes representatives from the three tenant institutions, annually establishes the operating budget for the campus and bills the tenant institutions for the costs. The appropriation includes an additional \$492,625 cash funds spending authority based on the requested operating budget, which allows for a maximum increase of 3.4 percent.

Eliminate one-time spending authority: The appropriation includes discontinuing a one-time appropriation provided in FY 2005-06 for auxiliary activities that have the potential to qualify as enterprises in FY 2006-07.

Council on the Arts

The Council on the Arts provides grants to support and encourage development of the arts; offers technical assistance to artists and arts organizations; and administers the Art in Public Places Program, which uses a percentage of state capital construction funding to beautify state buildings and grounds. The source of cash funds exempt is gifts. Federal funds are from the National Endowment for the Arts.

Council on the Arts						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Appropriation:						
SB 05-209	<u>\$1,416,000</u>	<u>\$700,000</u>	<u>\$0</u>	<u>\$16,000</u>	<u>\$700,000</u>	<u>2.0</u>
TOTAL	<u>\$1,416,000</u>	<u>\$700,000</u>	<u>\$0</u>	<u>\$16,000</u>	<u>\$700,000</u>	<u>2.0</u>

Council on the Arts						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Appropriation:						
FY 2005-06 Appropriation	\$1,416,000	\$700,000	\$0	\$16,000	\$700,000	2.0
Discontinue Funding	(1,416,000)	(700,000)	0	(16,000)	(700,000)	(2.0)
HB 06-1385	\$0	\$0	\$0	\$0	\$0	0.0
SB 06-49	(1,500,000)	0	(1,500,000)	0	0	(2.0)
HB 06-1201	<u>1,500,000</u>	<u>0</u>	<u>1,500,000</u>	<u>0</u>	<u>0</u>	<u>2.0</u>
TOTAL	\$0	\$0	\$0	\$0	\$0	0.0
Increase/(Decrease)	(\$1,416,000)	(\$700,000)	\$0	(\$16,000)	(\$700,000)	(2.0)
Percent Change	-100.0%	-100.0%	n/a	-100.0%	-100.0%	-100.0%

HB 06-1385 (Long Bill) Issue Descriptions

Discontinue funding: The Long Bill did not include funding for the Council on the Arts. However, H.B. 06-1201 appropriated \$1.5 million cash funds from limited gaming funds, and then S.B. 06-049 transferred administration of the Council on the Arts to the Governor's Office.

Additional legislation: For information on S.B. 06-49 and H.B. 06-1201, see the "Recent Legislation" section at the end of this department.

State Historical Society

The State Historical Society, founded in 1879, is an educational institution of the State and acts as trustee for the State in collecting, preserving, exhibiting and interpreting collections and properties of state historical significance. The Society maintains museums and historical sites throughout Colorado and provides assistance to local and regional historical societies and museums. It also distributes gaming revenue to gaming cities and to local governments and organizations through a state-wide grant program for historic preservation. The primary source of cash funds is museum fees and gift shop revenues. The main source of cash funds exempt is gaming revenue.

State Historical Society						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Appropriation:						
SB 05-209	\$29,304,416	\$10,000	\$2,034,875	\$26,453,829	\$805,712	127.4
HB 06-1218	<u>250,000</u>	<u>250,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$29,554,416	\$260,000	\$2,034,875	\$26,453,829	\$805,712	127.4

State Historical Society						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Appropriation:						
FY 2005-06 Appropriation	\$29,554,416	\$260,000	\$2,034,875	\$26,453,829	\$805,712	127.4
Statewide preservation grant program	833,920	0	0	833,920	0	0.0
Gaming cities distribution	290,742	0	0	290,742	0	0.0
Cumbres and Toltec Scenic Railroad	250,000	250,000	0	0	0	0.0
Annualize salary increases	116,818	0	(1,393)	119,491	(1,280)	0.0
Grant/earned revenue	107,509	0	(302,436)	345,657	64,288	(0.5)
Museum maintenance	50,807	0	0	50,807	0	0.0
HB 06-1385	<u>\$31,204,212</u>	<u>\$510,000</u>	<u>\$1,731,046</u>	<u>\$28,094,446</u>	<u>\$868,720</u>	<u>126.9</u>
TOTAL	<u>\$31,204,212</u>	<u>\$510,000</u>	<u>\$1,731,046</u>	<u>\$28,094,446</u>	<u>\$868,720</u>	<u>126.9</u>
Increase/(Decrease)	\$1,649,796	\$250,000	(\$303,829)	\$1,640,617	\$63,008	(0.5)
Percentage Change	5.6%	96.2%	-14.9%	6.2%	7.8%	-0.4%

HB 06-1385 (Long Bill) Issue Descriptions

Statewide preservation grant program: The appropriation includes a \$833,920 net increase in statewide preservation grants. The net increase includes a decrease of \$50,807 for money that will be applied to maintenance of museums administered by the Society, rather than distributed in preservation grants. The remainder of the net increase is due to an updated forecast of the gaming revenues that will be deposited in the State Historical Fund.

Gaming cities distribution: The appropriation includes an increase of \$290,742 in the forecast of the amount of gaming revenues that will be distributed to gaming cities for historic preservation.

Cumbres and Toltec Scenic Railroad: The appropriation includes an increase of \$250,000 General Fund for a total appropriation of \$510,000 for the railroad.

Annualize salary increases: The appropriation includes a \$116,818 increase to annualize salary survey increases awarded in FY 2005-06. This amount is net of the 0.2 percent common policy base reduction.

Grants/earned revenue: The appropriation includes a net increase of \$107,509 and a decrease of 0.5 FTE based on the Department's projection of grants, contracts, and other earned revenues in FY 2006-07.

Museum maintenance: The appropriation includes a \$50,807 transfer from the statewide preservation grant program to the Society administration for maintenance of the Society's museums.

Recent Legislation

2005 Session Bills

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

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

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

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

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

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

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

2006 Session Bills

S.B. 06-24: Requires public schools to assign each student (including those enrolled in the State Preschool and Kindergarten Program) a unique identification number that will carry through college; requires data sharing between the State Board of Education, Colorado Commission on Higher Education and qualified researchers.

S.B. 06-31: Allows a member of the armed forces or a dependent of a member of the armed forces to receive in-state tuition status and a college opportunity fund stipend for a program offered on or after July 1, 2007, by an institution of higher education that has entered into a performance contract with the department of higher education pursuant to section 23-5-129, C.R.S., and that the eligible undergraduate student attends for credit on a military base.

S.B. 06-49: Transfers administration of the Council on the Arts from the Department of Higher Education to the Office of Economic Development in the Governor's Office. This Appropriations Report describes the effect of S.B. 06-049 as a reduction in funding for the Department of Higher Education and an increase in funding for the Governor - Lieutenant Governor - Office of State Planning and Budgeting. The amount moved from the Department of Higher Education to the Governor - Lieutenant Governor - Office of State Planning and Budgeting is \$1.5 million cash funds and 2.0 FTE. In H.B. 06-1201 \$1.5 million was transferred from limited gaming fund moneys to the State Council on the Arts Cash Fund, and \$1.5 million cash funds and 2.0 FTE was appropriated from the State Council on the Arts Cash Fund to the Council on the Arts.

S.B. 06-136: Authorizes CollegeInvest to develop and maintain a teacher loan forgiveness pilot program. Specifies criteria for the program. Creates the nursing teacher loan forgiveness fund and continuously appropriates the fund to CollegeInvest. Appropriates \$161,600 General Fund to the fund.

S.B. 06-183: Provides a one-time FY 2006-07 appropriation of \$500,000 cash funds from the Operational Account of the Severance Tax Trust Fund to the Board of Governors of the Colorado State University System, for the Water Resources Research Institute.

H.B. 06-1046: Expands the authority of the Division of Private Occupational Schools to allow them to require fingerprints for background checks from teachers teaching students under the age of 16, and to permit them to impose fines on schools that violate the statutes governing private occupational schools. Appropriates \$10,957 cash funds from the Division of Private Occupational Schools Fund in FY 2006-07 for promulgating rules and

regulations. Provides \$10,957 cash funds exempt spending authority and 0.1 FTE to the Department of Law to provide legal services to the Division of Private Occupational Schools.

H.B. 06-1201: Beginning in FY 2005-06, from the end-of-year allocation of moneys in the limited gaming fund that would otherwise be transferred to the General Fund, the bill transfers:

- \$19.0 million to the Colorado Travel and Tourism Promotion Fund;
- \$1.5 million to the State Council on the Arts Cash Fund;
- \$0.5 million to the Film Incentives Cash Fund; and
- \$3.0 million to the New Jobs Incentives Cash Fund.

Requires that these distributions be adjusted annually by the rate of inflation for the calendar year ending in the preceding fiscal year. Reduces these transfers proportionally (thereby increasing the amount transferred to the General Fund) if the June Legislative Council Staff revenue forecast indicates that the amount of General Fund will be insufficient to allow the maximum amount of General Fund appropriations permitted by Section 24-75-201.1 (1) (a) (II), C.R.S.

Appropriates \$18,854,587 and 3.0 FTE from the Colorado Travel and Tourism Promotion Fund to the Office of Economic Development – Other Program Costs in the Office of the Governor (with addition of the 3.0 FTE contingent upon passage of H.B. 06-1384). Appropriates \$1.5 million and 2.0 FTE from the State Council on the Arts Cash Fund to the Council on the Arts in the Department of Higher Education. Appropriates \$500,000 from the Film Incentives Cash Fund to the Economic Development Commission in the Office of the Governor, subject to passage of H.B. 06-1362. Appropriations \$3.0 million cash funds from the New Job Incentives Cash Fund to the Economic Development Commission in the Office of the Governor, subject to passage of H.B. 06-1017.

H.B. 06-1218: Supplemental appropriation to the Department of Higher Education to modify the appropriation included in the FY 2005-06 Long Bill.

H.B. 06-1260: Specifies that the director of Collegeinvest shall be the director of the Student Loan Division in the Department of Higher Education. Repeals the advisory committee on student loans. Increases the limit on the amount of outstanding bonds of Collegeinvest to \$2 billion. Provides that if the Collegeinvest authority sells or transfers all or a substantial portion of its responsibilities, the proceeds of the sale or transfer are subject to appropriation by the general assembly.

H.B. 06-1322: Creates the Colorado Renewable Energy Authority to promote renewable energy technologies. Requires cash fund appropriations from the Operational Account of the Severance Tax Trust Fund for three years, beginning July 1, 2006, subject to certain limitations, of \$2.0 million per year to the Colorado Renewable Energy Authority for the activities of the Authority. Requires cash fund transfers from the Operational Account of the Severance Tax Trust Fund for three years, beginning July 1, 2006, subject to certain limitations, of \$500,000 per year to the Agriculture Value-added Cash Fund to promote agricultural energy-related projects and research. Creates the Climate Change Markets Grant Program, administered by the Department of Public Health and Environment, to provide grants of \$50,000 to Colorado State University, \$50,000 to the Colorado School of Mines, and \$35,000 to the University of Colorado. Transfers \$135,000 in FY 2006-07 from the Operational Account of the Severance Tax Trust Fund to the Department of Public Health and Environment for the Climate Change Markets Grant Program, subject to certain limitations. Makes the following appropriations in FY 2006-07:

- \$2,000,000 cash funds from the Operational Account of the Severance Tax Trust Fund to the Colorado Renewable Energy Authority;
- \$500,000 cash funds exempt from the Agriculture Value-added Cash Fund to the Department of Agriculture; and,
- \$135,000 cash funds exempt from moneys transferred from the Operational Account of the Severance Tax Trust Fund to the Department of Public Health and Environment.

H.B. 06-1370: Second supplemental appropriation to the Department of Higher Education to modify the appropriation included in the FY 2005-06 Long Bill.

H.B. 06-1385: General appropriations act for FY 2006-07. Also includes supplemental adjustments to modify FY 2005-06 appropriations to the Department of Higher Education.

H.B. 06-1399: If there are moneys remaining in the College Opportunity Fund after the last academic term of a state fiscal year, allows a governing board of an institution of higher education to expend up to three percent of the amount originally authorized as stipends for fee-for-service contracts. Authorizes the Department to transfer general fund spending authority from stipends to fee-for-service contracts in an equivalent amount to fulfill its fee-for-service contract obligations.

DEPARTMENT OF HUMAN SERVICES

The Department of Human Services (DHS) is charged with the administration and supervision of all non-medical public assistance and welfare activities of the State, including assistance payments, food stamps, child welfare services, rehabilitation programs, alcohol and drug treatment programs, and programs for the aging. The Department is also responsible for inspecting and licensing child care facilities and for the care and treatment of the State's dependent citizens who are mentally ill, developmentally disabled, or juvenile offenders. The Department operates two mental health institutes, three regional centers for persons with developmental disabilities, and ten institutions for juvenile delinquents. The Department also provides funding for indigent mentally ill people, contracts with community centered boards for services for persons with developmental disabilities, and contracts for the supervision and treatment of delinquent juveniles.

Department Budget: Recent Appropriations

Funding Source	FY 2003-04	FY 2004-05	FY 2005-06	FY 2006-07
General Fund	\$458,630,015	\$484,945,495	\$505,514,567	\$604,055,742
Cash Funds	85,815,234	95,417,676	105,626,757	103,736,846
Cash Funds Exempt	790,782,095	641,236,839	678,668,853	635,958,150
Federal Funds	<u>515,478,889</u>	<u>523,554,436</u>	<u>558,588,016</u>	<u>573,638,972</u>
Total Funds	\$1,850,706,233	\$1,745,154,446	\$1,848,398,193	\$1,917,389,710
Full Time Equiv. Staff	4,514.4	5,186.3	5,205.1	5,334.7

General Factors Driving the Budget

Funding for this department consists of approximately 31.5 percent General Fund, 5.4 percent cash funds, 33.2 percent cash funds exempt, and 29.9 percent federal funds. Some of the most important factors driving the budget are reviewed below.

Community Provider Rate Increases

Some departments of state government contract with community providers to provide services to eligible clients. To ensure that community provider arrangements are viable over the long term, the General Assembly has generally awarded annual inflationary increases, also known as cost of living adjustments (COLAs) for community provider programs. In the Department of Human Services, the following programs typically receive community provider rate increases: County Administration, Child Welfare, Child Care, Mental Health Community Programs, Developmental Disability Services, Vocational Rehabilitation, and community programs in Youth Corrections. A COLA of 3.25 percent was provided to these programs for FY 2006-07, resulting in an overall appropriations increase of \$16.1 million for the Department.

Child Welfare Services

County departments of social services receive and respond to reports of potential child abuse or neglect under the supervision of the Colorado Department of Human Services. In FY 2004-05, the most recent year of actual data, counties received close to 63,000 reports of abuse or neglect. On average, counties conducted an assessment (investigation) in response to about one in three reports received. Following an assessment, a county is required to provide necessary and appropriate child welfare services to the child and the family. Less than one-third (32 percent) of county assessments result in the county providing child welfare services, which may include in-home support or court-ordered placement in a foster care home or 24-hour child care facility. Of the 40,690 children who received child welfare services in FY 2005-06: nearly two-thirds (66 percent) remained in their own home; 8,939 (22 percent) were children who had been adopted out of foster care but whose families continued to receive support from county departments; and 4,815 (12 percent) were in foster care.

Appropriations for child welfare programs for FY 2006-07 (\$397.9 million) consist of 47.5 percent General Fund, 26.8 percent federal funds, and 25.7 percent county funds and various cash fund sources. The vast majority of funds appropriated (about 97 percent) are made available to county departments for the provision of child welfare services. County expenditures are driven by:

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

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

	FY 99-00	FY 00-01	FY 01-02	FY 02-03	FY 03-04	FY 04-05	FY 05-06	FY 06-07
Appropriation for Child Welfare Services and Family and Children's Programs line items (\$ millions)	\$283.8	\$305.6	\$323.0	\$332.0	\$341.9	\$343.2	\$359.3	\$370.4
<i>Percent Change</i>		7.7%	5.7%	2.8%	3.0%	0.4%	4.7%	3.1%
County Expenditures In Excess of Capped Allocations (\$ millions)	\$20.6	\$21.4	\$33.4	\$24.4	\$12.4	\$10.8	n/a	n/a
<i>Shortfall as Percent of Capped Allocations</i>	8.6%	8.2%	12.4%	8.8%	4.2%	3.7%	n/a	n/a

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

Developmental Disability Services

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

The State has had discretion over the growth of programs for persons with developmental disabilities, based on state and federal law. The vast majority of services are funded through federal Medicaid waivers for home and community based services. These Medicaid waivers enable the State to support services for persons with developmental disabilities using Medicaid funds that originate as 50 percent state General Fund and 50 percent federal funds. However, they differ from other parts of the Medicaid program in that the State may limit the total number of program participants. As a result, there are waiting lists for services. *Due to concerns raised by the federal Centers for Medicaid and Medicaid Services, some changes to the structure and budget for developmental disability Medicaid services are anticipated in FY 2006-07; however, because the details of such changes are not yet clear, these modifications are not yet reflected in the state budget or in the information provided below.*

All institutional funding and over 72 percent of funding for state-supported, community-based services for persons with developmental disabilities is for residential services for adults with developmental disabilities. The table below reflects, for FY 2006-07, the total number of participant resources¹ funded, associated dollars, average cost per participant resource, and waiting list per resource for community programs for persons with disabilities. Adult Comprehensive Services, Adult Supported Living Services, and the Children's Extensive Support programs are funded primarily or entirely by Medicaid. Family Support Services are funded entirely with state General Fund and Early Intervention services are funded primarily by state General Fund.

Adult and Children's Community Programs ¹	FY 06-07 Funding	# Resources Funded June 2006 ²	Avg. Cost per Full Year Resource	Waiting list March 2006 ³
Adult Comprehensive Services	\$230,612,099	3,828	\$60,872	1,151
Adult Supported Living Services	59,910,028	3,572	16,793	2,180
Early Intervention	12,578,731	2,072	6,071	9
Children's Extensive Support	8,063,282	395	21,219	69
Family Support Services	7,162,211	1,176	6,090	4,230
Special Purpose	881,304	n/a	n/a	n/a
Total	\$319,207,655	11,043	n/a	n/a

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

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

²Of the resources shown, 79 adult comprehensive resources and 9 adult supported living services are funded for an average of six months in FY 2005-06.

³March 2006 count of the persons who request placement by the end of FY 2006-07. (1) Some of these persons are anticipated to be removed from the waiting list during FY 2006-07, based on new resources funded for FY 2006-07 and resources initially funded effective April 1, 2006 that were not implemented as of the March waiting list count. (2) Early intervention figure reflects solely eligible children receiving no services. In addition, as of June 2006, it is anticipated that 536 children are being funded through local sources or through the "spreading" of existing funding, due to the absence of state support. (3) Current funding for the Family Support Services Program is generally spread to serve over 3,000 families, so that the majority of those on the waiting list are actually receiving some support from the dollars shown.

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

State Funding -- Community Services for Persons with Developmental Disabilities							
Adult and Children's Community Programs:	FY 00-01 Approp.	FY 01-02 Approp.	FY 02-03 Approp.*	FY 03-04 Approp.	FY 04-05 Approp.	FY 05-06 Approp.	FY 06-07 Approp.
Total Funding (\$ millions)	\$239.3	\$260.7	\$273.0	\$271.3	\$271.6	\$289.1	\$319.2
Total Funding Change (\$ millions)	n/a	\$21.4	\$12.3	(\$1.7)	\$0.3	\$17.5	\$30.1
Percent Change	n/a	8.9%	4.7%	-0.6%	0.1%	6.4%	10.4%

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

As shown in the table above, funding for community-based programs for persons with developmental disabilities increased through FY 2002-03. The increases shown were driven primarily by increases in the number of adult residential resources funded as well as rate increases provided to assist community providers in coping with payment levels that had not historically kept up with service cost increases. Due to statewide budget constraints, funding dropped between FY 2002-03 and FY 2003-04 and was kept essentially flat for FY 2004-05. Reductions included the elimination of rate increases provided in FY 2002-03, a 50 percent cut to the Family Support Services Program, and rate cuts in the adult supported living services program, among other reductions. Beginning in FY 2005-06 and continuing in FY 2006-07, these cuts were largely restored and significant increases were provided. Fiscal year 2006-07 reflects increases associated with a 3.25 percent community provider cost of living adjustment, base rate restorations, and new adult comprehensive, adult supported living, children's early intervention, and children's extensive support resources. Of the funding added for FY 2006-07, \$11.9 million is related to rate increases and rate restorations and \$18.2 million is related to increases in the number of persons receiving services.

Increases in Number of Participants

The table below reflects the growth in the number of participant resources available for persons with developmental disabilities. As reflected in the table, the FY 2005-06 and FY 2006-07 appropriations include significant increases in the Adult Comprehensive and Supported Living, Children's Early Intervention, and Children's Extensive Support areas. .

	Persons Served					Resources Funded		
	FY 00-01 # Served June	FY 01-02 # Served June	FY 02-03 # Served June	FY 03-04 # Served June	FY 04-05 # Served June	FY 04-05 # Funded June	FY 05-06 # Funded June	FY 06-07 # Funded June
Adult Comprehensive Resources ¹	3,134	3,371	3,496	3,582	3,607	3,597	3,687	3,828
Percent Change	n/a	7.6%	3.7%	2.5%	0.7%	n/a	2.5%	3.8%
Adult Supported Living Resources	3,474	3,529	3,598	3,661	3,663	3,477	3,559	3,572
Percent Change	n/a	1.6%	2.0%	1.8%	0.1%	n/a	2.4%	0.4%
Early Intervention ²	1,651	1,721	1,754	1,912	2,099	1,459	2,072	2,072
Percent Change	n/a	4.2%	1.9%	9.0%	9.8%	n/a	42.0%	0.0%
Children's Extensive Support	173	199	215	204	200	212	365	395
Percent Change	n/a	15.0%	8.0%	-5.1%	-2.0%	n/a	72.2%	8.2%
Family Support Services ³	3,941	4,008	4,145	3,567	3,019	1,176	1,176	1,176
Percent Change	n/a	1.7%	3.4%	-13.9%	-15.4%	n/a	0.0%	0.0%

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

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

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

When reviewing the table, note that: (1) The number of persons actually served can be smaller or larger (in some cases much larger) than the resources funded when providers "stretch" funds to additional persons. This is reflected in the number served versus funded data for FY 2004-05; (2) Most new resources are initially funded for a part of the year and funding is then annualized in the subsequent year to cover a full year of services. The table reflects the number of persons receiving services and the number of funded resources *as of June* of each year. (3) The cost of new resources added is often considerably higher than the current average cost of resources based on the anticipated severity levels of the new clients. Thus, for FY 2006-07, the average cost for an adult comprehensive resource was \$60,872, but new comprehensive resources for clients transitioning from foster care were added at an average cost of \$86,174 per year.

Rate Increases

The table below reflects the impact of provider rate increases and base rate increases on the budget from FY 2000-01 through FY 2006-07. Provider rate increases are generally provided to qualified programs throughout state government based on a common policy. Base rate increases shown in the table below were provided exclusively for developmental disability residential and case management services. Rate increases were significant until statewide revenue constraints led rates to be returned to FY 2001-02 levels in FY 2003-04. No increase was provided in FY 2004-05 due to budget constraints, but a 2.0 percent provider rate increase was added for FY 2005-06, a 3.25 percent provider rate increase was added for FY 2006-07, and a 1.79 percent base rate increase on developmental disability residential and case management services was provided beginning the last quarter of FY 2005-06.

Rate Increases							
	FY 00-01	FY 01-02	FY 02-03	FY 03-04	FY 04-05	FY 05-06*	FY 06-07*
Provider Rate Increase	2.0%	2.5%	0.0%	0.0%	0.0%	2.0%	3.3%
Base Rate Increase	0.0%	5.3%	2.0%	-2.0%	0.0%	0.4%	1.4%
Total Impact on base of DD Community Programs (\$ millions)	\$4.7	\$11.6	\$3.5	(\$3.5)	\$0.0	\$6.3	\$11.1

*Reflects overall base rate increase of 1.79% on selected services implemented beginning the last quarter of FY 2005-06 and annualized in FY 2006-07.

Increasing Youth Corrections Populations

The Division of Youth Corrections provides for the housing, treatment and education of juveniles who are detained while awaiting adjudication (similar to adult jail), or committed for a period of time as a result of a criminal conviction (similar to adult prison). Also, the Division supervises juveniles during a mandatory parole following all commitment sentences. Increases in the number of detained, committed and paroled juveniles significantly impact funding requirements. Measurements in the table below are based on the average daily population (ADP) and the Legislative Council Staff population projections.

	FY 01-02 Actual	FY 02-03 Actual	FY 03-04 Actual	FY 04-05 Actual	FY 05-06 Projection	FY 06-07 Projection
Detention*	538.6	545.0	n/a	n/a	n/a	n/a
<i>Percent Difference</i>	<i>n/a</i>	<i>1.2%</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>
Commitment	1,290.0	1,327.8	1,377.4	1,454.3	1,459.1	1,498.2
<i>Percent Difference</i>	<i>n/a</i>	<i>2.9%</i>	<i>3.7%</i>	<i>5.6%</i>	<i>0.3%</i>	<i>2.7%</i>
Parole**	692.9	567.2	532.3	490.3	539.1	578.3
<i>Percent Difference</i>	<i>n/a</i>	<i>-18.1%</i>	<i>-6.2%</i>	<i>-7.9%</i>	<i>10.0%</i>	<i>7.3%</i>

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

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

The Mental Health Institutes

The state operates two hospitals for the severely mentally ill: the Fort Logan Mental Health Institute, located in Denver, and the Pueblo Mental Health Institute. These institutes are administered by the Department of Human Services. The FY 2006-07 budget for the institutes is \$87.7 million to maintain 528 beds or around 3,300 different patients, including the churn in and out of the institutes. In FY 2004-05, the average cost per patient was \$171,543, including \$168,656 at the Mental Health Institute at Fort Logan and \$172,683 at the Mental Health Institute at Pueblo.

Since the mid-1990s, expenditures for the state mental health institutes have been severely affected by a loss of patient-based revenue, stemming from a decline in the number of patient hospitalizations. The number of beds used at the institutes declined by about a third in the last decade, from 813 in FY 1994-95 to 528 in FY 2006-07. This declining level of patient hospitalization is attributable to two primary factors: (1) changes in the delivery of mental health services resulting from managed care; and (2) the "deinstitutionalization" of clients into a community setting. The use of managed care for mental health services has resulted in fewer

hospitalizations in the institutes as mental health providers seek to provide lower cost alternative services in the community. The trend toward "deinstitutionalization" has resulted in shorter hospital stays as patients are moved more quickly to community settings for treatment, instead of being treated through lengthier stays in an institutional setting. Despite this decline in census, the expenditures have increased at the mental health institutes. The increases are attributable to inflationary factors, including salaries, and the *Neiberger* lawsuit settlement.

	FY 01-02 Actual	FY 02-03 Actual	FY 03-04 Actual	FY 04-05 Actual	FY 05-06 Appropriation	FY 06-07 Appropriation
Institute Budget	\$80,337,881	\$79,461,197	\$80,524,106	\$83,316,765	\$84,127,915	\$87,698,179
FTE	1,308.3	1,286.4	1,183.0	1,246.2	1,246.2	1,252.6
Ft. Logan Avg. Daily Census	188	171	146	149	151	151
Pueblo Avg. Daily Census	<u>494</u>	<u>439</u>	<u>390</u>	<u>377</u>	<u>377</u>	<u>377</u>
Total Avg. Daily Census	682	610	536	526	528	528
Change in Funding	\$0	(\$876,684)	\$1,062,909	\$2,792,659	\$811,150	\$3,570,264
Change in FTE	0.0	(21.9)	(103.4)	63.2	0.0	6.4
Change in Census	0	(72)	(74)	(10)	2	0

Adult Assistance Programs

Old Age Pension Program

The Old Age Pension (OAP) Program, authorized by the State Constitution, provides cash assistance to low-income individuals over the age of 59. It is primarily funded through excise taxes. Revenues that are not utilized for the OAP Program "spill over" into the General Fund. As the earmarked revenues are "continuously appropriated" by the State Constitution, the General Assembly does not directly control program expenditures; the Long Bill simply reflects anticipated program expenditures for informational purposes.

Old Age Pension Program	FY 02-03 Actual	FY 03-04 Actual	FY 04-05 Actual	FY 05-06 Appropriation	FY 06-07 Appropriation
Total Non-Medical Costs*	\$59,515,177	\$64,042,654	\$67,773,912	\$70,959,003	\$74,472,421
<u>Ages 60-64:</u>					
Avg. Number of Persons	6,880	5,344	5,562	4,985	5,000
Avg. Mo. Payment/Person	\$259.32	\$290.25	\$323.75	\$352.29	\$367.59
<u>Age 65 and over:</u>					
Avg. Number of Persons	17,837	19,981	19,128	19,250	19,400
Avg. Mo. Payment/Person	\$138.72	\$181.52	\$201.08	\$215.81	\$223.09

*Total costs exclude the Old Age Pension State Medical Program, which is administered in the Department of Health Care Policy and Financing, and Colorado Benefits Management System costs for the OAP program. The appropriation for FY 2005-06 does not match that contained in H.B. 06-1219 (Department of Human Services supplemental appropriation bill). No action was taken on this line item because it is continuously appropriated.

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

This program provides supplemental income to individuals receiving Supplemental Security Income (SSI) payments. The federal SSI program is an entitlement program that provides financial assistance to persons with a disability that precludes them from securing or retaining employment for at least 12 months. The AND-CS program is one of a number of programs that provide additional state assistance to SSI recipients. The State is subject to a federal maintenance-of-effort agreement with the Social Security Administration to provide at least as much assistance to SSI recipients in each calendar year as it did in the previous calendar year. In calendar years 2003, 2004, and 2005, the state fell short of the required spending level. In order to make up for that shortfall (and to avoid federal sanctions that would be imposed if the shortfall were not made up), the AND-CS grant standard was increased. The grant standard for program participants was raised from \$513 per month to \$730 to increase expenditures.

Aid to Needy Disabled-Colorado Supplement	FY 02-03 Actual	FY 03-04 Actual	FY 04-05 Actual	FY 05-06 Appropriation	FY 06-07 Appropriation
Total Expenditure	\$2,242,503	\$1,626,765	\$6,950,899	\$5,474,781	\$3,268,199
Dollar Change	n.a.	(615,738)	5,324,134	(1,476,118)	(2,206,582)
Percentage Change	n.a.	-27.5%	327.3%	-21.2%	-24.6%

Salary Survey and Performance Based Pay Awards

Each year the Department requests salary increases for its employees based on a salary survey of comparable positions in the private sector, as well as an allocation for performance based pay. For FY 2006-07, a salary survey increase was provided, but there was no provision for performance-based pay.

Major Information System Projects

For the past several years, the General Assembly has provided significant funding to the Department of Human Services for three major information system projects that are used by staff at the Department and at county departments of social services to administer various social service programs. The budgets for the County Financial Management System, which tracks county expenditures for various social service programs, and for the Colorado Trails System, which provides case management and tracking for county child welfare staff and the Division of Youth Corrections, now require only ongoing maintenance funding.

The Colorado Benefits Management System (CBMS), which became operational on September 1, 2004, replaced multiple systems used by county staff to determine eligibility for financial, medical, and food stamp benefits. The table below reflects the appropriations to date for the planning and development of the system, including capital construction appropriations, as well as appropriations for ongoing operations and maintenance.

Colorado Benefits Management System Appropriations*			
	FY 96-97 through FY 05-06	FY 06-07	TOTAL
Capital	\$89,677,357	\$0	\$89,677,357
Operating	<u>113,969,822</u>	<u>21,663,381</u>	<u>135,633,203</u>
Total	203,647,179	21,663,381	225,310,560

Colorado Benefits Management System Appropriations*			
	FY 96-97 through FY 05-06	FY 06-07	TOTAL
<i>General Fund Share</i>	47,740,935	5,237,565	52,978,500

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

Summary of FY 2005-06 and FY 2006-07 Appropriations

Department of Human Services						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Total Appropriation:	\$1,848,398,193	\$505,514,567	\$105,626,757	\$678,668,853	\$558,588,016	5,205.1
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Executive Director's Office	40,771,459	21,061,767	1,114,303	10,302,776	8,292,613	125.7
Office of Information Technology Services	50,933,139	18,346,273	2,093,965	10,050,175	20,442,726	166.3
Office of Operations	37,150,932	19,426,875	740,400	12,921,155	4,062,502	467.0
County Administration	67,578,518	25,826,732	0	27,570,817	14,180,969	0.0
Division of Child Welfare	385,504,451	146,559,999	0	141,191,369	97,753,083	31.0
Division of Child Care	89,500,170	18,046,688	704,073	9,214,519	61,534,890	63.3
Office of Self Sufficiency	305,219,897	6,614,337	17,616,708	29,138,856	251,849,996	265.1
Mental Health and Alcohol and Drug Abuse Services	188,004,917	100,797,386	6,776,305	33,525,783	46,905,443	1,309.6
Services for People with Disabilities	439,600,730	30,964,582	3,452,834	366,616,150	38,567,164	1,831.6
Adult Assistance Programs	124,592,147	17,263,201	73,038,743	20,570,137	13,720,066	27.5
Division of Youth Corrections	119,541,833	100,606,727	89,426	17,567,116	1,278,564	918.0
<u>Breakdown of Total Appropriation by Bill</u>						
SB 05-209	1,782,903,863	499,692,928	88,326,376	662,331,630	532,552,929	5,197.3
SB 05-202	0	487,986	(487,986)	0	0	0.0
HB 05-1227	23,614	0	23,614	0	0	0.3
HB 05-1238	0	0	0	0	0	0.5
HB 05-1262	2,962,513	0	0	2,962,513	0	0.0
HB 05-1336	34,950	0	0	34,950	0	0.0
HB 06-1200	17,000,000	0	17,000,000	0	0	0.0
HB 06-1219	37,487,698	362,591	(764,322)	14,517,018	23,372,411	1.0
HB 06-1371	7,778,124	5,026,552	0	1,088,896	1,662,676	6.0

Department of Human Services						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
HB 06-1385	207,431	(55,490)	1,529,075	(2,266,154)	1,000,000	0.0
FY 2006-07 Total Appropriation:	\$1,917,389,710	\$604,055,742	\$103,736,846	\$635,958,150	\$573,638,972	5,334.7
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Executive Director's Office	49,485,128	27,637,448	1,168,697	11,982,414	8,696,569	130.1
Office of Information Technology Services	47,207,803	17,889,578	1,806,807	8,662,558	18,848,860	165.3
Office of Operations	37,872,628	19,936,462	754,875	12,913,722	4,267,569	469.8
County Administration	53,972,990	25,328,781	0	13,721,846	14,922,363	0.0
Division of Child Welfare	397,884,358	189,116,065	0	101,976,441	106,791,852	32.0
Division of Child Care	92,786,879	18,618,916	735,782	9,710,598	63,721,583	64.5
Office of Self Sufficiency	280,329,729	6,782,220	6,634,199	29,229,808	237,683,502	269.1
Mental Health and Alcohol and Drug Abuse Services	201,573,001	112,034,249	7,108,280	35,486,901	46,943,571	1,320.7
Services for People with Disabilities	493,014,832	36,531,480	3,630,018	396,141,278	56,712,056	1,867.8
Adult Assistance Programs	132,045,378	25,992,575	81,808,762	10,504,986	13,739,055	28.5
Division of Youth Corrections	131,216,984	124,187,968	89,426	5,627,598	1,311,992	986.9
<u>Breakdown of Total Appropriation by Bill</u>						
HB 06-1385	1,925,546,783	598,213,882	96,432,579	656,304,931	574,595,391	5,332.2
SB 06-45	76,007	0	76,007	0	0	2.0
SB 06-61	442,838	48,274	197,282	197,282	0	0.5
SB 06-122	55,978	0	55,978	0	0	0.0
SB 06-218	25,000	0	25,000	0	0	0.0
SB 06-219	(19,956,252)	10,485,986	0	(30,442,238)	0	0.0
HB 06-1018	1,000,000	0	1,000,000	0	0	0.0
HB 06-1200	5,950,000	0	5,950,000	0	0	0.0
HB 06-1395	4,249,356	(4,692,400)	0	9,898,175	(956,419)	0.0
Increase/(Decrease)	\$68,991,517	\$98,541,175	(\$1,889,911)	(\$42,710,703)	\$15,050,956	129.6
Percentage Change	3.7%	19.5%	-1.8%	-6.3%	2.7%	2.5%

FY 2006-07 Appropriation Highlights:

1. Increases the General Fund appropriation by \$22.9 million "net" General Fund² to account for the loss of federal Medicaid revenue associated with residential treatment centers. This includes funding changes contained in H.B. 06-1395. This legislation included a net increase of \$421,000 General Fund, of which \$5.8 million is exempt from the 6.0 percent limitation on General Fund growth.
2. Provides an increase of \$16.1 million "net" General Fund for a 3.25 percent cost-of-living adjustment for community providers funded in this department.
3. Adds \$13.4 million, including \$7.94 million "net" General Fund, to annualize FY 2005-06 funding increases for services for people with developmental disabilities, including: (1) \$7.22 million for 90 residential and 60 supported living placements for persons at high risk of out of home placement; (2) \$2.82 million for 613 new early intervention placements for infants and toddlers with developmental disabilities and delays; (3) \$2.53 million for a 1.79 percent base rate increase for residential and case management services; and (4) \$0.82 million to restore General Fund rates for supported living services.
4. Adds \$7.1 million, including \$2.1 million General Fund, to annualize FY 2005-06 funding increases for the Division of Vocational Rehabilitation, including \$6.33 million (\$1.35 million General Fund) and 18.3 FTE for rehabilitation programs and \$0.75 million General Fund for independent living centers.
5. Adds \$6.85 million General Fund to annualize the FY 2005-06 funding increases which restored funding for the following: (1) mental health for indigent clients (\$4.4 million); (2) early childhood mental health services (\$0.8 million); (3) state funding for senior services (\$0.75 million); (4) Fort Logan residential services for formerly deinstitutionalized clients (\$0.6 million); and (5) funding for the Short-Term Intensive Residential Remediation Treatment program (\$0.3 million).
6. Adds \$5.95 million cash funds pursuant to H.B. 06-1200 which augments heating assistance for qualifying individuals in the Low Income Energy Assistance Program (LEAP).
7. Adds \$4.7 million "net" General Fund for salary and benefit increases for the department. Such increases include salary survey and the state's contribution to health, life, and dental insurance.
8. Adds \$3.4 million, including \$1.5 million "net" General Fund, for 79 new comprehensive residential placements and 9 new supported living placements for individuals with developmental disabilities for six months. Also adds \$2.6 million, including \$1.2 million "net" General Fund, to annualize funding for new developmental disability placements added for six months in FY 2005-06.
9. Increases the County Administration appropriation by \$3.1 million "net" General Fund to begin to address the shortfall in county expenditures related to the administration of Medicaid, Food Stamps, and other public assistance programs.

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

10. Adds \$1.9 million General Fund in the Division of Youth Corrections to open a 20-bed mental health facility (Sol Vista) and to provide additional treatment services for juveniles with mental health needs, substance abuse problems or those identified as sexual offenders.
11. Adds \$1.5 million federal Child Care Development Funds for the Child Care Assistance Program. An additional \$1 million in federal Child Care Development Funds is provided through an FY 2005-06 supplemental Long Bill add-on that is continued in FY 2006-07.
12. Provides a \$1.0 million General Fund increase to S.B. 91-94 programs in the Division of Youth Corrections.
13. Adds a combined \$900,000 General Fund for western and also southwestern Colorado mental health crisis stabilization services.
14. Adds \$816,000 General Fund to annualize FY 2005-06 increases for the mental health institutes to fund psychiatric and surgical contractors at market rates.
15. Adds \$700,000 for comprehensive alcohol, drug, and behavioral health services at Arapahoe House and the Addiction Research and Treatment Services (ARTS). This funding helps offset the loss of funds associated with the new rates in the Treatment - Residential Child Care Facility (T-RCCF) program in the Child Welfare budget.
16. Adds \$609,000, including \$386,000 "net" General Fund, for 30 new Children's Extensive Support placements for children with developmental disabilities.
17. Adds \$545,000 "net" General Fund for medical, pharmacy, and food inflationary increases for the Department.
18. Adds \$250,000 for substance abuse and alcohol treatment services to restore funding for services reduced during the General Fund revenue downturn.
19. Includes a decrease of \$2.6 million General Fund associated with the Supplemental Security Income maintenance of effort corrective action plan for calendar year 2005.

Detail of Appropriation by Administrative Section

Executive Director's Office

This office is responsible for the management and administration of the Department, performing such functions as budgeting, human resources, and quality control, as well as some program supervision, coordination, and evaluation. This section includes centrally appropriated line items, such as workers' compensation, legal services, administrative law judge services, and payments related to risk management. In addition, this office includes funding for specific functions including: (1) the Juvenile Parole Board; (2) the Developmental Disabilities Council; (3) compliance with the federal Health Insurance Portability and Accountability Act of 1996 (HIPAA); and (4) the child welfare administrative review unit, which performs case reviews of children and youth who are placed in out-of-home residential care.

Cash fund sources are primarily patient payments collected by the Mental Health Institutes, in addition to other various sources. Cash funds exempt sources include Medicaid cash funds transferred from the Department of Health Care Policy and Financing, patient payments collected by the Mental Health Institutes, and other various sources. Federal fund sources include indirect cost recoveries, the Temporary Assistance for Needy Families Block Grant, Section 110 vocational rehabilitation funds, the Substance Abuse Prevention and Treatment Block Grant, and other various sources.

Executive Director's Office						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Appropriation:						
SB 05-209	\$43,138,505	\$22,637,745	\$1,072,111	\$11,207,826	\$8,220,823	125.7
HB 05-1227	2,155	0	2,155	0	0	0
HB 06-1219	<u>(2,369,201)</u>	<u>(1,575,978)</u>	<u>40,037</u>	<u>(905,050)</u>	<u>71,790</u>	<u>0.0</u>
TOTAL	\$40,771,459	\$21,061,767	\$1,114,303	\$10,302,776	\$8,292,613	125.7
FY 2006-07 Appropriation:						
FY 2005-06 Appropriation	\$40,771,459	\$21,061,767	\$1,114,303	\$10,302,776	\$8,292,613	125.7
Salary and benefits adjustments to centrally appropriated line items	7,008,827	4,521,726	24,293	1,957,204	505,604	0.0
Operating adjustments	1,305,431	1,866,115	32,947	(505,893)	(87,738)	0.0
Annualize salary survey and benefit adjustments	227,636	84,112	16,193	28,899	98,432	0.0
Records and Reports staff increase	201,682	0	0	201,682	0	1.2
Centrally appropriated line item increases due to FTE appropriations	141,552	141,552	0	0	0	0.0
Administrative Review Unit staff increase	115,424	77,334	0	0	38,090	2.2
One-time funding reductions	(279,403)	(79,200)	(57,028)	0	(143,175)	0.0
Base reduction	(17,330)	(6,935)	(884)	(2,254)	(7,257)	0.0
HB 06-1385	\$49,475,278	\$27,666,471	\$1,129,824	\$11,982,414	\$8,696,569	129.1
SB 06-45	38,873	0	38,873	0	0	1.0
SB 06-219	<u>(29,023)</u>	<u>(29,023)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$49,485,128	\$27,637,448	\$1,168,697	\$11,982,414	\$8,696,569	130.1
Increase/(Decrease)	\$8,713,669	\$6,575,681	\$54,394	\$1,679,638	\$403,956	4.4
Percentage Change	21.4%	31.2%	4.9%	16.3%	4.9%	3.5%

HB 06-1385 (Long Bill) Issue Descriptions

Salary and benefits adjustments to centrally appropriated line items: The appropriation adjusts various line items that contain salary and benefits funding. These centrally appropriated items include salary survey, state contributions to health, life, and dental and others such as shift differential and the S.B. 04-257 Amortization Equalization Disbursement.

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

Annualize salary and benefits adjustments: The appropriation includes an additional \$227,636 that represents the salary increases allocated to the division in FY 2005-06.

Records and Reports staff increase: To address caseload increases and backlogs, the appropriation includes additional resources and FTE, which will allow the Department of Human Services to process child abuse dispute reviews and background investigations in a timely manner. Approximately \$127,000 of the increase is for one-time funding for contract resources to eliminate backlog present in the program.

Centrally appropriated line item increases due to FTE appropriations: Elsewhere in the Department of Human Services, appropriations increase the number of FTE for FY 2006-07. To account for a large increase in FTE, funding is included in the Executive Director's Office for centrally appropriated line items. These centrally appropriated line items are allocated to divisions to assist in the payment of, for example, the state's contribution to health, life, and dental.

Administrative Review Unit staff increase: The appropriation includes funding for 2.2 FTE which will allow the Department to process federally required six-month reviews on children placed out-of-home within acceptable time frames.

One-time funding reductions: One-time funding reductions include the elimination of a CBMS eligibility audit and temporary services provided in FY 2005-06 to assist the Records and Reports program with backlog in background investigations and child abuse dispute reviews.

Base reduction: The appropriation contains a base reduction of 0.2 percent of base salaries. For this division, the reduction is \$17,330.

Additional legislation: For information on SB 06-45, see the "Recent Legislation" section at the end of the Department of Human Services. For information on SB 06-219 (Health Care Policy and Financing Reorganization), see the "Recent Legislation" section at the end of the Department of Human Services and the Department of Health Care Policy and Financing.

Office of Information Technology Services

This section includes funding for expenses associated with departmental information systems, including systems that support public benefits programs administered through the state's 64 counties and other local

entities. Appropriations in this section include personnel and operating funds that support information systems used by over 8,800 Department and county staff; development and maintenance costs (software and hardware) for the Department's numerous information technology systems; and funds to purchase services from the general government computer center. Collectively, the data systems managed by this section process case management files for approximately 634,000 Colorado citizens. Major systems funded through this section of the budget include the Colorado Benefits Management System (CBMS), the Colorado Financial Management System, and the Colorado Trails information system, among others. Because this section includes information systems that support multiple program areas, there are multiple sources of cash funds, cash funds exempt, and federal funds. The most significant source of cash funds exempt is Medicaid transferred from the Department of Health Care Policy and Financing. Significant sources of federal funds include Title IV-E of the Social Security Act and Temporary Assistance for Needy Families (TANF).

Office of Information Technology Services						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Appropriation:						
SB 05-209	\$40,783,188	\$16,851,660	\$1,313,077	\$6,411,530	\$16,206,921	166.3
HB 05-1262	304,508	0	0	304,508	0	0.0
HB 06-1219	<u>9,845,443</u>	<u>1,494,613</u>	<u>780,888</u>	<u>3,334,137</u>	<u>4,235,805</u>	<u>0.0</u>
TOTAL	\$50,933,139	\$18,346,273	\$2,093,965	\$10,050,175	\$20,442,726	166.3
FY 2006-07 Appropriation:						
FY 2005-06 Appropriation	\$50,933,139	\$18,346,273	\$2,093,965	\$10,050,175	\$20,442,726	166.3
CBMS contractual increase	338,141	53,073	27,135	117,368	140,565	0.0
Annualize salary and benefits adjustments	290,017	158,402	6,496	40,262	84,857	0.0
Operating adjustments	57,760	23,086	(104)	(279)	35,057	0.0
Annualize CBMS audit	29,659	23,386	11,957	(2,587)	(3,097)	0.0
Programming costs for Sol Vista facility	2,800	2,800	0	0	0	0.0
Other CBMS costs	(4,227,004)	(596,741)	(326,793)	(1,494,813)	(1,808,657)	0.0
Adjustment for computer lease costs	(186,848)	(104,565)	(5,358)	(44,568)	(32,357)	0.0
Base reduction	(29,861)	(16,136)	(491)	(3,000)	(10,234)	(1.0)
HB 06-1385	<u>\$47,207,803</u>	<u>\$17,889,578</u>	<u>\$1,806,807</u>	<u>\$8,662,558</u>	<u>\$18,848,860</u>	<u>165.3</u>
TOTAL	\$47,207,803	\$17,889,578	\$1,806,807	\$8,662,558	\$18,848,860	165.3
Increase/(Decrease)	(\$3,725,336)	(\$456,695)	(\$287,158)	(\$1,387,617)	(\$1,593,866)	(1.0)
Percentage Change	-7.3%	-2.5%	-13.7%	-13.8%	-7.8%	-0.6%

HB 06-1385 (Long Bill) Issue Descriptions

CBMS contractual increase: The appropriation for the Colorado Benefits Management System (CBMS) contains an increase of \$338,000 for contractual costs in FY 2006-07, the second of four yearly funding changes to the contract with the vendor responsible for programming.

Annualize salary and benefits adjustments: The appropriation includes an additional \$290,017 that represents salary increases allocated to the division in FY 2005-06.

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

Annualize CBMS audit: The appropriation includes an annualization of the cost of a CBMS audit of change management and controls first funded in FY 2005-06. The Legislative Audit Committee recommended that this audit be on-going.

Programming costs for Sol Vista facility: The appropriation includes programming changes to the Health Information Management System. This system is responsible for the dietary and medical tracking of individuals in the care of the Department of Human Services. Juveniles placed in the Sol Vista facility will require specialized care to ensure that medication and diet do not result in negative reactions with each other.

Other CBMS changes: Aside from the contractual increase to CBMS, a number of other changes are affecting this program. The appropriation results in a decrease of \$4.2 million, which is mostly attributable to the lawsuit and court order the state is litigating not included in FY 2006-07 appropriations. Other changes include: an incremental adjustment to the postage rates for client correspondence now handled by the state to account for the \$0.02 increase in postage effective in January 2006; a slight increase in the costs to operate the Office of the Colorado Benefits Management System (located in the Governor's Office but funded in the Department of Human Services); a transfer of 1.0 FTE from CBMS to the Food Stamps Program in the Office of Self Sufficiency; and a reduction in one-time funding for maintenance costs.

Adjustment for computer lease costs: The appropriation accounts for a decrease in the cost of computer leases. It is anticipated that computer leases in FY 2006-07 will cost \$649 per computer, inclusive of maintenance.

Base reduction: The appropriation contains a base reduction of 0.2 percent of base salaries. For this division, the reduction is \$29,861.

Office of Operations

This section contains appropriations for various central departmental functions and incorporates four department units: Facilities Management, Accounting, Procurement, and Contract Management. The largest of these, the *Division of Facilities Management*, is responsible for operating, cleaning, and maintaining all 301 Department buildings and facilities, including youth correctional facilities, the two state mental health institute campuses, and three regional centers for the developmentally disabled, in addition to Department office

buildings. The Department's vehicle leases and facility utility costs are also managed by this division. The *Division of Accounting* manages all departmental financial operations and resources, including payments to counties and service providers throughout the state for human services programs, Medicaid, Medicare and private party billing for the Department's various community and institutional programs, and overall accounts and controls over expenditures and revenues from multiple state and federal sources. The *Procurement Division* purchases goods and services for Departmental programs and operates warehouses and distribution centers for all facilities that house direct care clients. The *Contract Management Unit* is responsible for managing the contracting process in the Department including development, approval, and oversight of performance of all Department contracts.

OFFICE OF OPERATIONS STAFFING	
Division or Unit	FTE
Division of Facilities Management	315.9
Division of Accounting	114.6
Procurement Division	30.3
Contract Management Unit	4.0
Administration	5.0
TOTAL	469.8

Cash funds, cash funds exempt, and federal funds are from various sources, including indirect cost recoveries, since this Office supports programs throughout the Department. A portion of the cash funds exempt amounts are Medicaid funds transferred from the Department of Health Care Policy and Financing (HCPF). These funds are appropriated as 50 percent General Fund and 50 percent federal funds in HCPF.

Office of Operations						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Appropriation:						
SB 05-209	\$35,414,020	\$18,093,082	\$740,400	\$12,511,604	\$4,068,934	467.0
HB 06-1219	<u>1,736,912</u>	<u>1,333,793</u>	<u>0</u>	<u>409,551</u>	<u>(6,432)</u>	<u>0.0</u>
TOTAL	\$37,150,932	\$19,426,875	\$740,400	\$12,921,155	\$4,062,502	467.0
FY 2006-07 Appropriation:						
FY 2005-06 Appropriation	\$37,150,932	\$19,426,875	\$740,400	\$12,921,155	\$4,062,502	467.0
Annualize salary and benefits	580,021	288,738	14,523	234,567	42,193	0.0
Leased space costs for Vocational Rehabilitation program expansions	184,000	37,275	0	1,917	144,808	0.0
Vehicle Lease Payments changes	158,585	95,552	1,084	58,443	3,506	0.0
Support services for Department of Corrections La Vista Facility	124,655	0	0	124,655	0	1.6

Office of Operations						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
Support services for Sol Vista Youth Corrections Facility	121,612	121,612	0	0	0	2.2
Capitol Complex Leased Space costs	35,614	17,808	0	0	17,806	0.0
Eliminate Utility Recovery Fund	(382,027)	0	0	(382,027)	0	0.0
Base reduction	(44,764)	(22,374)	(1,132)	(18,012)	(3,246)	0.0
HB 06-1385	\$37,928,628	\$19,965,486	\$754,875	\$12,940,698	\$4,267,569	470.8
SB 06-219	<u>(56,000)</u>	<u>(29,024)</u>	<u>0</u>	<u>(26,976)</u>	<u>0</u>	<u>(1.0)</u>
TOTAL	\$37,872,628	\$19,936,462	\$754,875	\$12,913,722	\$4,267,569	469.8
Increase/(Decrease)	\$721,696	\$509,587	\$14,475	(\$7,433)	\$205,067	2.8
Percentage Change	1.9%	2.6%	2.0%	-0.1%	5.0%	0.6%

HB 06-1385 (Long Bill) Issue Descriptions

Annualize salary and benefits adjustments: The appropriation includes common policy adjustments to personal services for salary increases awarded in FY 2005-06.

Leased space costs for Vocational Rehabilitation program expansions: The appropriation includes an increase in leased space associated with new vocational rehabilitation staff.

Vehicle Lease Payments changes: The appropriation includes the replacement of 55 vehicles in FY 2006-07 and the annualization of 56 vehicles replaced and one vehicle added in FY 2005-06. The adjustment reflected here also includes the addition of eight vehicles associated with increased staffing levels, including: (1) in the Division of Vocational Rehabilitation for general program expansion (three vehicles) and the Business Enterprise Program (one vehicle); (2) the Administrative Review Unit in the Executive Director's Office (two vehicles); and (3) the Division of Youth Corrections for Parole Program services (two vehicles). In addition, amounts shown for support services for the Sol Vista facility include the addition of four vehicles. Increases are offset by adjustments in vehicle lease costs allocated to the Department of Human Services (DHS) by the Department of Personnel and Administration (DPA), based on DPA's recoverable overhead and DHS's proportionate share of utilization.

Support services for the Department of Corrections La Vista Facility: The appropriation includes funding for support services to the La Vista Department of Corrections Facility on the Pueblo campus.

Support Services for Sol Vista Youth Corrections Facility: The appropriation includes funding for services to the Sol Vista Youth Corrections facility, a 20-bed secure mental health facility on the Pueblo campus.

Capitol Complex Leased Space costs: The appropriation includes adjustments to capitol complex leased space costs that are a function of recoverable overhead amounts in the Department of Personnel and Administration and the Department of Human Services proportionate share of utilization.

Eliminate Utility Recovery Fund: The Utility Recovery Fund line item enabled the Department to pay a contractor for correcting and collecting refunds from utility companies for tariff errors, rate adjustments, and omissions, as reimbursement for development of utility cost databases. Since the project is now complete, the appropriation eliminates the line item.

Base reduction: The appropriation includes a common policy to reduce personal services by 0.2 percent.

Additional legislation: For information on SB 06-219 (Health Care Policy and Financing Reorganization), see the "Recent Legislation" section at the end of the Department of Human Services and the Department of Health Care Policy and Financing.

County Administration

This section contains appropriations for 64 county departments of social services to administer several programs including: Food Stamps, Adult Cash Assistance Programs (except Old Age Pension), Adult Protection, Low Income Energy Assistance, Child Support Enforcement, and Medicaid eligibility determination. Counties administer the Colorado Works Program (Office of Self Sufficiency); however, administrative funding is reflected with general Works Program funding because counties have the authority to use Works Program block grant funds for either administrative or program purposes. Counties also administer the state's child welfare and child care programs (Division of Child Welfare and Division of Child Care, respectively); like the Works Program, administrative funding and program funding are reflected in the same section.

Cash funds exempt sources include the county share of administrative costs, Medicaid funds transferred from the Department of Health Care Policy and Financing, retained child support collections, and other fraud refunds. Federal fund sources include the Title XX Social Services Block Grant and other various sources.

County Administration						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Appropriation:						
SB 05-209	\$60,797,541	\$24,232,611	\$0	\$23,631,975	\$12,932,955	0.0
HB 06-1219	<u>6,780,977</u>	<u>1,594,121</u>	<u>0</u>	<u>3,938,842</u>	<u>1,248,014</u>	<u>0.0</u>
TOTAL	\$67,578,518	\$25,826,732	\$0	\$27,570,817	\$14,180,969	0.0
FY 2006-07 Appropriation:						
FY 2005-06 Appropriation	\$67,578,518	\$25,826,732	\$0	\$27,570,817	\$14,180,969	0.0
Increase to address county shortfall	8,147,709	2,106,087	0	4,184,635	1,856,987	0.0
Medicaid refinance	2,001,640	(1,200,983)	0	3,202,623	0	0.0
Cost of living adjustment	1,725,644	465,702	0	836,827	423,115	0.0
Projection of updated county collections	828,779	0	0	828,779	0	0.0
One-time funding reduction related to CBMS	(7,516,940)	(1,868,757)	0	(4,109,475)	(1,538,708)	0.0

County Administration						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
Medicaid transportation	(485,732)	0	0	(485,732)	0	0.0
HB 06-1385	\$72,279,618	\$25,328,781	\$0	\$32,028,474	\$14,922,363	0.0
SB 06-219	(18,306,628)	0	0	(18,306,628)	0	0.0
TOTAL	\$53,972,990	\$25,328,781	\$0	\$13,721,846	\$14,922,363	0.0
Increase/(Decrease)	(\$13,605,528)	(\$497,951)	\$0	(\$13,848,971)	\$741,394	0.0
Percentage Change	-20.1%	-1.9%	n/a	-50.2%	5.2%	n/a

HB 06-1385 (Long Bill) Issue Descriptions

Increase to address county shortfall: In recent years, counties have been spending more on administration than their county administration allocations from the state, and the funding provided in FY 2006-07 begins to address the shortfall. The appropriation includes costs for county salary and operating increases since FY 1998-99, the last year in which counties did not overspend their allocations.

Medicaid refinance: The appropriation refinances the County Administration's medicaid funding to more accurately reflect the amount of Medicaid funding earned.

Cost of living adjustment: The appropriation includes an \$1.7 million increase for a 3.25 percent increase in provider rates and county staff salaries and benefits. This increase applies to all programs administered in this section of the department's budget and includes: Food Stamps, Adult Cash Assistance Programs (except Old Age Pension), Adult Protection, Low Income Energy Assistance, Child Support Enforcement, and Medicaid eligibility determination.

Projection of updated county collections: Appropriations for County Share of Offsetting Revenues and for County Incentive Payments are based on current fiscal year estimates. These estimates show that more funding is available to counties through these appropriations, and funding has been increased commensurately.

One-time funding reduction related to CBMS: The General Assembly appropriated approximately \$7.5 million in additional county administration for CBMS implementation in FY 2005-06. This funding was one-time in nature and will not continue in FY 2006-07.

Medicaid transportation funding: The appropriation for County Administration reflects a transfer of the appropriation for Medicaid transportation from the Department of Human Services to the Department of Health Care Policy and Financing.

Additional legislation: For information on SB 06-219 (Health Care Policy and Financing Reorganization), see the "Recent Legislation" section at the end of the Department of Human Services and the Department of Health Care Policy and Financing.

Division of Child Welfare

This section provides funding and state staff associated with the state supervision and county administration of programs that protect children from harm and assist families in caring for and protecting their children. Cash funds exempt sources include Medicaid funds transferred from the Department of Health Care Policy and Financing, county tax revenues, excess federal Title IV-E reimbursements to counties, docket fee revenues, and grants and donations. Federal fund sources include those available pursuant to Titles IV-B, IV-E, and XX of the Social Security Act, and the Child Abuse Prevention and Treatment Act.

Division of Child Welfare						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Appropriation:						
SB 05-209	\$384,306,395	\$147,331,730	\$0	\$139,464,639	\$97,510,026	31.0
HB 06-1219	<u>1,198,056</u>	<u>(771,731)</u>	<u>0</u>	<u>1,726,730</u>	<u>243,057</u>	<u>0.0</u>
TOTAL	\$385,504,451	\$146,559,999	\$0	\$141,191,369	\$97,753,083	31.0
FY 2006-07 Appropriation:						
FY 2005-06 Appropriation	\$385,504,451	\$146,559,999	\$0	\$141,191,369	\$97,753,083	31.0
Cost of living adjustment	11,817,646	5,953,434	0	2,799,955	3,064,257	0.0
Population increases	3,889,137	1,478,404	0	1,438,980	971,753	0.0
Adjustment for available funds	244,827	0	0	(291,042)	535,869	0.0
Annualize salary and benefits adjustments	56,292	34,240	0	1,634	20,418	0.0
CHRP Administrator	0	0	0	0	0	1.0
Redesign residential treatment centers	(5,223,929)	38,955,693	0	(49,827,863)	5,648,241	0.0
One-time funding reductions	(429,913)	(2,870)	0	(183,269)	(243,774)	0.0
Base reduction	(4,297)	(2,721)	0	0	(1,576)	0.0
HB 06-1385	\$395,854,214	\$192,976,179	\$0	\$95,129,764	\$107,748,271	32.0
SB 06-219	(1,593,624)	0	0	(1,593,624)	0	0.0
HB 06-1395	<u>3,623,768</u>	<u>(3,860,114)</u>	<u>0</u>	<u>8,440,301</u>	<u>(956,419)</u>	<u>0.0</u>
TOTAL	\$397,884,358	\$189,116,065	\$0	\$101,976,441	\$106,791,852	32.0
Increase/(Decrease)	\$12,379,907	\$42,556,066	\$0	(\$39,214,928)	\$9,038,769	1.0
Percentage Change	3.2%	29.0%	n/a	-27.8%	9.2%	3.2%

HB 06-1385 (Long Bill) Issue Descriptions

Cost of living adjustment: The appropriation includes an increase of 3.25 percent for cost of living adjustments.

Population increases: The child and adolescent population (ages 0-17) is projected to grow at 1.23 percent in FY 2006-07. To account for this growth, the appropriation includes funding increases for Child Welfare Services equal to the projected population increase, which are then allocated to each county.

Adjustments for available funds: The appropriation makes adjustments to several funding sources. Availability is determined by the size of a federal grant, as is the case with the Child Abuse Prevention and Treatment Act grant, or it is determined by the size of a fund balance for certain cash funds.

Annualize salary and benefits adjustments: The appropriation includes an additional \$56,292 that represents the salary increases allocated to the division in FY 2005-06.

CHRP Administrator: The appropriation includes funding 1.0 FTE within existing resources to provide state administrative oversight of the Children's Habilitation Residential Program (CHRP). Previously, the department funded this position within existing resources, but the responsible FTE was a county position located at the state. The Department determined that a state FTE is more appropriate and the appropriation allows for this to occur.

Redesign residential treatment centers: The federal Centers for Medicare and Medicaid Services (CMS) notified the Department of Health Care Policy and Financing and the Department of Human Services that Medicaid funds would no longer be available at historical levels for children placed out-of-home in residential treatment centers. As a result, other fund sources must backfill for the loss of Medicaid moneys. These other fund sources include General Fund and federal Title IV-E moneys. The appropriation recognizes that all children placed out-of-home in FY 2006-07 will be placed in a residential treatment center. This is similar to FY 2005-06, but with funding changes that reflect what the federal government will allow.

One-time funding reductions: The FY 2005-06 appropriation contained one-time funding to pay a contingency fee to a private consulting agency. The agency was able to gain the approval of the federal government for a refinance of General Fund with federal funds, which will be on-going. The contingency fee payment will not be required in FY 2006-07.

Base Reduction: The appropriation contains a base reduction of 0.2 percent of base salaries. For this division, the reduction is \$4,297.

Additional legislation: For information on SB 06-219 (Health Care Policy and Financing Reorganization), see the "Recent Legislation" section at the end of the Department of Human Services and the Department of Health Care Policy and Financing. For information on H.B.06-1395 (Residential Child Care) see the "Recent Legislation" section at the end of this department.

Division of Child Care

This section provides funding and state staff associated with the state supervision and the county administration of the Colorado Child Care Assistance Program (CCAP), through which counties provide child care subsidies to low income families and families transitioning from the Colorado Works Program. An estimated 19,923 children per month will receive CCAP assistance in FY 2006-07. In addition, this section provides funding and state staff for the administration of various child care grant programs, and for licensing and monitoring child care facilities. An estimated 7,419 child care homes and facilities will be licensed by the Division in FY 2006-07. Cash funds sources shown reflect fees and fines paid by child care facilities. Cash funds exempt sources

reflect county tax revenues. Federal fund sources include Child Care Development Funds, and Title IV-E and Title XX of the Social Security Act.

Division of Child Care						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Appropriation:						
SB 05-209	\$88,478,711	\$18,046,688	\$682,614	\$9,214,519	\$60,534,890	62.5
HB 05-1227	21,459	0	21,459	0	0	0.3
HB 05-1238	0	0	0	0	0	0.5
HB 06-1385	<u>1,000,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,000,000</u>	<u>0.0</u>
TOTAL	\$89,500,170	\$18,046,688	\$704,073	\$9,214,519	\$61,534,890	63.3
FY 2006-07 Appropriation:						
FY 2005-06 Appropriation	\$89,500,170	\$18,046,688	\$704,073	\$9,214,519	\$61,534,890	63.3
3.25 percent cost of living adjustment	2,431,488	515,480	0	243,374	1,672,634	0.0
Increase for CCAP (child care assist.)	1,728,805	0	0	278,805	1,450,000	0.0
Annualize salary and benefits adjustments	100,329	56,748	8,247	0	35,334	0.0
Annualize H.B. 05-1227	5,828	0	5,828	0	0	0.2
Child Care Fund earmarks	(725,371)	0	0	0	(725,371)	0.0
Annualize FY 2005-06 information technology appropriation	(245,904)	0	0	0	(245,904)	0.0
Early Childhood Commission	(26,100)	0	0	(26,100)	0	0.0
Reduction in anticipated fine receipts	(19,500)	0	(19,500)	0	0	0.0
HB 06-1385	\$92,749,745	\$18,618,916	\$698,648	\$9,710,598	\$63,721,583	63.5
SB 06-45	37,134	0	37,134	0	0	1.0
TOTAL	\$92,786,879	\$18,618,916	\$735,782	\$9,710,598	\$63,721,583	64.5
Increase/(Decrease)	\$3,286,709	\$572,228	\$31,709	\$496,079	\$2,186,693	1.2
Percentage Change	3.7%	3.2%	4.5%	5.4%	3.6%	1.9%

HB 06-1385 (Long Bill) Issue Descriptions

3.25 percent cost of living adjustment: The appropriation includes a cost of living adjustment for the CCAP program and an increase for child care licensing contracts. The federal funds increase consists of federal Child Care Development Funds; the cash funds exempt increase consists of an associated county maintenance-of-effort increase.

Increase for CCAP (child care assistance): The appropriation includes an increase to the Child Care Assistance Program (CCAP), which provides child care subsidies for low-income families, including persons on and transitioning from the Colorado Works program and families with incomes below a cap that ranges from 130 percent of the federal poverty level up to 225 percent of the federal poverty level, depending on the county. The FY 2006-07 appropriation also includes continuation of a \$1 million federal funds increase for FY 2005-06 (FY 2005-06 amount appropriated through an add-on to the FY 2006-07 Long Bill). Cash funds exempt amounts reflect associated increases in county maintenance-of-effort.

Annualize salary and benefits adjustments: The appropriation includes common policy adjustments to personal services to reflect salary increases awarded in FY 2005-06, offset by a 0.2 percent common policy base reduction to personal services.

Annualize H.B. 05-1227: This bill authorizes the Division to license agencies that facilitate inter-country adoptions for a fee. The appropriation annualizes the FY 2005-06 appropriation, consistent with the fiscal note.

Child Care Fund earmarks: The appropriation is to reduce the line item which reflects the amount of federal child care funds that are required to be expended for specific purposes ("earmarks"), including infant toddler programs, quality expansion, and school age or resource and referral programs. The Department failed to fully meet federal earmark spending requirements for several years and has, therefore, developed a backlog in this area that must be completed to comply with federal rules. The reduction shown reflects successful ongoing efforts to make the necessary expenditures and reduce the backlog.

Annualize one-time FY 2005-06 information technology appropriation: The appropriation reflects elimination of the FY 2005-06 appropriation of federal Child Care Development Funds for the Child Care Licensing System Upgrade Project. Appropriations were made over three years for the project, which upgrades the system used to manage and track licensing and related information for child care facilities. The project is anticipated to be completed by July 1, 2006.

Early Childhood Commission: The appropriation reflects the elimination of funding for the Early Childhood and School Readiness Commission, based on a line item veto by the Governor. Amounts vetoed included \$26,100 cash funds exempt in base continuation funding and \$50,000 in federal funds added by the General Assembly during caucus on the Long Bill.

Reduction in anticipated fine receipts: The appropriation reflects a reduction in anticipated receipts for fines assessed against child care licenses, based on revenue trends.

Additional legislation: For information on S.B.06-45 (Family Child Care Home Investigations) see the "Recent Legislation" section at the end of this department.

Office of Self Sufficiency

This section contains appropriations for cash assistance programs for specific populations, including the Colorado Works, Low-income Energy Assistance Program (LEAP), child support enforcement, and disability determination programs. Additional detail on funding changes in the Office of Self Sufficiency is reflected in the subsection tables and narratives below.

Office of Self Sufficiency						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Appropriation:						
SB 05-209	\$271,458,885	\$6,126,351	\$1,104,694	\$29,138,856	\$235,088,984	265.1
SB 05-202	0	487,986	(487,986)	0	0	0.0
HB 06-1200	17,000,000	0	17,000,000	0	0	0.0
HB 06-1219	<u>16,761,012</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>16,761,012</u>	<u>0.0</u>
TOTAL	\$305,219,897	\$6,614,337	\$17,616,708	\$29,138,856	\$251,849,996	265.1
FY 2006-07 Appropriation:						
HB 06-1385	\$274,379,729	\$6,782,220	\$684,199	\$29,229,808	\$237,683,502	269.1
HB 06-1200	<u>5,950,000</u>	<u>0</u>	<u>5,950,000</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$280,329,729	\$6,782,220	\$6,634,199	\$29,229,808	\$237,683,502	269.1
Increase/(Decrease)	(\$24,890,168)	\$167,883	(\$10,982,509)	\$90,952	(\$14,166,494)	4.0
Percentage Change	-8.2%	2.5%	-62.3%	0.3%	-5.6%	1.5%

Administration

This subsection includes the State's share of administrative funding for self sufficiency programs. Cash funds exempt funding is from various sources and the primary federal fund source is Temporary Assistance for Needy Families (TANF) funds.

Administration						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Appropriation:						
SB 05-209	\$2,402,103	\$493,094	\$0	\$0	\$1,909,009	29.0
HB 06-1219	<u>1,068,608</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,068,608</u>	<u>0.0</u>
TOTAL	\$3,470,711	\$493,094	\$0	\$0	\$2,977,617	29.0
FY 2006-07 Appropriation:						
FY 2005-06 Appropriation	\$3,470,711	\$493,094	\$0	\$0	\$2,977,617	29.0
Annualize salary and benefits adjustments	64,857	12,971	0	0	51,886	0.0
One-time funding reductions	(1,068,608)	0	0	0	(1,068,608)	0.0
Budget and staff realignment	(852,350)	109,459	0	0	(961,809)	(10.0)

<i>Administration</i>						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
Base reduction	(4,709)	(917)	0	0	(3,792)	0.0
HB 06-1385	<u>\$1,609,901</u>	<u>\$614,607</u>	<u>\$0</u>	<u>\$0</u>	<u>\$995,294</u>	<u>19.0</u>
TOTAL	\$1,609,901	\$614,607	\$0	\$0	\$995,294	19.0
Increase/(Decrease)	(\$1,860,810)	\$121,513	\$0	\$0	(\$1,982,323)	(10.0)
Percentage Change	-53.6%	24.6%	n/a	n/a	-66.6%	-34.5%

HB 06-1385 (Long Bill) Issue Descriptions

Annualize salary and benefits adjustments: The appropriation includes an additional \$64,857 that represents the salary increases allocated to the division in FY 2005-06.

One-time funding reductions: The General Assembly appropriated \$1,068,608 in one-time funding during FY 2005-06 for the payment of a federal penalty in the Food Stamps Program. This was a one-time penalty and the department no longer requires this funding.

Budget and staff realignment: The appropriation reorganizes the budget of the Office of Self Sufficiency by transferring approximately \$1.0 million and 12.0 FTE from this program to the Colorado Works program. These transferred FTE are currently responsible for the administration of Colorado Works. This transfer out is partially offset by a transfer in of 1.0 FTE from the CBMS program. Also, the appropriation includes an increase of 1.0 FTE to handle workload increases in the Food Stamps program, and contains funding necessary for contractually funding the work required of two federal corrective action plans in the Food Stamps program.

Base reduction: The appropriation contains a base reduction of 0.2 percent of base salaries. For this division, the reduction is \$4,709.

Colorado Works Program

This subsection provides funding and spending authority associated with the Colorado Works Program, through which counties provide cash and other benefits and services intended to promote sustainable employment for low income families with children. The primary source of funding for the Works Program is federal Temporary Assistance for Needy Families (TANF) funds. Cash funds exempt sources include county tax revenues as well as the State and county shares of retained child support collections and refunds.

<i>Colorado Works Program</i>						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Appropriation:						
SB 05-209	\$195,796,214	\$627,726	\$0	\$25,128,413	\$170,040,075	3.0
HB 06-1219	<u>15,692,404</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>15,692,404</u>	<u>0.0</u>

<i>Colorado Works Program</i>						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
TOTAL	\$211,488,618	\$627,726	\$0	\$25,128,413	\$185,732,479	3.0
FY 2006-07 Appropriation:						
FY 2005-06 Appropriation	\$211,488,618	\$627,726	\$0	\$25,128,413	\$185,732,479	3.0
Budget and staff realignment	1,071,267	0	0	0	1,071,267	14.0
Adjustment to reflect available funds	544,620	0	0	544,620	0	0.0
Annualize salary and benefits adjustments	2,143	0	0	0	2,143	0.0
One-time funding reductions	(13,517,724)	0	0	0	(13,517,724)	0.0
Base reduction	(2,200)	0	0	0	(2,200)	0.0
HB 06-1385	<u>\$199,586,724</u>	<u>\$627,726</u>	<u>\$0</u>	<u>\$25,673,033</u>	<u>\$173,285,965</u>	<u>17.0</u>
TOTAL	\$199,586,724	\$627,726	\$0	\$25,673,033	\$173,285,965	17.0
Increase/(Decrease)	(\$11,901,894)	\$0	\$0	\$544,620	(\$12,446,514)	14.0
Percentage Change	-5.6%	0.0%	n/a	2.2%	-6.7%	466.7%

HB 06-1385 (Long Bill) Issue Descriptions

Budget and staff realignment: The appropriation includes the creation of a separate administrative section for the Colorado Works Program, which is transferred from the Office of Self Sufficiency Administration section. In addition, 2.0 FTE are added within base resources to provide additional training and program enhancement.

Adjustment to reflect available funds: This adjustment results from current year collection projections in the County Block Grant, which are then applied to FY 2006-07 funding.

Annualize survey and benefits adjustments: The appropriation includes an additional \$2,143 that represents the salary increases allocated to the division in FY 2005-06.

One-time funding reductions: The FY 2005-06 appropriation to the Colorado Works Block Grant contained one-time funding distributed to counties. This funding was meant to draw down the state's Long-term Reserve to \$15.0 million. In order to maintain the Long-term Reserve at a \$15.0 million level in FY 2006-07, the appropriation for the County Block Grant line item is reduced.

Base reduction: The appropriation contains a base reduction of 0.2 percent of base salaries. For this division, the reduction is \$2,200.

Special Purpose Welfare Programs

This subsection of the Office of Self Sufficiency contains appropriations for cash assistance programs for specific purposes, such as energy assistance, food stamp job search, food distribution, telephone assistance, income tax offset, and refugee assistance. This section also includes funding for Systematic Alien Verification for Eligibility (SAVE) and the electronic benefits transfer service (EBTS).

Cash fund sources are fees paid by agencies participating in the food distribution program and a \$1 monthly fee paid by individuals who receive benefits through EBTS cards. Cash funds exempt sources include: Energy Outreach Colorado Energy Assistance Foundation; county matching and other local funds; in-kind donations; and payments from HCPF for SAVE services. Federal fund sources include: the Office of Energy Assistance; the U.S. Department of Agriculture; Temporary Assistance to Needy Families; and various other sources.

<i>Special Purpose Welfare Programs</i>						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Appropriation:						
SB 05-209	\$43,824,674	\$611,753	\$959,684	\$3,728,954	\$38,524,283	36.2
SB 05-202	0	487,986	(487,986)	0	0	0.0
HB 06-1200	<u>17,000,000</u>	<u>0</u>	<u>17,000,000</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$60,824,674	\$1,099,739	\$17,471,698	\$3,728,954	\$38,524,283	36.2
FY 2006-07 Appropriation:						
FY 2005-06 Appropriation	\$60,824,674	\$1,099,739	\$17,471,698	\$3,728,954	\$38,524,283	36.2
Annualize salary and benefits adjustments	59,717	11,961	7,765	1,141	38,850	0.0
Fund mix adjustment	1	16,890	60,114	(76,926)	(77)	0.0
HB 06-1200 funding	(17,000,000)	0	(17,000,000)	0	0	0.0
Adjustment to reflect available funds	(348,894)	0	0	(350,041)	1,147	0.0
Workload adjustments	(56,379)	(14,397)	0	(27,585)	(14,397)	0.0
Base reduction	(4,849)	(628)	(388)	(257)	(3,576)	0.0
HB 06-1385	\$43,474,270	\$1,113,565	\$539,189	\$3,275,286	\$38,546,230	36.2
HB 06-1200	<u>5,950,000</u>	<u>0</u>	<u>5,950,000</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$49,424,270	\$1,113,565	\$6,489,189	\$3,275,286	\$38,546,230	36.2
Increase/(Decrease)	(\$11,400,404)	\$13,826	(\$10,982,509)	(\$453,668)	\$21,947	0.0
Percentage Change	-18.7%	1.3%	-62.9%	-12.2%	0.1%	0.0%

HB 06-1385 (Long Bill) Issue Descriptions

Annualize salary survey and benefits adjustments: The appropriation includes an additional \$59,717 for the salary increases allocated to the division in FY 2005-06.

Fund mix adjustment: This appropriation accounts for various changes in funding available by fund source. Included is a refinance of cash funds exempt with General Fund of approximately \$17,000.

HB 06-1200 funding: The General Assembly passed H.B. 06-1200 in February 2006. This bill appropriated \$17.0 million from the Operational Account of the Severance Tax Trust Fund to the Low-income Energy Assistance Program (LEAP) in FY 2005-06. The Long Bill appropriation for FY 2006-07 reflects this funding as one-time; however, H.B 06-1200 did appropriate \$5,950,000 to the LEAP program for FY 2006-07. This funding is not reflected in the Long Bill appropriations for the Department of Human Services.

Adjustment to reflect available funds: This reflects the anticipated distribution from Energy Outreach Colorado for the Low Income Energy Assistance Program and from the federal government for the same program.

Workload adjustments: The appropriation reduces several appropriations to account for current workload (Low-income Telephone Assistance Program) and for cost savings attributable to CBMS (Income Tax Offset program).

Base reduction: The appropriation contains a base reduction of 0.2 percent of base salaries. For this division, the reduction is \$4,849.

Additional legislation: For information on HB 06-1200, see the "Recent Legislation" section at the end of this department.

Child Support Enforcement

This subsection of the Office of Self Sufficiency contains appropriations for the computer system used by county staff to establish paternity, locate absent parents, manage child support enforcement caseloads, and track collection efforts, and for the personnel and operating costs of several related administrative programs.

<i>Child Support Enforcement</i>						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Appropriation:						
SB 05-209	<u>\$13,349,375</u>	<u>\$4,393,778</u>	<u>\$145,010</u>	<u>\$281,489</u>	<u>\$8,529,098</u>	<u>62.4</u>
TOTAL	\$13,349,375	\$4,393,778	\$145,010	\$281,489	\$8,529,098	62.4
FY 2006-07 Appropriation:						
FY 2005-06 Appropriation	\$13,349,375	\$4,393,778	\$145,010	\$281,489	\$8,529,098	62.4
Annualize salary and benefits adjustments	116,727	39,687	0	0	77,040	0.0

<i>Child Support Enforcement</i>						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
Base reduction	(21,008)	(7,143)	0	0	(13,865)	0.0
HB 06-1385	<u>\$13,445,094</u>	<u>\$4,426,322</u>	<u>\$145,010</u>	<u>\$281,489</u>	<u>\$8,592,273</u>	<u>62.4</u>
TOTAL	\$13,445,094	\$4,426,322	\$145,010	\$281,489	\$8,592,273	62.4
Increase/(Decrease)	\$95,719	\$32,544	\$0	\$0	\$63,175	0.0
Percentage Change	0.7%	0.7%	0.0%	0.0%	0.7%	0.0%

HB 06-1385 (Long Bill) Issue Descriptions

Annualize salary and benefits adjustments: The appropriation includes an additional \$116,727 that represents the salary increases allocated to the division in FY 2005-06.

Base reduction: The appropriation contains a base reduction of 0.2 percent of base salaries. For this division, the reduction is \$21,008.

Disability Determination Services

This subsection of the Office of Self Sufficiency provides the federal Social Security Administration with medical disability decisions for Colorado residents applying for Social Security Disability Insurance and Supplemental Security Income Programs. Federal funding for this program is from the Social Security Administration.

<i>Disability Determination Services</i>						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Appropriation:						
SB 05-209	<u>\$16,086,519</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$16,086,519</u>	<u>134.5</u>
TOTAL	<u>\$16,086,519</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$16,086,519</u>	<u>134.5</u>
FY 2006-07 Appropriation:						
FY 2005-06 Appropriation	\$16,086,519	\$0	\$0	\$0	\$16,086,519	134.5
Annualize salary and benefits adjustments	201,429	0	0	0	201,429	0.0
Base reduction	(24,208)	0	0	0	(24,208)	0.0
HB 06-1385	<u>\$16,263,740</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$16,263,740</u>	<u>134.5</u>
TOTAL	\$16,263,740	\$0	\$0	\$0	\$16,263,740	134.5

<i>Disability Determination Services</i>						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
Increase/(Decrease)	\$177,221	\$0	\$0	\$0	\$177,221	0.0
Percentage Change	1.1%	n/a	n/a	n/a	1.1%	0.0%

HB 06-1385 (Long Bill) Issue Descriptions

Annualize salary and benefits adjustments: The appropriation includes an additional \$201,429 that represents the salary increases allocated to the division in FY 2005-06.

Base reduction: The appropriation contains a base reduction of 0.2 percent of base salaries. For this division, the reduction is \$24,208.

Mental Health and Alcohol and Drug Abuse Services

This section includes largely non-Medicaid funded Mental Health Community Programs, the Mental Health Institutes, the Alcohol and Drug Abuse Division, the Brain Injury Trust Fund, and Supportive Housing and Homelessness programs.

Mental Health and Alcohol and Drug Abuse Services						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Appropriation:						
SB 05-209	\$185,691,117	\$98,709,345	\$5,247,230	\$35,134,968	\$46,599,574	1,308.6
HB 06-1219	643,399	337,530	0	0	305,869	1.0
HB 06-1371	2,060,000	2,060,000	0	0	0	0.0
HB 06-1385	<u>(389,599)</u>	<u>(309,489)</u>	<u>1,529,075</u>	<u>(1,609,185)</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$188,004,917	\$100,797,386	\$6,776,305	\$33,525,783	\$46,905,443	1,309.6
FY 2006-07 Appropriation:						
HB 06-1385	\$201,517,023	\$112,034,249	\$7,052,302	\$35,486,901	\$46,943,571	1,320.7
SB 06-122	<u>55,978</u>	<u>0</u>	<u>55,978</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$201,573,001	\$112,034,249	\$7,108,280	\$35,486,901	\$46,943,571	1,320.7
Increase/(Decrease)	\$13,568,084	\$11,236,863	\$331,975	\$1,961,118	\$38,128	11.1
Percentage Change	7.2%	11.1%	4.9%	5.9%	0.1%	0.8%

Administration

This subsection of Mental Health and Alcohol and Drug Abuse Services contains appropriations for the central administration of programs for adults and children. It also includes funding for federal housing programs for low income and indigent persons who require specialized care. An estimated 3,000 Section 8 federal rental subsidies (also referred to as housing vouchers) are managed by the Department through 65 local service providers across the state. The source of the cash funds exempt in this section is Medicaid cash funds transferred from the Department of Health Care Policy and Financing and patient revenues from the mental health institutes. The primary source of the federal funds is the U.S. Department of Housing and Urban Development.

<i>Administration</i>						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Appropriation:						
SB 05-209	\$20,499,271	\$157,802	\$1,505,422	\$851,059	\$17,984,988	33.1
HB 06-1219	<u>142,703</u>	<u>121,954</u>	<u>0</u>	<u>0</u>	<u>20,749</u>	<u>1.0</u>
TOTAL	\$20,641,974	\$279,756	\$1,505,422	\$851,059	\$18,005,737	34.1
FY 2006-07 Appropriation:						
FY 2005-06 Appropriation	\$20,641,974	\$279,756	\$1,505,422	\$851,059	\$18,005,737	34.1
Annualization of technical adjustment	151,889	151,889	0	0	0	0.0
Annualize salary and benefit adjustments	66,612	13,427	0	11,874	41,311	0.0
Reflect federal FTE	0	0	0	0	0	4.0
Base reduction	(4,318)	(275)	(104)	(756)	(3,183)	0.0
HB 06-1385	<u>\$20,856,157</u>	<u>\$444,797</u>	<u>\$1,505,318</u>	<u>\$862,177</u>	<u>\$18,043,865</u>	<u>38.1</u>
TOTAL	\$20,856,157	\$444,797	\$1,505,318	\$862,177	\$18,043,865	38.1
Increase/(Decrease)	\$214,183	\$165,041	(\$104)	\$11,118	\$38,128	4.0
Percentage Change	1.0%	59.0%	0.0%	1.3%	0.2%	11.7%

HB 06-1385 (Long Bill) Issue Descriptions

Annualization of technical adjustment: The appropriation corrects a financing correction made in FY 2005-06 for a full year in FY 2006-07.

Annualize salary and benefit adjustments: The appropriation makes common policy adjustments to personal services to reflect salary increases awarded in FY 2005-06.

Reflect federal FTE: The appropriation reflects the increase in the FTE for 100 percent federally-funded programs.

Base reduction: The appropriation makes a common policy adjustment to reduce personal services by 0.2 percent.

Mental Health Community Programs

This subsection of the Mental Health and Alcohol and Drug Abuse Services Division provides funding for non-Medicaid programs and for clients served with Goebel lawsuit settlement funding. The cash funds exempt are primarily from Medicaid funds transferred from the Department of Health Care Policy and Financing (for the Goebel clients). The federal funds are primarily from the Mental Health Services Block Grant.

<i>Mental Health Community Programs</i>						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Appropriation:						
SB 05-209	\$44,320,490	\$25,211,343	\$0	\$13,411,059	\$5,698,088	2.0
HB 06-1219	285,120	0	0	0	285,120	0.0
HB 06-1371	<u>1,960,000</u>	<u>1,960,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$46,565,610	\$27,171,343	\$0	\$13,411,059	\$5,983,208	2.0
FY 2006-07 Appropriation:						
FY 2005-06 Appropriation	\$46,565,610	\$27,171,343	\$0	\$13,411,059	\$5,983,208	2.0
Annualization of FY 2005-06 funding increase for mental health for indigent clients	4,350,000	4,350,000	0	0	0	0.0
3.25 percent cost of living adjustment	1,490,772	1,063,112	0	427,660	0	0.0
Annualization of FY 2005-06 funding increase for early childhood mental health funding	820,000	820,000	0	0	0	0.0
Annualization of FY 2005-06 funding increase for Fort Logan residential services	670,000	670,000	0	0	0	0.0
Western Colorado mental health community services	450,000	450,000	0	0	0	0.0
Southwestern Colorado mental health community services	450,000	450,000	0	0	0	0.0
Various adjustments	4,552	4,552				
Elimination of Goebel court monitor	(12,375)	(12,375)	0	0	0	0.0
HB 06-1385	<u>\$54,788,559</u>	<u>\$34,966,632</u>	<u>\$0</u>	<u>\$13,838,719</u>	<u>\$5,983,208</u>	<u>2.0</u>
TOTAL	\$54,788,559	\$34,966,632	\$0	\$13,838,719	\$5,983,208	2.0
Increase/(Decrease)	\$8,222,949	\$7,795,289	\$0	\$427,660	\$0	0.0
Percentage Change	17.7%	28.7%	n/a	3.2%	0.0%	0.0%

HB 06-1385 (Long Bill) Issue Descriptions

Annualization of FY 2005-06 funding increase for mental health for indigent clients: The appropriation annualizes the \$1,450,000 funding increase provided for a partial year in FY 2005-06.

3.25 percent cost of living adjustment: The appropriation provides for a 3.25 percent cost of living adjustment.

Annualization of FY 2005-06 funding increase for early childhood mental health funding: The appropriation annualizes the \$280,000 funding increase provided for a partial year in FY 2005-06. The annualized sum provides funding for an early childhood mental health specialist in each of the 17 mental health centers, plus additional psychiatric funds and evaluation funding.

Annualization of FY 2005-06 funding increase for Fort Logan residential services: The appropriation annualizes the \$230,000 funding increase provided for a partial year in FY 2005-06. This increase provides funding previously omitted associated with the FY 2002-03 downsizing of clients from Fort Logan for which residential funding was not available.

Western Colorado mental health community services: The appropriation adds funding for mental health crisis stabilization for clients in the western region of the state.

Southwestern Colorado mental health community services: The appropriation adds funding for mental health crisis stabilization for clients in the southwestern region of the state.

Various adjustments: The appropriation contains various adjustments to allocate FY 2005-06 salary survey and to adjust the base by 0.2 percent to reflect vacancy savings.

Elimination of Goebel court monitor: The appropriation eliminates funding for the court monitor overseeing the state's compliance with the Goebel lawsuit settlement requirements.

Mental Health Institutes

This subsection of Mental Health and Alcohol and Drug Abuse Services contains appropriations for inpatient mental health services provided at the State Mental Health Institute in Pueblo and the State Mental Health Institute at Fort Logan in Denver. The Institute at Pueblo is expected to have an average daily census of 377 in FY 2006-07 and the Institute at Fort Logan is expected to have an average daily census of 151 in FY 2006-07. In FY 2004-05, the average cost per patient was \$171,543, including \$168,656 at the Mental Health Institute at Fort Logan and \$172,683 at the Mental Health Institute at Pueblo. Cash fund revenue sources include patient fees and payments from school districts for residential treatment center services for adolescents. Cash funds exempt amounts consist primarily of exempt patient revenues, such as federal Medicare payments, and other payments received from other state agencies including the Department of Health Care Policy and Financing for Medicaid-eligible patients and payments from the Department of Corrections.

<i>Mental Health Institutes</i>						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Appropriation:						
SB 05-209	\$84,301,938	\$63,611,769	\$1,859,889	\$18,830,280	\$0	1,246.2
HB 06-1219	215,576	215,576	0	0	0	0.0
HB 06-1385	<u>(389,599)</u>	<u>(309,489)</u>	<u>1,529,075</u>	<u>(1,609,185)</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$84,127,915	\$63,517,856	\$3,388,964	\$17,221,095	\$0	1,246.2
FY 2006-07 Appropriation:						
FY 2005-06 Appropriation	\$84,127,915	\$63,517,856	\$3,388,964	\$17,221,095	\$0	1,246.2
Salary and benefits adjustments	1,820,521	1,820,521	0	0	0	0.0
Annualization of FY 2005-06 salary increase for psychiatrists and other medical professionals	816,293	816,293	0	0	0	0.0
Increases for food, medical, and fuel	413,842	413,842	0	0	0	0.0
Services for Sol Vista DYC Facility Clients	367,279	0	0	367,279	0	3.8
Services for the Department of Corrections La Vista Facility Clients	277,685	0	0	277,685	0	2.6
Revenue adjustments	0	(1,279,486)	381,490	897,996	0	0.0
Base reduction	(125,356)	(125,356)	0	0	0	0.0
HB 06-1385	<u>\$87,698,179</u>	<u>\$65,163,670</u>	<u>\$3,770,454</u>	<u>\$18,764,055</u>	<u>\$0</u>	<u>1,252.6</u>
TOTAL	\$87,698,179	\$65,163,670	\$3,770,454	\$18,764,055	\$0	1,252.6
Increase/(Decrease)	\$3,570,264	\$1,645,814	\$381,490	\$1,542,960	\$0	6.4
Percentage Change	4.2%	2.6%	11.3%	9.0%	n/a	0.5%

HB 06-1385 (Long Bill) Issue Descriptions

Long Bill Supplemental: The appropriation includes a FY 2005-06 supplemental in the Long Bill. This FY 2005-06 supplemental appropriation makes adjustments to the financing based on estimated patient cash receipts.

Salary and benefits adjustments: The appropriation makes common policy adjustments to personal services expenditures to reflect salary increases awarded in FY 2005-06.

Annualization of FY 2005-06 salary increase for psychiatrists and other medical professionals: The appropriation annualizes the increases made for a partial year in FY 2005-06 to bring salaries up to market levels for psychiatrists and surgeons at the Mental Health Institute at Pueblo and the Mental Health Institute at Fort Logan.

Increases for food, medical, and fuel: The appropriation makes common policy inflationary adjustments for food, medical, pharmacy, and fuel costs.

Services for Sol Vista DYC Facility Clients: The appropriation includes funding and FTE for services to the Sol Vista Division of Youth Corrections (DYC) Facility, a 20-bed secure mental health facility.

Services for the Department of Corrections La Vista Facility Clients: The appropriation includes funding for services and FTE for the La Vista Department of Corrections Facility.

Revenue adjustments: The appropriation makes adjustments to the financing based on estimated patient cash receipts.

Base reduction: The appropriation makes a common policy adjustment to reduce personal services by 0.2 percent.

Alcohol and Drug Abuse Division

This subsection of the Mental Health and Alcohol and Drug Abuse Services Division contains appropriations for alcohol and drug abuse prevention, intervention, and treatment services. Treatment, prevention, and detoxification services are provided primarily through six managed care service organizations, each of which is responsible for managing the provision of services to residents of a specified geographic area of the state. The Division also funds and oversees involuntary commitments into detoxification facilities and substance abuse treatment programs. Over 70 percent of total division funding is derived from federal funds, with the Substance Abuse Prevention and Treatment Block Grant being the primary source. Cash funds sources include the Drug Offender Surcharge Fund, the Law Enforcement Assistance Fund, and the Persistent Drunk Driver Cash Fund, among others.

<i>Alcohol and Drug Abuse Division</i>						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Appropriation:						
SB 05-209	\$36,569,418	\$9,728,431	\$1,881,919	\$2,042,570	\$22,916,498	27.3
HB 06-1371	<u>100,000</u>	<u>100,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$36,669,418	\$9,828,431	\$1,881,919	\$2,042,570	\$22,916,498	27.3
FY 2006-07 Appropriation:						
FY 2005-06 Appropriation	\$36,669,418	\$9,828,431	\$1,881,919	\$2,042,570	\$22,916,498	27.3
Arapahoe House and ARTS Programs	700,000	700,000	0	0	0	0.0
3.25 percent cost of living increase	360,146	329,174	0	30,972	0	0.0
Annualization of FY 2005-06 STIRRT increase	300,000	300,000	0	0	0	0.0
Funding restoration	250,000	250,000	0	0	0	0.0
Salary and benefits adjustments	51,545	51,545	0	0	0	0.0

<i>Alcohol and Drug Abuse Division</i>						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
New initiatives	46,533	0	0	46,533	0	0.0
Annualization of H.B. 05-1015	36,875	0	0	36,875	0	0.7
Discontinuation of FY 2005-06 one-time funding	(240,389)	0	(105,389)	(135,000)	0	0.0
HB 06-1385	\$38,174,128	\$11,459,150	\$1,776,530	\$2,021,950	\$22,916,498	28.0
SB 06-122	<u>55,978</u>	<u>0</u>	<u>55,978</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$38,230,106	\$11,459,150	\$1,832,508	\$2,021,950	\$22,916,498	28.0
Increase/(Decrease)	\$1,560,688	\$1,630,719	(\$49,411)	(\$20,620)	\$0	0.7
Percentage Change	4.3%	16.6%	-2.6%	-1.0%	0.0%	2.6%

HB 06-1385 (Long Bill) Issue Descriptions

Arapahoe House and ARTS Programs: The appropriation adds \$700,000 for comprehensive alcohol, drug, and behavioral health services at Arapahoe House and the Addiction Research and Treatment Services (ARTS). This funding helps offset the loss of funds associated with the new rates instituted for the Treatment - Residential Child Care Facility (T-RCCF) program in the Child Welfare budget.

3.25 percent cost of living increase: The appropriation includes an increase of 3.25 percent for cost of living adjustments.

Annualization of FY 2005-06 STIRRT increase: The appropriation annualizes the \$100,000 funding increase provided for a partial year in FY 2005-06 for the Short-term Intensive Residential Remediation Treatment (STIRRT) Program.

Funding restoration: The appropriation restores \$250,000, including \$33,329 for prevention programs and \$216,671 for treatment and detoxification services.

Salary and benefits adjustments: The appropriation makes various adjustments to allocate FY 2005-06 salary survey and to reduce the personal services base by 0.2 percent.

New initiatives: The appropriation includes the following project funding: \$20,000 of Law Enforcement Assistance Fund contracts to offset revenue shortfalls in Persistent Drunk Driver program funding; \$12,525 one-time funding for support for the Morgan County intervention and measurements systems; \$9,008 one-time for staff training on evidenced-based practices; and \$5,000 in additional Law Enforcement Assistance Fund contracts.

Annualization of H.B. 05-1015: The appropriation annualizes H.B. 05-1015 funding provided for a partial year in FY 2005-06.

Discontinuation of FY 2005-06 one-time funding: The appropriation discontinues FY 2005-06 one-time funding, including the following: \$68,400 cash funds from a web-based compliance tracking system for DUI clients, \$36,989 cash funds and \$135,000 cash funds exempt from the Persistent Drunk Driver Cash Fund reserves. These initiatives funded one-time projects and helped maintain the state's federal maintenance of effort.

Additional legislation: For information on S.B. 06-122, see the "Recent Legislation" section at the end of this department.

Services for People with Disabilities

This section includes all funding for: (1) Developmental Disability Services; (2) the Division of Vocational Rehabilitation; and (3) the Homelake Domiciliary and the State and Veterans Nursing Homes. Funding changes to these areas are described in the relevant subsections below.

Services for People with Disabilities						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Appropriations						
SB 05-209	\$425,908,315	\$27,891,403	\$3,410,080	\$358,215,640	\$36,391,192	1,825.6
HB 05-1262	2,658,005	0	0	2,658,005	0	0.0
HB 05-1336	34,950	0	0	34,950	0	0.0
HB 06-1219	5,934,306	102,628	42,754	5,275,628	513,296	0.0
HB 06-1371	5,468,124	2,716,552	0	1,088,896	1,662,676	6.0
HB 06-1385	<u>(402,970)</u>	<u>253,999</u>	<u>0</u>	<u>(656,969)</u>	<u>0</u>	0.0
TOTAL	\$439,600,730	\$30,964,582	\$3,452,834	\$366,616,150	\$38,567,164	1,831.6
FY 2006-07 Appropriations						
HB 06-1385	\$492,576,018	\$36,483,206	\$3,407,736	\$395,973,020	\$56,712,056	1,867.3
SB 06-61	442,838	48,274	197,282	197,282	0	0.5
SB 06-218	25,000	0	25,000	0	0	0.0
SB 06-219	<u>(29,024)</u>	<u>0</u>	<u>0</u>	<u>(29,024)</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$493,014,832	\$36,531,480	\$3,630,018	\$396,141,278	\$56,712,056	1,867.8
Increase/(Decrease)	\$53,414,102	\$5,566,898	\$177,184	\$29,525,128	\$18,144,892	36.2
Percentage Change	12.2%	18.0%	5.1%	8.1%	47.0%	2.0%

Developmental Disability Services

This subsection of Services for People with Disabilities is comprised of four sub-subsections: Community Services (contracted community-based services for adults with developmental disabilities); Regional Centers (state-run community-based and institutional services for adults with developmental disabilities); Services for Children and Families (contracted community-based services for children with developmental disabilities and their families); and the Work Therapy Program, which provides supportive employment for people with developmental disabilities and mental illness who reside in state-run facilities. The overall funding change is reflected in the table immediately below. Additional detail is provided in the subsections that follow.

<i>Developmental Disability Services</i>						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Appropriation:						
SB 05-209	\$348,321,280	\$24,178,020	\$2,963,608	\$321,179,652	\$0	920.3
HB 05-1262	2,658,005	0	0	2,658,005	0	0.0
HB 06-1219	5,161,083	0	42,754	5,118,329	0	0.0
HB 06-1371	3,105,448	2,016,552	0	1,088,896	0	0.0
HB 06-1385	<u>(402,970)</u>	<u>253,999</u>	<u>0</u>	<u>(656,969)</u>	<u>0</u>	0.0
TOTAL	\$358,842,846	\$26,448,571	\$3,006,362	\$329,387,913	\$0	920.3
FY 2006-07 Appropriation:						
HB 06-1385	\$396,919,644	\$29,514,635	\$2,933,294	\$357,564,748	\$6,906,967	927.8
SB 06-219	<u>(29,024)</u>	<u>0</u>	<u>0</u>	<u>(29,024)</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$396,890,620	\$29,514,635	\$2,933,294	\$357,535,724	\$6,906,967	927.8
Increase/(Decrease)	\$38,047,774	\$3,066,064	(\$73,068)	\$28,147,811	\$6,906,967	7.5
Percentage Change	10.6%	11.6%	-2.4%	8.5%	n/a	0.8%

Community Services (Subsection of Developmental Disabilities Services Subsection)

This section includes all funding associated with community-based services available to adults with developmental disabilities. Most of this funding is distributed to 20 Community Centered Boards (CCBs) located throughout the state to provide case management, "comprehensive" (24-hour residential care), and supported living services (day-time care and employment support) to adults with developmental disabilities. Of the total funding in this section, \$230.6 million is state funding for residential resources for adults. This supports 3,828 adult comprehensive residential resources (as of June 2006) at an average annual cost of \$60,872 per resource per year. An additional \$59.9 million is for adult supported living services. This supports 3,572 adult supported living service resources at an average cost of \$16,793 per resource per year. The balance of funding includes: (1) local funds for developmental disability services that receive a federal Medicaid match; and (2) state administrative costs, funds distributed to providers for case management of children's resources, and miscellaneous related programs. Most of the cash exempt funding is Medicaid funds transferred from the

Department of Health Care Policy and Financing, where these funds originate as General Fund and federal funds. Some local and client cash funds are also reflected. Of the total funding for FY 2006-07, \$138.1 million is General Fund that is either directly appropriated in this section or initially appropriated to the Department of Health Care Policy and Financing and transferred to this section.

<i>Community Services (Subsection of Developmental Disability Services)</i>						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Appropriation:						
SB 05-209	\$288,378,810	\$11,230,690	\$0	\$277,148,120	\$0	31.4
HB 05-1262	169,386	0	0	169,386	0	0.0
HB 06-1219	4,994,383	0	0	4,994,383	0	0.0
HB 06-1371	2,325,215	1,275,331	0	1,049,884	0	0.0
HB 06-1385	<u>(46,514)</u>	<u>0</u>	<u>0</u>	<u>(46,514)</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$295,821,280	\$12,506,021	\$0	\$283,315,259	\$0	31.4
FY 2006-07 Appropriation:						
FY 2005-06 Appropriation	\$295,821,280	\$12,506,021	\$0	\$283,315,259	\$0	31.4
3.25 percent cost of living adjustment	7,941,853	356,810	0	7,585,043	0	0.0
Annualize new high risk residential and supported living placements	7,216,888	(932,737)	0	8,149,625	0	0.0
Add new residential and supported living placements	3,429,729	0	0	3,429,729	0	0.0
Annualize FY 2005-06 new placements	2,604,932	0	0	2,604,932	0	0.0
Annualize residential and case management rate increases	2,531,193	50,491	0	2,480,702	0	0.0
Annualize base rate restoration for supported living services	823,685	782,500	0	41,185	0	0.0
Annualize supplemental for SSI room and board increase	531,873	0	0	531,873	0	0.0
Annualize case management for new early intervention placements	382,100	232,947	0	149,153	0	0.0
Exchange General Fund early intervention funds for Medicaid	213,782	(206,798)	0	420,580	0	0.0
Add new supported living placements	71,265	0	0	71,265	0	0.0
Annualize salary and benefits adjustments	63,334	6,741	0	56,593	0	0.0

Community Services (Subsection of Developmental Disability Services)

	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
Annualize FY 2005-06 reduction to H.B. 05-1263 funding	50,518	0	0	50,518	0	0.0
Add new quality assurance staff	44,370	0	0	44,370	0	1.0
Case management for new Children's Extensive Support placements	39,444	18,736	0	20,708	0	0.0
Annualize new H.B. 05-1262 Children's Extensive Support resources	15,435	0	0	15,435	0	0.0
Reduction for Post Eligibility Treatment of Income	(80,000)	0	0	(80,000)	0	0.0
Community and Contract Management System Replacement	0	0	0	0	0	0.0
HB 06-1385	<u>\$321,701,681</u>	<u>\$12,814,711</u>	<u>\$0</u>	<u>\$308,886,970</u>	<u>\$0</u>	<u>32.4</u>
TOTAL	<u>\$321,701,681</u>	<u>\$12,814,711</u>	<u>\$0</u>	<u>\$308,886,970</u>	<u>\$0</u>	<u>32.4</u>
Increase/(Decrease)	\$25,880,401	\$308,690	\$0	\$25,571,711	\$0	1.0
Percentage Change	8.7%	2.5%	n/a	9.0%	n/a	3.2%

HB 06-1385 (Long Bill) Issue Descriptions

3.25 percent cost of living adjustment: The appropriation includes a 3.25 percent community provider rate increase on payments to community centered boards for services to people with developmental disabilities.

Annualize new high risk residential and supported living placements: The appropriation annualizes the supplemental increase for 90 new residential and 60 new supported living services placements for adults with developmental disabilities provided for the last quarter of FY 2005-06. The new placements are for adults in emergency situations or those at high risk of out-of-home placement due to the age of their care-givers or medical or behavioral issues. The appropriation includes changing the placements from General Fund only to Medicaid placements in FY 2006-07. Full year costs for the new placements are \$7.3 million for the residential placements, including \$3.3 million General Fund appropriated in the Department of Health Care Policy and Financing, and \$1.1 million for the new supported living placements, including \$0.5 million General Fund appropriated in the Department of Health Care Policy and Financing.

Add new residential and supported living placements: The appropriation funds comprehensive residential placement for 60 individuals with developmental disabilities transitioning from foster care and for 19 individuals requiring placement based on emergency situations that arise during the course of the year. The appropriation also funds supported living services for nine individuals transitioning from the Children's Extensive Support program. All funding is provided for an average of six months and will need to be annualized in FY 2007-08.

Annualize FY 2005-06 new placements: The appropriation annualizes costs associated with 62 comprehensive residential placements and 22 supported living placements that were funded for six months in FY 2005-06.

Annualize residential and case management rate increases: The appropriation annualizes a base rate increase of 1.79 percent on comprehensive residential placements and case management services provided to community centered boards effective April 1, 2006. The full year cost is \$3.3 million, including \$1.6 million General Fund appropriated in the Department of Health Care Policy and Financing and \$69,000 General Fund appropriated directly to the Department of Human Services.

Annualize base rate restoration for supported living services: The appropriation annualizes a base rate restoration to General Fund supported living services that were cut 13 percent in FY 2003-04 and restored on a supplemental basis effective April 1, 2006.

Annualize supplemental for SSI room and board increase: Persons with developmental disabilities who are in comprehensive residential placement are eligible for federal Supplemental Security Income (SSI) and, with the exception of a personal needs allowance of \$34 per month, the total each person receives is turned over to residential service providers to cover room and board costs. Effective January 1, 2006, the federal government approved a 4.1 percent cost of living increase on SSI payments. For FY 2005-06, the General Assembly authorized an increase in total spending authority to enable CCBs to retain the increase for January 1 through June 30, 2006. The appropriation annualizes this amount to cover a full year of higher receipts.

Annualize case management for new early intervention placements: The appropriation annualizes the supplemental increase for 613 new early intervention placements for infants and toddlers with developmental disabilities and delays provided for the last quarter of FY 2005-06. The case management portion of the new funding is reflected in this section, with the balance in the Services for Children and Families section.

Exchange General Fund early intervention case management funds for Medicaid: Children who receive early intervention services who are eligible for Medicaid may have their case management services funded through the Medicaid program. The Department has historically exchanged a portion of General Fund early intervention case management dollars for Medicaid. The appropriation adjusts base funding to more accurately reflect this practice in the appropriation.

Add new supported living placements: Adds four additional full-year adult supported living placements for persons transitioning from the Children's Extensive Support program.

Annualize salary and benefits adjustments: The appropriation includes common policy adjustments to personal services to reflect salary increases awarded in FY 2005-06, offset by a 0.2 percent common policy base reduction to personal services.

Annualize FY 2005-06 reduction to H.B. 05-1263 funding: The Long Bill contains a FY 2005-06 supplemental add-on to reduce new H.B. 05-1263 Children's Extensive Support funding by \$50,518 associated with placement delays. The FY 2006-07 appropriation restores this one-time cut.

Add new quality assurance staff: The appropriation adds 1.0 FTE and associated funding to enable the Department to comply with new federal quality assurance requirements associated with the developmental disability Medicaid waiver programs.

Case management for new Children’s Extensive Support placements: The appropriation adds 30 new Children’s Extensive Support placements for FY 2006-07. Funding during the first half of the year is General Fund and will be allocated via the Family Support Services Program to families waiting for Children’s Extensive Support Program Medicaid placement. Funding for the second half of the year reflects Medicaid funding, with General Fund and Health Care Expansion Fund amounts matching federal amounts in the Department of Health Care Policy and Financing. The case management portion of the new funding is reflected in this section, with the balance in the Services for Children and Families section.

Annualize H.B. 05-1262 Children’s Extensive Support resources: House Bill 05-1262 added funding for 148 new Children’s Extensive Support program placements for 11 months in FY 2005-06. The appropriation annualizes the FY 2005-06 funding to 12 months in FY 2006-07. The case management portion of the new funding is reflected in this section, with the balance in the Services for Children and Families section.

Reduction for Post Eligibility Treatment of Income: Federal regulations require an individual who qualifies for Medicaid based on disability, enrollment in a waiver program, and income no higher than 300 percent of the SSI standard maintenance allowance to pay for a portion of the cost of care. This assessment is known as Post Eligibility Treatment of Income (PETI). The appropriation reflects an increase in estimated community centered board PETI receipts. These receipts offset Medicaid that would otherwise be required.

Community and Contract Management System Replacement: The appropriation includes the second year of a \$500,000 two-year project to replace this information technology system through the temporary reallocation of base funding. The reallocation moves \$301,675 from the Adult Program Costs line item to the Community and Contract Management System Replacement line item for FY 2006-07.

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Regional Centers (Subsection of Developmental Disabilities Services)

This section contains appropriations for three regional centers operated by the Department for persons with developmental disabilities. Persons served by the regional centers at Wheat Ridge (Denver metro), Grand Junction, and Pueblo usually have multiple disabling conditions that may include maladaptive behaviors or severe, chronic medical conditions that require specialized and intensive levels of services. Traditionally, the regional centers have served persons with developmental disabilities where appropriate community programs are not available. The regional centers provide residential services, medical care, and active treatment programs based on individual assessments and habilitation plans. The regional centers support 403 residential resources, including 74 on-campus intermediate care facility (ICF) resources, 29 skilled nursing facility beds, and 300 Medicaid waiver resources. The average annual cost per resource, including costs that are charged to other parts of the department and depreciation costs, is projected to be \$146,081 in FY 2006-07.

Cash fund sources are exclusively client cash revenue. Cash fund exempt sources are exclusively Medicaid funds transferred from the Department of Health Care Policy and Financing.

<i>Regional Centers (Subsection of Developmental Disability Services)</i>						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Appropriation:						
SB 05-209	\$41,989,656	\$0	\$2,638,608	\$39,351,048	\$0	887.4
HB 06-1219	13,094	0	42,754	(29,660)	0	0.0

Regional Centers (Subsection of Developmental Disability Services)

	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
HB 06-1385	<u>131,764</u>	<u>0</u>	<u>0</u>	<u>131,764</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$42,134,514	\$0	\$2,681,362	\$39,453,152	\$0	887.4
FY 2006-07 Appropriation:						
FY 2005-06 Appropriation	\$42,134,514	\$0	\$2,681,362	\$39,453,152	\$0	887.4
Annualize salary and benefits adjustments	1,047,750	0	0	1,047,750	0	0.0
Medical inflation at 2.05 percent	14,291	0	0	14,291	0	0.0
Food inflation at 2.1 percent	12,967	0	0	12,967	0	0.0
Fund mix adjustment	0	0	(116,377)	116,377	0	0.0
Annualize SSI room and board increase	0	0	43,463	(43,463)	0	0.0
Annualize FY 2005-06 supplemental	(131,764)	0	0	(131,764)	0	0.0
Base reduction	(80,382)	0	0	(80,382)	0	0.0
HB 06-1385	\$42,997,376	\$0	\$2,608,448	\$40,388,928	\$0	887.4
SB 06-219	<u>(29,024)</u>	<u>0</u>	<u>0</u>	<u>(29,024)</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$42,968,352	\$0	\$2,608,448	\$40,359,904	\$0	887.4
Increase/(Decrease)	\$833,838	\$0	(\$72,914)	\$906,752	\$0	0.0
Percentage Change	2.0%	n/a	-2.7%	2.3%	n/a	0.0%

HB 06-1385 (Long Bill) Issue Descriptions

Annualize salary and benefits adjustments: The appropriation includes common policy adjustments to personal services to reflect salary increases awarded in FY 2005-06.

Medical inflation at 2.05 percent: The appropriation reflects the application of a common policy inflationary increase of 2.05 percent for medical, laboratory, and pharmaceutical expenditures.

Food inflation at 2.1 percent: The appropriation reflects the application of a common policy inflationary increase of 2.1 percent for food.

Fund mix adjustment: The appropriation reflects a decrease in anticipated patient cash receipts which offset Medicaid otherwise required.

Annualize SSI room and board increase: Persons with developmental disabilities who are in comprehensive residential placement through a Medicaid waiver program are eligible for federal Supplemental Security Income (SSI) and, with the exception of a personal needs allowance of \$34 per month, the total each person receives is turned over to a residential service provider to cover room and board costs. Effective January 1, 2006, the

federal government approved a 4.1 percent cost of living increase on SSI payments. This change results in increased cash receipts and a reduction in Medicaid funding for the regional centers. The appropriation annualizes an FY 2005-06 supplemental adjustment to cover a full year of higher receipts.

Annualize FY 2005-06 supplemental: The FY 2006-07 Long Bill contains a FY 2005-06 supplemental add-on to address one-time costs to place a consumer with exceptionally high needs at a regional center. The appropriation removes these additional funds for FY 2006-07.

Base reduction: The appropriation makes a common policy adjustment to personal services base funding to reflect estimated vacancy savings.

Additional legislation: For information on SB 06-219 (Health Care Policy and Financing Reorganization), see the "Recent Legislation" section at the end of the Department of Human Services and the Department of Health Care Policy and Financing.

Services for Children and Families (Subsection of Developmental Disabilities Services)

This section contains appropriations for the Early Intervention, Family Support Services and Children's Extensive Support programs for children with developmental disabilities. Cash fund exempt sources include Medicaid funds transferred from the Department of Health Care Policy and Financing and local sources. Taking into consideration an additional \$3.0 million for case management of children's services that is funded in the adult community programs section, the State supports the following programs: 395 Children's Extensive Support resources at an average cost of \$21,219; 2,072 early intervention resources at an average cost of \$6,071; and 1,176 family support resources at an average cost of \$6,090.

<i>Services for Children and Families (Subsection of Developmental Disability Services)</i>						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Appropriation:						
SB 05-209	\$17,487,726	\$12,947,330	\$0	\$4,540,396	\$0	0.0
HB 05-1262	2,488,619	0	0	2,488,619	0	0.0
HB 06-1219	153,606	0	0	153,606	0	0.0
HB 06-1371	780,233	741,221	0	39,012	0	0.0
HB 06-1385	<u>(488,220)</u>	<u>253,999</u>	<u>0</u>	<u>(742,219)</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$20,421,964	\$13,942,550	\$0	\$6,479,414	\$0	0.0
FY 2006-07 Appropriation:						
FY 2005-06 Appropriation	\$20,421,964	\$13,942,550	\$0	\$6,479,414	\$0	0.0
Transfer federal grant for infants and toddlers with disabilities from CDE	6,906,967	0	0	0	6,906,967	6.5
Annualize new early intervention placements	2,442,131	2,320,025	0	122,106	0	0.0

<i>Services for Children and Families (Subsection of Developmental Disability Services)</i>						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
3.25 percent cost of living adjustment	662,803	420,788	0	242,015	0	0.0
Add new Children's Extensive Support placements	569,600	270,560	0	299,040	0	0.0
Annualize FY 2005-06 reduction to H.B. 05-1262 funding	488,220	(253,999)	0	742,219	0	0.0
Annualize H.B. 05-1262 Children's Extensive Support resources	226,805	0	0	226,805	0	0.0
Annualize FY 2005-06 new placements	37,197	0	0	37,197	0	0.0
HB 06-1385	<u>\$31,755,687</u>	<u>\$16,699,924</u>	<u>\$0</u>	<u>\$8,148,796</u>	<u>\$6,906,967</u>	<u>6.5</u>
TOTAL	<u>\$31,755,687</u>	<u>\$16,699,924</u>	<u>\$0</u>	<u>\$8,148,796</u>	<u>\$6,906,967</u>	<u>6.5</u>
Increase/(Decrease)	\$11,333,723	\$2,757,374	\$0	\$1,669,382	\$6,906,967	6.5
Percentage Change	55.5%	19.8%	n/a	25.8%	n/a	n/a

HB 06-1385 (Long Bill) Issue Descriptions

Transfer federal grant for infants and toddlers with disabilities from Colorado Department of Education: The appropriation reflects the transfer of the Part C of the Individuals with Disabilities Education Act federal grant from the Department of Education to the Department of Human Services, pursuant to an Executive Order. The grant supports a variety of services to assist infants and toddlers with developmental disabilities and delays and their families.

Annualize new early intervention placements: The appropriation annualizes the supplemental increase for 613 new early intervention placements for infants and toddlers with developmental disabilities and delays provided for the last quarter of FY 2005-06. The case management portion of the new funding is reflected in the Community Services section, while the balance is appropriated here. The full-year cost for both case management and direct service components is \$3.7 million, including \$3.5 million General Fund.

3.25 percent cost of living adjustment: The appropriation includes a 3.25 percent community provider rate increase on payments to community centered boards for services to people with developmental disabilities.

Add new Children's Extensive Support placements: The appropriation adds 30 new Children's Extensive Support placements for FY 2006-07. Funding during the first half of the year is General Fund and would be allocated via the Family Support Services Program to families waiting for Children's Extensive Support Program Medicaid placement. Funding for the second half of the year reflects Medicaid funding, with General Fund and Health Care Expansion Fund amounts matching federal amounts in the Department of Health Care Policy and Financing. The case management portion of the new funding is reflected in the Community Services section, while the balance is appropriated here.

Annualize FY 2005-06 reduction to H.B. 05-1262 funding: The FY 2006-07 Long Bill contains a FY 2005-06 supplemental to reduce H.B. 05-1262 Children's Extensive Support Medicaid funding associated with one-

time placement delays and to provide an associated one-time increase for the Family Support Services program using associated General Fund savings. The FY 2006-07 appropriation restores the one-time cut to Children's Extensive Support funding and eliminates the one-time increase to the Family Support Services program.

Annualize H.B. 05-1262 Children's Extensive Support resources: House Bill 05-1262 added funding for 148 new Children's Extensive Support program placements for 11 months in FY 2005-06. The appropriation annualizes this funding to 12 months in FY 2006-07. The case management portion of the new funding is reflected in the Community Services section, with the balance here.

Annualize FY 2005-06 new placements: The appropriation annualizes funding for four Children's Extensive Support resources that were funded for six months in FY 2005-06.

Work Therapy Program (Subsection of Developmental Disabilities Services)

This subsection contains appropriations for the Work Therapy Enterprise Funds for the Colorado Mental Health Institute at Fort Logan and the Regional Centers for persons with Developmental Disabilities at Grand Junction, Pueblo, and Wheat Ridge. These funds support sheltered workshop programs for training and employment of clients. Revenue is derived from contracts with area businesses and organizations for custodial services, printing, packaging, mailing, and other types of manual processing that can be performed by program clients. Enrolled clients are paid from funds received in proportion to the work performed.

<i>Work Therapy Program (Subsection of Developmental Disability Services)</i>						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Appropriation:						
SB 05-209	<u>\$465,088</u>	<u>\$0</u>	<u>\$325,000</u>	<u>\$140,088</u>	<u>\$0</u>	<u>1.5</u>
TOTAL	\$465,088	\$0	\$325,000	\$140,088	\$0	1.5
FY 2006-07 Appropriation:						
FY 2005-06 Appropriation	\$465,088	\$0	\$325,000	\$140,088	\$0	1.5
Base reduction	(188)	0	(154)	(34)	0	0.0
HB 06-1385	<u>\$464,900</u>	<u>\$0</u>	<u>\$324,846</u>	<u>\$140,054</u>	<u>\$0</u>	<u>1.5</u>
TOTAL	\$464,900	\$0	\$324,846	\$140,054	\$0	1.5
Increase/(Decrease)	(\$188)	\$0	(\$154)	(\$34)	\$0	0.0
Percentage Change	0.0%	n/a	0.0%	0.0%	n/a	0.0%

HB 06-1385 (Long Bill) Issue Descriptions

Base reduction: The appropriation makes a common policy adjustment to personal services base funding.

Division of Vocational Rehabilitation

This section contains appropriations to assist persons with physical and mental disabilities in overcoming barriers to employment. Vocational counseling services will be provided statewide in FY 2006-07 through 29 satellite offices, and associated educational and medical services are purchased for program participants. In addition to providing vocational services, the Division assists persons with disabilities in achieving independent living and integrating successfully in their communities. Most funding for the Division is based on a match of 78.7 percent federal vocational rehabilitation funds to 21.3 percent non-federal funds. Matching non-federal funds are provided through General Fund appropriations and cash and cash exempt funds received from a wide variety of sources, including school districts and other local entities. In FY 2006-07, 2,073 clients are projected to be successfully rehabilitated as a result of Division programs.

<i>Division of Vocational Rehabilitation</i>						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Appropriation:						
SB 05-209	\$38,497,152	\$3,545,622	\$446,472	\$5,065,637	\$29,439,421	215.5
HB 06-1219	631,641	0	0	134,540	497,101	0.0
HB 06-1371	2,362,676	700,000	0	0	1,662,676	6.0
HB 06-1385	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$41,491,469	\$4,245,622	\$446,472	\$5,200,177	\$31,599,198	221.5
FY 2006-07 Appropriation:						
FY 2005-06 Appropriation	\$41,491,469	\$4,245,622	\$446,472	\$5,200,177	\$31,599,198	221.5
Annualize increase for Rehabilitation Program	6,338,028	1,350,000	0	0	4,988,028	18.2
Expand Business Enterprise Program	908,609	0	0	193,534	715,075	1.0
Add Developmental Disability Pilot	891,936	0	0	189,983	701,953	6.0
Annualize increase for Independent Living Centers	750,000	750,000	0	0	0	0.0
Rehabilitation Program - Local Funds Match program expansion	525,878	0	1,375	110,637	413,866	0.0
3.25 percent cost of living adjustment	518,416	28,397	0	89,809	400,210	0.0
Annualize salary and benefits adjustments	345,586	68,050	1,734	5,927	269,875	0.0
Eliminate current Rehabilitation Program waiting list	210,807	0	0	44,902	165,905	2.0
Add Denver Homelessness Pilot	159,635	0	25,000	9,002	125,633	1.0
Medical inflation at 2.05 percent	55,875	2,553	0	9,348	43,974	0.0
Anticipated Older Blind Grant federal receipts	9,722	0	0	972	8,750	0.0

<i>Division of Vocational Rehabilitation</i>						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
Commission on the Deaf and Hard of Hearing adjustment	(187,705)	0	0	(187,705)	0	0.0
Transfer to Office of Operations	(181,300)	(38,617)	0	0	(142,683)	0.0
Base reduction	(24,779)	(4,841)	(139)	(462)	(19,337)	0.0
HB 06-1385	\$51,812,177	\$6,401,164	\$474,442	\$5,666,124	\$39,270,447	249.7
SB 06-61	442,838	48,274	197,282	197,282	0	0.5
SB 06-218	<u>25,000</u>	<u>0</u>	<u>25,000</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$52,280,015	\$6,449,438	\$696,724	\$5,863,406	\$39,270,447	250.2
Increase/(Decrease)	\$10,788,546	\$2,203,816	\$250,252	\$663,229	\$7,671,249	28.7
Percentage Change	26.0%	51.9%	56.1%	12.8%	24.3%	13.0%

HB 06-1385 (Long Bill) Issue Descriptions

Annualize increase for Rehabilitation Program: The appropriation annualizes the expansion of the Rehabilitation Program - General Fund Match line item that was funded on a supplemental basis for the last quarter of FY 2005-06. The full year amount of the increase is \$8.45 million, including \$1.8 million General Fund, and 24.3 FTE.

Expand Business Enterprise Program: The Business Enterprise Program assists persons who are blind or visually impaired to operate vending establishments at state and federal facilities. Activities are funded through assessments on vendors and federal matching funds. The appropriation uses existing fund balance and federal match to support facility capital improvements and expansion at locations throughout the state and to hire an additional consultant to assist vendors.

Add Developmental Disability Pilot: The appropriation adds a pilot program that will locate vocational rehabilitation counselors at six community centered boards. These staff will work with individuals who are developmentally disabled. Funding for the pilot includes \$100,000 reallocated from base funding in the Developmental Disability Services section, \$90,000 cash funds exempt from existing local match amounts in the Division of Vocational Rehabilitation, and federal matching funds at 78.7 percent of the total.

Annualize increase for Independent Living Centers: The appropriation annualizes enhanced funding for independent living centers that was funded on a supplemental basis for the last quarter of FY 2005-06. The full year amount of the increase is \$1 million General Fund.

Rehabilitation Program - Local Funds Match program expansion: The appropriation includes adjustments to reflect changes in various cash and cash exempt sources to draw down federal matching funds for vocational rehabilitation services. The adjustments primarily reflect increases associated with further expansion of the School to Work Alliance Program in which school districts provide matching dollars to assist youth with disabilities who are transitioning from school to work.

3.25 percent cost of living adjustment: The appropriation includes a 3.25 percent community provider rate increase on services purchased for vocational rehabilitation clients and on General Fund allocations to independent living centers.

Annualize salary and benefits adjustments: The appropriation includes common policy adjustments to personal services to reflect salary increases awarded in FY 2005-06.

Eliminate current Rehabilitation Program waiting list: The appropriation includes an increase for 2.0 FTE and client service funds to enable the Division to eliminate the “order of selection” policy that excludes individuals with “least significant” disabilities from services. Funding to serve 150 clients is from existing deferred revenue and other cash exempt sources and federal matching funds.

Add Denver Homelessness Pilot: The appropriation adds a pilot program to expand the provision of vocational rehabilitation services for people with disabilities in Denver who are homeless and identified as being ready to join or rejoin the workforce. Funding includes \$25,000 from the Denver Homelessness project and \$9,000 from other Division cash exempt sources plus federal match.

Medical inflation at 2.05 percent: The appropriation reflects the application of a common policy inflationary increase of 2.05 percent for medical, laboratory, and pharmaceutical expenditures.

Anticipated Older Blind Grant federal receipts: The appropriation reflects an anticipated increase in the federal Older Blind Grant award and an associated increase in the 10 percent match for these funds from recipients.

Commission on the Deaf and Hard of Hearing adjustment: The Long Bill appropriation reflects an adjustment to funding for the Colorado Commission on the Deaf and Hard of Hearing. Funding for the Commission was historically based on two one-time transfers of funds from the Disabled Telephone Users Fund to the Colorado Commission for the Deaf and Hard of Hearing Cash Fund. The reduction shown accommodates spending at the level of reserves projected to be available in the Commission’s cash fund during FY 2006-07 (exclusive of further adjustments included in S.B. 06-61 and S.B. 06-218.)

Transfer to Office of Operations: The appropriation includes a reduction of \$6,300 for vehicle lease payments and \$175,000 for leased space amounts that are transferred to the Office of Operations to comply with Long Bill headnote requirements. These amounts are associated with the new funds (General Fund and federal funds) provided for Rehabilitation Program expansion beginning in the last quarter of FY 2005-06 and annualized in FY 2006-07.

Base reduction: The appropriation makes a common policy adjustment to personal services base funding to reflect estimated vacancy savings.

Additional legislation: For information on SB 06-61 (Legal Setting Interpreting for Deaf) and SB 06-218 (Deaf Disabled Telephone Users Fund) see the "Recent Legislation" section at the end of this department.

Homelake Domiciliary and State and Veterans Nursing Homes

This subsection of Services for People with Disabilities reflects funding for: (1) a 46-bed group living facility which serves residents who do not require continuous nursing or medical care but who may need assistance

with meals, housekeeping, personal care, laundry, and access to a physician; and (2) the six state nursing homes, five of which are classified as veterans nursing homes and are eligible for federal Veterans Administration support. The six nursing homes together are projected to serve an average of 500 persons per day in FY 2006-07. Homelake Domiciliary and the State and Veterans Nursing Homes are enterprises and have statutory authority to spend funds earned; therefore, with the exception of any General Fund appropriations, amounts shown are for informational purposes only. Cash funds exempt amounts reflect resident payments for services; federal funds amounts reflect U.S. Veteran's Administration per diem support.

<i>Homelake Domiciliary and State and Veterans Nursing Homes</i>						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Appropriation:						
SB 05-209	\$39,089,883	\$167,761	\$0	\$31,970,351	\$6,951,771	689.8
HB 05-1336	34,950	0	0	34,950	0	0.0
HB 06-1219	<u>141,582</u>	<u>102,628</u>	<u>0</u>	<u>22,759</u>	<u>16,195</u>	<u>0.0</u>
TOTAL	\$39,266,415	\$270,389	\$0	\$32,028,060	\$6,967,966	689.8
FY 2006-07 Appropriation:						
FY 2005-06 Appropriation	\$39,266,415	\$270,389	\$0	\$32,028,060	\$6,967,966	689.8
Reflect anticipated nursing home receipts and expenditures	4,262,725	0	0	700,666	3,562,059	0.0
Annualize new nursing home consulting services	293,439	293,439	0	0	0	0.0
Annualize salary and benefits adjustments	17,075	3,579	0	8,879	4,617	0.0
Homelake Domiciliary food and medical inflation	4,543	0	0	4,543	0	0.0
HB 06-1385	<u>\$43,844,197</u>	<u>\$567,407</u>	<u>\$0</u>	<u>\$32,742,148</u>	<u>\$10,534,642</u>	<u>689.8</u>
TOTAL	\$43,844,197	\$567,407	\$0	\$32,742,148	\$10,534,642	689.8
Increase/(Decrease)	\$4,577,782	\$297,018	\$0	\$714,088	\$3,566,676	0.0
Percentage Change	11.7%	109.8%	n/a	2.2%	51.2%	0.0%

HB 06-1385 (Long Bill) Issue Descriptions

Reflect anticipated nursing home receipts and expenditures: The increase reflects projections for nursing home receipts and expenditures for FY 2006-07.

Annualize new nursing home consulting services: The appropriation annualizes a supplemental General Fund increase to support management consulting services for the state and veterans nursing homes. The total annual appropriation of \$391,253 per year is anticipated to cover 80 percent of the cost of such services.

Annualize salary and benefits adjustments: The appropriation includes common policy adjustments to personal services for Homelake Domiciliary to reflect salary increases awarded in FY 2005-06.

Homelake Domiciliary food and medical inflation: The appropriation includes increases for food inflation at 2.10 percent and medical inflation at 2.05 percent.

Adult Assistance Programs

This section includes funding for the Old Age Pension Program, for various adult cash assistance programs and for community services for the elderly, including Older Americans Act programs. Additional detail on funding changes in Adult Assistance Programs is reflected in the subsection tables and narratives below.

Adult Assistance Programs						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Appropriation:						
SB 05-209	\$125,970,148	\$17,013,201	\$74,666,744	\$20,570,137	\$13,720,066	27.5
HB 06-1219	(1,628,001)	0	(1,628,001)	0	0	0.0
HB 06-1371	<u>250,000</u>	<u>250,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$124,592,147	\$17,263,201	\$73,038,743	\$20,570,137	\$13,720,066	27.5
FY 2006-07 Appropriation:						
HB 06-1385	\$130,987,331	\$15,448,542	\$80,808,762	\$20,990,972	\$13,739,055	27.5
SB 06-219	58,047	10,544,033	0	(10,485,986)	0	1.0
HB 06-1018	<u>1,000,000</u>	0	<u>1,000,000</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$132,045,378	\$25,992,575	\$81,808,762	\$10,504,986	\$13,739,055	28.5
Increase/(Decrease)	\$7,453,231	\$8,729,374	\$8,770,019	(\$10,065,151)	\$18,989	1.0
Percentage Change	6.0%	50.6%	12.0%	-48.9%	0.1%	3.6%

Administration

This subsection of Adult Assistance Programs includes funding and staffing for management of all programs within Adult Assistance and for oversight of programs within the Other Grant Programs subsection.

Administration						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Appropriation:						
SB 05-209	<u>\$468,194</u>	<u>\$36,637</u>	<u>\$0</u>	<u>\$92,491</u>	<u>\$339,066</u>	<u>5.0</u>

<i>Administration</i>						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
TOTAL	\$468,194	\$36,637	\$0	\$92,491	\$339,066	5.0
FY 2006-07 Appropriation:						
FY 2005-06 Appropriation	\$468,194	\$36,637	\$0	\$92,491	\$339,066	5.0
Annualize salary and benefits adjustments	12,508	978	0	2,472	9,058	0.0
Base reduction	(894)	(75)	0	(190)	(629)	0.0
HB 06-1385	\$479,808	\$37,540	\$0	\$94,773	\$347,495	5.0
SB 06-219	<u>58,047</u>	<u>58,047</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1.0</u>
TOTAL	\$537,855	\$95,587	\$0	\$94,773	\$347,495	6.0
Increase/(Decrease)	\$69,661	\$58,950	\$0	\$2,282	\$8,429	1.0
Percentage Change	14.9%	160.9%	n/a	2.5%	2.5%	20.0%

HB 06-1385 (Long Bill) Issue Descriptions

Annualize salary and benefits adjustments: The appropriation includes an additional \$12,508 that represents the salary increases allocated to the division in FY 2005-06.

Base reduction: The appropriation contains a base reduction of 0.2 percent of base salaries. For this division, the reduction is \$894.

Additional Legislation: For information on SB 06-219 (Health Care Policy and Financing Reorganization), see the "Recent Legislation" section at the end of the Department of Human Services and the Department of Health Care Policy and Financing.

Old Age Pension Program

This program, authorized by the State Constitution, provides cash assistance, up to a maximum of \$604 per person per month (as of January 2005), to eligible individuals age 60 and older. Revenue for the Old Age Pension Fund is generated through 85 percent of license fees, liquor and excise taxes, and 100 percent of inheritance and incorporation taxes; revenues that are not utilized for the OAP Program "spill over" into the General Fund. As the earmarked revenues are continuously appropriated by the State Constitution, the Long Bill simply reflects anticipated program expenditures for informational purposes.

<i>Old Age Pension Program</i>						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Appropriation:						
SB 05-209	\$73,255,106	\$0	\$72,666,744	\$588,362	\$0	14.0
HB 06-1219	<u>(1,628,001)</u>	<u>0</u>	<u>(1,628,001)</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$71,627,105	\$0	\$71,038,743	\$588,362	\$0	14.0
FY 2006-07 Appropriation:						
FY 2006-07 Appropriation	\$71,627,105	\$0	\$71,038,743	\$588,362	\$0	14.0
Caseload increases	8,788,990	0	8,788,990	0	0	0.0
Cost of living adjustments	479,553	0	479,553	0	0	0.0
Annualize salary and benefits adjustments	23,503	0	23,503	0	0	0.0
Workload reduction	(1,520,304)	0	(1,520,304)	0	0	0.0
Base reduction	(1,723)	0	(1,723)	0	0	0.0
HB 06-1385	<u>\$79,397,124</u>	<u>\$0</u>	<u>\$78,808,762</u>	<u>\$588,362</u>	<u>\$0</u>	<u>14.0</u>
TOTAL	\$79,397,124	\$0	\$78,808,762	\$588,362	\$0	14.0
Increase/(Decrease)	\$7,770,019	\$0	\$7,770,019	\$0	\$0	0.0
Percentage Change	10.8%	n/a	10.9%	0.0%	n/a	0.0%

HB 06-1385 (Long Bill) Issue Descriptions

Caseload increases: The appropriation includes an increase of \$8.8 million to reflect the anticipated caseload growth in the Old Age Pension program.

Cost-of-living adjustment: In addition to the above caseload increase, the appropriation reflects a 4.1 percent increase in the Old Age Pension. The State Board of Human Services voted for a cost-of-living adjustment in December 2005 to the Old Age Pension, which was identical to the cost-of-living adjustment approved for Supplemental Security Income benefits. The funding increase reflects this action.

Annualize salary and benefits adjustments: The appropriation includes an additional \$23,503 that represents the salary increases allocated to the division in FY 2005-06.

Workload reduction: The appropriation includes a reduction to the County Administration line item for the Old Age Pension program to align it with historical expenditures.

Base reduction: The appropriation contains a base reduction of 0.2 percent of base salaries. For this division, the reduction is \$1,723.

Other Grant Programs

This subsection of Adult Assistance Programs contains appropriations for programs providing cash assistance to disabled individuals and individuals needing assistance with the activities of daily living. Cash fund exempt sources include county matching funds and interim assistance reimbursements from the federal government for individuals who become eligible for Supplemental Security Income (SSI).

<i>Other Grant Programs</i>						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Appropriation:						
SB 05-209	<u>\$31,646,572</u>	<u>\$15,098,913</u>	<u>\$0</u>	<u>\$16,547,659</u>	<u>\$0</u>	<u>0.0</u>
TOTAL	\$31,646,572	\$15,098,913	\$0	\$16,547,659	\$0	0.0
FY 2006-07 Appropriation:						
FY 2005-06 Appropriation	\$31,646,572	\$15,098,913	\$0	\$16,547,659	\$0	0.0
Adjustment to local share	418,553	0	0	418,553	0	0.0
One-time funding reduction	(2,569,051)	(2,569,051)	0	0	0	0.0
HB 06-1385	\$29,496,074	\$12,529,862	\$0	\$16,966,212	\$0	0.0
SB 06-219	<u>0</u>	<u>10,485,986</u>	<u>0</u>	<u>(10,485,986)</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$29,496,074	\$23,015,848	\$0	\$6,480,226	\$0	0.0
Increase/(Decrease)	(\$2,150,498)	\$7,916,935	\$0	(\$10,067,433)	\$0	0.0
Percentage Change	-6.8%	52.4%	n/a	-60.8%	n/a	n/a

HB 06-1385 (Long Bill) Issue Descriptions

Adjustment to local share: The appropriation properly reflects the local share required of several programs in this division.

One-time funding reduction: In FY 2005-06, the state was required to appropriate additional resources to meet a federal corrective action plan related to the Supplemental Security Income maintenance of effort. This corrective action plan was one-time in nature and the additional funding required for it in FY 2005-06 will not be required for FY 2006-07.

Additional Legislation: For information on SB 06-219 (Health Care Policy and Financing Reorganization), see the "Recent Legislation" section at the end of the Department of Human Services and the Department of Health Care Policy and Financing.

Community Services for the Elderly

This subsection of Adult Assistance Programs includes appropriations for programs associated with the Older Americans Act, including the Older Coloradans Program established by H.B. 00-1072. These programs are administered by 16 Area Agencies on Aging (AAA) located throughout the State. Services include: supportive services, senior centers, nutrition services, in-home services for persons above the eligibility thresholds for Medicaid, and disease prevention and health promotion services. The cash funds exempt source is local funds and the cash funds source is the Older Coloradans Cash Fund created by H.B. 00-1072. The federal funds source is Older Americans Act grants.

<i>Community Services for the Elderly</i>						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Appropriation:						
SB 05-209	\$20,600,276	\$1,877,651	\$2,000,000	\$3,341,625	\$13,381,000	8.5
HB 06-1371	<u>250,000</u>	<u>250,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$20,850,276	\$2,127,651	\$2,000,000	\$3,341,625	\$13,381,000	8.5
FY 2006-07 Appropriation:						
FY 2005-06 Appropriation	\$20,850,276	\$2,127,651	\$2,000,000	\$3,341,625	\$13,381,000	8.5
Annualize FY 2005-06 funding	750,000	750,000	0	0	0	0.0
Annualize salary and benefits adjustments	14,300	3,770	0	0	10,530	0.0
Other changes	805	0	0	0	805	0.0
Base reduction	(1,056)	(281)	0	0	(775)	0.0
HB 06-1385	\$21,614,325	\$2,881,140	\$2,000,000	\$3,341,625	\$13,391,560	8.5
HB 06-1018	<u>1,000,000</u>	<u>0</u>	<u>1,000,000</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$22,614,325	\$2,881,140	\$3,000,000	\$3,341,625	\$13,391,560	8.5
Increase/(Decrease)	\$1,764,049	\$753,489	\$1,000,000	\$0	\$10,560	0.0
Percentage Change	8.5%	35.4%	50.0%	0.0%	0.1%	0.0%

HB 06-1385 (Long Bill) Issue Descriptions

Annualize FY 2005-06 funding: This appropriation includes the annualization of funding contained in H.B. 06-1371, the second supplemental appropriation to the Department of Human Services.

Annualize salary and benefits adjustments: The appropriation includes an additional \$14,300 that represents the salary increases allocated to the division in FY 2005-06.

Other changes: The appropriation includes minor adjustments in reflected federal funds.

Base reduction: The appropriation contains a base reduction of 0.2 percent of base salaries. For this division, the reduction is \$1,056.

Additional legislation: For information on HB 06-1018 (Older Coloradans Cash Fund) see the "Recent Legislation" section at the end of this department.

Division of Youth Corrections

The Division of Youth Corrections (DYC) is responsible for the supervision, care, and treatment of: (1) detained juveniles awaiting adjudication; (2) juveniles committed or sentenced to the Department of Human Services by courts; and (3) juveniles on parole from a facility operated or contracted for by the Division. The Division is not responsible for juveniles sentenced as adults to the Department of Corrections' Youthful Offender System. In addition to treating incarcerated and paroled juveniles, DYC administers the S.B. 91-94 grant program intended to divert juveniles from detention and commitment, or to reduce their length of stay. DYC maintains institutional centers and augments this capacity with contracts for community placements, secure placements, and detention placements.

Division of Youth Corrections						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Appropriation:						
SB 05-209	\$120,957,038	\$102,759,112	\$89,426	\$16,829,936	\$1,278,564	918.0
HB 06-1219	<u>(1,415,205)</u>	<u>(2,152,385)</u>	<u>0</u>	<u>737,180</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$119,541,833	\$100,606,727	\$89,426	\$17,567,116	\$1,278,564	918.0
FY 2006-07 Appropriation:						
FY 2005-06 Appropriation	\$119,541,833	\$100,606,727	\$89,426	\$17,567,116	\$1,278,564	918.0
Redesign residential treatment centers	2,382,966	16,129,074	0	(13,746,108)	0	0.0
Cost of living adjustment	2,174,683	2,066,383	0	74,872	33,428	0.0
Treatment services	1,611,220	1,611,220	0	0	0	28.7
Annualize salary and benefits adjustments	1,366,220	1,366,077	0	143	0	0.0
Sol Vista facility operations	1,235,996	1,326,872	0	(90,876)	0	36.0
S.B. 91-94 programs	1,000,000	1,000,000	0	0	0	0.0
Population increases	977,315	625,100	0	352,215	0	0.0
Case management and parole services	257,599	257,599	0	0	0	4.2
Food and medical increases	120,869	120,869	0	0	0	0.0
Adjustment for additional funds	12,362	0	0	12,362	0	0.0
Annualize prior year funding decision	8,817	8,817	0	0	0	0.0
Base reduction	(98,484)	(98,484)	0	0	0	0.0
HB 06-1385	\$130,591,396	\$125,020,254	\$89,426	\$4,169,724	\$1,311,992	986.9

Division of Youth Corrections						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
HB 06-1395	625,588	(832,286)	0	1,457,874	0	0.0
TOTAL	\$131,216,984	\$124,187,968	\$89,426	\$5,627,598	\$1,311,992	986.9
Increase/(Decrease)	\$11,675,151	\$23,581,241	\$0	(\$11,939,518)	\$33,428	68.9
Percentage Change	9.8%	23.4%	0.0%	-68.0%	2.6%	7.5%

HB 06-1385 (Long Bill) Issue Descriptions

Redesign residential treatment centers: The federal Centers for Medicare and Medicaid Services (CMS) notified the Department of Health Care Policy and Financing and the Department of Human Services that Medicaid funds would no longer be available for committed youth in residential treatment centers at historical levels. As a result, General Fund must backfill for the loss of Medicaid moneys in the Division of Youth Corrections. The appropriation assumes that juveniles placed out-of-home in FY 2006-07 will be placed in a residential treatment center at similar levels to FY 2005-06.

Cost-of-living adjustment: The appropriation includes an increase of 3.25 percent for cost of living adjustments.

Treatment services: Appropriations for treatment services are based on providing services sufficient to treat 100.0 percent of juveniles committed to state facilities: (1) for mental illness; (2) for substance abuse issues; and (3) as sexual offenders. Current resources are sufficient to treat 20.0 percent, 25.0 percent, and 40.0 percent of juveniles, respectively.

Annualize salary and benefits adjustments: The appropriation includes an additional \$1.4 million that represents the salary increases allocated to the division in FY 2005-06.

Sol Vista facility operations: The Sol Vista Youth Corrections Facility is anticipated to begin serving juveniles in November 2006. To account for this opening, the appropriation provides funding for facility staff and management beginning in October 2006. This timing will allow the Department of Human Services to properly train these staff for the juveniles the facility will serve (severe mental health issues) and will also allow staff to assist in furnishing the facility. Because the state's capacity of commitment beds is increasing, a corresponding decrease in the Purchase of Contract Placements is realized.

S.B. 91-94 programs: The appropriation includes an increase of \$1.0 million General Fund for S.B. 91-94 Programs. Senate Bill 91-94 programs are non-residential services for youths who are at risk of being placed in detention. These programs are designed to provide a lower cost alternative to incarceration.

Population increases: The December 2005 Legislative Council Staff forecast projected an increase of 39.1 in the average daily population (ADP) of committed youth. Because the state-operated beds are fully utilized, any additional growth in the population of committed juveniles must be managed through contract placements in residential treatment centers and residential child care facilities. Appropriations for this population increase are included to provide resources to contract for one bed per committed youth.

Case management and parole services: DYC provides case management services for committed youths and juvenile parolees. Based on the December 2005 Legislative Council Staff population projections for committed youths and juvenile parolees, it is anticipated that the workload for the Division will increase in FY 2006-07. The funding provided will reduce the ratio of youths per case managers to 25.0 youths per case manager, which is the historic range.

Food and medical increases: Funding includes increases of 2.1 percent and 2.05 percent for food and medical expenses, respectively, which are not incidental.

Adjustment for additional funds: The appropriation includes an increase of \$12,000 to reflect anticipated funding transferred from the Department of Education.

Annualize prior year decision item: The appropriation contains an annualization of funding first provided in FY 2005-06 for case management and parole staff in the Division.

Base reduction: The appropriation contains a base reduction of 0.2 percent of base salaries. For this division, the reduction is \$98,484.

Additional Legislation: For information on H.B.06-1395 (Residential Child Care) see the "Recent Legislation" section at the end of this department.

Recent Legislation

2005 Session Bills

S.B. 05-159: Authorizes the use of General Fund moneys to cover any operational shortfall incurred by the veterans nursing home at the former Fitzsimons army medical center, beginning in fiscal year 2004-05. Such use of General Fund was previously prohibited.

S.B. 05-202: Eliminates the one-dollar-per-month administrative fee paid by public assistance recipients who receive assistance payments through the Electronic Benefits Transfer Service (EBTS) for the Colorado Works, Old Age Pension, Aid to the Needy Disabled, Aid to the Blind, Low-income Energy Assistance, and Child Care Assistance programs. Changes the funding mix for EBTS accordingly by reducing the cash funds appropriation from the EBTS Fund to the Department of Human Services for administration of the EBTS system by \$487,986 and increasing the General Fund appropriation to the Department for this purpose by the same amount.

S.B. 05-209: General appropriations act for FY 2005-06. Also includes supplemental adjustments to modify appropriations to the Department of Human Services included in both the FY 2003-04 Long Bill and the FY 2004-05 Long Bill.

H.B. 05-1084: Requires the Department to develop a rate-setting process for providers of residential treatment services and to submit an initial report to the Joint Budget Committee by July 1, 2006, concerning the implementation of the rate-setting process.

H.B. 05-1227: Expands the definition of child placement agency (CPA) to include entities that facilitate placement for a fee, including agencies that facilitate intercountry adoptions. The Department of Human

Services is authorized to license federally-accredited agencies to make placements under the "Intercountry Adoption Act of 2000" and to charge a fee for that licensing. Clarifies that a child who is placed by a CPA in a foster care home shall be deemed, for the purposes of payment to the CPA, to remain in foster care status until the date that the final decree of adoption is entered or the date that the child is returned to his or her biological parents, unless otherwise negotiated between the CPA and the county. Requires the State Board of Human Services to promulgate rules to require CPAs to scan adoption records for purposes of transferring them to the Department of Human Services. For FY 2005-06, appropriates \$23,614 cash funds from the child care licensing cash fund to the Department of Human Services and \$2,155 cash funds exempt to the Department of Law, consisting of funds transferred from the Department of Human Services, for implementation of the act.

H.B. 05-1238: Modifies and continues the previous School-readiness Child Care Subsidization Program and renames it the School-readiness Quality Improvement Program. This program provides subsidies to child care centers located in the catchment area of low-performing schools. Subject to adequate ongoing federal funding, the bill expands the program to additional eligible communities. Previously, the program had been limited to areas where a Consolidated Childcare Pilot was located. Under the provisions of H.B. 05-1238, any community with a low-performing school may apply for subsidies for area preschools through a Early Childhood Education Council, which may be formed for this purpose. Also expands the child care voluntary credentialing system statewide to further enhance the school readiness of young children throughout the state. The \$2.2 million funding required to continue the program is included in S.B. 05-209 (the FY 2005-06 Long Bill). However, H.B. 05-1238 includes an additional appropriation of 0.5 FTE. Funding in the program base is anticipated to be redirected to support this additional FTE.

H.B. 05-1262: Implements Section 21 of Article X of the Colorado Constitution, concerning taxes on tobacco products, that was adopted by vote of the citizens of the State in November 2004. Provisions specifically affecting the Department of Human Services include an appropriation of \$304,508 Medicaid cash funds exempt for the Office of Information Technology Services associated with programming changes to the Colorado Benefits Management System (CBMS). The Colorado Benefits Management System is used to assess eligibility for the Medicaid program and the Children's Basic Health Plan, among other programs. Changes to eligibility for these programs that are included in H.B. 05-1262 drive CBMS programming costs. The act also includes an appropriation of \$2,658,005 cash funds exempt (primarily Medicaid funds) to serve an additional 148 children previously on the waiting list for the Children's Extensive Support program. This Medicaid waiver program, administered by the Department of Human Services, funds services for families of children with developmental disabilities who have severe behavioral problems. Services include items such as 24-hour line of site supervision, therapeutic services, personal attendant services, specialized equipment, and home adaptations. The funding included in H.B. 05-1262 will increase the number of children served by 70 percent and is expected to eliminate the FY 2005-06 waiting list for the program. For additional information concerning the provisions of this act please see the bill descriptions for H.B. 05-1262 at the end of the Department of Health Care Policy and Financing and Department of Public Health and Environment.

H.B. 05-1336: Establishes an 8-member legislative oversight committee to evaluate the quality of care provided in specified state and veterans nursing homes (Homelake, Florence, Trinidad, Rifle, and Aurora, Colorado) and to make associated recommendations to the General Assembly. Also creates an 11-member nursing home commission to evaluate the state and veterans nursing homes and to provide guidance and recommendations to the legislative oversight committee. Creates the Evaluation of State and Veterans Nursing Homes Cash Fund (Evaluation Fund). Authorizes the Board of Veterans Affairs to allocate funds from the Colorado State Veterans Trust Fund to the Evaluation Fund for costs associated with the legislation. For FY 2005-06, appropriates \$19,489 cash funds exempt and 0.4 FTE to the Legislative Department and \$34,950 cash

funds exempt to the Department of Human Services from the Evaluation Fund. Both the legislative oversight committee and the commission are repealed, effective July 1, 2007.

H.B. 05-1344: Establishes a 9-member Fitzsimons State Veterans Nursing Home Advisory Board to review data concerning the Fitzsimons nursing home, monitor progress on resident safety and financial viability, make recommendations to the Governor as appropriate, and communicate with the nursing home legislative oversight committee established through H.B. 05-1336. No additional appropriation was included in the bill. Repealed July 1, 2007.

2006 Session Bills

S.B. 06-45: Requires that child care providers that are otherwise exempt from child care licensing requirements but that receive funding through the Child Care Assistance Program (CCAP) submit to background check requirements as a condition of receiving CCAP funding. This includes fingerprint-based criminal background checks for all adults residing in the household where services are provided, review of dependency and neglect records for the household, and an attestation from the provider regarding any court rulings on the mental competence of persons residing in the household. Includes an appropriation of \$76,007 cash funds and 2.0 FTE to the Department of Human Services and \$182,099, including \$134,579 cash funds and \$47,520 cash funds exempt, and 2.0 FTE to the Department of Public Safety for the Colorado Bureau of Investigation.

S.B. 06-61: Transfers the authority for overseeing the provision of legal interpreters and auxiliary services for persons who are deaf or hard of hearing from the Department of Human Services, Division of Rehabilitation, to the Colorado Commission for the Deaf and Hard of Hearing which is also in the Department of Human Services. Identifies the circumstances under which a court, board, commission, agency, or licensing or law enforcement authority of the state or any of its political subdivisions shall provide an interpreter or auxiliary service to a person who is deaf or hard of hearing. Consolidates funding for related interpreter services, including amounts previously included in the Judicial Department, and expands funding for services using amounts that originate in the Disabled Telephone Users Fund in the Department of Regulatory Agencies. Includes the following appropriations for FY 2006-07: (1) a net General Fund reduction to the Judicial Department of \$48,274 and an increase of 0.3 FTE; (2) a net increase to the Department of Human Services of \$245,556 and 0.5 FTE for provision of services, including \$48,274 General Fund and \$197,282 cash funds exempt from the Colorado Commission for the Deaf and Hard of Hearing Cash Fund; and (3) an appropriation of \$197,274 cash funds from the Disabled Telephone Users Fund to the Colorado Commission for the Deaf and Hard of Hearing Cash Fund.

S.B. 06-122: Creates the Adolescent Substance Abuse Prevention and Treatment Fund to consist of revenue from surcharges imposed on persons convicted of certain underage drinking crimes. Moneys in the fund are to be appropriated by the General Assembly to the Division of Alcohol and Drug Abuse in the Department of Human Services for adolescent substance abuse prevention and treatment programs. Appropriates \$55,978 cash funds to the Department of Human Services for FY 2006-07.

S.B. 06-218: Provides for annual appropriations by the General Assembly from the Colorado Disabled Telephone Users Fund (DTUF) to replenish the Colorado Commission for the Deaf and Hard of Hearing Cash Fund (Commission Cash Fund). Eliminates the prior requirement that \$25,000 per year be transferred from the DTUF to the Commission Cash Fund. Provides an *appropriation* of \$25,000 to the Commission Cash Fund for FY 2006-07 in lieu of the \$25,000 FY 2006-07 *transfer*. This is reflected as a \$25,000 cash funds increase to the Department of Human Services and a \$25,000 cash funds decrease to the Department of Regulatory Agencies.

S.B. 06-219: Provides for the reorganization of statutes and modification of the allocation of responsibilities between the Department of Human Services and the Department of Health Care Policy and Financing with associated appropriations adjustments to both departments. For additional information, see the new legislation section at the end of the Department of Health Care Policy and Financing.

H.B. 06-1018: Increases funding to the Older Coloradans Cash Fund from receipts collected from the state sales and use tax. The funding is increased from \$2.0 million to \$3.0 million annually.

H.B. 06-1200: Appropriates a portion of the Operational Account of the Severance Tax Trust Fund to the Department of Human Services for the Low-Income Energy Assistance Program (LEAP) and to the Office of the Governor for direct bill payment assistance and home energy efficiency improvements for low-income households. For FY 2005-06, appropriates \$24.0 million in total from the Operational Account, with the Department of Human Services receiving \$17.0 million to increase benefits in the LEAP program, and the Office of the Governor receiving \$7.0 million for direct bill payment assistance and home energy efficiency improvements for low-income households. For FY 2006-07, appropriates \$11.0 million in total from the Operational Account, with the Department of Human Services receiving \$5,950,000 to increase benefits in the LEAP program, and the Office of the Governor receiving \$5,050,000 for direct bill payment assistance and home energy efficiency improvements for low-income households. Fiscal year 2007-08 and FY 2008-09 will provide for \$12.0 million and \$13.0 million of appropriations, respectively, for these programs combined. Finally, the bill ensures that there is an adequate reserve in the prior year with which to make each year's appropriations.

H.B. 06-1219: Supplemental appropriation to the Department of Human Services to modify appropriations included in the FY 2005-06 Long Bill.

H.B. 06-1371: Additional supplemental appropriation to the Department of Human Services to modify appropriations included in the FY 2005-06 Long Bill.

H.B. 06-1385: General appropriations act for FY 2006-07. Also includes supplemental adjustments to further modify appropriations to the Department of Human Services included in the FY 2005-06 Long Bill.

H.B. 06-1395: Establishes the Psychiatric Residential Treatment Facility (PRTF) which will be able to earn federal Medicaid revenue for children placed in out-of-home settings. Provides \$5.8 million General Fund, and matching federal funds, to the Department of Health Care Policy and Financing above the 6.0 percent limit pursuant to the definition of a "requirement of federal law" in Section 24-75-201.1 (1) (a) (VII) (C), C.R.S. In the Department of Human Services, appropriates \$4.2 million of which \$9.9 million is a transfer from the Department of Health Care Policy and Financing (cash funds exempt Medicaid transfer). It includes a decrease of \$4.7 million General Fund in the Department of Human Services, which represents funding provided for other levels of care in out-of-home placement for children that qualify for PRTF placement. The bill also provides approximately \$30,000 cash funds to the Department of Regulatory Agencies for provisional licensure requirements and a small amount of funding to the Department of Law for legal work related to provisional licensure.

JUDICIAL DEPARTMENT

The Colorado Judicial Department is a constitutionally separate branch of state government. The state court system includes the Supreme Court, the Court of Appeals, district courts in 22 judicial districts, and county courts in every county (Denver County Court is not part of the state court system). The Judicial Department is also responsible for the operation of the State's probation system and monitoring and regulating the practice of law within the State. The Judicial Department also includes three independent agencies: the Colorado State Public Defender; the Office of Alternate Defense Counsel; and the Office of the Child's Representative. The Chief Justice of the Supreme Court is the head of the state judicial system. The Office of the State Court Administrator provides management supervision and support for the court system and the probation department, pursuant to the policies, guidelines, and directives promulgated by the Chief Justice.

Department Budget: Recent Appropriations

Funding Source	FY 2003-04	FY 2004-05	FY 2005-06	FY 2006-07
General Fund	\$208,617,893	\$219,004,745	\$236,983,530	\$262,618,380
Cash Funds	59,134,676	60,208,406	60,507,476	63,387,875
Cash Funds Exempt	6,475,448	6,760,504	7,954,959	9,901,692
Federal Funds	<u>1,758,609</u>	<u>1,289,690</u>	<u>1,158,526</u>	<u>1,166,247</u>
Total Funds	\$275,986,626	\$287,263,345	\$306,604,491	\$337,074,194
Full Time Equiv. Staff	3,197.4	3,260.9	3,365.0	3,542.6

General Factors Driving the Budget

Fiscal year 2006-07 funding for this department consists of 77.9 percent General Fund, 18.8 percent cash funds, 2.9 percent cash funds exempt, and 0.3 percent federal funds. Some of the most important factors driving the budget are reviewed below.

The main factor driving the budget of the Judicial Department is caseload. Judges, magistrates, probation officers, public defenders, and staff can only manage a certain number of cases per year. Caseload is related to increases in the overall population in Colorado, the number of each type of case (a misdemeanor requires fewer resources than a civil case, which requires fewer resources than a homicide), and changes in state laws and sentencing provisions. The *Annual Statistical Report of the Colorado Judicial Branch* for FY 2005-06 provides a detailed history of caseloads for that fiscal year and can be obtained from the State Court Administrator's Office.

The Judicial Department receives cash funds from a few main sources, including fees charged to use the court system. These moneys are used to fund operating expenses of the courts. Senate Bill 03-186 raised certain docket fees, refinanced \$3.4 million General Fund with cash funds for FY 2002-03, and refinanced approximately \$9.3 million of the Department's General Fund appropriation with cash funds for subsequent

fiscal years. Probation receives cash funds from individuals sentenced to probation who pay fees that are put towards their supervision and treatment. Attorney licensing fees are used by the Supreme Court to regulate the practice of law in Colorado.

Supreme Court Caseload

The Supreme Court is comprised of seven justices. The majority of its cases are from requests to review decisions of the Court of Appeals. It has direct appellate jurisdiction over the following: cases in which a statute has been held to be unconstitutional; cases involving decisions of the Public Utilities Commission; writs of habeas corpus; cases involving adjudication of water rights; summary proceedings initiated under the election code; and prosecutorial appeals concerning search and seizure questions in pending criminal proceedings. Recent caseloads are shown in the table below.

Supreme Court Caseload							
	FY 2000-01 Actual	FY 2001-02 Actual	FY 2002-03 Actual	FY 2003-04 Actual	FY 2004-05 Actual	FY 2005-06 Estimate	FY 2006-07 Estimate
New filings	1,367	1,368	1,401	1,317	1,466	1,390	1,750
Pending July 1	530	472	425	385	398	400	460
Total Caseload	1,897	1,840	1,826	1,702	1,864	1,790	2,210

Court of Appeals Caseload

House Bill 06-1028 increased the size of the Court of Appeals from 16 to 19 judges. The Court of Appeals receives cases from several different venues: district courts, Denver probate and juvenile courts, state agencies, and the Industrial Appeal Claims Office. Recent caseloads are shown in the table below.

Court of Appeals Caseload							
	FY 2000-01 Actual	FY 2001-02 Actual	FY 2002-03 Actual	FY 2003-04 Actual	FY 2004-05 Actual	FY 2005-06 Estimate	FY 2006-07 Estimate
New filings	2,335	2,673	2,589	2,556	2,766	2,720	2,900
Pending July 1	2,343	2,264	2,474	2,694	2,950	3,100	3,010
Total Caseload	4,678	4,937	5,063	5,250	5,716	5,820	5,910

Trial Courts Caseload

State trial courts include district courts in 22 judicial districts, county courts, and water courts. The district courts preside over felony criminal matters, civil claims, all juvenile matters, probate, mental health, and divorce proceedings. They also preside over jury trials, handle appeals from Colorado's municipal and county courts, and review decisions of administrative boards and agencies. County courts handle misdemeanor cases, felony advisements, bond setting, and preliminary hearings, and also hear traffic cases and civil actions involving no more than \$15,000. Water courts have jurisdiction in the determination of water rights and the use and administration of water. Recent caseloads are shown in the table below.

Trial Courts: New Cases Filed							
	FY 00-01 Actual	FY 01-02 Actual	FY 02-03 Actual	FY 03-04 Actual	FY 04-05 Actual	FY 05-06 Estimate	FY 06-07 Estimate
District Court Total	155,220	164,237	169,458	177,358	183,512	188,431	189,884
County Court Total	444,629	469,993	498,515	514,094	555,447	552,086	552,592
Water Court Total	1,257	1,550	1,672	1,285	1,109	1,359	1,386

Probation and Related Services Caseload

Probation is a sentencing alternative to incarceration in the Department of Corrections or in the Division of Youth Corrections. Individuals sentenced to probation remain under the supervision of the court which sentenced them. Failure to meet the terms of probation set forth in the court's sentencing order may result in incarceration. There are different types of probation programs to target defendants' with various risk levels and needs, including regular adult and juvenile probation, intensive adult and juvenile probation, sex offender probation, and female offender probation. Recent caseloads are shown in the table below.

Probation: Caseloads^a							
	FY 00-01 Actual	FY 01-02 Actual	FY 02-03 Actual	FY 03-04 Actual	FY 04-05 Actual	FY 05-06 Estimate	FY 06-07 Estimate
Adult - Regular ^b	36,635	37,259	39,751	41,470	45,332	45,750	46,650
Juvenile - Regular	9,041	8,524	8,558	7,869	7,224	7,182	7,050
Adult - Intensive	1,450	1,551	1,600	1,500	1,500	1,500	1,500
Juvenile - Intensive	606	567	525	500	490	490	490
Sex Offender	135	430	739	905	1,058	1,150	1,150
Total	47,867	48,331	51,173	52,244	55,604	56,072	56,840

^a Caseloads are measured on or estimated for June 30th each year.

^b Figures include the number of State supervised clients and the number of transfers to private probation for supervision.

Public Defender Caseload

The Public Defender's Office is an independent agency within the Judicial Department that represents criminal defendants who have inadequate resources to pay for their own defense. As in the court system, more complicated cases consume more resources than simpler cases: felonies cost more to defend than misdemeanors, and homicides cost more to defend than assaults or robberies. Recent caseloads are shown in the table below.

Public Defender's Office: Trial and Pre-Trial Closings						
	FY 2001-02 Actual	FY 2002-03 Actual	FY 2003-04 Actual.	FY 2004-05 Actual	FY 2005-06 Estimate	FY 2006-07 Estimate
Felony	18,736	20,234	21,562	23,054	24,649	26,354
Misdemeanor	13,864	15,775	16,474	17,640	18,888	20,225
Juvenile (All)	4,473	4,563	4,129	4,045	3,963	3,883
Total	37,073	40,572	42,165	44,739	47,500	50,462

Alternate Defense Counsel Caseload

The Alternate Defense Counsel is an independent agency within the Judicial Department that contracts with private attorneys to represent indigent defendants in cases where the Public Defender has a conflict of interest and may not ethically represent a defendant. Representation in this context is more expensive because private attorneys represent the defendants. Here too, both the total caseload and the complexity of cases determines the amount of resources required. Recent caseloads are shown in the table below.

Alternate Defense Counsel Caseload^a							
	FY 00-01 Actual	FY 01-02 Actual	FY 02-03 Actual	FY 03-04 Actual	FY 04-05 Actual	FY 05-06 Estimate	FY 06-07 Estimate
Felony	553	485	6,061	6,840	7,113	8,411	9,118
Appeals	477	470	468	546	540	643	697
Rule 35(b) & (c) Motions	n/a	n/a	450	486	476	498	539
Juvenile	n/a	n/a	1,636	1,494	1,274	1,498	1,623
Other ^b	5,121	5,424	1,477	1,733	1,703	2,013	2,181
Total	6,151	6,379	10,092	11,099	11,106	13,063	14,158

^a The Alternate Defense Counsel updated its database in FY 2002-03 to make more detailed distinctions between certain case types.

^b Beginning in FY 2002-03, the "Other" category includes misdemeanors, driving under the influence, traffic violations, probation violations, special proceedings, and other miscellaneous case types. Prior to FY 2002-03, the "Other" category also includes Rule 35 (b) and (c) motions, and juvenile cases.

Office of the Child's Representative Caseload

The Office of the Child's Representative is an independent agency within the Judicial Department that is responsible for providing legal representation for children involved in the court system due to abuse, neglect, high conflict divorce, delinquency, and certain other case types. Appointments of guardians ad-litem, the attorneys who represent the best interest of the child, drive the budget of this agency. Recent caseloads are shown in the table below.

Office of the Child's Representative Caseload					
	FY 2002-03 Actual	FY 2003-04 Actual	FY 2004-05 Actual	FY 2005-06 Estimate	FY 2006-07 Estimate
Dependency & Neglect	5,847	6,493	6,972	7,929	8,801
Juvenile Delinquency & Truancy	3,391	3,042	3,655	3,961	4,397
Domestic Relations & Paternity	860	1,094	848	819	908
Probate & Other	157	165	185	192	213
Total	10,255	10,794	11,660	12,901	14,319

Summary of FY 2005-06 and FY 2006-07 Appropriations

Judicial Department						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Total Appropriation:	\$306,604,491	\$236,983,530	\$60,507,476	\$7,954,959	\$1,158,526	3,365.0
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Supreme Court/Court of Appeals	13,150,727	8,192,727	4,653,000	305,000	0	166.7
Courts Administration	35,402,872	26,244,816	6,856,195	2,299,247	2,614	172.5
Trial Courts	133,236,871	96,494,658	35,072,586	1,274,469	395,158	1,630.5
Probation and Related Services	65,366,160	46,695,831	13,843,555	4,066,020	760,754	1,028.4
Public Defender	34,917,861	34,828,498	79,140	10,223	0	357.9
Alternate Defense Counsel	14,746,841	14,743,841	3,000	0	0	5.0
Office of the Child's Representative	9,783,159	9,783,159	0	0	0	4.0
<u>Breakdown of Total Appropriation by Bill</u>						
SB 05-209	306,998,123	236,697,656	60,340,845	8,801,096	1,158,526	3,365.0
HB 06-1220	(393,632)	285,874	166,631	(846,137)	0	0.0
FY 2006-07 Total Appropriation:	\$337,074,194	\$262,618,380	\$63,387,875	\$9,901,692	\$1,166,247	3,542.6
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Supreme Court/Court of Appeals	16,010,717	9,752,717	6,053,000	205,000	0	180.2
Courts Administration	40,611,453	30,291,300	8,080,176	2,229,642	10,335	194.5
Trial Courts	143,256,322	106,514,109	35,072,586	1,274,469	395,158	1,721.8
Probation and Related Services	68,742,088	47,708,718	14,094,973	6,177,643	760,754	1,043.2
Public Defender	37,805,592	37,711,514	79,140	14,938	0	393.9

Judicial Department						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
Alternate Defense Counsel	18,291,224	18,283,224	8,000	0	0	5.0
Office of the Child's Representative	12,356,798	12,356,798	0	0	0	4.0
<u>Breakdown of Total Appropriation by Bill</u>						
HB 06-1385	333,941,818	259,513,004	63,360,875	9,901,692	1,166,247	3,499.4
SB 06-22	27,000	0	27,000	0	0	0.0
SB 06-61	(48,274)	(48,274)	0	0	0	0.3
HB 06-1011	19,682	19,682	0	0	0	0.4
HB 06-1028	3,133,968	3,133,968	0	0	0	42.5
Increase/(Decrease)	\$30,469,703	\$25,634,850	\$2,880,399	\$1,946,733	\$7,721	177.6
Percentage Change	9.9%	10.8%	4.8%	24.5%	0.7%	5.3%

FY 2006-07 Appropriation Highlights:

1. Provides \$5.5 million General Fund (\$1.8 million for the trial courts, \$1.8 million for the Alternate Defense Counsel, and \$1.9 million for the Office of the Child's Representative) to raise court-appointed counsel hourly rates.
2. Provides \$3,133,968 General Fund and 42.5 FTE pursuant to H.B. 06-1028, which created three new judgeships on the Colorado Court of Appeals and four new county court judgeships (located in Jefferson, Douglas, Mesa, and Weld counties).
3. Provides \$3.7 million General Fund and \$120,000 cash funds for adjustments to centrally-appropriated line items such as salary survey, short-term disability, state contributions to health, life, and dental benefits, state contributions to the Public Employees' Retirement Association (PERA) pension fund, workers' compensation, and risk management.
4. Provides \$2.3 million General Fund and 33.0 FTE for the final six district court judgeships created pursuant to H.B. 01-1075, the associated trial court support staff, and the public defenders needed to cover the new criminal dockets.
5. Provides \$1.2 million General Fund for 31.0 FTE additional Trial Courts staff.
6. Provides \$1.2 million General Fund for 20.0 additional probation officer, supervisor, and secretary FTE.
7. Provides \$912,000 and \$545,000 General Fund to address caseload increases for the Alternate Defense Counsel and the Office of the Child's Representative, respectively.

8. Provides \$882,000 General Fund for 20.0 attorney, secretary, and investigator FTE in the Public Defender's Office to address caseload growth.
9. Provides \$839,000 General Fund and 14.0 FTE for 3.5 district court magistrates and associated trial court support staff.
10. Provides \$1.5 million cash funds exempt from reserves in the Offender Services Cash Fund for treatment and support services for probationers.

Detail of Appropriation by Administrative Section

Supreme Court/Court of Appeals

This division is comprised of the Supreme Court and the Court of Appeals. The seven-member Supreme Court is the highest court in the State. It has general supervisory control over the lower courts, both procedural and administrative, and it is responsible for promulgating civil and criminal rules of procedure. The Supreme Court provides appellate review of final judgements of lower courts and has original jurisdiction over cases relating to the constitutionality of a statute, ordinance, or charter; decisions of the state Public Utilities Commission; writs of habeas corpus; certain water cases; certain proceedings arising from the state election code; and some prosecutorial appeals. The Supreme Court is also responsible for overseeing the state law library, the law examiner board, the attorney regulation committees, and the continuing legal education program.

The Supreme Court receives nearly all of its cash funds from fees charged to attorneys for the Colorado Bar Examination and for licenses to practice law; some cash funds also come from other fees and cost recoveries. These cash funds are used to monitor the legal profession to ensure that attorneys practicing in Colorado are competent and ethical. Cash funds exempt are from reserves in those funds.

House Bill 06-1028 increased the size of the Court of Appeals from 16 to 19 judges. The Court of Appeals has initial appellate jurisdiction over appeals from district courts and Denver's probate and juvenile courts. In addition, the Court of Appeals has initial statutory jurisdiction over appeals of certain final orders from various state agencies.

Supreme Court/Court of Appeals						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Appropriation:						
SB 05-209	\$13,140,727	\$8,192,727	\$4,643,000	\$305,000	\$0	166.7
HB 06-1220	<u>10,000</u>	<u>0</u>	<u>10,000</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$13,150,727	\$8,192,727	\$4,653,000	\$305,000	\$0	166.7

Supreme Court/Court of Appeals						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Appropriation:						
FY 2005-06 Appropriation	\$13,150,727	\$8,192,727	\$4,653,000	\$305,000	\$0	166.7
Anticipated changes in continuously appropriated cash funds	1,300,000	0	1,400,000	(100,000)	0	0.0
Annualize salary increases	296,956	296,956	0	0	0	0.0
HB 06-1385	\$14,747,683	\$8,489,683	\$6,053,000	\$205,000	\$0	166.7
HB 06-1028	<u>1,263,034</u>	<u>1,263,034</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>13.5</u>
TOTAL	\$16,010,717	\$9,752,717	\$6,053,000	\$205,000	\$0	180.2
Increase/(Decrease)	\$2,859,990	\$1,559,990	\$1,400,000	(\$100,000)	\$0	13.5
Percentage Change	21.7%	19.0%	30.1%	-32.8%	n/a	8.1%

HB 06-1385 (Long Bill) Issue Descriptions

Anticipated changes in continuously appropriated cash funds: There are several funds that are shown in the Long Bill for informational purposes only, as they are continuously appropriated as part of the Supreme Court's constitutional responsibility for regulating the practice of law in Colorado. The appropriation includes increases of \$1.1 million for the Attorney Regulation Committees, and an increase of \$300,000 cash funds and a reduction of \$100,000 cash funds exempt for the Law Examiner Board.

Annualize salary increases: The appropriation includes funding to annualize salary survey increases awarded in FY 2005-06.

Additional legislation: For information on H.B. 06-1028, see the "Recent Legislation" section at the end of the Judicial Department.

Courts Administration

This division contains appropriations for the administration of Colorado's courts and probation department, as well as several specialized programs. The Division includes the following subdivisions: Administration; Administrative Special Purpose; Judicial Performance; and Integrated Information Services.

Courts Administration						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Appropriation:						
SB 05-209	\$37,016,362	\$27,853,106	\$6,824,564	\$2,336,078	\$2,614	172.5
HB 06-1220	<u>(1,613,490)</u>	<u>(1,608,290)</u>	<u>31,631</u>	<u>(36,831)</u>	<u>0</u>	<u>0.0</u>

Courts Administration						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
TOTAL	\$35,402,872	\$26,244,816	\$6,856,195	\$2,299,247	\$2,614	172.5
FY 2006-07 Appropriation:						
HB 06-1385	<u>\$40,611,453</u>	<u>\$30,291,300</u>	<u>\$8,080,176</u>	<u>\$2,229,642</u>	<u>\$10,335</u>	<u>194.5</u>
TOTAL	\$40,611,453	\$30,291,300	\$8,080,176	\$2,229,642	\$10,335	194.5
Increase/(Decrease)	\$5,208,581	\$4,046,484	\$1,223,981	(\$69,605)	\$7,721	22.0
Percentage Change	14.7%	15.4%	17.9%	-3.0%	295.4%	12.8%

Administration

This subdivision funds the State Court Administrator's Office, which is responsible for: (1) coordination and control of budgeting, human resources, data processing, grant administration, and management services for the entire Judicial Department; (2) internal audits, training, and technical assistance for court programs, judicial districts, and probation offices; (3) support for the probation offices; and (4) maintenance of the Judicial/Heritage Complex. Cash funds are from the Family-friendly Court Program Cash Fund, and from fees and cost recoveries. Cash funds exempt are transfers from various sources of cash funds within the Department, and from funds transferred from the State Historical Society.

<i>Administration</i>						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Appropriation:						
SB 05-209	\$7,743,564	\$5,309,067	\$896,034	\$1,535,849	\$2,614	58.5
HB 06-1220	<u>211,020</u>	<u>218,260</u>	<u>29,591</u>	<u>(36,831)</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$7,954,584	\$5,527,327	\$925,625	\$1,499,018	\$2,614	58.5
FY 2006-07 Appropriation:						
FY 2005-06 Appropriation	\$7,954,584	\$5,527,327	\$925,625	\$1,499,018	\$2,614	58.5
Indirect cost assessment adjustments	146,568	0	165,847	(27,000)	7,721	0.0
Human Resources staff increase	128,914	128,914	0	0	0	2.0
Transfer FTE from Collections Investigators	112,720	0	0	112,720	0	1.0
Annualize salary increases	56,136	56,136	0	0	0	0.0
Annualization of prior year funding	(229,596)	(164,056)	0	(65,540)	0	0.0

<i>Administration</i>						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
Other	33,161	(69,254)	192,200	(89,785)	0	0.0
HB 06-1385	<u>\$8,202,487</u>	<u>\$5,479,067</u>	<u>\$1,283,672</u>	<u>\$1,429,413</u>	<u>\$10,335</u>	<u>61.5</u>
TOTAL	<u>\$8,202,487</u>	<u>\$5,479,067</u>	<u>\$1,283,672</u>	<u>\$1,429,413</u>	<u>\$10,335</u>	<u>61.5</u>
Increase/(Decrease)	\$247,903	(\$48,260)	\$358,047	(\$69,605)	\$7,721	3.0
Percentage Change	3.1%	-0.9%	38.7%	-4.6%	295.4%	5.1%

HB 06-1385 (Long Bill) Issue Descriptions

Indirect cost assessment adjustments: The appropriation is adjusted so that the Department can collect the appropriate amount of indirect costs from cash- and federally-funded programs based on the FY 2006-07 appropriation.

Human Resources staff increase: The appropriation includes a base increase of an additional 2.0 Human Resources FTE.

Transfer FTE from Collections Investigators: The appropriation includes the transfer for 1.0 FTE from the Collections Investigators program in Administrative Special Purpose to Administration to better reflect the FTE's actual workload. There is a commensurate reduction in the Administrative Special Purpose subdivision. In the Collections Investigators program, this was a cash-funded FTE; in Administration, it is funded with cash funds exempt from indirect cost recoveries.

Annualize salary increases: The appropriation includes funding to annualize salary survey increases awarded in FY 2005-06. The adjustment shown also includes a 0.2 percent base reduction to the personal services appropriations for the division.

Annualization of prior year funding: The appropriation annualizes a FY 2005-06 supplemental appropriation that allows for the Colorado State Patrol to take over security at the Supreme Court Building.

Other: The appropriation also contains the following miscellaneous changes: (1) an increase of \$192,200 cash funds and a reduction of \$129,400 cash funds exempt for the Family-friendly Courts Program to allow for a greater utilization of cash funds revenue and to reflect a reduction in available cash fund exempt reserves; (2) a reduction of \$28,657 General Fund and a commensurate cash funds exempt increase for the Judicial/Heritage Program to better reflect the terms of the Department's contract with the Colorado Historical Society for maintenance at the State History Museum; (3) a reduction of \$10,958 General Fund and a commensurate cash funds exempt increase to allow for increased billing of cash- and federally-funded programs for leased space costs; and (4) the elimination of a one-time appropriation in FY 2005-06 of \$29,639 General Fund for Capital Outlay.

Administrative Special Purpose

This subdivision includes several programs within the Judicial Department, such as Collections Investigators, the Child Support Enforcement Program, and the Retired Judge Program. The subdivision also includes centrally appropriated line items, such as salary survey, workers' compensation, legal services, and payments related to risk management. Cash funds are from the Judicial Collection Enhancement Fund, the Offender Services Fund, the Dispute Resolution Fund, the Fines Collection Cash Fund, the Drug Offender Surcharge Fund, the Alcohol and Drug Driving Safety Program Fund, and from cost recoveries. Cash funds exempt are from local Victims and Witness Assistance Law Enforcement (VALE) Boards and federal funds transferred from the Department of Human Services.

<i>Administrative Special Purpose</i>						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Appropriation:						
SB 05-209	\$22,001,219	\$17,789,980	\$3,630,010	\$581,229	\$0	70.2
HB 06-1220	<u>(1,805,581)</u>	<u>(1,807,621)</u>	<u>2,040</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$20,195,638	\$15,982,359	\$3,632,050	\$581,229	\$0	70.2
FY 2006-07 Appropriation:						
FY 2005-06 Appropriation	\$20,195,638	\$15,982,359	\$3,632,050	\$581,229	\$0	70.2
FY 2006-07 salary and benefits adjustments	2,959,737	2,948,170	11,567	0	0	0.0
Additional Collections Investigators	691,230	0	691,230	0	0	15.0
Benefits for H.B. 01-1075 judges	163,235	163,235	0	0	0	0.0
Benefits for additional Trial Courts staff	153,911	153,911	0	0	0	0.0
Benefits for additional Probation staff	94,931	94,931	0	0	0	0.0
Annualize salary increases	85,068	0	85,068	0	0	0.0
Leased Space for additional Human Resources staff	10,800	10,800	0	0	0	0.0
Transfer FTE to Administration	(112,720)	0	(112,720)	0	0	(1.0)
Other	343,627	343,627	0	0	0	0.0
HB 06-1385	<u>\$24,585,457</u>	<u>\$19,697,033</u>	<u>\$4,307,195</u>	<u>\$581,229</u>	<u>\$0</u>	<u>84.2</u>
TOTAL	\$24,585,457	\$19,697,033	\$4,307,195	\$581,229	\$0	84.2
Increase/(Decrease)	\$4,389,819	\$3,714,674	\$675,145	\$0	\$0	14.0
Percentage Change	21.7%	23.2%	18.6%	0.0%	n/a	19.9%

HB 06-1385 (Long Bill) Issue Descriptions

FY 2006-07 salary and benefits adjustments: The appropriation includes adjustments to centrally-appropriated line items for salary survey, short-term disability, state contributions to health, life, and dental benefits, state and contributions to the Public Employees' Retirement Association (PERA) pension fund. All salary survey and anniversary increases are funded through centrally-appropriated line items in the Administration Division in the year of the award and are incorporated into base funding for each division in the subsequent year.

Additional Collections Investigators: The appropriation includes cash funds spending authority for 15.0 additional Collections Investigators FTE.

Benefits for H.B. 01-1075 judges: The appropriation includes state contributions to health, life, and dental benefits, and short-term disability, for the additional 30.0 judges and Trial Courts staff associated with the recommended H.B. 01-1075 funding.

Benefits for additional Trial Courts staff: The appropriation includes state contributions to health, life, and dental benefits, and short-term disability, for the additional 54.0 Trial Courts staff being recommended.

Benefits for additional Probation staff: The appropriation includes state contributions to health, life, and dental benefits, and short-term disability, for the additional 31.2 Probation staff being recommended.

Annualize salary increases: The appropriation includes funding to annualize salary survey increases awarded in FY 2005-06.

Leased Space for additional Human Resources staff: The appropriation includes funding for leased space for the 2.0 Human Resources FTE recommended.

Transfer FTE to Administration: The appropriation includes the transfer for 1.0 FTE from the Collections Investigators program in Administrative Special Purpose to Administration to better reflect the FTE's actual workload. There is a commensurate increase in the Administration subdivision. In the Collections Investigators program, this was a cash-funded FTE; in Administration, it is funded with cash funds exempt from indirect cost recoveries.

Other: The appropriation also contains the following miscellaneous changes: (1) increases totaling \$334,246 for Workers' Compensation and Payments to Risk Management; (2) an increase of \$14,034 General Fund due to the increase in the rate charged by the Department of Law for providing legal services to state agencies; (3) a \$2,517 General Fund reduction in the amount allocated to the Department for vehicle leases from the Department of Personnel and Administration; and (4) a \$2,136 General Fund reduction in the Leased Space appropriation.

Judicial Performance

This subdivision provides a system of evaluating judicial performance in order to: (1) provide persons who are voting on the retention of justices and judges with fair, responsible, and constructive information about judicial performance; and (2) provide justices and judges with useful information concerning their own performances. The source of cash funds is the Judicial Performance Cash Fund.

<i>Judicial Performance</i>						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Appropriation:						
SB 05-209	<u>\$563,520</u>	<u>\$0</u>	<u>\$563,520</u>	<u>\$0</u>	<u>\$0</u>	<u>1.0</u>
TOTAL	\$563,520	\$0	\$563,520	\$0	\$0	1.0
FY 2006-07 Appropriation:						
FY 2005-06 Appropriation	\$563,520	\$0	\$563,520	\$0	\$0	1.0
Annualize salary increases	2,477	0	2,477	0	0	0.0
HB 06-1385	<u>\$565,997</u>	<u>\$0</u>	<u>\$565,997</u>	<u>\$0</u>	<u>\$0</u>	<u>1.0</u>
TOTAL	\$565,997	\$0	\$565,997	\$0	\$0	1.0
Increase/(Decrease)	\$2,477	\$0	\$2,477	\$0	\$0	0.0
Percentage Change	0.4%	n/a	0.4%	n/a	n/a	0.0%

HB 06-1385 (Long Bill) Issue Descriptions

Annualize salary increases: The appropriation includes funding to annualize salary survey increases awarded in FY 2005-06.

Integrated Information Services

This subdivision provides automated data processing services to the state courts and probation offices. Major systems supported this division include: (1) the Integrated Colorado On-line Network (ICON), which handles case tracking and financial functions for the trial courts and probation departments; (2) the Colorado Integrated Criminal Justice Information System (CICJIS), which shares and tracks data concerning offenders among the various criminal justice agencies, including law enforcement, district attorneys, courts, and adult and youth corrections; (3) the appellate case tracking system; (4) the court-appointed counsel system; and (5) the state court administrator's local-area network. Cash funds are from fees and cost recoveries. Cash funds exempt are from federal funds transferred to the Judicial Department from other state agencies.

<i>Integrated Information Services</i>						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Appropriation:						
SB 05-209	\$6,708,059	\$4,754,059	\$1,735,000	\$219,000	\$0	42.8
HB 06-1220	<u>(18,929)</u>	<u>(18,929)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$6,689,130	\$4,735,130	\$1,735,000	\$219,000	\$0	42.8

<i>Integrated Information Services</i>						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Appropriation:						
FY 2005-06 Appropriation	\$6,689,130	\$4,735,130	\$1,735,000	\$219,000	\$0	42.8
JAVA programmers and technical staff	300,533	300,533	0	0	0	5.0
Network enhancements	188,312	0	188,312	0	0	0.0
Annualize salary increases	80,240	80,240	0	0	0	0.0
Other	(703)	(703)	0	0	0	0.0
HB 06-1385	<u>\$7,257,512</u>	<u>\$5,115,200</u>	<u>\$1,923,312</u>	<u>\$219,000</u>	<u>\$0</u>	<u>47.8</u>
TOTAL	\$7,257,512	\$5,115,200	\$1,923,312	\$219,000	\$0	47.8
Increase/(Decrease)	\$568,382	\$380,070	\$188,312	\$0	\$0	5.0
Percentage Change	8.5%	8.0%	10.9%	0.0%	n/a	11.7%

HB 06-1385 (Long Bill) Issue Descriptions

JAVA programmers and technical staff: The appropriation includes funding for 3.0 computer programmer FTE to convert Judicial's case management system from the RPG programming language to JAVA. The appropriation also includes funding for 2.0 technical staff FTE to assist with implementation and training associated with the conversion. The Department estimates this conversion will take three years, at which point this appropriation can be eliminated.

Network enhancements: The appropriation includes cash funds spending authority to allow the Department to use revenue generated from e-filing fees to increase network bandwidth at 17 probation and/or courthouse facilities experiencing unacceptable user response times.

Annualize salary increases: The appropriation includes funding to annualize salary survey increases awarded in FY 2005-06. The adjustment shown also includes a 0.2 percent base reduction to the personal services appropriations for the division.

Other: The appropriation also contains the following miscellaneous changes: (1) an increase of \$1,267 for Purchase of Services from the General Government Computing Center; (2) an increase of \$696 for Communication Services purchased from the Department of Personnel and Administration; and (3) a reduction of \$2,666 for Multi-use Network payments.

Trial Courts

The Trial Courts Division represents the largest portion of the Judicial Department's budget. This division includes district courts in 22 judicial districts, 64 county courts, and 7 water courts. Each judicial district includes one district court and a county court in each county served by the district. The Second Judicial District (Denver) also includes a probate court and a juvenile court. However, the Denver County Court is not part of

the state court system. The district courts are trial courts of general jurisdiction and have appellate jurisdiction over final judgements of county courts and municipal courts. The county courts have limited jurisdiction, as set by statute. County courts have appellate jurisdiction over municipal courts. Water courts are separately created by the Water Right Determination and Administration Act of 1969 and have general jurisdiction over water use, water rights, and water administration.

House Bill 01-1075 created 24 new district court judgeships, six per year for four years. Although funding for the new judgeships was provided in FY 2001-02 and FY 2002-03, due to the state's fiscal crisis, none of the new judgeships were funded in FY 2003-04 or FY 2004-05. Funding for six new judgeships was included in the Department's FY 2005-06 and FY 2006-07 appropriations, resulting in full funding of all H.B. 01-1075 judgeships. Additionally, H.B. 06-1028 created four new county court judgeships in Jefferson, Douglas, Mesa, and Weld counties.

Cash funds are from the Judicial Stabilization Fund, the Crime Victim Compensation Funds, the Victims and Witnesses Assistance and Law Enforcement Funds, the Water Adjudication Cash Fund, and various fees and cost recovery charges to those who use the court system. Cash funds exempt are from reserves in the Crime Victim Compensation Funds and in the Victims and Witnesses Assistance and Law Enforcement Funds, federal funds appropriated to other departments and transferred to the Judicial Department, and various gifts, grants, and donations.

Trial Courts						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Appropriation:						
SB 05-209	\$132,548,124	\$95,930,911	\$34,947,586	\$1,274,469	\$395,158	1,630.5
HB 06-1220	<u>688,747</u>	<u>563,747</u>	<u>125,000</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$133,236,871	\$96,494,658	\$35,072,586	\$1,274,469	\$395,158	1,630.5
FY 2006-07 Appropriation:						
FY 2005-06 Appropriation	\$133,236,871	\$96,494,658	\$35,072,586	\$1,274,469	\$395,158	1,630.5
Annualize salary increases	3,497,561	3,497,561	0	0	0	0.0
H.B. 01-1075 judges and staff	2,084,771	2,084,771	0	0	0	30.0
Court-appointed counsel rate increase	1,802,119	1,802,119	0	0	0	0.0
Additional trial courts staff	1,071,036	1,071,036	0	0	0	31.0
Additional magistrates	839,270	839,270	0	0	0	14.0
Other	(479,910)	(479,910)	0	0	0	0.0
HB 06-1385	\$142,051,718	\$105,309,505	\$35,072,586	\$1,274,469	\$395,158	1,705.5
SB 06-61	(32,018)	(32,018)	0	0	0	0.3
HB 06-1028	<u>1,236,622</u>	<u>1,236,622</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>16.0</u>
TOTAL	\$143,256,322	\$106,514,109	\$35,072,586	\$1,274,469	\$395,158	1,721.8

Trial Courts						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
Increase/(Decrease)	\$10,019,451	\$10,019,451	\$0	\$0	\$0	91.3
Percentage Change	7.5%	10.4%	0.0%	0.0%	0.0%	5.6%

HB 06-1385 (Long Bill) Issue Descriptions

Annualize salary increases: The appropriation includes funding to annualize salary survey increases awarded in FY 2005-06. The adjustment shown also includes a 0.2 percent base reduction to the personal services appropriations for the division.

H.B. 01-1075 judges and staff: The appropriation includes funding for the remaining 6.0 judges created pursuant to H.B. 01-1075 and associated trial court support staff.

Court-appointed counsel rate increase: The appropriation includes funding to raise court-appointed counsel hourly rates from \$45 per hour out-of-court and \$55 per hour in-court, to a flat rate to be calculated by the Department based on the recommended funding increase. Funding is also included in the appropriations for the Alternate Defense Counsel and the Office of the Child's Representative to provide commensurate hourly attorney rate increases.

Additional trial courts staff: The appropriation includes funding for an additional 31.0 Trial Courts staff FTE.

Additional magistrates: The appropriation includes funding for an additional 3.5 magistrate FTE and 10.5 FTE associated trial court support staff.

Other: The appropriation also contains the following miscellaneous changes: (1) an increase of \$5,486 General Fund for the Sex Offender Surcharge Fund Program; (2) the elimination of a one-time FY 2005-06 \$481,230 General Fund appropriation for Capital Outlay; and (3) a reduction of \$4,166 General Fund for District Attorney Mandated Costs.

Additional legislation: For information on S.B. 06-61 and H.B. 06-1028, see the "Recent Legislation" section at the end of the Judicial Department.

Probation and Related Services

Probation is a sentencing alternative available to the courts. The offender serves a sentence in the community under the supervision of a probation officer, subject to the conditions imposed by the court. There are varying levels of supervision that may be required under a probation sentence, and there are numerous services, ranging from drug counseling to child care, that may be provided to offenders sentenced to probation. The amount of supervision and the types of services vary depending on the profile and history of each offender. In addition, probation officers are responsible for investigating the background of persons brought before the court for sentencing.

Cash funds are primarily generated by supervision and testing fees charged to probationers. The sources of cash funds are the Offender Services Fund, the Drug Offender Surcharge Fund, the Alcohol and Drug Driving Safety Program Fund, the Sex Offender Surcharge Fund, and various fees and cost recoveries. Cash funds exempt are from reserves from the Alcohol and Drug Driving Safety Program Fund; funds appropriated to other departments and transferred to the Judicial Department; grants from local Victims and Witnesses Assistance and Law Enforcement (VALE) Boards; and gifts, grants, and donations.

Probation and Related Services						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Appropriation:						
SB 05-209	\$66,173,004	\$46,693,369	\$13,843,555	\$4,875,326	\$760,754	1,028.4
HB 06-1220	<u>(806,844)</u>	<u>2,462</u>	<u>0</u>	<u>(809,306)</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$65,366,160	\$46,695,831	\$13,843,555	\$4,066,020	\$760,754	1,028.4
FY 2006-07 Appropriation:						
FY 2005-06 Appropriation	\$65,366,160	\$46,695,831	\$13,843,555	\$4,066,020	\$760,754	1,028.4
Offender Services and Treatment funding	1,500,000	0	0	1,500,000	0	0.0
Additional Probation staff	1,115,987	1,115,987	0	0	0	20.0
Annualize salary increases	372,804	234,958	137,846	0	0	0.0
Other	356,711	(341,484)	86,572	611,623	0	(5.6)
HB 06-1385	\$68,711,662	\$47,705,292	\$14,067,973	\$6,177,643	\$760,754	1,042.8
SB 06-22	27,000	0	27,000	0	0	0.0
SB 06-61	(16,256)	(16,256)	0	0	0	0.0
HB 06-1011	<u>19,682</u>	<u>19,682</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.4</u>
TOTAL	\$68,742,088	\$47,708,718	\$14,094,973	\$6,177,643	\$760,754	1,043.2
Increase/(Decrease)	\$3,375,928	\$1,012,887	\$251,418	\$2,111,623	\$0	14.8
Percentage Change	5.2%	2.2%	1.8%	51.9%	0.0%	1.4%

HB 06-1385 (Long Bill) Issue Descriptions

Offender Services and Treatment funding: The appropriation includes an increase of \$1.5 million in cash funds exempt spending authority from reserves in the Offender Services Cash Fund for the provision of treatment and services for probationers, such as drug and alcohol treatment, domestic violence programs, mental health services, and educational and vocational services.

Additional Probation staff: The appropriation provides funding for 20.0 additional probation officers, supervisors, and administrative staff.

Annualize salary increases: The appropriation includes funding to annualize salary survey increases awarded in FY 2005-06. The adjustment shown also includes a 0.2 percent base reduction to the personal services appropriations for the division.

Other: The appropriation also contains the following miscellaneous changes: (1) an increase of \$611,623 cash funds exempt for the S.B. 91-94 line item which funds alternative placements for juveniles in the custody of the Department of Human Services (DHS), Division of Youth Corrections (the amount of the contract between Judicial and DHS varies each year; the Long Bill appropriation is the Judicial Department's best estimate of what the contract will be and is usually revised during supplementals each year to match the actual contract with DHS); (2) an increase of \$67,784 cash funds to match the allocation provided to the Judicial Department from the Sex Offender Management Board; (3) an increase of \$18,788 cash funds from the Drug Offender Surcharge Fund as determined by the multi-agency panel that oversees the fund; (4) the elimination of a one-time FY 2005-06 appropriation of \$341,484 General Fund for Capital Outlay; and (5) the elimination of 5.6 FTE from the Alcohol/Drug Driving Safety Program (ADDS) that were associated with a cash funds exempt appropriation that was eliminated from the program via a FY 2005-06 supplemental.

Additional legislation: For information on S.B. 06-22, S.B. 06-61, and H.B. 06-1011, see the "Recent Legislation" section at the end of the Judicial Department.

Public Defender

The Public Defender is responsible for providing legal counsel for criminal defendants whom the courts have found to be indigent and who are facing the possibility of incarceration. The Public Defender maintains 21 regional offices and an appellate division. The sources of cash funds are the Offender Services Fund and training fees. The source of cash funds exempt is federal funds appropriated to the Department of Public Safety and transferred to the Public Defender's Office.

Public Defender						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Appropriation:						
SB 05-209	\$34,920,760	\$34,831,397	\$79,140	\$10,223	\$0	357.9
HB 06-1220	<u>(2,899)</u>	<u>(2,899)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$34,917,861	\$34,828,498	\$79,140	\$10,223	\$0	357.9
FY 2006-07 Appropriation:						
FY 2005-06 Appropriation	\$34,917,861	\$34,828,498	\$79,140	\$10,223	\$0	357.9
Staff increase due to caseload growth	882,019	882,019	0	0	0	20.0
Annualize salary increases	720,235	720,235	0	0	0	0.0
FY 2006-07 salary and benefits adjustments	459,072	459,072	0	0	0	0.0
Staff needed due to H.B. 01-1075 judges	148,557	148,557	0	0	0	3.0
Other	43,536	38,821	0	4,715	0	0.0

Public Defender						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
HB 06-1385	\$37,171,280	\$37,077,202	\$79,140	\$14,938	\$0	380.9
HB 06-1028	<u>634,312</u>	<u>634,312</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>13.0</u>
TOTAL	\$37,805,592	\$37,711,514	\$79,140	\$14,938	\$0	393.9
Increase/(Decrease)	\$2,887,731	\$2,883,016	\$0	\$4,715	\$0	36.0
Percentage Change	8.3%	8.3%	0.0%	46.1%	n/a	10.1%

HB 06-1385 (Long Bill) Issue Descriptions

Staff increase due to caseload growth: The appropriation includes funding for 12.0 attorney FTE, 5.0 secretary FTE, and 3.0 investigator FTE to address very high caseloads.

Annualize salary increases: The appropriation includes funding to annualize salary survey increases awarded in FY 2005-06.

FY 2006-07 salary and benefits adjustments: The appropriation includes adjustments to centrally-appropriated line items for salary survey, anniversary awards, short-term disability, state contributions to health, life, and dental benefits, and state contributions to the Public Employees' Retirement Association (PERA) pension fund. All salary survey and anniversary increases are funded through centrally-appropriated line items in the year of the award and are incorporated into base funding in the subsequent year.

Staff needed due to H.B. 01-1075 judges: The appropriation includes funding for 3.0 attorney FTE needed to handle the new criminal dockets created by these judges.

Other: The appropriation also contains the following miscellaneous changes: (1) an increase of \$76,283 General Fund for annual leased space escalators; (2) an increase of \$4,715 cash funds exempt to accept grant monies from the Department of Public Safety; (3) an increase of \$184 General Fund for Purchase of Services from the General Government Computing Center; (4) the elimination of a one-time FY 2005-06 appropriation of \$34,198 General Fund for Capital Outlay; (5) a reduction of \$1,812 General Fund for Multi-use Network Payments; and (6) a reduction of \$1,636 General Fund for vehicle lease costs.

Additional legislation: For information on H.B. 06-1028, see the "Recent Legislation" section at the end of the Judicial Department.

Alternate Defense Counsel

The Office of the Alternate Defense Counsel (ADC) is an independent agency that was established by S.B. 96-205. The ADC provides representation for indigent defendants when the Public Defender is precluded from doing so because of a conflict of interest. Private attorneys are appointed by the courts and are hired on a per hour contract basis by the ADC. The Office also contracts with private investigators to assist in the defense

of the appointed cases, and the Office is responsible for the payment of expenses for discovery and interpreters in the appointed cases. Cash funds are from fees for training provided by the ADC.

Alternate Defense Counsel						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Appropriation:						
SB 05-209	\$13,889,280	\$13,886,280	\$3,000	\$0	\$0	5.0
HB 06-1220	<u>857,561</u>	<u>857,561</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$14,746,841	\$14,743,841	\$3,000	\$0	\$0	5.0
FY 2006-07 Appropriation:						
FY 2005-06 Appropriation	\$14,746,841	\$14,743,841	\$3,000	\$0	\$0	5.0
Court-appointed counsel rate increase	1,754,141	1,754,141	0	0	0	0.0
Increase due to caseload growth	911,964	911,964	0	0	0	0.0
Attorney travel rate increase	660,000	660,000	0	0	0	0.0
Death penalty rate increases	169,000	169,000	0	0	0	0.0
Personal Services base correction	24,041	24,041	0	0	0	0.0
Annualize salary increases	12,604	12,604	0	0	0	0.0
FY 2006-07 salary and benefits adjustments	1,511	1,511	0	0	0	0.0
Other	11,122	6,122	5,000	0	0	0.0
HB 06-1385	<u>\$18,291,224</u>	<u>\$18,283,224</u>	<u>\$8,000</u>	<u>\$0</u>	<u>\$0</u>	<u>5.0</u>
TOTAL	\$18,291,224	\$18,283,224	\$8,000	\$0	\$0	5.0
Increase/(Decrease)	\$3,544,383	\$3,539,383	\$5,000	\$0	\$0	0.0
Percentage Change	24.0%	24.0%	166.7%	n/a	n/a	0.0%

HB 06-1385 (Long Bill) Issue Descriptions

Court-appointed counsel rate increase: The appropriation includes funding to raise court-appointed counsel hourly rates for most case types from between \$45 to \$51 per hour to an hourly rate to be calculated by the Alternate Defense Counsel based on the recommended funding increase. Funding is also included in the appropriations for the Trial Courts and the Office of the Child's Representative to provide commensurate hourly attorney rate increases.

Increase due to caseload growth: The appropriation includes additional funding to address cost increases due to caseload growth. The Alternate Defense Counsel has no control over its caseload growth as it is required to pay the costs of court-appointed counsel that contract with the state to provide services to the indigent when the Public Defender's Office is precluded from doing so due to a conflict of interest.

Attorney travel rate increase: The appropriation includes funding to raise the rate that attorneys are paid for travel from \$30 per hour to the new hourly flat rate, regardless of case type.

Death penalty rate increases: The appropriation includes funding to raise the rate paid to attorneys working on death penalty cases from \$65 per hour to \$85 per hour, and funding to raise the rate paid to investigators working on death penalty cases from \$33 per hour to \$39 per hour.

Personal Services base correction: The appropriation includes a base increase in the Personal Services appropriation to address a historic shortfall in the appropriation.

Annualize salary increases: The appropriation includes funding to annualize salary survey increases awarded in FY 2005-06.

FY 2006-07 salary and benefits adjustments: The appropriation includes adjustments to centrally-appropriated line items for salary survey, short-term disability, state contributions to health, life, and dental benefits, and state contributions to the Public Employees' Retirement Association (PERA) pension fund. All salary survey and anniversary increases are funded through centrally-appropriated line items in the year of the award and are incorporated into base funding in the subsequent year.

Other: The appropriation also contains the following miscellaneous changes: (1) an increase of \$16,800 General Fund for costs associated with S.B. 05-73 which requires state agencies that employ PERA retirees as independent contractors to pay PERA contributions; (2) an increase of \$5,000 in cash funds spending authority to allow the office to recoup more funds from trainings and conferences it provides; (3) an increase of \$600 General Fund for an annual Leased Space escalator; (4) an increase of \$14 General Fund for Purchase of Services from the Government Computing Center; and (5) a reduction of \$11,292 General Fund to annualize costs associated with relocating the main Greeley office to Denver.

Office of the Child's Representative

The Office of the Child's Representative (OCR) was created by H.B. 00-1371 and is an independent agency within the Judicial Department. The OCR is responsible for providing legal representation for children involved in the court system due to abuse, neglect, high conflict divorce, or delinquency. In most of the state, legal representation is provided through contract guardians ad-litem (GALs). The lone exception is the El Paso County office, which provides guardian ad-litem services through a centralized office. The source of cash funds exempt is reserves from the Guardian Ad Litem Fund.

Office of the Child's Representative						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Appropriation:						
SB 05-209	\$9,309,866	\$9,309,866	\$0	\$0	\$0	4.0
HB 06-1220	<u>473,293</u>	<u>473,293</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$9,783,159	\$9,783,159	\$0	\$0	\$0	4.0

Office of the Child's Representative						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Appropriation:						
FY 2005-06 Appropriation	\$9,783,159	\$9,783,159	\$0	\$0	\$0	4.0
Court-appointed counsel rate increase	1,944,231	1,944,231	0	0	0	0.0
Increase due to caseload growth	544,678	544,678	0	0	0	0.0
Annualize salary increases	46,254	46,254	0	0	0	0.0
FY 2006-07 salary and benefits adjustments	4,886	4,886	0	0	0	0.0
Other	33,590	33,590	0	0	0	0.0
HB 06-1385	<u>\$12,356,798</u>	<u>\$12,356,798</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>4.0</u>
TOTAL	<u>\$12,356,798</u>	<u>\$12,356,798</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>4.0</u>
Increase/(Decrease)	\$2,573,639	\$2,573,639	\$0	\$0	\$0	0.0
Percentage Change	26.3%	26.3%	n/a	n/a	n/a	0.0%

HB 06-1385 (Long Bill) Issue Descriptions

Court-appointed counsel rate increase: The appropriation includes funding to raise court-appointed counsel hourly rates from \$45 per hour out-of-court and \$55 per hour in-court, to a flat rate to be calculated by the Office of the Child's Representative based on the recommended funding increase. Funding is also included in the appropriations for the Trial Courts and the Office of the Alternate Defense Counsel to provide commensurate hourly attorney rate increases.

Increase due to caseload growth: The appropriation includes additional funding to address cost increases due to caseload growth. The Office of the Child's Representative has no control over its caseload growth as it is required to pay to costs of court-appointed counsel that contract with the state to provide services to children in dependency-and-neglect and other case types.

Annualize salary increases: The appropriation includes funding to annualize salary survey increases awarded in FY 2005-06.

FY 2006-07 salary and benefits adjustments: The appropriation includes adjustments to centrally-appropriated line items for salary survey, short-term disability, state contributions to health, life, and dental benefits, and state contributions to the Public Employees' Retirement Association (PERA) pension fund. All salary survey and anniversary increases are funded through centrally-appropriated line items in the year of the award and are incorporated into base funding in the subsequent year.

Other: The appropriation also contains the following miscellaneous changes: (1) an increase of \$29,759 General Fund for costs associated with S.B. 05-73 which requires state agencies that employ PERA retirees as independent contractors to pay PERA contributions; (2) an increase of \$3,816 General Fund for an annual

Leased Space escalator; and (3) an increase of \$15 General Fund for Purchase of Services from the Government Computing Center.

Recent Legislation

2005 Session Bills

S.B. 05-30: Repeals the repeal date of the Family-friendly Court Program, expands the criteria used by the state court administrator to determine which judicial districts may receive grant moneys under the program services, and clarifies the responsibilities of the judicial districts that have been selected by the administrator to provide those services.

S.B. 05-209: General appropriations act for FY 2005-06. Also adjusts the FY 2004-05 appropriation.

2006 Session Bills

S.B. 06-22: Expands the definition of sexually violent predators (SVPs) and the definition of conviction of specified sex offenses. Requires the Probation program to conduct additional risk assessments for sex offenders. Appropriates \$27,000 from the Sex Offender Surcharge Cash Fund to the Judicial Department for FY 2006-07. Requires the Department of Corrections to complete risk assessments on SVPs prior to release on parole or discharge from prison. See the Recent Legislation section for the Department of Corrections for more details.

S.B. 06-61: Transfers the authority for overseeing the provision of hearing interpreters from the Department of Human Services, Division of Rehabilitation to the Department of Human Services, Commission for the Deaf and Hard of Hearing. Reduces the FY 2006-07 Long Bill appropriation for the Judicial Department by \$80,162 General Fund since the Department will no longer be responsible for the payment of all appointments for interpreter services. Provides an FY 2006-07 appropriation for the Judicial Department of \$31,888 and 0.3 FTE to pay for court-appointed counsel when someone is considering waiving their right to an interpreter and for modifications to the Court-Appointed Counsel Payment and Data System. See the Recent Legislation section for the Department of Human Services for more details.

H.B. 06-1011: Creates two new felonies subject to an indeterminate sentence that could reach a maximum of an offender's lifetime: (1) internet luring of a child; and (2) internet sexual exploitation of a child. Provides the Judicial Department an appropriation of \$19,682 General Fund and 0.4 FTE for increased probation costs in FY 2006-07. See the Recent Legislation section for the Department of Corrections for more details.

H.B. 06-1028: Creates three new judgeships on the Colorado Court of Appeals and four new county court judgeships (located in Jefferson, Douglas, Mesa, and Weld counties). In FY 2006-07, appropriates a total of \$3,133,968 General Fund and 42.5 FTE to the Judicial Department for the Supreme Court/Court of Appeals, the Trial Courts, and the Public Defender's Office.

H.B. 06-1120: Supplemental appropriations act for FY 2005-06.

H.B. 06-1385: General appropriations act for FY 2006-07.

DEPARTMENT OF LABOR AND EMPLOYMENT

The Department is responsible for: (1) administering state and federal employment and training programs; (2) enforcing state and federal labor laws; (3) operating state regulatory programs for the petroleum industry, school construction, and boilers; and (4) administering the workers' compensation program. The Department is comprised of the following divisions: the Executive Director's Office; the Division of Employment and Training; the Division of Labor; the Division of Oil and Public Safety; and the Division of Workers' Compensation. The Department maintains a comprehensive economic database that can be reached at www.state.co.us.

Department Budget: Recent Appropriations

Funding Source	FY 2003-04	FY 2004-05	FY 2005-06	FY 2006-07
General Fund	\$0	\$0	\$0	\$140,166
Cash Funds	26,134,315	27,064,568	31,268,769	30,440,142
Cash Funds Exempt	15,252,400	15,812,355	18,818,603	20,141,876
Federal Funds	<u>74,727,828</u>	<u>88,850,265</u>	<u>102,906,629</u>	<u>103,958,600</u>
Total Funds	\$116,114,543	\$131,727,188	\$152,994,001	\$154,680,784
Full Time Equiv. Staff	1,076.4	1,119.8	1,102.0	1,089.1

General Factors Driving the Budget

Funding for this department consists of 67.2 percent federal funds, 19.7 percent cash funds, 13.0 percent cash funds exempt, and 0.1 percent General Fund. The important factors driving the budget are reviewed below.

Unemployment Insurance

The provision of unemployment insurance services is a major component of the Department's budget. The State collects unemployment taxes and then deposits them into Colorado's federal Unemployment Insurance Trust Fund, which is maintained by the U.S. government for Colorado. The state of the economy locally and nationally affects the degree to which unemployment insurance services are needed and how high these taxes need to be. The state maintains a fraud investigation unit, as well as collections specialists, to recapture all varieties of unemployment insurance benefit overpayments.

	FY 2002-03 Actual	FY 2003-04 Actual	FY 2004-05 Actual	FY 2005-06 Estimate	FY 2006-07 Estimate
Number of Initial Claims Established	264,234	192,419	137,785	129,727	120,290
Number of New Employer Accounts	22,895	22,268	25,073	26,473	27,301

	FY 2002-03 Actual	FY 2003-04 Actual	FY 2004-05 Actual	FY 2005-06 Estimate	FY 2006-07 Estimate
Number of Appeals Decisions Rendered	26,128	28,466	22,778	16,881	15,671
Percentage of Cases Involving Fraud	0.8%	2.0%	2.1%	1.0%	1.0%

Employment and Training

The Department provides employment and training services including welfare-to-work programs at "one-stop" centers run by either the State or the counties. Under the federal Workforce Investment Act of 1998, there is a much greater emphasis on working to match employers with employees. This emphasis reflects the notion that, while a poor economy increases the number of workers seeking assistance, a strong economy increases the number of employers seeking qualified employees.

	1999-00 Actual	2000-01 Actual	2001-02 Actual	2002-03 Actual	2003-04 Actual	2004-05 Actual	2005-06 Estimate	2006-07 Estimate
Individuals Served	194,905	201,323	210,567	307,879	276,849	287,001	275,000	270,000
Number Entering Employment	42,467	37,404	39,415	30,791	143,926	141,400	150,000	150,000
Percent Entering Employment	21.8%	18.6%	18.7%	10.0%	52.0%	49.3%	54.5%	55.6%

Workers' Compensation/Major Medical and Subsequent Injury

This program's budget is driven by the number of workers injured in a given year, and the number of hearings requested by an employer/insurance company or an injured employee to determine the benefits provided. The Workers' Compensation program offers claims intervention, mediation, pre-hearing conferences, settlement conferences, and arbitration to assist with claims dispute resolution. Colorado employers are mandated by the State to have workers' compensation insurance. This insurance pays medical expenses for work-related injuries as well as partial wage replacement while the worker recovers. The Division of Workers' Compensation provides various services to support this mandate including customer service, oversight, claims resolution, employer and employee education, and assistance to employers to reduce accident frequency and thus contain costs.

	FY 2002-03 Actual	FY 2003-04 Actual	FY 2004-05 Actual	FY 2005-06 Estimate	FY 2006-07 Estimate
Applications for Workers' Compensation Hearings	12,772	10,662	9,751	10,500	10,500
Hearings Held	1,572	1,579	1,145	1,035	1,035
Customer Contacts	70,964	65,275	62,209	70,500	70,400
Work Related Accident Cost Reduction (savings)	\$12,114,835	\$16,793,562	\$19,122,759	\$12,000,000	\$12,000,000

The Major Medical Insurance Fund program provides benefits to workers who sustained catastrophic injuries between July 1, 1971, and June 30, 1981. There are expected to be 1,303 of these cases still open as of July 1, 2006. The Subsequent Injury Fund program provides compensation to injured workers who have become permanently and totally disabled by more than one work-related injury. There are expected to be 387 open cases as of July 1, 2006.

Summary of FY 2005-06 and FY 2006-07 Appropriations

Department of Labor and Employment						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Total Appropriation:	\$152,994,001	\$0	\$31,268,769	\$18,818,603	\$102,906,629	1,102.0
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Executive Director's Office	25,470,997	0	9,370,387	1,338,426	14,762,184	165.2
Division of Employment and Training	99,580,213	0	11,263,249	723,906	87,593,058	743.2
Division of Labor	835,444	0	835,444	0	0	12.0
Division of Oil and Public Safety	5,157,941	0	1,182,838	3,423,716	551,387	53.3
Division of Workers' Compensation	21,949,406	0	8,616,851	13,332,555	0	128.3
<u>Breakdown of Total Appropriation by Bill</u>						
SB 05-209	148,316,546	0	29,277,803	15,985,974	103,052,769	1,102.0
SB 05-039	1,000,000	0	(1,881,328)	2,881,328	0	0.0
HB 05-1208	100,000	0	100,000	0	0	0.0
HB 06-1221	(31,919)	0	162,920	(48,699)	(146,140)	0.0
HB 06-1385	3,609,374	0	3,609,374	0	0	0.0
FY 2006-07 Total Appropriation:	\$154,680,784	\$140,166	\$30,440,142	\$20,141,876	\$103,958,600	1,089.1
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Executive Director's Office	27,345,755	140,166	9,851,257	1,897,546	15,456,786	166.9
Division of Employment and Training	98,265,998	0	9,600,335	715,236	87,950,427	740.9
Division of Labor	857,143	0	857,143	0	0	12.0
Division of Oil and Public Safety	5,140,033	0	1,082,600	3,506,046	551,387	51.3
Division of Workers' Compensation	23,071,855	0	9,048,807	14,023,048	0	118.0
<u>Breakdown of Total Appropriation by Bill</u>						
HB 06-1385	154,467,971	0	30,367,495	20,141,876	103,958,600	1,086.2
HB 06-1158	72,647	0	72,647	0	0	1.0
HB 06-1343	140,166	140,166	0	0	0	1.9

Department of Labor and Employment

	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
Increase/(Decrease)	\$1,686,783	\$140,166	(\$828,627)	\$1,323,273	\$1,051,971	(12.9)
Percentage Change	1.1%	n/a	-2.7%	7.0%	1.0%	-1.2%

FY 2006-07 Appropriation Highlights:

1. The appropriation includes an increase of \$2.0 million (from various funds) for adjustments to line items used to provide employee benefits to state employees.
2. The appropriation includes an increase of \$1.0 million for the Major Medical Program based on expenditures in prior years. This amount is partially offset by reductions of \$265,000 and 10.3 FTE (vacant FTE) based on reversions from other line items in the Workers' Compensation Division.
3. The appropriation includes an increase of \$507,000 (various fund sources) for higher anticipated state-wide indirect cost recoveries.
4. The appropriation includes reductions of \$229,000 cash funds and 3.2 FTE for the Boiler Inspection Program and the Public Safety Program based on fewer anticipated inspections.
5. The appropriation reflects a reduction of \$208,000 federal funds and 2.3 FTE based on the anticipated level of federal funds for employment and training programs.
6. The appropriation includes a reduction of \$2.1 million cash funds (Employment Support Fund) associated with one-time costs in FY 2005-06 for the Unemployment Insurance Program related to the *Genesis* computer project.

Detail of Appropriation by Administrative Section

Executive Director's Office

The Executive Director's Office performs departmental administrative functions including public relations, information management, accounting, budgeting, data processing, and personnel management. The Office also administers three programs: (1) the Industrial Claims Appeal Panel, which adjudicates appeals relating to unemployment insurance and workers' compensation issues; (2) the Public Employees' Social Security Program, which administers the federal-state agreement with the U.S. Social Security Administration; and (3) Investigations and Criminal Enforcement, which investigates potential fraud in the Unemployment Insurance and the Workers' Compensation programs.

Cash funds used for administration of the Department's programs are primarily from the Workers' Compensation Cash Fund, and the Employment Support Fund. Cash funds exempt used for administration are from reserves in the Major Medical Insurance Fund, the Subsequent Injury Fund and the Petroleum Storage Tank and Unemployment Revenue Funds. Federal funds are used to administer unemployment programs. As

the Executive Director's Office administers programs throughout the Department, its funding sources reflect the funding sources for programs in other divisions. For example, an increase in federally funded activity in other divisions will be reflected by an increase in federal funding for the Executive Director's Office.

Executive Director's Office						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Appropriation:						
SB 05-209	\$25,721,301	\$0	\$9,188,325	\$1,624,652	\$14,908,324	165.2
HB 06-1221	<u>(250,304)</u>	<u>0</u>	<u>182,062</u>	<u>(286,226)</u>	<u>(146,140)</u>	<u>0.0</u>
TOTAL	\$25,470,997	\$0	\$9,370,387	\$1,338,426	\$14,762,184	165.2
FY 2006-07 Appropriation:						
FY 2005-06 Appropriation	\$25,470,997	\$0	\$9,370,387	\$1,338,426	\$14,762,184	165.2
Employee benefits	898,487	0	324,281	65,143	509,063	0.0
Indirect costs	506,679	0	183,471	35,340	287,868	0.0
Personal services adjustments	249,907	0	90,493	17,430	141,984	0.0
Leased space escalator	192,729	0	69,788	13,443	109,498	0.0
Payments to other agencies	171,854	0	62,229	11,987	97,638	0.0
Refinance	0	0	(133,975)	434,326	(300,351)	0.0
Eliminate one-time appropriation	(265,948)	0	(96,301)	(18,549)	(151,098)	0.0
Base reduction	(19,116)	0	(19,116)	0	0	(0.2)
HB 06-1385	\$27,205,589	\$0	\$9,851,257	\$1,897,546	\$15,456,786	165.0
HB 06-1343	<u>140,166</u>	<u>140,166</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1.9</u>
TOTAL	\$27,345,755	\$140,166	\$9,851,257	\$1,897,546	\$15,456,786	166.9
Increase/(Decrease)	\$1,874,758	\$140,166	\$480,870	\$559,120	\$694,602	1.7
Percentage Change	7.4%	n/a	5.1%	41.8%	4.7%	1.0%

HB 06-1385 (Long Bill) Issue Descriptions

Employee benefits: The appropriation includes adjustments for centrally appropriated items including: (1) salary survey, (2) health, life, and dental insurance; (3) short-term disability insurance; (4) amortization equalization disbursement; and (5) shift differential. These adjustments reflect the change in benefits for all employees in the Department.

Indirect costs: The appropriation reflects an increase in the state-wide indirect cost plan. These funds are used to support the General Fund.

Personal services adjustments: The appropriation includes common policy adjustments to personal services line items, including annualizing salary survey awarded in FY 2005-06 and a 0.2 percent base reduction.

Leased space escalator: The appropriation includes additional funds based on anticipated increases in the rates for the Department's leased space.

Payments to other agencies: The appropriation includes changes in funding provided by the Department to the Department of Law for the provision of legal services, plus adjustments for the following line items used to reimburse the Department of Personnel and Administration: (1) payments to computer center; (2) multi-use network; (3) workers' compensation; (4) payments to risk management and property funds; (5) vehicle lease payments; (6) capital complex leased space; and (7) communication services payments.

Refinance: The appropriation reflects an adjustment for the bottom-line funding for the Executive Director's Office based on anticipated federal funds.

Eliminate one-time appropriation: The appropriation reflects a return to base funding levels following one-time funds appropriated in FY 2005-06 for the replacement of computer equipment.

Base reduction: The appropriation includes a base reduction for administrative costs associated with program reductions approved for the Division of Oil and Public Safety.

Division of Employment and Training

The Division administers three major program areas: (1) the unemployment insurance program, which is responsible for administering all aspects of unemployment insurance, including benefits, taxes, appeals, and fraud detection; (2) employment and training programs, which provide job placement and related services to job-seeking applicants and employers; and (3) the labor market information section, which tracks and disseminates labor market and economic trend information and statistics.

Cash funds are from the Employment Support Fund, the Unemployment Revenue Fund, and the Displaced Homemakers Fund. Cash funds exempt are primarily from reserves in the Employment Revenue Fund, and federal funds are from Workforce Investment Act grants and other federal grants designated for unemployment programs.

Division of Employment and Training						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Appropriation:						
SB 05-209	\$95,870,839	\$0	\$7,553,875	\$723,906	\$87,593,058	743.2
HB 05-1208	100,000	0	100,000	0	0	0.0
HB 06-1385	<u>3,609,374</u>	<u>0</u>	<u>3,609,374</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$99,580,213	\$0	\$11,263,249	\$723,906	\$87,593,058	743.2

Division of Employment and Training						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Appropriation:						
FY 2005-06 Appropriation	\$99,580,213	\$0	\$11,263,249	\$723,906	\$87,593,058	743.2
Personal services adjustments	1,048,057	0	347,634	18,233	682,190	0.0
Refinance base appropriation	0	0	143,799	(26,903)	(116,896)	0.0
Adjustments for costs associated with the <i>Genesis</i> project	(2,054,347)	0	(2,054,347)	0	0	0.0
Miscellaneous federal reductions	(207,925)	0	0	0	(207,925)	(2.3)
Eliminate one-time appropriation	(100,000)	0	(100,000)	0	0	0.0
HB 06-1385	<u>\$98,265,998</u>	<u>\$0</u>	<u>\$9,600,335</u>	<u>\$715,236</u>	<u>\$87,950,427</u>	<u>740.9</u>
TOTAL	<u>\$98,265,998</u>	<u>\$0</u>	<u>\$9,600,335</u>	<u>\$715,236</u>	<u>\$87,950,427</u>	<u>740.9</u>
Increase/(Decrease)	(\$1,314,215)	\$0	(\$1,662,914)	(\$8,670)	\$357,369	(2.3)
Percentage Change	-1.3%	n/a	-14.8%	-1.2%	0.4%	-0.3%

HB 06-1385 (Long Bill) Issue Descriptions

Personal services adjustments: The appropriation reflects common policy adjustments to personal services line items, including annualizing salary survey awarded in FY 2005-06 and a 0.2 percent base reduction.

Refinance base appropriation: The appropriation reflects refinancing personal services line items based on declining federal fund sources.

Adjustments for costs associated with the *Genesis* project: The appropriation reflects a reduction of \$2,054,347 associated with one-time costs in FY 2005-06 for the *Genesis* project. In FY 2005-06, the General Assembly appropriated \$3,609,374 as a supplemental appropriation for *Genesis*. Of this amount, \$1,555,027 are ongoing costs. The difference reflects one-time costs that are not needed in FY 2006-07.

Miscellaneous federal reductions: The appropriation reflects reductions in federally funded programs based on the anticipated level of federal funds in FY 2006-07.

Eliminate one-time appropriation: House Bill 05-1208 contained a one-time appropriation for FY 2005-06 that is not needed in FY 2006-07. The appropriation reflects the elimination of these funds.

Division of Labor

Pursuant to H.B. 01-1373, the Division of Labor now consists of a single unit responsible for labor administration and standards. Public safety functions and the responsibilities of the Office of State Inspector of Oils were moved into a new division pursuant to that legislation. The labor administration and standards program ensures compliance with wage, youth employment, and labor practice laws. This division also

administers labor relations programs in the public and private sectors. Cash funds are from the Employment Support Fund.

Division of Labor						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Appropriation:						
SB 05-209	<u>\$835,444</u>	<u>\$0</u>	<u>\$835,444</u>	<u>\$0</u>	<u>\$0</u>	<u>12.0</u>
TOTAL	\$835,444	\$0	\$835,444	\$0	\$0	12.0
FY 2006-07 Appropriation:						
FY 2005-06 Appropriation	835,444	\$0	835,444	\$0	\$0	12.0
Personal services adjustments	21,699	0	21,699	0	0	0.0
HB 06-1385	<u>\$857,143</u>	<u>\$0</u>	<u>\$857,143</u>	<u>\$0</u>	<u>\$0</u>	<u>12.0</u>
TOTAL	\$857,143	\$0	\$857,143	\$0	\$0	12.0
Increase/(Decrease)	\$21,699	\$0	\$21,699	\$0	\$0	0.0
Percentage Change	2.6%	n/a	2.6%	n/a	n/a	0.0%

HB 06-1385 (Long Bill) Issue Descriptions

Personal services adjustments: The appropriation reflects common policy adjustments to personal services line items, including annualizing salary survey awarded in FY 2005-06 and a 0.2 percent base reduction.

Division of Oil and Public Safety

The Division of Oil and Public Safety was created pursuant to H.B. 01-1373. This legislation combined the duties of the Office of State Inspector of Oils with the public safety functions of the Division of Labor, and moved those functions from the Division of Labor into a new division.

The public safety unit conducts annual inspections of all boilers and pressure vessels in commercial and multi-unit residential buildings, regulates the distribution and storage of petroleum products, regulates the remediation of contamination caused by leaking underground storage tanks, and enforces statutory requirements pertaining to safety in public schools, carnivals, explosives, and bungee jumping. The Office of the State Oil Inspector is responsible for monitoring and expediting the clean-up of leaking petroleum storage tanks and monitoring the sale and distribution of petroleum products. The sources of cash funds are the Boiler Inspection Fund, the Public Safety Inspection Fund, and the Liquefied Petroleum Gas Inspection Fund. The sources of cash funds exempt include the Petroleum Storage Tank Fund and a transfer from the Department of Public Health and Environment.

Division of Oil and Public Safety						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Appropriation:						
SB 05-209	\$3,920,414	\$0	\$3,064,166	\$304,861	\$551,387	53.3
SB 05-39	1,000,000	0	(1,881,328)	2,881,328	0	0.0
HB 05-1221	<u>237,527</u>	<u>0</u>	<u>0</u>	<u>237,527</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$5,157,941	\$0	\$1,182,838	\$3,423,716	\$551,387	53.3
FY 2006-07 Appropriation:						
FY 2005-06 Appropriation	\$5,157,941	\$0	\$1,182,838	\$3,423,716	\$551,387	53.3
Personal services adjustments	119,559	0	37,229	82,330	0	0.0
Base reduction for Boiler Inspection Program and Public Safety Program	(210,114)	0	(210,114)	0	0	(3.0)
HB 06-1385	\$5,067,386	\$0	\$1,009,953	\$3,506,046	\$551,387	50.3
HB 06-1158	<u>72,647</u>	<u>0</u>	<u>72,647</u>	<u>0</u>	<u>0</u>	<u>1.0</u>
TOTAL	\$5,140,033	\$0	\$1,082,600	\$3,506,046	\$551,387	51.3
Increase/(Decrease)	(\$17,908)	\$0	(\$100,238)	\$82,330	\$0	(2.0)
Percentage Change	-0.3%	n/a	-8.5%	2.4%	0.0%	-3.8%

HB 06-1385 (Long Bill) Issue Descriptions

Personal services adjustments: The appropriation reflects common policy adjustments to personal services line items, including annualizing salary survey awarded in FY 2005-06 and a 0.2 percent base reduction.

Base reduction for Boiler Inspection Program and Public Safety Program: The appropriation reflects two reductions: (1) a reduction associated with eliminating two boiler inspector positions; as such, low pressure boilers will be inspected every two years instead of annually; and (2) a reduction associated with eliminating one state-funded inspector in the public safety program because of increased federal inspections of facilities used to store explosives.

Additional legislation: For information on H.B. 06-1158, see the "Recent Legislation" section at the end of this department.

Division of Workers' Compensation

The Division of Workers' Compensation is responsible for assuring the quick and efficient delivery of disability and medical benefits to injured workers at a reasonable cost to employers. The Division is comprised of five major sections: customer service; dispute resolution; medical cost containment; employer services; and special funds.

The customer service unit provides administrative oversight of injury claims to assure compliance with all benefit and reporting requirements. This unit provides information and technical assistance and audits insurers' claims handling practices.

The dispute resolution unit provides mediation, arbitration, pre-hearing, and settlement services. These services are designed to resolve frequently contested issues, thus reducing the need for administrative hearings and/or litigation. This unit also coordinates with the Office of Administrative Courts in the Department of Personnel and Administration for those cases requiring an administrative hearing.

The medical cost containment unit oversees several programs including physician accreditation, medical utilization review, medical treatment guidelines, medical fee schedule, and independent medical examinations. These programs are intended to ensure that medical services are provided in a cost-effective manner.

The employer services section administers the self-insurance and premium cost-containment programs, and ensures employer compliance with workers' compensation coverage requirements.

The special funds section administers two large insurance programs. The Major Medical Insurance Fund, which covers workers who sustained catastrophic injuries between July 1971 and June 1981, has approximately 1,303 open cases. The Subsequent Injury Fund provides compensation to injured workers who have become permanently and completely disabled from more than one industrial injury as well as those workers who are disabled from certain occupational diseases. This fund, which was closed to new incidents in April 1994, has approximately 387 open cases.

The primary sources of cash funds are the Workers' Compensation Cash Fund, the Subsequent Injury Fund, and the Major Medical Insurance Cash Fund. Cash funds exempt are from reserves in the same funds.

Division of Worker's Compensation						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Appropriation:						
SB 05-209	\$21,968,548	\$0	\$8,635,993	\$13,332,555	\$0	128.3
HB 06-1221	<u>(19,142)</u>	<u>0</u>	<u>(19,142)</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$21,949,406	\$0	\$8,616,851	\$13,332,555	\$0	128.3
FY 2006-07 Appropriation:						
FY 2005-06 Appropriation	\$21,949,406	\$0	\$8,616,851	\$13,332,555	\$0	128.3
Base adjustments for Workers' Compensation programs	734,912	0	108,596	626,316	0	(10.3)
Personal services adjustments	229,935	0	179,477	50,458	0	0.0
Billing rate adjustments	<u>157,602</u>	<u>0</u>	<u>143,883</u>	<u>13,719</u>	<u>0</u>	<u>0.0</u>
HB 06-1385	<u>\$23,071,855</u>	<u>\$0</u>	<u>\$9,048,807</u>	<u>\$14,023,048</u>	<u>\$0</u>	<u>118.0</u>
TOTAL	\$23,071,855	\$0	\$9,048,807	\$14,023,048	\$0	118.0

Division of Worker's Compensation						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
Increase/(Decrease)	\$1,122,449	\$0	\$431,956	\$690,493	\$0	(10.3)
Percentage Change	5.1%	n/a	5.0%	5.2%	n/a	-8.0%

HB 06-1385 (Long Bill) Issue Descriptions

Base adjustments for Workers' Compensation programs: The appropriation reflects a number of adjustments based on historical expenses, reversions, and under utilization of prior appropriations. Specifically, the appropriation includes an increase of \$1.0 million for payments to beneficiaries from the Major Medical Program. This increase is partially offset by the following reductions: (1) \$210,000 and 6.0 FTE for the administration of the Major Medical and Subsequent Injury Programs; (2) \$25,834 for the Physician's Accreditation Program; (3) \$16,000 for Utilization Review; (4) \$9,000 for the Medical Disaster line item; (5) \$4,254 for legal services associated with the Major Medical Program; and (6) 4.0 vacant FTE in the Workers' Compensation Program.

Personal services adjustments: The appropriation reflects common policy adjustments to personal services line items, including annualizing salary survey awarded in FY 2005-06 and a 0.2 percent base reduction.

Billing rate adjustments: The appropriation includes an increase in the billing rate for administrative law judge services from the Department of Personnel and Administration and an increase in the billing rate for legal services provided by the Department of Law.

Recent Legislation

2005 Session Bills

S.B. 05-39: Declares the Petroleum Storage Tank Fund (PSTF) to be an enterprise fund exempt from TABOR limits, allows the executive director of the Department of Labor and Employment to issue bonds, and changes the liability limits and fee structure of the Fund. For FY 2005-06, appropriates \$1,000,000 cash funds exempt from the PSTF to the Department of Labor, Division of Oil and Public Safety for increased costs. In addition, decreases the cash funds appropriation by \$1,881,328 from the PSTF, and increases the cash funds exempt appropriation by \$1,881,328 from the PSTF.

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

H.B. 05-1208: Changes the way the Unemployment Insurance (UI) solvency tax is calculated for 2006 through 2009. Specifies condition for crediting back to employers incremental increases caused by the solvency ratio falling below 0.9 percent. Reduces the solvency tax rate relative to current law beginning in 2006, and causes the solvency tax to be collected for 2009. Net impact is a cash funds revenue reduction of \$50.8 million for FY 2005-06 and \$112.3 million for FY 2006-07. For FY 2005-06, appropriates \$100,000 cash funds to the Department for one-time programming costs.

2006 Session Bills

H.B. 06-1158: Directs the Division of Oil and Public Safety in the Department of Labor and Employment to conduct plan reviews and inspections of buildings and structures in public schools and junior colleges for compliance with the Division's building and fire codes. Authorizes the Division to delegate this responsibility to an appropriate local building or fire department. Requires the fire department to review the building plans, determine whether the building or structure is in compliance with the fire code. Authorizes a fee to be charged for plan reviews and inspections

Directs the Division of Fire Safety to certify fire inspectors and establishes requirements for certified fire inspectors. Directs the Division of Fire Safety in the Department of Public Safety to perform the plan review or inspection if the fire department declines or if no certified fire inspector is available.

Appropriates \$72,647 cash funds (Public Safety Inspection Fund) and 1.0 FTE to the Department of Labor and Employment in FY 2006-07. Appropriates \$55,645 cash funds (\$49,020 from the Public Safety Inspection Fund and \$6,625 from the Firefighter and First Responder Certification Fund) and 1.0 FTE to the Division of Fire Safety in the Department of Public Safety in FY 2006-07.

H.B. 06-1221: Supplemental appropriation for the Department of Labor and Employment for FY 2005-06.

H.B. 06-1343: Prohibits state agencies from entering into a public contract with a contractor who knowingly employs or contracts with an illegal alien to perform work under the contract. Requires each prospective contractor, prior to executing a public contract for services, to certify that it does not knowingly employ or contract with illegal aliens to perform work and that the contractor has participated in the Basic Pilot Employment Verification Program administered by the U.S. Department of Homeland Security. Specifies provisions that must be contained in public contracts. Requires the Department to receive complaints of suspected violations of the statutory requirements related to public contracts. Authorizes the Department of Labor and Employment to investigate whether a contractor is complying with the provisions of the bill. Appropriates \$140,166 General Fund and 1.9 FTE to the Department of Labor and Employment in FY 2006-07.

H.B. 06-1385: General appropriations act for FY 2006-07. Also includes supplemental appropriations for the Department of Labor and Employment for FY 2005-06.

DEPARTMENT OF LAW (Attorney General's Office)

The Attorney General's Office serves as chief legal counsel for the state agencies and departments. The Department represents the State of Colorado in criminal appeals; in legal actions before the Colorado Supreme Court, the State Court of Appeals, and federal courts; and in other circumstances as required by law. The Department is comprised of the following divisions: Administration, Legal Services to State Agencies, Criminal Justice and Appellate, Water and Natural Resources, Consumer Protection, and Special Purpose.

Department Budget: Recent Appropriations

Funding Source	FY 2003-04	FY 2004-05	FY 2005-06	FY 2006-07
General Fund	\$6,543,957	\$6,818,152	\$7,203,044	\$8,935,061
Cash Funds	2,413,554	3,256,881	3,777,263	3,924,568
Cash Funds Exempt	23,754,809	58,606,689	24,695,099	25,734,278
Federal Funds	<u>800,790</u>	<u>825,298</u>	<u>851,960</u>	<u>881,866</u>
Total Funds	\$33,513,110	\$69,507,020	\$36,527,366	\$39,475,773
Full Time Equiv. Staff	335.7	337.3	345.5	358.9

General Factors Driving the Budget

In FY 2006-07, funding for this department consists of 22.6 percent General Fund, 9.9 percent cash funds, 65.3 percent cash funds exempt, and 2.2 percent federal funds.

Legal Services to State Agencies

In FY 2006-07, the provision of legal services to state agencies will cost roughly \$20.5 million (including centrally-appropriated line items) and represents 51.9 percent of the Department of Law's budget. As shown below, six departments typically account for approximately 75 percent of total legal services expenditures.

Legal Services Expenditures by State Agency	FY 2002-03 Actual	FY 2003-04 Actual	FY 2004-05 Actual	FY 2005-06 Appropriation	FY 2006-07 Appropriation
Regulatory Agencies	\$4,914,917	\$4,984,120	\$5,075,682	\$5,477,734	\$5,767,875
Natural Resources	2,246,550	2,229,281	2,198,168	2,336,506	2,680,835
Personnel & Administration	2,130,381	2,152,987	2,315,498	2,274,569	2,392,092
Public Health & Environment	1,464,852	1,464,533	1,354,044	1,713,854	1,872,762
Corrections	1,007,912	959,650	1,095,811	1,025,915	1,036,898
Human Services	1,125,465	1,050,906	1,173,984	1,188,394	1,249,795
Other	<u>4,997,135</u>	<u>4,745,487</u>	<u>4,803,063</u>	<u>5,267,241</u>	<u>5,549,604</u>
Total	\$17,887,212	\$17,586,964	\$18,016,250	\$19,284,213	\$20,549,861

Criminal Justice and Appellate

The bulk of this division's FTE and funding are comprised of the Special Prosecutions Unit, which primarily handles cases related to insurance, securities and workers compensation fraud; and the Appellate Unit, which represents the State in the civil and criminal appeals process. Criminal Justice and Appellate represents 40.9 percent of the Department's total General Fund appropriation for FY 2006-07.

Water and Natural Resources

Moneys appropriated to this division are used to support the Federal and Interstate Water Unit and to represent the State in specific water rights litigation such as the Arkansas River Compact. In addition, funding for lawsuits and remediation contracts related to the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA) are also included in the Long Bill appropriation to this division.

Summary of FY 2005-06 and FY 2006-07 Appropriations

Department of Law						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Total Appropriation:	\$36,527,366	\$7,203,044	\$3,777,263	\$24,695,099	\$851,960	345.5
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Administration	6,184,476	1,005,946	220,347	4,884,578	73,605	38.7
Legal Services to State Agencies	17,719,855	0	1,000,000	16,719,855	0	197.4
Criminal Justice and Appellate	6,361,404	3,422,945	1,425,389	734,715	778,355	68.3
Water and Natural Resources	1,912,379	518,908	0	1,393,471	0	11.1
Consumer Protection	2,466,777	697,770	1,131,527	637,480	0	30.0
Special Purpose	1,882,475	1,557,475	0	325,000	0	0.0
<u>Breakdown of Total Appropriation by Bill</u>						
SB 05-209	35,465,384	7,130,521	3,298,387	24,187,056	849,420	338.7
SB 05-155	739	0	0	739	0	0.0
HB 05-1126	3,694	0	0	3,694	0	0.0
HB 05-1130	27,707	0	0	27,707	0	0.0
HB 05-1227	2,155	0	0	2,155	0	0.0
HB 06-1222	1,027,687	72,523	478,876	473,748	2,540	6.8
FY 2006-07 Total Appropriation:	\$39,475,773	\$8,935,061	\$3,924,568	\$25,734,278	\$881,866	358.9
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Administration	6,920,773	1,396,520	246,012	5,195,783	82,458	38.7
Legal Services to State Agencies	18,167,052	0	945,000	17,222,052	0	197.4

Department of Law						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
Criminal Justice and Appellate	7,014,787	3,656,466	1,511,389	1,047,524	799,408	76.0
Water and Natural Resources	3,102,923	1,821,710	0	1,281,213	0	15.8
Consumer Protection	2,614,226	729,353	1,222,167	662,706	0	31.0
Special Purpose	1,656,012	1,331,012	0	325,000	0	0.0
<u>Breakdown of Total Appropriation by Bill</u>						
HB 06-1385	38,755,051	8,859,761	3,855,689	25,157,735	881,866	350.4
SB 06-20	10,312	0	0	10,312	0	0.0
SB 06-38	379,950	0	0	379,950	0	5.0
SB 06-110	68,879	0	68,879	0	0	1.0
SB 06-114	4,834	0	0	4,834	0	0.0
SB 06-230	28,874	0	0	28,874	0	0.2
HB 06-1028	75,300	75,300	0	0	0	1.0
HB 06-1046	10,957	0	0	10,957	0	0.1
HB 06-1085	2,578	0	0	2,578	0	0.0
HB 06-1161	25,780	0	0	25,780	0	0.2
HB 06-1257	3,000	0	0	3,000	0	0.0
HB 06-1274	76,051	0	0	76,051	0	0.8
HB 06-1344	33,885	0	0	33,885	0	0.2
HB 06-1395	322	0	0	322	0	0.0
Increase/(Decrease)	\$2,948,407	\$1,732,017	\$147,305	\$1,039,179	\$29,906	13.4
Percentage Change	8.1%	24.0%	3.9%	4.2%	3.5%	3.9%

FY 2006-07 Appropriation Highlights:

1. The addition of 2.0 FTE and \$742,000 General Fund to the Water and Natural Resources Division to prepare for litigation to recover natural resource damages (NRDs) from both Shell Oil Corporation and the United States Army at Rocky Mountain Arsenal.
2. The addition of 2.7 FTE and \$607,000 cash funds exempt to prepare the State to defend the Colorado River Basin Compact, as well as current water allocations. A portion of this funding represents the annualization of the Department's FY 2005-06 supplemental.

3. The addition of 3.7 FTE and \$180,000 cash funds exempt to the Legal Services to State Agencies program. These increases are primarily driven by additional legal services for the Department of Natural Resources.
4. An increase of \$531,000 General Fund to the CERCLA and CERCLA Contracts line items, which is offset by an equivalent decrease in cash funds exempt spending authority. These changes are related to the sunset of S.B. 03-280, which created a temporary tipping surcharge to offset General Fund expenditures in these programs.

Detail of Appropriation by Administrative Section

Administration

This division covers overhead costs for the entire Department as well as personal services and operating costs for the following centralized functions: the Attorney General's staff, human resources, accounting/budgeting, information technology services, and text management. Cash funds and cash funds exempt sources consist of indirect cost recoveries used to offset General Fund expenses for various departmental programs. Federal fund dollars represent centralized appropriations for the Medicaid Fraud Control Unit.

Administration						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Appropriation:						
SB 05-209	\$6,237,891	\$1,202,483	\$221,471	\$4,742,872	\$71,065	38.7
HB 06-1222	<u>(53,415)</u>	<u>(196,537)</u>	<u>(1,124)</u>	<u>141,706</u>	<u>2,540</u>	<u>0.0</u>
TOTAL	\$6,184,476	\$1,005,946	\$220,347	\$4,884,578	\$73,605	38.7
FY 2006-07 Appropriation:						
FY 2005-06 Appropriation	\$6,184,476	\$1,005,946	\$220,347	\$4,884,578	\$73,605	38.7
Health, Life, and Dental	248,102	73,920	13,603	156,446	4,133	0.0
Salary Survey for Exempt Employees	181,035	51,908	3	125,831	3,293	0.0
Amortization Equalization Disbursement	119,718	43,862	4,903	69,058	1,895	0.0
Salary and benefits adjustments	74,739	0	0	74,739	0	0.0
Adjustments to centrally-appropriated items	69,271	64,407	7,156	(1,824)	(468)	0.0
Operating Expenses adjustment	0	150,087	0	(150,087)	0	0.0
Personal Services reduction	(4,958)	0	0	(4,958)	0	0.0
HB 06-1385	\$6,872,383	\$1,390,130	\$246,012	\$5,153,783	\$82,458	38.7
SB 06-38	42,000	0	0	42,000	0	0.0
HB 06-1028	<u>6,390</u>	<u>6,390</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>

Administration						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
TOTAL	\$6,920,773	\$1,396,520	\$246,012	\$5,195,783	\$82,458	38.7
Increase/(Decrease)	\$736,297	\$390,574	\$25,665	\$311,205	\$8,853	0.0
Percentage Change	11.9%	38.8%	11.6%	6.4%	12.0%	0.0%

HB 06-1385 (Long Bill) Issue Descriptions

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

Salary Survey for Exempt Employees: These amounts provide for both a salary survey increase to all exempt employees and a range adjustment to applicable exempt employees in the Department. This appropriation is an exception to the JBC salary survey common policy for most other State employees. The amounts shown here reflect the difference between the salary survey provided to this same pool of employees in FY 2005-06 and the current appropriation.

Amortization Equalization Disbursement: These amounts pertain to the Department's allocation to maintain compliance with the requirements of S.B. 04-257.

Salary and benefits adjustments: This amount reflects salary survey distributed in FY 2005-06.

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

Operating Expenses adjustment: The amount of this line item that can be offset with indirect cost recoveries has decreased by \$150,087 cash funds exempt from FY 2005-06.

Personal Services reduction: This line represents a common policy to reduce the personal services base appropriation for all programs by 0.2 percent.

Additional legislation: For more information on special bills adopted during the 2006 session, see the "Recent Legislation" section at the end of the Department of Law.

Legal Services to State Agencies

This division receives appropriations for attorneys, paralegals, and other support personnel who provide legal services to state agencies, as well as to other state enterprises such as: the Public Employees Retirement Association, Correctional Industries, the State Lottery, and the Auraria Higher Education Center. Under the Oregon Plan, legal services are provided on a fee-for-service basis. In FY 2006-07, the Department anticipates

providing 303,181 hours of legal services to state agencies and enterprises through the Legal Services to State Agencies (LSSA) program at a blended legal rate of \$67.77 per hour. This is a 5.2 percent increase over the blended legal rate of \$64.45 per hour in FY 2005-06. The Division's cash funds appropriation represents moneys earned through the provision of legal services to state enterprises, while the cash funds exempt appropriation reflects revenue earned from state agencies.

Legal Services to State Agencies						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Appropriation:						
SB 05-209	\$17,073,780	\$0	\$520,000	\$16,553,780	\$0	192.2
SB 05-155	739	0	0	739	0	0.0
HB 05-1126	3,694	0	0	3,694	0	0.0
HB 05-1130	27,707	0	0	27,707	0	0.0
HB 05-1227	2,155	0	0	2,155	0	0.0
HB 06-1222	<u>611,780</u>	<u>0</u>	<u>480,000</u>	<u>131,780</u>	<u>0</u>	<u>5.2</u>
TOTAL	\$17,719,855	\$0	\$1,000,000	\$16,719,855	\$0	197.4
FY 2006-07 Appropriation:						
FY 2005-06 Appropriation	\$17,719,855	\$0	\$1,000,000	\$16,719,855	\$0	197.4
Salary and benefits adjustments	648,833	0	0	648,833	0	0.0
Legal rate reconciliation	180,178	0	(55,000)	235,178	0	3.7
Indirect cost assessment	62,430	0	0	62,430	0	0.0
Operating and Litigation	25,800	0	0	25,800	0	0.0
Adjustment for special bills	(636,839)	0	0	(636,839)	0	(5.2)
Personal Services reduction	(29,798)	0	0	(29,798)	0	0.0
HB 06-1385	\$17,970,459	\$0	\$945,000	\$17,025,459	\$0	195.9
SB 06-20	10,312	0	0	10,312	0	0.0
SB 06-114	4,834	0	0	4,834	0	0.0
SB 06-230	28,874	0	0	28,874	0	0.2
HB 06-1046	10,957	0	0	10,957	0	0.1
HB 06-1085	2,578	0	0	2,578	0	0.0
HB 06-1161	25,780	0	0	25,780	0	0.2
HB 06-1257	3,000	0	0	3,000	0	0.0
HB 06-1274	76,051	0	0	76,051	0	0.8
HB 06-1344	33,885	0	0	33,885	0	0.2

Legal Services to State Agencies						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
HB 06-1395	<u>322</u>	<u>0</u>	<u>0</u>	<u>322</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$18,167,052	\$0	\$945,000	\$17,222,052	\$0	197.4
Increase/(Decrease)	\$447,197	\$0	(\$55,000)	\$502,197	\$0	0.0
Percentage Change	2.5%	n/a	-5.5%	3.0%	n/a	0.0%

HB 06-1385 (Long Bill) Issue Descriptions

Salary and benefits adjustments: This amount reflects salary survey distributed in FY 2005-06.

Legal rate reconciliation: This amount reflects an increase of \$180,178 cash funds exempt and 3.7 FTE for additional legal services to the Department of Natural Resources. The Department of Law also anticipates charging less legal services to state enterprises. This is reflected as a decrease of \$55,000 cash funds and a corresponding increase to cash funds exempt.

Indirect cost assessment: Where applicable, indirect cost recoveries offset General Fund expenses in the Administration section.

Operating and Litigation: This appropriation pertains to an increase of \$25,800 for additional legal services to the Department of Natural Resources.

Adjustment for special bills: This amount reflects the elimination of special bills pertaining to the Legal Services to State Agencies program. These bills include the following amounts: \$611,780 for H.B. 06-1222 (FY 2005-06 supplemental); \$18,471 for H.B. 05-1130 ("Electric Monitoring of Prescription Drugs"); \$3,694 for H.B. 05-1126 ("Regulation of Waste Tire Haulers"); \$2,155 for H.B. 05-1227 ("Child Care Licensing"); and \$739 for S.B. 05-155 ("Certified Nurse Aides").

Personal Services reduction: This line represents a common policy to reduce the personal services base appropriation for all programs by 0.2 percent.

Additional legislation: For more information on special bills adopted during the 2006 session, see the "Recent Legislation" section at the end of the Department of Law.

Criminal Justice and Appellate

The Criminal Justice and Appellate section includes the following programs:

- **Special Prosecution Unit** - Investigates and prosecutes various legal issues including securities, insurance, and workers' compensation fraud; gang-related criminal activity; misappropriation of state funds; and environmental crimes. This unit also coordinates the activities of the state's grand jury and works with the Mexican government to prosecute fugitives under Article IV of Mexico's penal code.

- **Appellate Unit** - Represents Colorado in state and federal appellate courts related to convictions for homicide, assault, sexual assault, kidnaping, drug-related crimes, crimes against children, and other felonies.
- **Medicaid Fraud Control Unit** - Investigates and prosecutes criminal fraud against the Medicaid program as well as patient abuse at Medicaid-funded facilities in Colorado.
- **Capital Crimes Unit** - Provides assistance to local district attorneys in reviewing, investigating, and prosecuting death penalty cases. In addition, this unit participates in defending death penalty cases on appeal in both state and federal courts.
- **Peace Officers Standards and Training (P.O.S.T.) Board** - Responsible for the training and certification of peace officers appointed by state and local law enforcement agencies.

Cash funds in this section are primarily generated from training fees paid by peace officers, as well as the 25 cent vehicle registration fee authorized by S.B. 03-103. Cash funds exempt are from the Department of Regulatory Agencies for the prosecution of securities and insurance fraud. The section also receives federal moneys to operate the Medicaid Fraud Control Unit.

Criminal Justice and Appellate						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Appropriation:						
SB 05-209	\$6,269,439	\$3,378,980	\$1,425,389	\$686,715	\$778,355	68.0
HB 06-1222	<u>91,965</u>	<u>43,965</u>	<u>0</u>	<u>48,000</u>	<u>0</u>	<u>0.3</u>
TOTAL	\$6,361,404	\$3,422,945	\$1,425,389	\$734,715	\$778,355	68.3
FY 2006-07 Appropriation:						
FY 2005-06 Appropriation	\$6,361,404	\$3,422,945	\$1,425,389	\$734,715	\$778,355	68.3
Salary and benefits adjustments	203,679	144,122	15,926	21,091	22,540	0.0
Annualization of Appellate Unit FTE	50,595	50,595	0	0	0	0.7
Indirect cost assessment	3,896	0	2,253	1,643	0	0.0
Securities Fraud Unit vehicle expense	1,213	0	0	1,213	0	0.0
Adjustment for special bills	(75,100)	(27,100)	0	(48,000)	0	0.0
Personal Services reduction	(6,639)	(3,006)	(1,058)	(1,088)	(1,487)	0.0
HB 06-1385	\$6,539,048	\$3,587,556	\$1,442,510	\$709,574	\$799,408	69.0
SB 06-38	337,950	0	0	337,950	0	5.0
SB 06-110	68,879	0	68,879	0	0	1.0
HB 06-1028	<u>68,910</u>	<u>68,910</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1.0</u>
TOTAL	\$7,014,787	\$3,656,466	\$1,511,389	\$1,047,524	\$799,408	76.0

Criminal Justice and Appellate						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
Increase/(Decrease)	\$653,383	\$233,521	\$86,000	\$312,809	\$21,053	7.7
Percentage Change	10.3%	6.8%	6.0%	42.6%	2.7%	11.3%

HB 06-1385 (Long Bill) Issue Descriptions

Salary and benefits adjustments: These amounts reflect salary survey distributed in FY 2005-06.

Annualization of Appellate Unit FTE: This FTE was added in the Department's FY 2005-06 supplemental bill. This amount reflects the cost to annualize the position.

Indirect cost assessment: This line represents changes to the Department's indirect cost recovery plan for FY 2006-07.

Securities Fraud Unit vehicle: This amount represents the cost of parking an additional vehicle provided to this unit in FY 2006-07.

Adjustment for special bills: These amounts reflect the elimination of moneys provided in the Department's FY 2005-06 supplemental to the Appellate Unit and the Peace Officers Standards and Training (P.O.S.T.) Board.

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

Additional legislation: For more information on special bills adopted during the 2006 session, see the "Recent Legislation" section at the end of the Department of Law.

Water and Natural Resources

The Water and Natural Resources Division includes the following two programs:

- **Federal and Interstate Water Unit** - Provides legal counsel and representation for cases related to federal water rights, compliance with federal regulatory programs, and interstate water allocation agreements such as the Arkansas River Compact. Appropriations for this division include payments to private attorneys and consultants assisting the State in water rights litigation.
- **CERCLA Unit** - Leads enforcement actions at sites contaminated with hazardous substances under the federal Comprehensive Environmental Response, Compensation, and Liability Act.

Cash funds exempt in this section are from site-specific subaccounts in the Hazardous Substance Response Fund as well as the transfer of revenue earned under the provisions of Section 25-16-104.5 (3.5), C.R.S.

Water and Natural Resources						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Appropriation:						
SB 05-209	\$1,760,117	\$518,908	\$0	\$1,241,209	\$0	9.8
HB 06-1222	<u>152,262</u>	<u>0</u>	<u>0</u>	<u>152,262</u>	<u>0</u>	<u>1.3</u>
TOTAL	\$1,912,379	\$518,908	\$0	\$1,393,471	\$0	11.1
FY 2006-07 Appropriation:						
FY 2005-06 Appropriation	\$1,912,379	\$518,908	\$0	\$1,393,471	\$0	11.1
Annualization for Defense of Colorado River Basin Compact	606,618	0	0	606,618	0	2.7
Natural Resource Damage Claims at Rocky Mountain Arsenal	604,812	742,312	0	(137,500)	0	2.0
Salary and benefits adjustments	31,155	31,155	0	0	0	0.0
Sunset of S.B. 03-280	0	530,971	0	(530,971)	0	0.0
Indirect cost assessment	(50,405)	0	0	(50,405)	0	0.0
Personal Services reduction	(1,636)	(1,636)	0	0	0	0.0
HB 06-1385	<u>\$3,102,923</u>	<u>\$1,821,710</u>	<u>\$0</u>	<u>\$1,281,213</u>	<u>\$0</u>	<u>15.8</u>
TOTAL	\$3,102,923	\$1,821,710	\$0	\$1,281,213	\$0	15.8
Increase/(Decrease)	\$1,190,544	\$1,302,802	\$0	(\$112,258)	\$0	4.7
Percentage Change	62.3%	251.1%	n/a	-8.1%	n/a	42.3%

HB 06-1385 (Long Bill) Issue Descriptions

Annualization for Defense of Colorado River Basin Compact: The Department's FY 2005-06 supplemental contained moneys for this purpose. This amount reflects the annualization of FTE expenses for this purpose as well as \$375,000 for the imaging of documents related to case preparation.

Natural Resource Damage Claims at Rocky Mountain Arsenal: The cash funds exempt amount for this purpose was paid out of the Hazardous Substance Response Fund (HSRF) and was used to prepare for potential mediation. The General Fund amount represents new moneys and 2.0 FTE to prepare for litigation to recover natural resource damages from both Shell Oil Corporation and the United States Army.

Salary and benefits adjustments: These amounts reflect salary survey distributed in FY 2005-06.

Sunset of S.B. 03-280: This legislation, which instituted a temporary tipping fee surcharge for hazardous waste disposal companies, sunsets at the end of FY 2005-06. The CERCLA and CERCLA Contracts programs require \$530,971 General Fund to maintain at their current proficiency levels.

Indirect cost assessment: This line represents changes to the Department's indirect cost recovery plan for FY 2006-07.

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

Consumer Protection

The Consumer Protection section includes the following programs:

- **Antitrust Program** - Investigates and prosecutes antitrust violations including price fixing, bid rigging, and attempts to monopolize a market or industry.
- **Consumer Protection Program** - Investigates and prosecutes deceptive or fraudulent trade and advertising practices. This staff also administers bonding programs involving telephone solicitors, health clubs, automobile repossessioners, and manufactured home sales, as well as responding to consumer complaints.
- **Collection Agency Board** - Enforces Colorado's Fair Debt Collection Practices Act, which regulates collection agencies. This board also seeks to protect the rights of lending businesses and the consumers who owe them money.
- **Uniform Consumer Credit Code** - Protects the rights of consumers who borrow money, which includes: setting fair limits on interest rates; ensuring creditors are adequately disclosing all costs associated with credit; and protecting consumers from deceptive and fraudulent 'credit repair' businesses and 'rent-to-own' practices.

Cash funds include fees paid by non-depository lenders, collection agencies, and debt collectors. Additional cash funds are from the Building Regulation Fund to enforce the registration and bonding of persons selling manufactured homes. Cash funds exempt are from the Defense Account of the Tobacco Litigation Settlement Cash Fund, and custodial funds awarded to the Department for consumer protection purposes.

Consumer Protection						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Appropriation:						
SB 05-209	\$2,466,682	\$697,675	\$1,131,527	\$637,480	\$0	30.0
HB 06-1222	<u>95</u>	<u>95</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$2,466,777	\$697,770	\$1,131,527	\$637,480	\$0	30.0
FY 2006-07 Appropriation:						
FY 2005-06 Appropriation	\$2,466,777	\$697,770	\$1,131,527	\$637,480	\$0	30.0
Salary and benefits adjustment	81,678	32,917	34,586	14,175	0	0.0

Consumer Protection						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
Uniform Consumer Credit Code FTE	55,139	0	0	55,139	0	1.0
Indirect cost assessment	15,802	0	14,742	1,060	0	0.0
Fund mix adjustment	0	0	44,118	(44,118)	0	0.0
Personal Services reduction	(4,328)	(1,334)	(1,964)	(1,030)	0	0.0
Uniform Consumer Credit Code vehicles	(842)	0	(842)	0	0	0.0
HB 06-1385	<u>\$2,614,226</u>	<u>\$729,353</u>	<u>\$1,222,167</u>	<u>\$662,706</u>	<u>\$0</u>	<u>31.0</u>
TOTAL	\$2,614,226	\$729,353	\$1,222,167	\$662,706	\$0	31.0
Increase/(Decrease)	\$147,449	\$31,583	\$90,640	\$25,226	\$0	1.0
Percentage Change	6.0%	4.5%	8.0%	4.0%	n/a	3.3%

HB 06-1385 (Long Bill) Issue Descriptions

Salary and benefits adjustments: These amounts reflect salary survey distributed in FY 2005-06.

Uniform Consumer Credit Code FTE: The addition of this FTE will enable the program to better address its enforcement responsibilities related to supervised lending institutions.

Indirect cost assessment: This issue represents changes to the Department's indirect cost recovery plan for FY 2006-07.

Fund mix adjustment: Program expenditures of the Collection Agency Board are being paid from current fee revenue. A portion was previously paid out of reserves in the Collection Agency Cash Fund.

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

Uniform Consumer Credit Code vehicles: The addition of three vehicles will enable examiners to stop using their personal cars for official state duties.

Special Purpose

This section contains the "pass-through" appropriation for the twenty-two district attorneys' salaries across Colorado, as well as separate line item funding for large lawsuits. The Litigation Management and Technology Fund enables the Department to address unanticipated legal issues and to implement specific information technology projects as approved by the General Assembly. The expanded purpose of this fund is accompanied by a footnote that requires the Department to inform the Joint Budget Committee about how moneys from this fund have been spent. Cash funds exempt represent surplus revenue earned in the Legal Services to State Agencies (LSSA) program for supporting the Litigation Management and Technology Fund. Senate Bill 05-226 appropriated moneys to the Department of Law for payment to the State of Kansas for damages awarded

in *Kansas v. Colorado* related to specific violations of the Arkansas River Compact. This appropriation was made in FY 2004-05, but the moneys are available through the end of FY 2005-06. For additional information, please refer to the "Recent Legislation" section at the end of the Department of Law

	Special Purpose					
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Appropriation:						
SB 05-209	\$1,657,475	\$1,332,475	\$0	\$325,000	\$0	0.0
HB 06-1222	<u>225,000</u>	<u>225,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$1,882,475	\$1,557,475	\$0	\$325,000	\$0	0.0
FY 2006-07 Appropriation:						
FY 2005-06 Appropriation	\$1,882,475	\$1,557,475	\$0	\$325,000	\$0	0.0
Elimination of Tobacco Litigation funds	(225,000)	(225,000)	0	0	0	0.0
Other changes	(1,463)	(1,463)	0	0	0	0.0
HB 06-1385	<u>\$1,656,012</u>	<u>\$1,331,012</u>	<u>\$0</u>	<u>\$325,000</u>	<u>\$0</u>	<u>0.0</u>
TOTAL	\$1,656,012	\$1,331,012	\$0	\$325,000	\$0	0.0
Increase/(Decrease)	(\$226,463)	(\$226,463)	\$0	\$0	\$0	0.0
Percentage Change	-12.0%	-14.5%	n/a	0.0%	n/a	n/a

HB 06-1385 (Long Bill) Issue Descriptions

Elimination of Tobacco Litigation funds: These moneys were provided in the Department's FY 2005-06 supplemental to prepare for potential litigation with participating manufacturers pertaining to the Master Settlement Agreement. This funding was not continued for FY 2006-07 because it was not clear whether such preparation costs are still necessary.

Other changes: A decrease of \$10,307 to statewide HIPAA legal services is partially offset by an increase of \$8,844 to the State's subsidy of district attorneys' salaries pursuant to Section 20-1-306, C.R.S.

Recent Legislation

2005 Session Bills

S.B. 05-155: Appropriates \$739 cash funds exempt to the Department of Law for the provision of legal services. For more information, refer to the corresponding bill description in the Department of Regulatory Agencies.

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

S.B. 05-226: Recognizes the conclusion of a twenty-year lawsuit between Kansas and Colorado over specific violations of the Arkansas River Compact by the latter party. Authorizes the transfer of moneys from both the Severance Tax Trust Fund and the Local Government Severance Tax Fund to the *Kansas v. Colorado* Plaintiff's Damages Payment Fund for the payment of damages as determined by the U.S. Supreme Court. Appropriates \$34.8 million cash funds exempt to the *Kansas v. Colorado* Plaintiff's Damages Payment Fund in FY 2004-05. Provides authorization to spend these moneys through the end of FY 2005-06. For more information, refer to the corresponding bill description in the Department of Natural Resources.

H.B. 05-1126: Appropriates \$3,694 cash funds exempt to the Department of Law for the provision of legal services. For more information, refer to the corresponding bill description in the Department of Public Health and Environment.

H.B. 05-1130: Appropriates \$27,707 cash funds exempt to the Department of Law for the provision of legal services. For more information, refer to the corresponding bill description in the Department of Regulatory Agencies.

H.B. 05-1227: Appropriates \$2,155 cash funds exempt to the Department of Law for the provision of legal services. For more information, refer to the corresponding bill description in the Department of Human Services.

2006 Session Bills

S.B. 06-20: Appropriates \$10,312 cash funds exempt to the Department of Law for the provision of legal services. For more information, refer to the corresponding bill description in the Department of Regulatory Agencies.

S.B. 06-38: Increases the annual registration fee for insurance companies regulated by the Department of Regulatory Agencies from \$120 to \$425 so that additional funds are available for the prosecution of insurance fraud. Requires the Attorney General's Office to provide annual reports to the Joint Budget Committee, the Senate Business, Labor and Technology Committee, and the House Business Affairs and Labor Committee, as well as to post a statistical report of the number of referrals, convictions, arrests, actions initiated and restitutions, fines, costs, and forfeitures obtained from the investigation and prosecution of insurance fraud on the Department of Law's website. Appropriates \$379,950 cash funds exempt and 5.0 FTE to the Department of Law for the provision of legal services.

S.B. 06-110: Creates a minimum \$50,000 fine for any person or entity who recklessly forges, counterfeits, alters, or falsely makes or provides any document listed in Title 8, Section 274a.2 (b)(1)(v) of the Code of Federal Regulations for any purpose. Deposits any fines collected into the Judicial Stabilization Cash Fund for the pursuit of legal actions brought pursuant to this legislation. Appropriates \$68,879 cash funds and 1.0 FTE to the Department of Law for the provision of legal services.

S.B. 06-114: Appropriates \$4,834 cash funds exempt to the Department of Law for the provision of legal services. For more information, refer to the corresponding bill description in the Department of Public Health and Environment.

S.B. 06-230: Appropriates \$28,874 cash funds exempt and 0.2 FTE to the Department of Law for the provision of legal services. For more information, refer to the corresponding bill description in the Department of Regulatory Agencies.

H.B. 06-1028: Creates three new judgeships on the Colorado Court of Appeals, and four new county court judgeships (located in Jefferson, Douglas, Mesa, and Weld counties). Appropriates \$75,300 General Fund and 1.0 FTE to the Department of Law to process and prosecute the increased caseload from the creation of these judgeships.

H.B. 06-1046: Appropriates \$10,957 cash funds exempt and 0.1 FTE to the Department of Law for the provision of legal services. For more information, refer to the corresponding bill description in the Department of Higher Education.

H.B. 06-1085: Appropriates \$2,578 cash funds exempt to the Department of Law for the provision of legal services. For more information, refer to the corresponding bill description in the Department of Local Affairs.

H.B. 06-1161: Appropriates \$25,780 cash funds exempt and 0.2 FTE to the Department of Law for the provision of legal services. For more information, refer to the corresponding bill description in the Department of Regulatory Agencies.

H.B. 06-1222: Supplemental appropriation to the FY 2005-06 Long Bill for the Department of Law.

H.B. 06-1257: Appropriates \$3,000 cash funds exempt to the Department of Law for the provision of legal services. For more information, refer to the corresponding bill description in the Department of Law.

H.B. 06-1274: Appropriates \$76,051 cash funds exempt and 0.8 FTE to the Department of Law for the provision of legal services. For more information, refer to the corresponding bill description in the Department of Agriculture.

H.B. 06-1344: Appropriates \$33,885 cash funds exempt and 0.2 FTE to the Department of Law for the provision of legal services. For more information, refer to the corresponding bill description in the Department of Regulatory Agencies.

H.B. 06-1385: General appropriations act for FY 2006-07.

H.B. 06-1395: Appropriates \$322 cash funds exempt to the Department of Law for the provision of legal services. For more information, refer to the corresponding bill description in the Department of Human Services.

LEGISLATIVE BRANCH

The Legislative Branch includes the elected officials of the House of Representatives and the Senate and the necessary staff to support them in their duties and responsibilities. The staff includes those assigned to both the House and the Senate; the State Auditor's Office; the Joint Budget Committee; the Legislative Council; the Office of Legislative Legal Services; and the Colorado Reapportionment Commission. The service agency staffs are full-time nonpartisan professionals, while a majority of the House and Senate staff serve only when the General Assembly is in session.

Department Budget: Recent Appropriations

Funding Source	FY 2003-04	FY 2004-05	FY 2005-06	FY 2006-07
General Fund	\$27,063,281	\$28,628,519	\$29,686,409	\$30,886,703
Cash Funds	188,743	90,000	90,000	90,000
Cash Funds Exempt	1,335,757	760,127	1,166,367	913,551
Federal Funds	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Funds	\$28,587,781	\$29,478,646	\$30,942,776	\$31,890,254
Full Time Equiv. Staff	272.8	273.2	274.0	276.3

General Factors Driving the Budget

Funding for this department consists of 96.8 percent General Fund, 0.3 percent cash funds, and 2.9 percent cash funds exempt. Some of the most important factors driving the budget are reviewed below.

Special Studies or Functions

The appropriation for the majority of the functions and activities for the Legislature are contained in a separate legislative appropriation bill. This separate appropriation funds the staff and operating expenses for: (1) the House of Representatives and the Senate; (2) the Legislative Council; (3) the State Auditor; (4) the Joint Budget Committee; and (5) the Office of Legislative Legal Services. Typically, the legislative appropriation bill provides funding for the 120-day regular session, staffing of four interim committees, and up to 20 days of a special session. Outside of staff or salary increases, funding for special studies or functions account for the factors driving the budget.

	FY 02-03 Actual	FY 03-04 Actual	FY 04-05 Actual	FY 05-06 Approp.	FY 06-07 Approp.
Property Tax Study	\$684,453	\$622,000	\$639,990	\$624,990	\$638,500
Ballot Analysis	475,027	941,669	522,473	1,220,000	492,000

Summary of FY 2005-06 and FY 2006-07 Appropriations

Legislative Branch						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Total Appropriation:	\$30,942,776	\$29,686,409	\$90,000	\$1,166,367	\$0	274.0
<u>Breakdown of Total Appropriation by Administrative Section</u>						
General Assembly	12,304,056	12,155,512	90,000	58,544	0	73.6
State Auditor	6,813,034	6,024,156	0	788,878	0	73.0
Joint Budget Committee	1,299,198	1,299,198	0	0	0	16.0
Legislative Council	5,944,879	5,631,356	0	313,523	0	55.2
Committee on Legal Services	4,581,609	4,576,187	0	5,422	0	56.2
<u>Breakdown of Total Appropriation by Bill</u>						
SB 05-209	2,566,066	2,384,066	0	182,000	0	0.0
SB 05-66	56,000	0	0	56,000	0	0.0
SB 05-203	28,180,164	27,301,286	90,000	788,878	0	273.6
SB 05-221	20,000	20,000	0	0	0	0.0
HB 05-1046	120,000	0	0	120,000	0	0.0
HB 05-1336	19,489	0	0	19,489	0	0.4
HB 06-1223	(18,943)	(18,943)	0	0	0	0.0
FY 2006-07 Total Appropriation:	\$31,890,254	\$30,886,703	\$90,000	\$913,551	\$0	276.3
<u>Breakdown of Total Appropriation by Administrative Section</u>						
General Assembly	12,657,065	12,563,249	90,000	3,816	0	76.0
State Auditor	7,167,001	6,377,266	0	789,735	0	73.0
Joint Budget Committee	1,355,584	1,355,584	0	0	0	16.0
Legislative Council	5,889,453	5,769,453	0	120,000	0	55.2
Committee on Legal Services	4,821,151	4,821,151	0	0	0	56.1
<u>Breakdown of Total Appropriation by Bill</u>						
HB 06-1385	2,409,830	2,409,830	0	0	0	0.0
SB 06-48	120,000	0	0	120,000	0	0.0
HB 06-1145	3,816	0	0	3,816	0	0.0
HB 06-1310	(165)	0	0	(165)	0	0.0
HB 06-1375	3,816	3,816	0	0	0	0.0
HB 06-1377	29,352,957	28,473,057	90,000	789,900	0	276.3

Legislative Branch						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
Increase/(Decrease)	\$947,478	\$1,200,294	\$0	(\$252,816)	\$0	2.3
Percentage Change	3.1%	4.0%	0.0%	-21.7%	n/a	0.8%

FY 2006-07 Appropriation Highlights:

1. An increase of \$1.2 million General Fund for personnel-related expenses including salary, Public Employees Retirement Association (PERA), and health, life, and dental increases.
2. A decrease of \$182,000 cash funds exempt associated with removal of funding for the bi-annual cost-of-living analysis pursuant to Section 22-54-104 (5)(c)(III)(A), C.R.S.
3. A decrease of \$73,000 cash funds exempt associated with elimination of funding for one-time implementation costs for legislation passed in FY 2005-06.

Detail of Appropriation by Administrative Section

General Assembly

Comprised of 35 members in the Senate and 65 members in the House of Representatives, the General Assembly meets annually beginning in early January and, per the Colorado Constitution, must adjourn within 120 days. The Colorado Constitution vests all legislative power in the General Assembly, except those powers specifically reserved by the people.

General Assembly						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Appropriation:						
SB 05-203 and SB 05-209	\$12,244,455	\$12,154,455	\$90,000	\$0	\$0	73.6
<i>SB 05-203 (non Add)</i>	<i>10,991,211</i>	<i>10,901,211</i>	<i>90,000</i>	<i>0</i>	<i>0</i>	<i>73.6</i>
<i>SB 05-209 (non Add)</i>	<u><i>1,253,244</i></u>	<u><i>1,253,244</i></u>	<u><i>0</i></u>	<u><i>0</i></u>	<u><i>0</i></u>	<u><i>0.0</i></u>
SB 05-66	56,000	0	0	56,000	0	0.0
SB 05-221	20,000	20,000	0	0	0	0.0
HB 05-1336	2,544	0	0	2,544	0	0.0
HB 06-1223	<u>(18,943)</u>	<u>(18,943)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$12,304,056	\$12,155,512	\$90,000	\$58,544	\$0	73.6

General Assembly						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Appropriation:						
FY 2005-06 Appropriation	\$12,304,056	\$12,155,512	\$90,000	\$58,544	\$0	73.6
Salary and benefits related adjustments (HB 06-1377)	343,685	343,685	0	0	0	2.4
Operating adjustments (HB 06-1385)	45,029	45,029	0	0	0	0.0
PERA Amortization Disbursement (HB 06-1377)	35,207	35,207	0	0	0	0.0
Eliminate one-time funding	(78,544)	(20,000)	0	(58,544)	0	0.0
HB 06-1377 and HB 06-1385	\$12,649,433	\$12,559,433	\$90,000	\$0	\$0	76.0
<i>HB 06-1377 (non Add)</i>	<i>11,370,103</i>	<i>11,280,103</i>	<i>90,000</i>	<i>0</i>	<i>0</i>	<i>76.0</i>
<i>HB 06-1385 (non Add)</i>	<i><u>1,279,330</u></i>	<i><u>1,279,330</u></i>	<i><u>0</u></i>	<i><u>0</u></i>	<i><u>0</u></i>	<i><u>0.0</u></i>
HB 06-1145	3,816	0	0	3,816	0	0.0
HB 06-1375	<u>3,816</u>	<u>3,816</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$12,657,065	\$12,563,249	\$90,000	\$3,816	\$0	76.0
Increase/(Decrease)	\$353,009	\$407,737	\$0	(\$54,728)	\$0	2.4
Percentage Change	2.9%	3.4%	0.0%	-93.5%	n/a	3.3%

HB 06-1385 (Long Bill) and HB 06-1377 (Legislative Appropriations Bill) Issue Descriptions

Salary and benefits related adjustments (HB 06-1377): The increase in appropriation reflects a 3.0 percent base salary increase, an increase for employee benefits (health, life, and dental, short-term-disability, Medicare, and PERA), and an increase to annualize prior year salary increases. These amounts are slightly offset by a 0.2 percent base reduction to personal services. The appropriation also includes additional funding for (1) 2.0 FTE for staff in the Legislative Information Systems unit (one IT professional II and one administrative assistant II), and (2) 0.4 FTE to convert a session-only sergeant-at-arms to full-time status.

Operating adjustments (HB 06-1385): The appropriation contains various changes in centrally appropriated line items. These centrally appropriated line items include Workers' Compensation, Risk Management and Property, and Legal Services. Operating adjustments are a function of recoverable overhead in the Department of Personnel and Administration or the Department of Law, as is the case with legal services, that are allocated to other departments based on a proportionate share of risk or utilization.

PERA Amortization Disbursement (HB 06-1377): The increase in appropriation reflects the amount necessary to contribute an additional 0.5 percent of base salary to the Public Employees' Retirement Association pursuant to S.B. 04-257.

Eliminate one-time funding: Eliminates one-time funding for implementation of S.B. 05-66, SB 05-221, and H.B. 05-1336.

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

State Auditor

The duties of the State Auditor are to conduct post audits of all financial transactions and accounts of all state departments, institutions, and agencies of the executive, legislative, and judicial branches; conduct performance post audits; and prepare summary audit reports and recommendations concerning each agency. Legislative oversight is provided by the Legislative Audit Committee, which is comprised of four senators, two from each major political party, and four representatives, two from each major political party.

State Auditor						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Appropriation:						
SB 05-203	\$6,813,034	\$6,024,156	\$0	\$788,878	\$0	73.0
TOTAL	\$6,813,034	\$6,024,156	\$0	\$788,878	\$0	73.0
FY 2006-07 Appropriation:						
FY 2005-06 Appropriation	\$6,813,034	\$6,024,156	\$0	\$788,878	\$0	73.0
Salary and benefits related adjustments	333,949	332,927	0	1,022	0	0.0
PERA Amortization Disbursement	20,183	20,183	0	0	0	0.0
HB 06-1377	\$7,167,166	\$6,377,266	\$0	\$789,900	\$0	73.0
HB 06-1310	(\$165)	\$0	\$0	(\$165)	\$0	0.0
TOTAL	\$7,167,001	\$6,377,266	\$0	\$789,735	\$0	73.0
Increase/(Decrease)	\$353,967	\$353,110	\$0	\$857	\$0	0.0
Percentage Change	5.2%	5.9%	n/a	0.1%	n/a	0.0%

HB 06-1377 (Legislative Appropriations Bill) Issue Descriptions

Salary and benefits related adjustments: The increase in appropriation reflects a 3.0 percent base salary increase, an increase for employee benefits (health, life, and dental, short-term-disability, Medicare, and PERA), and an increase to annualize prior year salary increases. There is also an increase for performance services contracts due to increasing audit contract costs. These amounts are slightly offset by a 0.2 percent base reduction to personal services.

PERA Amortization Disbursement: The appropriation includes the amount necessary to contribute an additional 0.5 percent of base salary to the Public Employees' Retirement Association pursuant to S.B. 04-257.

Joint Budget Committee

The Joint Budget Committee is the permanent fiscal and budget review agency of the General Assembly. The six-member committee is comprised of three members from the House, including two from the majority political party, and three members from the Senate, including two from the majority political party. The Committee, through its staff, is responsible for analyzing the programs, management, operations, and fiscal needs of state agencies. After holding budget hearings with all state departments and agencies, the Committee and its staff prepare the annual appropriations bill. The staff is also responsible for providing support for both the House and Senate Appropriations Committees.

Joint Budget Committee						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Appropriation:						
SB 05-203	\$1,299,198	\$1,299,198	\$0	\$0	\$0	16.0
TOTAL	\$1,299,198	\$1,299,198	\$0	\$0	\$0	16.0
FY 2006-07 Appropriation:						
FY 2005-06 Appropriation	\$1,299,198	\$1,299,198	\$0	\$0	\$0	16.0
Salary and benefits related adjustments	50,741	50,741	0	0	0	0.0
PERA Amortization Disbursement	5,645	5,645	0	0	0	0.0
HB 06-1377	\$1,355,584	\$1,355,584	\$0	\$0	\$0	16.0
TOTAL	\$1,355,584	\$1,355,584	\$0	\$0	\$0	16.0
Increase/(Decrease)	\$56,386	\$56,386	\$0	\$0	\$0	0.0
Percentage Change	4.3%	4.3%	n/a	n/a	n/a	0.0%

HB 06-1377 (Legislative Appropriations Bill) Issue Descriptions

Salary and benefits related adjustments: The increase in appropriation reflects a 3.0 percent base salary increase, an increase for employee benefits (health, life, and dental, short-term-disability, Medicare, and PERA), and an increase to annualize prior year salary increases. These amounts are slightly offset by a 0.2 percent base reduction to personal services.

PERA Amortization Disbursement: The increase in appropriation reflects the amount necessary to contribute an additional 0.5 percent of base salary to the Public Employees' Retirement Association pursuant to S.B. 04-257.

Legislative Council

The Legislative Council is comprised of 18 legislators, nine from the House and nine from the Senate. The staff of the Council provides fact-finding and information-collecting services for all members of the General Assembly. In addition, the staff provides support for all standing committees except Appropriations, and for

most interim committees. The staff maintains a reference library for all legislators and staff, and the Council contracts for special studies as needed. The State Capitol Building tour guide coordinator is an employee of the Council. The Council staff is also responsible for preparing fiscal notes on new legislation and for providing revenue estimates.

Legislative Council						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Appropriation:						
SB 05-209 and SB 05-203	\$5,813,356	\$5,631,356	\$0	\$182,000	\$0	54.9
<i>SB 05-203 (non Add)</i>	<i>4,500,534</i>	<i>4,500,534</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>54.9</i>
<i>SB 05-209 (Non Add)</i>	<i><u>1,312,822</u></i>	<i><u>1,130,822</u></i>	<i><u>0</u></i>	<i><u>182,000</u></i>	<i><u>0</u></i>	<i><u>0.0</u></i>
HB 05-1046	120,000	0	0	120,000	0	0.0
HB 05-1336	<u>11,523</u>	<u>0</u>	<u>0</u>	<u>11,523</u>	<u>0</u>	<u>0.3</u>
TOTAL	\$5,944,879	\$5,631,356	\$0	\$313,523	\$0	55.2
FY 2006-07 Appropriation:						
FY 2005-06 Appropriation	\$5,944,879	\$5,631,356	\$0	\$313,523	\$0	55.2
Salary and benefits related adjustments (HB 06-1377)	120,040	120,040	0	0	0	0.3
PERA Amortization Disbursement (HB 06-1377)	18,379	18,379	0	0	0	0.0
Operating Adjustments (HB 06-1385)	(182,322)	(322)	0	(182,000)	0	0.0
Eliminate one-time funding	(131,523)	0	0	(131,523)	0	(0.3)
HB 06-1377 and HB 06-1385	\$5,769,453	\$5,769,453	\$0	\$0	\$0	55.2
<i>HB 06-1377 (non Add)</i>	<i>4,638,953</i>	<i>4,638,953</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>55.2</i>
<i>HB 06-1385 (non Add)</i>	<i><u>1,130,500</u></i>	<i><u>1,130,500</u></i>	<i><u>0</u></i>	<i><u>0</u></i>	<i><u>0</u></i>	<i><u>0.0</u></i>
SB 06-48	<u>120,000</u>	<u>0</u>	<u>0</u>	<u>120,000</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$5,889,453	\$5,769,453	\$0	\$120,000	\$0	55.2
Increase/(Decrease)	(\$55,426)	\$138,097	\$0	(\$193,523)	\$0	0.0
Percentage Change	-0.9%	2.5%	n/a	-61.7%	n/a	0.0%

HB 06-1385 (Long Bill) and HB 06-1377 (Legislative Appropriations Bill) Issue Descriptions

Salary and benefits related adjustments (HB 06-1377): The increase in appropriation reflects a 3.0 percent base salary increase, an increase for employee benefits (health, life, and dental, short-term-disability, Medicare, and PERA), and an increase to annualize prior year salary increases. These amounts are slightly offset by a 0.2 percent base reduction to personal services.

PERA Amortization Disbursement (HB 06-1377): The increase in appropriation reflects the amount necessary to contribute an additional 0.5 percent of base salary to the Public Employees' Retirement Association pursuant to S.B. 04-247.

Operating adjustments (HB 06-1385): The appropriation contains (1) a decrease of \$322 General Fund for Ballot Analysis and a decrease of \$182,000, and (2) a decrease of \$182,000 for the cost of living analysis. The Legislative Council staff, pursuant to Section 22-54-104 (5)(c)(III)(A), C.R.S., is required to conduct a cost of living analysis for the purpose of certifying the cost of living factor for each district to the Department of Education. This study is to be conducted every two years. As a result, no funding is required for the cost of living analysis in FY 2006-07.

Eliminate one-time funding: Eliminates one-time funding for implementation of H.B. 05-1046 and H.B. 05-1336.

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

Committee on Legal Services

The Committee on Legal Services consists of ten members, five from the House of Representatives and five from the Senate. It provides legislative oversight to the Office of Legislative Legal Services and coordinates litigation involving the General Assembly.

The Office of Legislative Legal Services drafts and prepares bills, resolutions, amendments, conference committee reports, and digests of enacted bills. The Office also reviews rules promulgated by executive agencies to determine whether they are within the powers delegated to the agency; performs legal research; aids in legal representation of the General Assembly; participates in the review of and comments on the titles given to initiated measures; and assists in staffing interim committees.

The Office is also responsible for compiling, editing, arranging and preparing for publication all of the laws of the State of Colorado, and for assisting in publication and distribution of portions of the statutes in accordance with Section 2-5-118, C.R.S. Annually, the Office prepares the session laws and supplements to the statutes as necessary and also prepares the index and case law annotations for the Colorado Revised Statutes.

The Colorado Commission of Uniform State Laws, comprised of seven members who are attorneys-at-law in Colorado (three of whom are state legislators), represents Colorado at the National Conference of Commissioners on Uniform State Laws. The purpose of the conference is to promote uniformity of state laws on all subjects where uniformity is deemed desirable and practical.

Committee on Legal Services						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Appropriation:						
SB 05-203	\$4,576,187	\$4,576,187	\$0	\$0	\$0	56.1
HB 05-1336	<u>5,422</u>	<u>0</u>	<u>0</u>	<u>5,422</u>	<u>0</u>	<u>0.1</u>
TOTAL	\$4,581,609	\$4,576,187	\$0	\$5,422	\$0	56.2
FY 2006-07 Appropriation:						
FY 2005-06 Appropriation	\$4,581,609	\$4,576,187	\$0	\$5,422	\$0	56.2
Salary and benefits related adjustments	227,245	227,245	0	0	0	0.0
PERA Amortization Disbursement	17,719	17,719	0	0	0	0.0
Eliminate one-time funding for HB 05-1336	(5,422)	0	0	(5,422)	0	(0.1)
HB 06-1377	<u>\$4,821,151</u>	<u>\$4,821,151</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>56.1</u>
TOTAL	\$4,821,151	\$4,821,151	\$0	\$0	\$0	56.1
Increase/(Decrease)	\$239,542	\$244,964	\$0	(\$5,422)	\$0	(0.1)
Percentage Change	5.2%	5.4%	n/a	-100.0%	n/a	-0.2%

HB 06-1377 (Legislative Appropriations Bill) Issue Descriptions

Salary and benefits related adjustments: The increase in appropriation reflects a 3.0 percent base salary increase, an increase for employee benefits (health, life, and dental, short-term-disability, Medicare, and PERA), and an increase to annualize prior year salary increases. These amounts are slightly offset by a 0.2 percent base reduction to personal services.

PERA Amortization Disbursement: The increase in appropriation reflects the amount necessary to contribute an additional 0.5 percent of base salary to the Public Employees' Retirement Association pursuant to S.B. 04-247.

Eliminate one-time appropriation for HB 05-1336: Eliminates one-time funding for implementation of H.B. 05-1336.

Recent Legislation

2005 Session Bills

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

S.B. 05-203: Separate legislative appropriations bill for FY 2005-06.

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

S.B. 05-221: Requires the state department of Health Care Policy and Financing ("state department") to prepare and submit to the health and human services ("HHS") committees of the house of representatives and senate a waiver under the federal health insurance flexibility and accountability demonstration program to permit the state to create a new service delivery or purchasing system to better serve specified children and adults under the medical assistance program or the children's basic health plan. Specifies additional information to be included in the waiver or given to the HHS committees. Appropriates \$20,000 to the General Assembly for implementation of the act.

H.B. 05-1046: Requires the director of research (director) of the Legislative Council to establish a pilot program for the purpose of developing or procuring a dynamic model to analyze the economic impact of bills introduced by the general assembly during the 2008 regular session, but only if the director receives gifts, grants, or donations for the pilot program in an amount of at least \$120,000 by September 1, 2005. Establishes that only bills that make a tax policy change are eligible to be analyzed. Appropriates \$120,000 cash funds exempt to Legislative Council for implementation of the act.

H.B. 05-1336: Establishes an 8-member legislative oversight committee to evaluate the quality of care provided in specified state and veterans nursing homes (Homelake, Florence, Trinidad, Rifle, and Aurora, Colorado) and to make associated recommendations to the General Assembly. Also creates an 11-member nursing home commission to evaluate the state and veterans nursing homes and to provide guidance and recommendations to the legislative oversight committee. Creates the Evaluation of State and Veterans Nursing Homes Cash Fund (Evaluation Fund). Authorizes the Board of Veterans Affairs to allocate funds from the Colorado State Veterans Trust Fund to the Evaluation Fund for costs associated with the legislation. For FY 2005-06, appropriates \$19,489 cash funds exempt and 0.4 FTE to the Legislative Department and \$34,950 cash funds exempt to the Department of Human Services from the Evaluation Fund. Both the legislative oversight committee and the commission are repealed, effective July 1, 2007.

2006 Session Bills

S.B. 06-48: The bill reestablishes the pilot program initially created through House Bill 05-1046 that allowed for gifts, grants, and donations to be accepted by the Director of Research of the Legislative Council in order to pursue the possibility of creating a dynamic model for analyzing tax policy changes. Appropriates \$120,000 cash funds exempt to the Legislative Department for FY 2006-07. Upon receipt of at least \$120,000 by the Director of Research of the Legislative Council, the director would begin a process to evaluate various options for procuring a dynamic model.

H.B. 06-1145: The bill creates a State Methamphetamine Task Force to study the best practices for the prevention, intervention, and treatment of methamphetamine abuse, including changes in state laws to accomplish those objectives. The task force is comprised of 28 people, including four members of the General Assembly and two members appointed by the Governor. Members of the task force are required to serve without compensation. The bill also specifies that staff support for the task force must be paid from gifts, grants, and donations that are deposited into the Methamphetamine Abuse Prevention, Intervention, and Treatment (MAPIT) Cash Fund. Appropriates \$3,816 cash funds exempt to the Legislative Department for FY 2006-07.

H.B. 06-1223: FY 2005-06 supplemental appropriations bill for the Legislature.

H.B. 06-1310: Alters the rules governing the distribution of tobacco settlement moneys so as to reduce the number of supplemental appropriations for tobacco-settlement-supported programs. Eliminates numerous double appropriations that appear in the Long Bill by substituting automatic transfers for appropriations. The bill also makes small positive and negative adjustments to eight appropriations that support various tobacco programs. These adjustments total \$236. Decreases the FY 2006-07 appropriation to the Legislative Department by \$165 cash funds exempt.

H.B. 06-1375 (annual "school finance act"): Makes the following specific change to the Legislative Department:

Tax Increment Financing. Establishes a task force to study the impact of tax increment financing provisions in urban renewal plans on public school finance. Appropriates \$3,816 General Fund to the Legislative Department for FY 2006-07 to fund per diem costs for the members of the task force.

For a complete explanation of the legislation, please see the "Recent Legislation" section at the end of the Department of Education.

H.B. 06-1377: Separate legislative appropriations bill for FY 2006-07.

H.B. 06-1385: General appropriations act for FY 2006-07.

DEPARTMENT OF LOCAL AFFAIRS

The Department is responsible for building community and local government capacity by providing training, technical, and financial assistance to localities. Major divisions include the Executive Director's Office, Property Taxation, the Division of Housing, and the Division of Local Government.

Department Budget: Recent Appropriations

Funding Source	FY 2003-04	FY 2004-05	FY 2005-06	FY 2006-07
General Fund	\$4,755,544	\$8,665,475	\$8,599,468	\$10,300,005
Cash Funds	25,100,161	25,438,627	25,855,405	29,211,343
Cash Funds Exempt	101,519,458	99,285,237	100,171,655	101,964,543
Federal Funds	<u>48,742,407</u>	<u>48,400,111</u>	<u>85,313,338</u>	<u>97,748,767</u>
Total Funds	\$180,117,570	\$181,789,450	\$219,939,866	\$239,224,658
Full Time Equiv. Staff	172.1	175.1	180.1	192.8

General Factors Driving the Budget

Funding for this department consists of 4.3 percent General Fund, 12.2 percent cash funds, 42.6 percent cash funds exempt, and 40.9 percent federal funds.

Dedicated Funding Sources

The Department of Local Affairs is responsible for a number of programs with dedicated cash and cash exempt revenue sources. The largest of these include: the Conservation Trust Fund (a portion of state lottery proceeds distributed to local entities on a formula basis for parks and open space purposes); Local Government Mineral and Energy Impact grants (a portion of the state severance tax as well as federal mineral royalties distributed to local governments affected by mineral extraction activities); Limited Gaming grants (a portion of limited gaming tax revenues distributed on a competitive basis to communities impacted by gaming activities); and Waste Tire Recycling, Reuse and Removal grants (a portion of waste tire fees distributed on a competitive basis to assist with conservation efforts). Program expenditures fluctuate with changes in the revenue earned from these various dedicated funding sources. The table below summarizes recent actual revenues and estimates supplied by the Department.

	Constitutionally or Statutorily Dedicated Cash Revenues				
	FY 02-03 Actual	FY 03-04 Actual	FY 04-05 Actual	FY 05-06 Estimate	FY 06-07 Estimate
Conservation Trust Fund	\$41,911,625	\$41,628,583	\$41,494,373	\$46,500,000	\$46,500,000
Severance Tax & Mineral Impact	28,558,650	77,809,505	106,026,324	113,295,993	82,000,000

Constitutionally or Statutorily Dedicated Cash Revenues					
	FY 02-03 Actual	FY 03-04 Actual	FY 04-05 Actual	FY 05-06 Estimate	FY 06-07 Estimate
Limited Gaming	5,920,694	12,193,815	6,040,463	6,100,000	6,250,000
Waste Tire Fund	2,254,269	2,552,254	2,947,400	2,980,646	2,980,646

Federal Funds

Federally-funded programs make up 40.9 percent of the Department of Local Affairs' FY 2006-07 appropriation. These programs generally have no state match, and funding is provided at the discretion of federal authorities. Major on-going federal grant expenditures are summarized in the table below. The large amount for homeland security grants in FY 2004-05 includes grants made in prior years that were not disbursed until FY 2004-05.

Major On-going Federal Grant Expenditures					
	FY 02-03 Actual	FY 03-04 Actual	FY 04-05 Actual	FY 05-06 Estimate	FY 06-07 Estimate
Housing and Urban Development (HUD) affordable housing development	\$10,875,803	\$6,807,396	\$11,386,947	\$9,210,074	\$8,559,000
HUD Section 8 rental assistance	14,654,227	17,725,830	17,610,525	15,423,000	17,040,000
HUD Emergency Shelter Program	913,350	916,602	882,672	919,000	890,000
HUD Community Development Block Grants (CDBG) economic development and infrastructure	7,484,349	4,662,307	10,064,728	8,372,439	7,835,637
Health and Human Services (HHS) Community Services Block Grants	5,713,593	4,969,801	5,655,461	5,681,920	5,237,289
Federal Emergency Management Agency	15,596,401	7,530,639	16,280,186	5,696,695	11,689,084
Homeland Security Grants	0	0	103,465,064	36,798,900	42,800,000

Summary of FY 2005-06 and FY 2006-07 Appropriations

Department of Local Affairs						
	Total Funds	General Fund/1	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Total Appropriation:	\$219,939,866	\$8,599,468	\$25,855,405	\$100,171,655	\$85,313,338	180.1
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Executive Director's Office	3,911,456	1,005,192	185,986	1,877,071	843,207	19.0
Property Taxation	3,271,398	1,532,714	635,713	1,102,971	0	53.5

Department of Local Affairs						
	Total Funds	General Fund/1	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
Division of Housing	28,117,835	419,035	905,116	160,451	26,633,233	28.4
Division of Local Government	184,639,177	5,642,527	24,128,590	97,031,162	57,836,898	79.2
<u>Breakdown of Total Appropriation by Bill</u>						
SB 05-209	219,919,279	8,671,473	25,775,596	100,171,381	85,300,829	180.1
SB 05-7	0	(79,000)	79,000	0	0	0.0
HB 06-1224	(1,013)	(14,605)	809	274	12,509	0.0
HB 06-1304	21,600	21,600	0	0	0	0.0
FY 2006-07 Total Appropriation:	\$239,224,658	\$10,300,005	\$29,211,343	\$101,964,543	\$97,748,767	192.8
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Executive Director's Office	4,349,375	1,127,847	206,900	2,068,907	945,721	19.0
Property Taxation	3,357,295	1,633,147	644,588	1,079,560	0	53.5
Division of Housing	30,671,711	1,425,053	1,261,867	178,368	27,806,423	32.1
Division of Local Government	200,846,277	6,113,958	27,097,988	98,637,708	68,996,623	88.2
<u>Breakdown of Total Appropriation by Bill</u>						
HB 06-1385	238,706,672	10,093,321	28,900,041	101,964,543	97,748,767	191.7
HB 06-1085	311,302	0	311,302	0	0	1.1
HB 06-1304	206,684	206,684	0	0	0	0.0
Increase/(Decrease)	\$19,284,792	\$1,700,537	\$3,355,938	\$1,792,888	\$12,435,429	12.7
Percentage Change	8.8%	19.8%	13.0%	1.8%	14.6%	7.1%

/1 Includes General Fund Exempt. See Division Detail for information on General Fund Exempt appropriations.

FY 2006-07 Appropriation Highlights:

1. Provides a \$1.0 million General Fund increase for affordable housing construction grants and loans.
2. Includes an \$11.5 million federal funds increase for projected disaster preparedness and training grants.
3. Adjusts projected funding for various programs with statutorily, constitutionally, or federally dedicated fund sources, including a net increase of 11.6 FTE.

Detail of Appropriation by Administrative Section

Executive Director's Office

This division is responsible for the management and administration of the Department, including accounting, budgeting, and human resources. The appropriation to this office includes centrally-appropriated funds which are further distributed to the various divisions. The Division also conducts several miscellaneous functions

statutorily assigned to the Department, including administration of the Moffat Tunnel Improvement District and support of the federal Workforce Development Council. Cash funds, cash funds exempt, and federal funds appropriations consist of direct and indirect cost recoveries used to cover the general administrative costs associated with cash, cash exempt, and federal programs within the Department. Funding in this division also consists of cash funds and cash funds exempt spending from lease revenues generated from the operation of the Moffat Tunnel, as well as from the cash funds exempt transfer of federal funds from other agencies to support the Workforce Development Council.

Executive Director's Office						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Appropriation:						
SB 05-209	\$3,912,469	\$1,019,797	\$185,177	\$1,876,797	\$830,698	19.0
HB 06-1224	<u>(1,013)</u>	<u>(14,605)</u>	<u>809</u>	<u>274</u>	<u>12,509</u>	<u>0.0</u>
TOTAL	\$3,911,456	\$1,005,192	\$185,986	\$1,877,071	\$843,207	19.0
FY 2006-07 Appropriation:						
FY 2005-06 Appropriation	\$3,911,456	\$1,005,192	\$185,986	\$1,877,071	\$843,207	19.0
Salary and benefit increases	229,727	96,808	16,799	25,118	91,002	0.0
Workforce development	125,621	0	0	125,621	0	0.0
Operating expenses	51,005	25,847	1,537	12,109	11,512	0.0
Annualize salary increases	28,988	0	0	28,988	0	0.0
HB 06-1385	\$4,346,797	\$1,127,847	\$204,322	\$2,068,907	\$945,721	19.0
HB 06-1085	<u>2,578</u>	<u>0</u>	<u>2,578</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$4,349,375	\$1,127,847	\$206,900	\$2,068,907	\$945,721	19.0
Increase/(Decrease)	\$437,919	\$122,655	\$20,914	\$191,836	\$102,514	0.0
Percentage Change	11.2%	12.2%	11.2%	10.2%	12.2%	0.0%

HB 06-1385 (Long Bill) Issue Descriptions

Salary and benefit increases: The appropriation includes a \$229,727 increase for salaries and benefits, including: a \$177,639 increase for health, life, and dental premiums; a \$53,589 increase for the amortization equalization disbursement; a \$2,585 increase for workers' compensation premiums; a \$1,398 decrease for the salary survey; and a \$2,688 decrease for short-term disability premiums.

Workforce development: The appropriation includes a projected \$125,621 increase in the federal funds transferred from other departments for the operation of the Workforce Development Council.

Operating expenses: The appropriation includes a net \$51,005 increase for operating expenses such as legal services, leased space, risk management, and technology services.

Annualize salary increases: The appropriation includes an increase of \$28,988 cash funds exempt to annualize salary survey increases provided in FY 2005-06. This amount is net of the 0.2 percent common policy base reduction.

Additional legislation: For additional information on H.B. 06-1085, see the "Recent Legislation" section at the end of this department.

Property Taxation

This division supervises property tax collection by local governments to ensure property tax laws are administered consistently and fairly throughout the State. Responsibilities include training county assessors, calculating property tax for certain multi-county companies such as utilities, pipelines, and railroads, as well as determining eligibility for property tax exemptions. The Division includes the Board of Assessment Appeals, which is responsible for hearing appeals of decisions by county boards of equalization, county boards of commissioners, and the State Property Tax Administrator on the valuation of real and personal property, property tax abatements, and property tax exemptions.

Property Taxation						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Appropriation:						
SB 05-209	<u>\$3,271,398</u>	<u>\$1,532,714</u>	<u>\$635,713</u>	<u>\$1,102,971</u>	<u>\$0</u>	<u>53.5</u>
TOTAL	\$3,271,398	\$1,532,714	\$635,713	\$1,102,971	\$0	53.5
FY 2006-07 Appropriation:						
FY 2005-06 Appropriation	\$3,271,398	\$1,532,714	\$635,713	\$1,102,971	\$0	53.5
Annualize salary increases	74,396	56,880	8,875	8,641	0	0.0
Indirect cost assessment	11,501	0	0	11,501	0	0.0
Fund source adjustment	0	43,553	0	(43,553)	0	0.0
HB 06-1385	<u>\$3,357,295</u>	<u>\$1,633,147</u>	<u>\$644,588</u>	<u>\$1,079,560</u>	<u>\$0</u>	<u>53.5</u>
TOTAL	\$3,357,295	\$1,633,147	\$644,588	\$1,079,560	\$0	53.5
Increase/(Decrease)	\$85,897	\$100,433	\$8,875	(\$23,411)	\$0	0.0
Percentage Change	2.6%	6.6%	1.4%	-2.1%	n/a	0.0%

HB 06-1385 (Long Bill) Issue Descriptions

Annualize salary increases: The appropriation includes \$74,396 to annualize salary survey increases awarded in FY 2005-06. This figure is net of the common policy 0.2 percent base reduction.

Indirect cost assessment: The appropriation includes an \$11,501 increase in the indirect cost assessment against this division.

Fund source adjustment: The appropriation includes a decrease in the amount of indirect cost recoveries applied to offset the need for General Fund in this division, which necessitates an increase in the General Fund appropriation.

Division of Housing

The Division provides financial and technical assistance to help communities provide affordable housing to low-income, elderly, and disabled people. Financial assistance programs include state and federal grants, loans, loan guarantees, and other means to provide incentives for the construction, acquisition, and rehabilitation of affordable housing. The Division also develops and updates various studies on the availability and affordability of housing in Colorado. Finally, the Division regulates the manufacture of factory-built residential and commercial buildings.

Division of Housing						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Appropriation:						
SB 05-209	\$28,117,835	\$498,035	\$826,116	\$160,451	\$26,633,233	28.4
SB 05-7	<u>0</u>	<u>(79,000)</u>	<u>79,000</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$28,117,835	\$419,035	\$905,116	\$160,451	\$26,633,233	28.4
FY 2006-07 Appropriation:						
FY 2005-06 Appropriation	\$28,117,835	\$419,035	\$905,116	\$160,451	\$26,633,233	28.4
Federal housing funds	1,173,190	0	0	0	1,173,190	2.6
Affordable housing grants and loans	1,000,000	1,000,000	0	0	0	0.0
Annualize salary increases	43,744	6,018	25,320	12,406	0	0.0
Indirect cost assessment	28,218	0	22,707	5,511	0	0.0
HB 06-1385	\$30,362,987	\$1,425,053	\$953,143	\$178,368	\$27,806,423	31.0
HB 06-1085	<u>308,724</u>	<u>0</u>	<u>308,724</u>	<u>0</u>	<u>0</u>	1.1
TOTAL	\$30,671,711	\$1,425,053	\$1,261,867	\$178,368	\$27,806,423	32.1
Increase/(Decrease)	\$2,553,876	\$1,006,018	\$356,751	\$17,917	\$1,173,190	3.7
Percentage Change	9.1%	240.1%	39.4%	11.2%	4.4%	13.0%

HB 06-1385 (Long Bill) Issue Descriptions

Federal housing funds: The appropriation includes a projected net increase in federal funds for affordable housing and rental assistance of \$1.2 million and 2.6 FTE. Most of the increase is for low income rental subsidies.

Affordable housing grants and loans: The appropriation includes a \$1.0 million General Fund increase for grants and loans to construct affordable housing.

Annualize salary increases: The appropriation includes \$43,744 to annualize salary survey increases awarded in FY 2005-06. This figure is net of the common policy 0.2 percent base reduction.

Indirect cost assessment: The appropriation includes an \$28,218 increase in the indirect cost assessment against this division.

Additional legislation: For additional information on H.B. 06-1085, see the "Recent Legislation" section at the end of this department.

Division of Local Government

This division includes programs to assist local governments in identifying and responding to financial issues, problem-solving, administrative, and leadership-development needs. To provide this assistance to local governments, the Division of Local Government operates eight field offices. Specific programs operated by the Division include: (a) training and technical assistance for local governments on such issues as budget review, property tax limitations, the Taxpayers Bill of Rights (TABOR), water and sewer financing, election rules, purchasing, and land use planning; (b) providing demographic and economic information, statistics, and analysis to public and private organizations; (c) administration of the local government funding and technical assistance programs, including the Community Services Block Grant program, the Local Utility Management Assistance program, Conservation Trust Fund disbursements, waste tire recycling grants, and the Non-rated Public Securities program; and (d) provision of technical and financial assistance, through the Division of Emergency Management (formerly the Office of Emergency Management), to support communities in preparing for, responding to, recovering from, and mitigating the effect of emergencies.

Cash funds in this division include: (1) local severance tax revenues; (2) revenues generated by the \$0.75 waste tire recycling development fee imposed pursuant to Section 25-17-202 (1) (a) (I), C.R.S.; (3) revenues from the various Search and Rescue surcharges on various outdoor licenses, registrations, and tickets; (4) moneys from the Water Resources and Power Development Authority for the Local Utility Management Assistance program; and (5) miscellaneous revenues generated from product sales and fees charged for participation in training seminars conducted by the Department.

Cash funds exempt consist primarily of: (1) moneys distributed from the Local Government Mineral Impact Fund; (2) grants made from reserves in the Local Government Severance Tax Fund; (3) grants made from the Limited Gaming Fund; (4) the collection of indirect cost on federal grants used to offset division overhead; and (5) spending of reserves in the Waste Tire Recycling Development Cash Fund.

Federal funds in this section include the Community Development Block Grant, the Community Services Block Grant, the Homeland Security Grant program, and various emergency preparedness, response, recovery, and mitigation grants administered through the state Division of Emergency Management.

Division of Local Government						
	Total Funds	General Fund/1	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Appropriation:						
SB 05-209	\$184,617,577	\$5,620,927	\$24,128,590	\$97,031,162	\$57,836,898	79.2
HB 06-1304	<u>21,600</u>	<u>21,600</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$184,639,177	\$5,642,527	\$24,128,590	\$97,031,162	\$57,836,898	79.2
FY 2006-07 Appropriation:						
FY 2005-06 Appropriation	\$184,639,177	\$5,642,527	\$24,128,590	\$97,031,162	\$57,836,898	79.2
Preparedness grants and training	11,480,100	0	0	0	11,480,100	0.0
Mineral and energy impact program	4,000,000	0	3,000,000	1,000,000	0	0.0
Disability navigator project	444,065	0	0	0	444,065	9.0
Smart growth grants	400,000	200,000	0	200,000	0	0.0
Local government limited gaming funds	337,468	0	0	337,468	0	0.0
Emergency management administration	306,185	(43,828)	0	0	350,013	0.2
Annualize salary increases	143,172	31,692	4,219	51,503	55,758	0.0
Disaster response and recovery	125,000	0	0	0	125,000	0.0
Volunteer firefighter retirement plans	77,891	77,891	0	0	0	0.0
Community Services Block Grant	(554,084)	0	0	0	(554,084)	0.0
Community Development Block Grant	(553,075)	0	0	0	(553,075)	0.0
Indirect cost assessment	(112,267)	0	8,210	67,575	(188,052)	0.0
Waste tire recycling funds	(80,000)	0	(30,000)	(50,000)	0	0.0
Sales of demographic/cartographic data	(13,031)	0	(13,031)	0	0	(0.2)
Reduced operating	(1,008)	(1,008)	0	0	0	0.0
HB 06-1385	\$200,639,593	\$5,907,274	\$27,097,988	\$98,637,708	\$68,996,623	88.2
HB 06-1304	<u>206,684</u>	<u>206,684</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$200,846,277	\$6,113,958	\$27,097,988	\$98,637,708	\$68,996,623	88.2
Increase/(Decrease)	\$16,207,100	\$471,431	\$2,969,398	\$1,606,546	\$11,159,725	9.0
Percentage Change	8.8%	8.4%	12.3%	1.7%	19.3%	11.4%

/1 This amount includes a General Fund Exempt appropriation.

General Fund Summary	Total General Fund	General Fund	General Fund Exempt
FY 2005-06 Appropriation	\$5,642,527	\$5,642,527	\$0
Long Bill supplemental (HB 06-1385)	<u>0</u>	<u>(3,778,921)</u>	<u>3,778,921</u>
FY 2005-06 Adjusted Appropriation	\$5,642,527	\$1,863,606	\$3,778,921
Volunteer Firefighter Retirement Plans, and Death and Disability Insurance	99,491	52,553	46,938
All other changes	<u>371,940</u>	<u>371,940</u>	<u>0</u>
Total FY 2006-07 Appropriation	\$6,113,958	\$2,288,099	\$3,825,859

General Fund Exempt

In November 2005, the Colorado voters passed Referendum C. Referendum C allowed the State to retain all revenue that is collected above the TABOR limit for FY 2005-06 through FY 2009-10. This revenue must be placed in a General Fund Exempt Account (see Section 24-77-103.6 (2), C.R.S.). The above table shows the amount of General Fund Exempt appropriated from the General Fund Exempt Account for purposes of funding retirement plans for firefighters and police officers pursuant to Sections 24-77-103.6 (2) and 24-77-104.5 (1) (a), C.R.S.

HB 06-1385 (Long Bill) Issue Descriptions

Preparedness grants and training: The appropriation includes a projected increase in federal funds for preparedness grants and training, primarily through the homeland security program.

Mineral and energy impact program: The appropriation includes an increase in expenditures from the mineral and energy impact grant program. The mineral and energy impact grant program receives money from the state severance tax and from federal mineral lease revenues. The grants are primarily for local construction projects. The expenditures from the mineral and energy impact program do not match the grants awarded in a given year, due to the time required to implement contracts and construct the facilities.

Disability navigator project: The appropriation includes expected federal funds to provide employment and training services to people with disabilities.

Smart growth grants: The appropriation includes \$200,000 General Fund for smart growth grants and corresponding cash funds exempt spending authority from the Colorado Heritage Communities Fund.

Local government limited gaming funds: The appropriation includes a projected increase in the formula allocation of gaming funds to the gaming communities.

Emergency management administration: The appropriation includes a reduction of \$43,828 General Fund in the amount the Department expects to spend on administration of the Division of Emergency Management and a projected increase in the available federal funds of \$350,013 and 0.2 FTE.

Annualize salary increases: The appropriation includes \$143,172 to annualize salary survey awarded in FY 2005-06. This figure is net of the common policy 0.2 percent base reduction.

Disaster response and recovery: The appropriation includes a projected increase of \$125,000 federal funds for response and recovery from disasters. Some of this funding is for reimbursement for disasters in FY 2005-06 and some of it is a projection of reimbursements for disasters that may occur in FY 2006-07.

Volunteer firefighter retirement plans: The appropriation includes an increase of \$77,891 for the state's statutory obligations to contribute to volunteer firefighter retirement plans, which is exempt from the six percent limit on the annual growth of General Fund expenditures.

Community Services Block Grant: The appropriation includes an anticipated decrease of \$109,453 federal funds to administer the Community Services Block Grant and a decrease of \$444,631 in the grant funds administered by the Department.

Community Development Block Grant: The appropriation includes an anticipated decrease of \$16,273 to administer the Community Development Block Grant and a decrease of \$536,802 in the grant funds administered by the Department.

Indirect cost assessment: The appropriation includes an adjustment to the indirect cost assessment based on the statewide and departmental indirect cost plans.

Waste tire recycling funds: The appropriation includes a decrease of \$80,000 in the projected waste tire funds available for grants to local governments.

Sales of demographic/cartographic data: The appropriation includes a decrease of \$13,031 cash funds based on the Department publishing demographic and cartographic information on the Internet and making it free to the public, rather than charging for it.

Reduced operating: The appropriation includes a reduction of \$1,008 General Fund based on the Department's expected expenditures on operating expenses.

Additional legislation: For additional information on H.B. 06-1304, see the "Recent Legislation" section at the end of this department.

Recent Legislation

2005 Session Bills

S.B. 05-7: Reauthorizes the authority of the Department of Local Affairs to impose fees on local governments and other entities wishing to issue tax exempt bonds under the federal cap for Colorado. Money from these fees is credited to the Private Activity Bond Allocations Fund. Appropriates \$70,000 from the Private Activity Bond Allocations Fund to offset \$70,000 General Fund for the operations of the Division of Housing.

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

2006 Session Bills

H.B. 06-1085: Expands the purposes for which moneys in the Building Regulation Cash Fund may be expended to include:

- training to the factory-built structures industry regarding the building codes applicable to factory-built structures within the state;
- training to help consumers make informed decisions when purchasing or considering the purchase of a manufactured home; and
- grants to help manufacturers, installers, owners and other members of the factory-built structures industry address safety issues affecting existing factory-built residential structures.

Appropriates \$311,302 cash funds and 1.1 FTE to the Department of Local Affairs in FY 2006-07 from the Building Regulation Cash Fund. Out of this amount, appropriates \$2,578 to the Department of Law for the provision of legal services related to the implementation of the bill.

H.B. 06-1224: Supplemental appropriation to the Department of Local Affairs to modify the appropriation included in the FY 2005-06 Long Bill.

H.B. 06-1304: Modifies the state contribution for local volunteer firefighter pensions. The bill also allows certain local governments to use tax collections other than property taxes to pay for volunteer firefighter pensions. In total, the bill will affect state contributions for 23 local governments. Appropriates \$21,600 General Fund in FY 2005-06 and \$206,684 General Fund in FY 2006-07 to the Department of Local Affairs for volunteer firefighter pensions. These appropriations are exempt from the six percent statutory limit on the annual growth of General Fund appropriations.

H.B. 06-1385: General appropriations act for FY 2006-07. Also includes supplemental adjustments to modify FY 2005-06 appropriations to the Department of Local Affairs.

DEPARTMENT OF MILITARY AND VETERANS AFFAIRS

The Department has more than 4,600 Army and Air National Guard members trained and ready for federal active duty, with 695 currently deployed to Iraq and Afghanistan, and for preserving life and property during natural disasters and civil emergencies in Colorado. It maintains the equipment and facilities for the state military forces; provides for safekeeping the public arms, military records, relics and banners of the state; assists veterans and National Guard members with benefits claims; maintains the Western Slope Veterans' Cemetery; supports the Civil Air Patrol, Colorado Wing; and assists in fighting the spread of drug trafficking and abuse.

Department Budget: Recent Appropriations

Funding Source	FY 2003-04	FY 2004-05	FY 2005-06	FY 2006-07
General Fund	\$3,897,319	\$3,884,923	\$4,426,900	\$5,273,892
Cash Funds	25,117	26,244	51,217	76,413
Cash Funds Exempt	2,086,791	2,444,862	2,530,529	1,371,400
Federal Funds	<u>122,156,060</u>	<u>122,210,754</u>	<u>125,552,802</u>	<u>145,805,779</u>
Total Funds	\$128,165,287	\$128,566,783	\$132,561,448	\$152,527,484
Full Time Equiv. Staff	1,156.8	1,184.8	1,184.8	1,187.8

General Factors Driving the Budget

The major factor driving the Department's budget continues to be the "Global War on Terror," which has resulted in unprecedented activation of Colorado Air and Army National Guard members. Calls of the state militia to federal active duty deployments in combat zones have created difficulties in recruiting and retaining National Guard members and have also contributed to increases in the number of Colorado veterans needing assistance.

More than 95 percent of the Department's budget is federal funds. The federal government fully funds the training of National Guard troops and provides most of the funding for the construction of armories and other military buildings. Under its cooperative agreements with the federal government, the Department provides 100 percent of maintenance and utilities costs at fifteen armories, and 20 or 25 percent of the costs at four other facilities.

The primary budget driver for the Colorado National Guard is the "federal force structure," or number of Guard personnel authorized by the U.S. National Guard Bureau, plus the State's ability to fill the force structure, which together determine the amount of federal funds flowing into and through the Department. The primary budget driver for the Division of Veterans Affairs is the number of veterans who need assistance with federal benefits claims; there are currently about 463,000 veterans in Colorado, or about 14 percent of the adult population. The State provides ongoing financial support for the Civil Air Patrol, the auxiliary of the U.S. Air Force, through the Division of Civil Air Patrol.

Summary of FY 2005-06 and FY 2006-07 Appropriations

Department of Military and Veterans Affairs						
	Total	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Total Appropriation:	\$132,561,448	\$4,426,900	\$51,217	\$2,530,529	\$125,552,802	1,184.8
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Executive Director and Army National Guard	7,546,931	3,332,487	51,217	577,121	3,586,106	50.2
Division of Veterans Affairs	2,510,480	506,072	0	1,953,408	51,000	10.5
Air National Guard	3,050,434	435,665	0	0	2,614,769	46.1
Federal Funded Programs	119,300,927	0	0	0	119,300,927	1,077.0
Civil Air Patrol	152,676	152,676	0	0	0	1.0
<u>Breakdown of Total Appropriation by Bill</u>						
SB 05-209	131,472,180	4,137,728	26,316	2,475,177	124,832,959	1,184.8
HB 06-1225	1,089,268	289,172	24,901	55,352	719,843	0.0
FY 2006-07 Total Appropriation:	\$152,527,484	\$5,273,892	\$76,413	\$1,371,400	\$145,805,779	1,187.8
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Executive Director and Army National Guard	8,362,908	3,954,025	51,413	467,703	3,889,767	51.2
Division of Veterans Affairs	1,745,227	765,530	25,000	903,697	51,000	12.5
Air National Guard	3,106,095	442,010	0	0	2,664,085	46.1
Federal Funded Programs	139,200,927	0	0	0	139,200,927	1,077.0
Civil Air Patrol	112,327	112,327	0	0	0	1.0
<u>Breakdown of Total Appropriation by Bill</u>						
HB 06-1385	153,401,397	5,273,892	76,413	2,245,313	145,805,779	1,187.8
HB 06-1310	(873,913)	0	0	(873,913)	0	0.0
Increase/(Decrease)	\$19,966,036	\$846,992	\$25,196	(\$1,159,129)	\$20,252,977	3.0
Percentage Change	15.1%	19.1%	49.2%	-45.8%	16.1%	0.3%

FY 2006-07 Appropriation Highlights:

1. Increase General Fund for armory maintenance by \$409,000, including \$185,000 for ongoing annual maintenance costs, plus \$224,000 in one-time funding to address approximately one-third of the armory maintenance backlog.

2. Increase General Fund for the Division of Veterans Affairs by more than \$257,000 to replace expenditures from the Veterans Trust Fund.
3. Include almost \$20 million increase in federal funds for military construction projects.

Detail of Appropriation by Administrative Section

Executive Director and Army National Guard

This division is responsible for the overall management and administration of the Department. The appropriation includes the operating budget for the Executive Director as well as all centrally appropriated items for the Department. In addition, this section includes appropriations for tuition assistance for National Guard members attending college and the State's share of maintenance for Army National Guard facilities.

Most of the Department's General Fund expenditures are for administrative and professional staff in the Executive Director/Army National Guard office, and for the labor trades and crafts employees who maintain and repair the armories and other military facilities.

Executive Director and Army National Guard						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Appropriation:						
SB 05-209	\$6,457,663	\$3,043,315	\$26,316	\$521,769	\$2,866,263	50.2
HB 06-1225	<u>1,089,268</u>	<u>289,172</u>	<u>24,901</u>	<u>55,352</u>	<u>719,843</u>	<u>0.0</u>
TOTAL	\$7,546,931	\$3,332,487	\$51,217	\$577,121	\$3,586,106	50.2
FY 2006-07 Appropriation:						
FY 2005-06 Appropriation	\$7,546,931	\$3,332,487	\$51,217	\$577,121	\$3,586,106	50.2
Army National Guard Cooperative Agreement	372,755	0	0	0	372,755	3.0
Operating Expenses	372,103	409,103	0	(37,000)	0	0.0
Health, Life, and Dental	75,085	21,296	269	(1,918)	55,438	0.0
National Guard Tuition Fund	19,990	0	0	19,990	0	0.0
Utilities	(60,076)	88,402	0	0	(148,478)	0.0
Personal Services	(42,409)	41,372	64	(86,087)	2,242	(2.0)
Salary Survey	(13,021)	(6,895)	(21)	(4,896)	(1,209)	0.0
Other	91,550	68,260	(116)	493	22,913	0.0
HB 06-1385	\$8,362,908	\$3,954,025	\$51,413	\$467,703	\$3,889,767	51.2
TOTAL	\$8,362,908	\$3,954,025	\$51,413	\$467,703	\$3,889,767	51.2

Executive Director and Army National Guard						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
Increase/(Decrease)	\$815,977	\$621,538	\$196	(\$109,418)	\$303,661	1.0
Percentage Change	10.8%	18.7%	0.4%	-19.0%	8.5%	2.0%

HB 06-1385 (Long Bill) Issue Descriptions

Army National Guard Cooperative Agreement: The appropriation reflects an anticipated increase in federal funding.

Operating Expenses: The appropriation increases General Fund for armory maintenance.

Health, Life, and Dental: The appropriation reflects the statewide common policy.

National Guard Tuition Fund: The appropriation includes an increase in funding transferred from the Department of Higher Education, Colorado Commission on Higher Education Financial Aid.

Utilities: The appropriation reflects a decrease in federal funds that may be applied to utilities.

Personal Services: The appropriation moves 2.0 FTE, funded from the Veterans Cemetery Fund, from the Executive Director's Office budget to the Western Slope Veterans' Cemetery budget. It includes an increase for annualization of FY 2005-06 pay increases.

Salary Survey: The decrease reflects the statewide common policy.

Other: The appropriation includes increases for statewide common policy items, such as payments for risk management, vehicle leases, PERA amortization, and workers' compensation.

Division of Veterans Affairs

The Division represents veterans in federal benefits claims, provides information and training to county veterans service officers, and maintains the Western Slope Veterans' Cemetery in Grand Junction. The State Board of Veterans Affairs makes grants to veterans service organizations from the Veterans Trust Fund, which is derived from the tobacco settlement proceeds. Cash funds exempt are from the Veterans Trust Fund and the Veterans Cemetery Fund.

Division of Veterans Affairs						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Appropriation:						
SB 05-209	<u>\$2,510,480</u>	<u>\$506,072</u>	<u>\$0</u>	<u>\$1,953,408</u>	<u>\$51,000</u>	<u>10.5</u>
TOTAL	\$2,510,480	\$506,072	\$0	\$1,953,408	\$51,000	10.5

Division of Veterans Affairs						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Appropriation:						
FY 2005-06 Appropriation	\$2,510,480	\$506,072	\$0	\$1,953,408	\$51,000	10.5
Western Slope Veterans' Cemetery	91,202	1,964	0	89,238	0	2.0
Veterans Service Operations and County Veterans Service Officer Payments	14,076	257,494	0	(243,418)	0	0.0
Other	3,382	0	25,000	(21,618)	0	0.0
HB 06-1385	\$2,619,140	\$765,530	\$25,000	\$1,777,610	\$51,000	12.5
HB 06-1310	<u>(873,913)</u>	<u>0</u>	<u>0</u>	<u>(873,913)</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$1,745,227	\$765,530	\$25,000	\$903,697	\$51,000	12.5
Increase/(Decrease)	(\$765,253)	\$259,458	\$25,000	(\$1,049,711)	\$0	2.0
Percentage Change	-30.5%	51.3%	n/a	-53.7%	0.0%	19.0%

HB 06-1385 (Long Bill) Issue Descriptions

Western Slope Veterans' Cemetery: The appropriation moves 2.0 FTE, funded by the Colorado Veterans' Cemetery Fund, from the Executive Director's Office budget to the Western Slope Veterans Cemetery program budget, and includes a General Fund increase to annualize FY 2005-06 pay increases.

Veterans Service Operations and County Veterans Service Officer Payments: The appropriation increases General Fund for Division of Veterans Affairs operations and for payments to County Veterans Service Officers, to replace cash funds exempt expenditures from the Veterans Trust Fund.

Other: The appropriation includes cash funds from estimated interest on the Veterans Trust Fund balance and a reduction in cash funds exempt expenditures from the Veterans Trust Fund.

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

Air National Guard

This division provides funding for the operations of the Buckley and Greeley Air National Guard bases. The State's share of operating and maintenance costs varies under its agreements with the federal government, based on the type and use of the building and whether it is on state or federal land. The federal government pays the State to employ five full-time security guards at the space command facility at Greeley.

Air National Guard						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Appropriation:						
SB 05-209	<u>\$3,050,434</u>	<u>\$435,665</u>	<u>\$0</u>	<u>\$0</u>	<u>\$2,614,769</u>	<u>46.1</u>
TOTAL	\$3,050,434	\$435,665	\$0	\$0	\$2,614,769	46.1
FY 2006-07 Appropriation:						
FY 2005-06 Appropriation	\$3,050,434	\$435,665	\$0	\$0	\$2,614,769	46.1
Cooperative agreements for Buckley and Greeley	55,661	6,345	0	0	49,316	0.0
HB 06-1385	<u>\$3,106,095</u>	<u>\$442,010</u>	<u>\$0</u>	<u>\$0</u>	<u>\$2,664,085</u>	<u>46.1</u>
TOTAL	\$3,106,095	\$442,010	\$0	\$0	\$2,664,085	46.1
Increase/(Decrease)	\$55,661	\$6,345	\$0	\$0	\$49,316	0.0
Percentage Change	1.8%	1.5%	n/a	n/a	1.9%	0.0%

HB 06-1385 (Long Bill) Issue Descriptions

Cooperative agreements for Buckley and Greeley: The appropriation includes an anticipated increase in federal funds for the Buckley and Greeley bases. The General Fund increase is for the state's share of operations and maintenance costs on these facilities.

Federal Funded Programs

This section is included for informational purposes only. It describes funding that is managed by the Department but which is not subject to state appropriation and does not flow through the state accounting system. This funding supports training each weekend and two weeks per year for members of the Colorado National Guard, as well as maintenance and construction of armories and other military facilities.

Federal Funded Programs						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Appropriation:						
SB 05-209	<u>\$119,300,927</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$119,300,927</u>	<u>1,077.0</u>
TOTAL	\$119,300,927	\$0	\$0	\$0	\$119,300,927	1,077.0

Federal Funded Programs						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Appropriation:						
FY 2005-06 Appropriation	\$119,300,927	\$0	\$0	\$0	\$119,300,927	1,077.0
Military construction projects	19,900,000	0	0	0	19,900,000	0.0
HB 06-1385	<u>\$139,200,927</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$139,200,927</u>	<u>1,077.0</u>
TOTAL	\$139,200,927	\$0	\$0	\$0	\$139,200,927	1,077.0
Increase/(Decrease)	\$19,900,000	\$0	\$0	\$0	\$19,900,000	0.0
Percentage Change	16.7%	n/a	n/a	n/a	16.7%	0.0%

HB 06-1385 (Long Bill) Issue Descriptions

Military construction projects: The appropriation reflects an anticipated increase of \$19.9 million federal funds for military construction projects, including: \$5.4 million for a space squadron support building at the Greeley National Guard Station, \$5.1 million for a field maintenance shop at the State Regional Center in Grand Junction, \$7.0 million for a squadron operations facility at Buckley Air Force Base, and \$1.5 million for design costs of an armory at Fort Carson. As of June 15, 2006, the proposals for federal funds for the facilities in Greeley and Grand Junction had been approved, the proposal for a squadron operations facility at Buckley Air Force Base was still under review, and the proposal for design costs for an armory at Fort Carson had been denied.

Civil Air Patrol

The Civil Air Patrol is a federally-chartered nonprofit corporation, created in Title 10 of the U.S. Code (10 U.S.C. 9441), as an auxiliary to the U.S. Air Force. It is funded primarily by the U.S. Air Force and user fees. The organization has five statutory purposes, including: encouraging citizens to contribute to developing aviation and maintaining air supremacy; providing aviation education and training; and fostering civil aviation in local communities. The Colorado Division of Civil Air Patrol was created to support the Civil Air Patrol, Colorado Wing. The State grants funding to the organization, through the Division, for one full-time office assistant, operating expenses, and aircraft maintenance.

Civil Air Patrol						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Appropriation:						
SB 05-209	<u>\$152,676</u>	<u>\$152,676</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>1.0</u>
TOTAL	\$152,676	\$152,676	\$0	\$0	\$0	1.0

Civil Air Patrol						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Appropriation:						
FY 2005-06 Appropriation	\$152,676	\$152,676	\$0	\$0	\$0	1.0
Elimination of repeater upgrade appropriation	(40,349)	(40,349)	0	0	0	0.0
HB 06-1385	<u>\$112,327</u>	<u>\$112,327</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>1.0</u>
TOTAL	\$112,327	\$112,327	\$0	\$0	\$0	1.0
Increase/(Decrease)	(\$40,349)	(\$40,349)	\$0	\$0	\$0	0.0
Percentage Change	-26.4%	-26.4%	n/a	n/a	n/a	0.0%

HB 06-1385 (Long Bill) Issue Descriptions

Elimination of repeater upgrade appropriation: The appropriation eliminates FY 2005-06 funding for radio repeater equipment.

Recent Legislation

2005 Session Bills

S.B. 05-052: Creates the Military Family Relief Fund, administered by the Colorado National Guard Foundation, for National Guard members or military reservists and their families; establishes an income tax check off; and appropriates cash funds to the Department of Revenue for administration of the tax contributions.

S.B. 05-053: Eliminates the requirement for a National Guard member to serve one year for each semester of tuition assistance; provides that the member must serve during the time he or she is receiving the assistance.

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

S.B. 05-240: Requests the Department of Human Services and the State Board of Land Commissioners to transfer certain property to the Department for the Western Slope Military Veterans' Cemetery and for new National Guard training and maintenance facilities.

H.B. 05-1053: Extends eligibility for grants from the Military Family Relief Fund to active duty military, and adds related administrative provisions.

H.B. 05-1083: Grants eligibility for state employee benefits to all National Guard members who have served for more than thirty consecutive days.

2006 Session Bills

S.B. 06-126: Extends the Veterans Trust Fund Expenditures limit, which is 75 percent of the Trust Fund appropriation, one more year to FY 2006-07, and then reduces that limit in steps over the next four years back to 25 percent. The appropriation to implement this act, consisting of \$436,957 cash funds exempt spending authority, was included in the Long Bill, H.B. 06-1385.

H.B. 06-1025: Creates concurrent federal/state jurisdiction for a parcel of land at Buckley Air Force Base.

H.B. 06-1225: Supplemental appropriation for FY 2005-06.

H.B. 06-1310: Changes the flow of funds from the Tobacco Settlement Fund to the Veterans Trust Fund from an appropriation to a transfer.

H.B. 06-1385: General appropriations act for FY 2006-07.

DEPARTMENT OF NATURAL RESOURCES

The Department is responsible for developing, protecting and enhancing Colorado's natural resources for the use and enjoyment of the state's present and future residents and visitors. The Department is comprised of the following divisions: Executive Director's Office, Minerals and Geology, Geological Survey, Oil and Gas Conservation Commission, State Board of Land Commissioners, Parks and Outdoor Recreation, Colorado Water Conservation Board, Water Resources (State Engineer's Office), and Wildlife.

Department Budget: Recent Appropriations

Funding Source	FY 2003-04	FY 2004-05	FY 2005-06	FY 2006-07
General Fund	\$19,710,055	\$22,356,999	\$22,843,818	\$28,534,012
Cash Funds	37,884,274	36,791,001	40,704,370	39,837,017
Cash Funds Exempt	94,995,569	101,770,456	106,796,254	109,938,993
Federal Funds	<u>16,399,689</u>	<u>16,459,536</u>	<u>15,947,364</u>	<u>16,751,750</u>
Total Funds	\$168,989,587	\$177,377,992	\$186,291,806	\$195,061,772
Full Time Equiv. Staff	1,532.2	1,537.2	1,546.4	1,466.8

General Factors Driving the Budget

Funding for this department in FY 2006-07 consists of 14.6 percent General Fund, 20.4 percent cash funds, 56.4 percent cash funds exempt, and 8.6 percent federal funds. Some of the most important factors driving the budget are reviewed below.

Severance Tax (Operational Account) Funds

The Operational Account of the Severance Tax Trust Fund was created as a trust to fund programs within the Department that promote responsible resource development, offset the environmental impacts of mineral and mineral fuel development, and encourage sound management of natural resources. Pursuant to S.B. 96-170, the distribution of funds among the divisions is established by statute.

Specifically, Section 39-29-108 (2), C.R.S., provides that 50 percent of severance tax revenues are deposited into the Severance Tax Trust Fund and 50 percent of the revenues are used by the Department of Local Affairs for grants and distributions to local governments impacted by mining activities. Section 39-29-109, C.R.S., provides that 50 percent of revenues deposited into the Severance Tax Trust Fund shall be allocated to the Perpetual Base Account of the Severance Tax Trust Fund (or 25 percent of total severance tax revenues), which is used by the Colorado Water Conservation Board for water construction projects. The other 50 percent of Severance Tax Trust Fund revenues (or 25 percent of total severance tax revenues) are allocated to the Operational Account to fund programs that "promote and encourage sound natural resource planning, management, and development related to minerals, energy, geology, and water". The following chart shows

the Operational Account S.B. 96-170 authorized expenditures on Department of Natural Resources programs and in the bottom of the chart shows the recent "transfers" out of the Operational Account for other purposes.

Operational Account of the Severance Tax Trust Fund						
	FY 01-02	FY 02-03	FY 03-04	FY 04-05	FY 05-06	FY 06-07
Severance Tax Revenues ^{<1>}	57,481,000	32,600,000	125,100,000	152,000,000	231,728,000	171,415,000
DNR Operational Account Revenues	14,370,250	8,150,000	29,923,659	36,555,003	55,178,500	39,995,750
<i>Base DNR Expenditures as % of Operational Account Revenues</i>	<i>47.2%</i>	<i>78.4%</i>	<i>21.0%</i>	<i>17.0%</i>	<i>14.4%</i>	<i>23.0%</i>
Senate Bill 96-170 Department of Natural Resources Expenditures:						
Geological Survey	\$1,843,747	\$918,003	\$1,983,289	\$2,028,490	\$2,104,546	\$2,329,618
Oil & Gas Conservation Commission	2,139,326	2,119,508	1,395,526	912,863	1,478,698	2,160,935
Division of Reclamation, Mining, and Safety	2,165,890	2,738,548	2,298,330	2,635,116	3,234,098	3,601,026
CO Water Conservation Board	<u>627,963</u>	<u>614,330</u>	<u>621,087</u>	<u>628,827</u>	<u>1,130,794</u>	<u>1,121,194</u>
TOTAL ^{<2>}	\$6,776,926	\$6,390,389	\$6,298,232	\$6,205,296	\$7,948,136	\$9,212,773
<i>Annual % Change</i>	<i>0.0%</i>	<i>-5.7%</i>	<i>-1.4%</i>	<i>-1.5%</i>	<i>28.1%</i>	<i>15.9%</i>
Transfers/Other Non-S.B. 96-170 Expenditures:						
Emergency Fire Fighting	\$4,000,000	\$0	\$0	\$0	\$0	\$0
Transfers to GF ^{<3>}	20,200,000	6,877,394	4,600,000	0	0	0
H.B. 04-1402 DWR One-time appropriation ^{<4>}	0	0	1,518,546	0	0	0
Low-income Energy Assistance ^{<5>}	0	0	0	7,600,000	24,000,000	11,000,000
S.B. 05-226 Payment of Kansas Damages	0	0	0	15,500,000	4,000,000	0
Other Legislation ^{<6>}	0	0	0	0	450,000	3,731,000
Water Project-Based Uses of the Operational Account of the Severance Tax Trust Fund:						
H.B. 05-1254 (Water Efficiency Grants)	\$0	\$0	\$0	\$0	\$1,580,000	\$0
H.B. 06-1313 (Litigation Fund)	0	0	0	0	0	2,000,000
H.B. 06-1400 (Roundtables)	0	0	0	0	0	931,318
S.B. 06-179 (Water Projects)	0	0	0	0	0	10,000,000

Operational Account of the Severance Tax Trust Fund						
	FY 01-02	FY 02-03	FY 03-04	FY 04-05	FY 05-06	FY 06-07
Other Expenditures:						
H.B. 06-1311 (Species Conservation)	0	0	0	0	4,000,000	8,800,000

<1> Reflects the June 2006 Legislative Council Staff severance tax forecast.

<2> S.B. 96-170 authorized division and related expenditures only; does not reflect transfers to the General Fund or expenditures for purposes not specified in S.B. 96-170.

<3> Reflects H.B. 02-1391, S.B. 03-191 and S.B. 03-271. Total transfers to or expenditures on non-S.B. 96-170 based programs is \$103,476,740 from FY 2001-02 to FY 2006-07.

<4> In FY 2003-04, H.B. 04-1402 also provided for a one-time appropriation to the State Engineer's Office (Division of Water Resources) of \$1,527,449 for FY 2003-04, in lieu of General Fund which was reestablished in FY 2004-05. This Severance Tax Operational Account expenditure was not part of the original S.B. 96-170 expenditure authorization and hence is not contained in the Long Bill appropriation reflected above.

<5> Reflects S.B. 05-201 and H.B. 06-1200.

<6> Reflects H.B. 06-1317, H.B. 06-1322, H.B. 06-1393, S.B. 06-183, and S.B. 06-193.

Board of State Land Commissioners School Trust Earnings

Approximately 96 percent of the land managed by the State Board of Land Commissioners is for the School Trust. These school trust lands generate cash fund and cash funds exempt revenues for the public school system (K-12). Total annual revenues for this Trust have doubled since FY 2001-02, mostly due to mineral royalties. The following table shows the revenues from the School Trust's exempt and non-exempt cash sources. After administrative expenses for the Board of State Land Commissioners are removed, the net cash funds exempt earnings are deposited into the Public School Fund. Pursuant to S.B. 05-196, the first \$12.0 million of cash fund revenues generated are authorized for appropriation in School Finance; any revenues in excess of this sum are deposited into the Public School Fund. These excess cash fund revenues are estimated at \$1,643,746 in FY 2006-07, which, along with the retained interest earnings and cash fund exempt earnings provide a estimated ending balance in the Public School Fund of \$445.0 million at the end of FY 2005-06. This Fund is managed by the State Treasurer.

School Trust Earnings	FY 02-03 Actual	FY 03-04 Actual	FY 04-05 Actual	FY 05-06 Estimate	FY 06-07 Estimate
Cash Funds Revenues					
Mineral Rentals	\$1,126,057	\$986,720	\$1,253,324	\$1,253,324	\$1,253,324
Surface Rentals	5,025,348	6,793,722	7,988,701	8,045,253	8,320,863
Commercial/Other Revenue	<u>4,483,462</u>	<u>4,036,047</u>	<u>4,195,851</u>	<u>3,845,546</u>	<u>4,069,559</u>
Subtotal	10,634,867	11,816,489	13,437,876	13,144,123	13,643,746
Annual Change	(2,098,379)	1,181,622	1,621,387	(293,753)	499,623
<i>Annual Percent Change</i>	<i>-16.5%</i>	<i>11.1%</i>	<i>13.7%</i>	<i>-2.2%</i>	<i>3.8%</i>
Cash Funds Exempt Revenues					
Mineral Royalties/Bonuses	\$15,919,419	\$24,517,032	\$40,121,204	\$40,324,540	\$43,416,779
Land Sales/Other Earnings	<u>115,212</u>	<u>112,159</u>	<u>212,860</u>	<u>101,000</u>	<u>101,000</u>
Subtotal	16,034,631	24,629,191	40,334,064	40,425,540	43,517,779

School Trust Earnings	FY 02-03 Actual	FY 03-04 Actual	FY 04-05 Actual	FY 05-06 Estimate	FY 06-07 Estimate
Annual Change	583,309	8,594,560	15,704,873	91,476	3,092,239
<i>Annual Percent Change</i>	3.8%	53.6%	63.8%	0.2%	7.6%
Total State Board of Land Commissioner Earnings	\$26,669,498	\$36,445,680	\$53,771,940	\$53,569,663	\$57,161,525
Annual Change	(1,515,070)	9,776,182	17,326,260	(202,277)	3,591,862
<i>Annual Percent Change</i>	-5.4%	36.7%	47.5%	-0.4%	6.7%

Increase in Oil and Gas Activity

The Colorado Oil and Gas Conservation Commission (OGCC) is responsible for promoting the exploration, development, and conservation of Colorado's oil and natural gas resources. Colorado has experienced a significant increase in oil and gas drilling activity, which has dramatically affected the Colorado Oil and Gas Conservation Commission's workload and necessary expenditures with which to respond to the rising needs. As the table below indicates, workload estimates for FY 2006-07 project the following as compared to a FY 2002-03 baseline: (1) a 164 percent increase in oil and gas permits received; (2) a 39 percent increase in active wells; and (3) a 200 percent increase in the number of drilling rigs.

Oil and Gas Conservation Commission	FY 02-03 Actual	FY 03-04 Actual	FY 04-05 Actual	FY 05-06 Estimate	FY 06-07 Estimate
<u>Workload Activity</u>					
Number of Drilling Permits Received	2,081	2,650	3,847	5,500	5,500
Number of Drilling Permits Approved	1,986	2,576	3,507	4,200	4,200
Number of Active Wells	24,489	25,870	28,032	31,000	34,000
Average Number of Drilling Rigs	30	47	63	80	90
Total OGCC Expenditures ^{1/}	\$3,275,376	\$3,331,168	\$3,795,106	\$4,034,571	\$7,325,191
Total FTE	34.0	34.0	35.3	38.0	49.0

^{1/} Division-only expenditures include all fund sources; does not include centrally appropriated items funded in the Executive Director's Office.

State Parks

The General Fund appropriated for State Parks has declined by \$1.4 million (19 percent) since FY 2000-01. However, the total funds appropriated for State Parks have increased by \$9.7 million (40 percent) since that time. General Fund reductions have been offset by increases in cash fees paid at parks and additional moneys provided through Great Outdoors Colorado and lottery proceeds.

State Parks Funding Mix ^{1/}	FY 02-03	FY 03-04	FY 04-05	FY 05-06	FY 06-07
General Fund - State Parks	\$5,547,016	\$5,179,875	\$5,474,124	\$5,264,513	\$5,814,284
<i>Percent Change</i>	-4.6%	-6.6%	5.7%	-3.8%	10.4%

State Parks Funding Mix^{1/}	FY 02-03	FY 03-04	FY 04-05	FY 05-06	FY 06-07
Total Funds - State Parks	\$27,928,789	\$28,526,665	\$29,510,933	\$31,907,594	\$34,131,714
<i>Percent Change</i>	<i>19.9%</i>	<i>2.1%</i>	<i>3.5%</i>	<i>8.1%</i>	<i>7.0%</i>
State Parks Visitation	10,542,719	10,926,432	11,477,697	11,249,000	11,475,000
<i>Percent Change</i>	<i>-0.6%</i>	<i>3.6%</i>	<i>5.0%</i>	<i>-2.0%</i>	<i>2.0%</i>

^{1/} Includes centrally appropriated items funded in the Executive Director's Office.

Great Outdoors Colorado (GOCO) Board Grants

Both the Division of Parks and Outdoor Recreation and the Division of Wildlife receive funding from the GOCO Board, as established in Article XXVII of the Colorado Constitution. The GOCO grants are not subject to legislative authority, and thus are reflected for information only. The GOCO grants to the Division of Parks and Outdoor Recreation are used for developing new parks (capital) as well as enhancing and maintaining existing parks (operating). The GOCO grants to the Division of Wildlife are used for species protection, habitat development, watchable wildlife, and wildlife education.

Great Outdoors Colorado Board Grants	FY 02-03	FY 03-04	FY 04-05	FY 05-06	FY 06-07
Parks Capital Budget	\$2,942,000	\$11,360,000	\$9,183,000	\$8,860,000	\$4,175,000
Parks Operating Budget	<u>3,239,000</u>	<u>2,798,670</u>	<u>3,793,000</u>	<u>4,468,691</u>	<u>1,244,000</u>
Total GOCO Grants to Parks	\$6,181,000	\$14,158,670	\$12,976,000	\$13,328,691	\$5,419,000
<i>Percent of Parks' Expenditures</i>	<i>13.3%</i>	<i>25.9%</i>	<i>23.3%</i>	<i>23.5%</i>	<i>10.8%</i>
Wildlife Capital Budget	\$663,691	\$4,400,100	\$6,940,000	\$7,940,000	\$0
Wildlife Operating Budget	<u>6,563,731</u>	<u>8,091,026</u>	<u>8,060,000</u>	<u>8,060,000</u>	<u>5,040,000</u>
Total Grants to Wildlife	\$7,227,422	\$12,491,126	\$15,000,000	\$16,000,000	\$5,040,000
<i>Percent of DOW Expenditures</i>	<i>8.0%</i>	<i>15.9%</i>	<i>15.1%</i>	<i>16.1%</i>	<i>5.5%</i>

Summary of FY 2005-06 and FY 2006-07 Appropriations

Department of Natural Resources						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Total Appropriation:	\$186,291,806	\$22,843,818	\$40,704,370	\$106,796,254	\$15,947,364	1,546.4
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Executive Director's Office	28,742,573	6,057,890	5,760,709	15,751,066	1,172,908	56.6
Minerals and Geology	6,368,304	0	3,046,941	596,084	2,725,279	65.7
Colorado Geological Survey	4,660,743	0	2,327,250	1,160,093	1,173,400	37.0
Oil and Gas Conservation Commission	5,148,376	0	4,267,658	775,725	104,993	38.0

Department of Natural Resources						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
State Board of Land Commissioners	3,435,843	0	115,000	3,320,843	0	34.0
Parks and Outdoor Recreation	29,157,739	2,323,472	19,297,051	6,484,060	1,053,156	255.1
Colorado Water Conservation Board	9,806,390	0	1,451,821	8,156,392	198,177	41.0
Water Resources Division	19,908,456	14,462,456	4,437,940	913,919	94,141	256.6
Division of Wildlife	79,063,382	0	0	69,638,072	9,425,310	762.4
<u>Breakdown of Total Appropriation by Bill</u>						
SB 05-209	176,767,383	22,829,206	39,152,463	98,755,304	16,030,410	1,545.9
SB 05-84	3,930,000	0	0	3,930,000	0	0.0
SB 05-190	500,000	0	0	500,000	0	0.0
HB 05-1177	247,044	0	247,044	0	0	0.5
HB 05-1254	544,147	0	0	544,147	0	0.0
HB 06-1226	550,419	(5,388)	1,304,863	(666,010)	(83,046)	0.0
HB 06-1311	3,732,813	0	0	3,732,813	0	0.0
HB 06-1385	20,000	20,000	0	0	0	0.0
FY 2006-07 Total Appropriation:	\$195,061,772	\$28,534,012	\$39,837,017	\$109,938,993	\$16,751,750	1,466.8
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Executive Director's Office	30,512,095	7,216,707	6,314,050	15,817,317	1,164,021	58.6
Minerals and Geology	6,854,928	0	3,433,254	628,376	2,793,298	65.7
Colorado Geological Survey	4,677,684	0	2,530,739	1,176,585	970,360	35.0
Oil and Gas Conservation Commission	7,325,191	0	3,159,670	4,068,962	96,559	49.0
State Board of Land Commissioners	3,505,316	0	894,846	2,610,470	0	34.0
Parks and Outdoor Recreation	31,043,427	2,725,997	19,959,439	7,347,962	1,010,029	261.6
Colorado Water Conservation Board	11,421,119	0	2,422,702	8,851,074	147,343	42.2
Water Resources Division	20,680,921	18,591,308	1,122,317	911,628	55,668	268.3
Division of Wildlife	79,041,091	0	0	68,526,619	10,514,472	652.4
<u>Breakdown of Total Appropriation by Bill</u>						
HB 06-1385	186,527,179	28,534,012	38,833,979	102,407,438	16,751,750	1,465.4
SB 06-193	125,000	0	125,000	0	0	0.0
HB 06-1124	13,157	0	13,157	0	0	0.2
HB 06-1293	9,400	0	9,400	0	0	0.0
HB 06-1311	3,550,000	0	0	3,550,000	0	0.0

Department of Natural Resources						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
HB 06-1313	3,981,555	0	0	3,981,555	0	0.0
HB 06-1400	855,481	0	855,481	0	0	1.2
Increase/(Decrease)	\$8,769,966	\$5,690,194	(\$867,353)	\$3,142,739	\$804,386	(79.6)
Percentage Change	4.7%	24.9%	-2.1%	2.9%	5.0%	-5.1%

FY 2006-07 Appropriation Highlights:

1. Adds \$4.0 million cash funds exempt for water projects, pursuant to H.B. 06-1313 (annual water projects bill).
2. Adds \$3.6 million cash funds exempt for species conservation projects in the Department, pursuant to H.B. 06-1311.
3. Adds \$1.5 million in cash funds exempt spending authority for the Oil and Gas Conservation Commission in the event that there is an oil and gas related emergency.
4. Adds \$1.1 million (\$0.5 million cash funds and \$0.6 million cash funds exempt) and 11.0 FTE for the Oil and Gas Conservation Commission to respond to the sharp increase in oil and gas drilling operations in the state. The increase is funded from the Oil and Gas Conservation and Environmental Response Fund.
5. Adds \$0.9 million cash funds and 1.2 FTE for the Colorado Water Conservation Board, pursuant to H.B. 06-1400 (water roundtables).
6. Adds \$0.7 million (\$0.5 million cash funds and \$0.2 million cash funds exempt) for the Oil and Gas Conservation Commission to conduct various environmental assessment studies and adds \$0.2 million from the Operational Account of the Severance Tax Trust Fund for the Geological Survey to conduct a study on Coalbed Methane stream depletion.
7. Adds \$0.6 million General Fund and 11.5 FTE for the Division of Water Resources for workload increases in Water Divisions 1 and 3 (South Platte and Rio Grande Basins, respectively).
8. Adds \$0.6 million cash funds and 4.0 FTE for Parks and Outdoor Recreation to provide for additional maintenance needs and staffing for new facilities at five state parks.
9. Adds \$0.5 million cash funds exempt for the Colorado Water Conservation Board for contract staff to work on water supply management, development, and implementation assistance.
10. Adds \$3.2 million General Fund and reduces \$3.2 million cash funds for the Division of Water Resources associated with the sunset of S.B. 03-181 well permit fees in FY 2006-07.

11. Decreases total Great Outdoors Colorado (GOCO) funding reflected in the Long Bill for informational purposes by \$2.5 million.
12. Decreases cash funds exempt spending authority to the Division of Wildlife by \$1.0 million as part of a line item consolidation.

Detail of Appropriation by Administrative Section

Executive Director's Office

This office is responsible for the management and administration of the Department, including the following functional areas: departmental administration and policy development, human resources, accounting and purchasing, budgeting, and information technology services.

Executive Director's Office						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Appropriation:						
SB 05-209	\$26,043,331	\$6,238,546	\$5,794,298	\$12,753,426	\$1,257,061	56.6
HB 06-1226	(1,033,571)	(180,656)	(33,589)	(735,173)	(84,153)	0.0
HB 06-1311	<u>3,732,813</u>	<u>0</u>	<u>0</u>	<u>3,732,813</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$28,742,573	\$6,057,890	\$5,760,709	\$15,751,066	\$1,172,908	56.6
FY 2006-07 Appropriation:						
FY 2005-06 Appropriation	\$28,742,573	\$6,057,890	\$5,760,709	\$15,751,066	\$1,172,908	56.6
Health, Life, and Dental	1,178,316	468,946	139,048	474,730	95,592	0.0
Other changes to centrally-appropriated line items	952,724	682,697	236,999	39,062	(6,034)	0.0
Amortization Equalization Disbursement	437,365	156,474	57,317	192,643	30,931	0.0
Salary and benefits adjustments	122,082	0	122,082	0	0	0.0
Information technology help desk staff	52,212	0	29,239	22,973	0	1.0
Human resources staff	49,667	0	27,814	21,853	0	1.0
Fund mix adjustment	0	0	9,041	(9,041)	0	0.0
Discontinue HB 06-1311 FY 2005-06 spending authority	(3,732,813)	0	0	(3,732,813)	0	0.0
Decrease to Department's salary survey	(320,316)	(149,300)	(63,674)	(88,361)	(18,981)	0.0

Executive Director's Office						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
Decrease to EPA Wetlands Grant	(110,395)	0	0	0	(110,395)	0.0
Personal services base reductions	(9,320)	0	(4,525)	(4,795)	0	0.0
HB 06-1385	\$27,362,095	\$7,216,707	\$6,314,050	\$12,667,317	\$1,164,021	58.6
HB 06-1311	<u>3,150,000</u>	<u>0</u>	<u>0</u>	<u>3,150,000</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$30,512,095	\$7,216,707	\$6,314,050	\$15,817,317	\$1,164,021	58.6
Increase/(Decrease)	\$1,769,522	\$1,158,817	\$553,341	\$66,251	(\$8,887)	2.0
Percentage Change	6.2%	19.1%	9.6%	0.4%	-0.8%	3.5%

HB 06-1385 (Long Bill) Issue Descriptions

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

Other changes to centrally-appropriated line items: These amounts summarize changes to other centrally-appropriated line items ('POTS') through common policies approved by the General Assembly. Such line items include the following: short-term disability, workers' compensation, purchase of services from the computer center, payments to risk management and property funds, and vehicle lease payments.

Amortization Equalization Disbursement: These amounts pertain to the Department's allocation to maintain compliance with the requirements of S.B. 04-257.

Salary and benefits adjustments: This amount reflects salary survey distributed in FY 2005-06.

Information technology help desk FTE: The addition of this position will enable the Department to better address information technology needs for personnel at 1313 Sherman Street.

Human resources FTE: The addition of this position will enable the Department to better address a higher than average number of retirements and new hires, as well as to properly train new supervisors.

Discontinue H.B. 06-1311 FY 2005-06 spending authority: This legislation provided two separate appropriations for FY 2005-06 and FY 2006-07; the former is discontinued at the close of the fiscal cycle.

Fund mix adjustment: This line represents changes to the Department's indirect cost recovery plan for FY 2006-07, which fluctuates according to various cash and cash exempt sources that can be charged for work performed by the Executive Director's Office for other divisions within the Department.

Decrease to Department's salary survey: These amounts reflect the Department's portion of the 2.63 percent increase adopted by the Joint Budget Committee for employees statewide.

Decrease to EPA Wetlands Grant: This amount reflects a decrease to anticipated funding.

Personal services base reductions: The appropriation reflects the common policy to reduce personal services for all programs by 0.2 percent.

Additional Legislation: For more information on H.B. 06-1311, see the "Recent Legislation" section at the end of this department.

Minerals and Geology

This division includes the following four programs:

- **Coal Land Reclamation** -- This program protects society and the environment from the adverse effects of coal mining, as well as complying with the requirements of the federal Surface Mining Control and Reclamation Act.
- **Inactive Mines** -- This program safeguards mine openings, inspects and monitors mine sites, and reclaims abandoned mines. There are over 23,000 hazardous mine openings in Colorado, of which only about 6,000 have been safeguarded.
- **Minerals** -- This program issues and enforces mining and reclamation permits for all non-coal mines in Colorado on state, federal, and private lands. The program permits and inspects the 1,735 non-coal mines in Colorado with permitted areas covering 100,386 acres and regulates 374 active prospecting operations.
- **Mine Safety Training** -- This program regulates active mines for safety, inspects tourist mines, performs safety audits, administers certification programs for mining employees, provides training in mine rescue/safety, and regulates underground diesel equipment and mining explosives.

Minerals and Geology						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Appropriation:						
SB 05-209	\$5,864,733	\$0	\$3,044,477	\$96,084	\$2,724,172	65.7
SB 05-190	500,000	0	0	500,000	0	0.0
HB 06-1226	<u>3,571</u>	<u>0</u>	<u>2,464</u>	<u>0</u>	<u>1,107</u>	<u>0.0</u>
TOTAL	\$6,368,304	\$0	\$3,046,941	\$596,084	\$2,725,279	65.7
FY 2006-07 Appropriation:						
FY 2005-06 Appropriation	\$6,368,304	\$0	\$3,046,941	\$596,084	\$2,725,279	65.7
Non-point source projects	280,000	0	250,000	30,000	0	0.0
Salary and benefits adjustment	146,275	0	74,415	0	71,860	0.0
Indirect cost assessment	68,308	0	24,968	0	43,340	0.0
Fund mix adjustment	0	0	41,742	2,484	(44,226)	0.0

Minerals and Geology						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
Personal services base reductions	(7,959)	0	(4,812)	(192)	(2,955)	0.0
HB 06-1385	<u>\$6,854,928</u>	<u>\$0</u>	<u>\$3,433,254</u>	<u>\$628,376</u>	<u>\$2,793,298</u>	<u>65.7</u>
TOTAL	\$6,854,928	\$0	\$3,433,254	\$628,376	\$2,793,298	65.7
Increase/(Decrease)	\$486,624	\$0	\$386,313	\$32,292	\$68,019	0.0
Percentage Change	7.6%	n/a	12.7%	5.4%	2.5%	0.0%

HB 06-1385 (Long Bill) Issue Descriptions

Non-point source projects: These amounts represent additional funding to accelerate water rededication projects at approximately 150 sites all over the State. The source of cash funds is the Operational Account of the Severance Tax Trust Fund and the source of cash funds exempt is a transfer from the Department of Public Health and Environment.

Salary and benefits adjustments: These amounts reflect salary survey distributed in FY 2005-06.

Indirect cost assessment: Where applicable, these recoveries offset certain General Fund expenses in the Executive Director's Office. This amount increased by a total of \$68,308 for the programs within the Division of Minerals and Geology in FY 2006-07.

Fund mix adjustment: Line item funding allocations in the Division of Minerals and Geology fluctuate according to the availability of various federal program sources.

Personal services base reductions: The appropriation reflects the common policy approved by the Joint Budget Committee to reduce personal services for all programs by 0.2 percent.

Colorado Geological Survey

This division includes the following three programs:

Environmental Geology and Geological Hazards -- This program is designed to lessen the impact of, and increase the awareness and understanding of, geological hazards in Colorado.

Mineral Resources and Mapping -- This program promotes the development of the state's mineral resources through the publication and distribution of maps, reports, and presentations on geological conditions, mineral potential, mineral reserves, and actual mineral production.

Colorado Avalanche Information Center -- This program provides avalanche forecasting services and education to back country recreation users, industry, and travelers.

Geological Survey						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Appropriation:						
SB 05-209	\$4,659,666	\$0	\$2,326,173	\$1,160,093	\$1,173,400	37.0
HB 06-1226	<u>1,077</u>	<u>0</u>	<u>1,077</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$4,660,743	\$0	\$2,327,250	\$1,160,093	\$1,173,400	37.0
FY 2006-07 Appropriation:						
FY 2005-06 Appropriation	\$4,660,743	\$0	\$2,327,250	\$1,160,093	\$1,173,400	37.0
Coalbed methane stream depletion study	153,000	0	153,000	0	0	0.0
Salary and benefits adjustments	79,619	0	52,660	20,618	6,341	0.0
Indirect cost assessment	3,225	0	0	0	3,225	0.0
Federal funds reduction	(212,606)	0	0	0	(212,606)	(2.0)
Personal services base reductions	(6,297)	0	(2,171)	(4,126)	0	0.0
HB 06-1385	<u>\$4,677,684</u>	<u>\$0</u>	<u>\$2,530,739</u>	<u>\$1,176,585</u>	<u>\$970,360</u>	<u>35.0</u>
TOTAL	\$4,677,684	\$0	\$2,530,739	\$1,176,585	\$970,360	35.0
Increase/(Decrease)	\$16,941	\$0	\$203,489	\$16,492	(\$203,040)	(2.0)
Percentage Change	0.4%	n/a	8.7%	1.4%	-17.3%	-5.4%

HB 06-1385 (Long Bill) Issue Descriptions

Coalbed methane stream depletion study: The appropriation provides \$153,000 in one-time funding for a study on Coalbed methane stream depletion in the Raton and Piceance Basins. The study, funded from the Operational Account of the Severance Tax Trust Fund, will determine whether stream depletion is occurring or could occur in the future as a result of water removal by coalbed methane wells and to determine the levels of stream depletion.

Salary and benefits adjustments: The appropriation includes funding for the annualization of FY 2005-06 salary survey increases.

Indirect cost assessment: Where applicable, these recoveries offset certain General Fund expenses in the Executive Director's Office. This amount increased by a total of \$3,225 for the programs within Geological Survey in FY 2006-07.

Federal funds reduction: The appropriation reflects funding and FTE changes attributable to the decrease in federal funding from the U.S. Geological Survey for the Mineral Resources and Mapping section of the Division.

Personal services base reductions: The appropriation reflects the common policy to reduce the personal services base appropriation for all programs by 0.2 percent.

Oil and Gas Conservation Commission

The Commission is responsible for promoting the exploration, development, and conservation of Colorado's oil and natural gas resources. The Commission also has the authority to regulate oil and gas operations so as to protect public health, prevent significant adverse environmental impacts, and prevent waste. In addition to enforcement, this responsibility involves answering complaints and inquiries, responding to oil and gas spills and other environmental emergencies at production sites, managing plugging and reclamation work at abandoned well sites, and performing baseline water quality studies.

Colorado has experienced a significant increase in oil and gas drilling activity, which has dramatically affected the Colorado Oil and Gas Conservation Commission's workload and necessary expenditures with which to respond to the rising needs. Workload estimates for FY 2006-07 project the following as compared to a FY 2002-03 baseline: (1) a 164 percent increase in oil and gas permits received; (2) a 39 percent increase in active wells; and (3) a 200 percent increase in the number of drilling rigs. The appropriation reflects the workload attributable to the increase in active wells statewide.

Cash funds are provided by a mix of severance tax revenues and a mill levy on the value of oil and gas production. Cash funds exempt are from reserves in the Oil and Gas Conservation and Environmental Response Fund created pursuant to Section 34-60-122 (5), C.R.S. Federal funds are from the U.S. Environmental Protection Agency for regulating the underground injection of oil and gas production wastes, as well as the injection of liquids underground to enhance fuel recovery.

Oil and Gas Conservation Commission						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Appropriation:						
SB 05-209	\$4,034,571	\$0	\$3,153,853	\$775,725	\$104,993	38.0
HB 06-1226	<u>1,113,805</u>	<u>0</u>	<u>1,113,805</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$5,148,376	\$0	\$4,267,658	\$775,725	\$104,993	38.0
FY 2006-07 Appropriation:						
FY 2005-06 Appropriation	\$5,148,376	\$0	\$4,267,658	\$775,725	\$104,993	38.0
Emergency response funding	1,500,000	0	0	1,500,000	0	0.0
Increases to respond to Commission drilling related workload	1,062,712	0	479,437	583,275	0	11.0
Special environmental protection and mitigation studies	500,000	0	500,000	0	0	0.0
Phase II Raton Basin gas seep investigation	188,625	0	0	188,625	0	0.0
Salary and benefits adjustments	75,276	0	0	75,276	0	0.0

Oil and Gas Conservation Commission

	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
Environmental assistance and complaint resolution	57,033	0	312,033	(255,000)	0	0.0
Indirect cost assessment	26,548	0	26,548	0	0	0.0
Financing adjustment	0	0	(1,506,703)	1,506,703	0	0.0
Elimination of FY 2005-06 emergency funding for the La Plata County explosion	(908,445)	0	(908,445)	0	0	0.0
Elimination of FY 2005-06 one-time funding for Piceance and DJ Basin studies	(300,725)	0	0	(300,725)	0	0.0
Elimination of one-time start-up funding in FY 2005-06	(10,858)	0	(10,858)	0	0	0.0
Federal grant decrease	(8,434)	0	0	0	(8,434)	0.0
Personal services base reductions	(4,917)	0	0	(4,917)	0	0.0
HB 06-1385	<u>\$7,325,191</u>	<u>\$0</u>	<u>\$3,159,670</u>	<u>\$4,068,962</u>	<u>\$96,559</u>	<u>49.0</u>
TOTAL	<u>\$7,325,191</u>	<u>\$0</u>	<u>\$3,159,670</u>	<u>\$4,068,962</u>	<u>\$96,559</u>	<u>49.0</u>
Increase/(Decrease)	\$2,176,815	\$0	(\$1,107,988)	\$3,293,237	(\$8,434)	11.0
Percentage Change	42.3%	n/a	-26.0%	424.5%	-8.0%	28.9%

HB 06-1385 (Long Bill) Issue Descriptions

Emergency response funding: The appropriation provides \$1,500,000 in spending authority from the Oil and Gas Conservation and Environmental Response Fund for the Commission in the event that there is an oil and gas related emergency. This emergency funding would be available upon the finding by an Oil and Gas Conservation Commission order that there was an oil and gas related emergency requiring state funding.

Increases to respond to Commission drilling related workload: The funding provides for an increase in Commission staff and contract dollars for permitting staff in order to respond to the sharp increases in oil and gas drilling operations in the state. The increase is appropriated from the Oil and Gas Conservation and Environmental Response Fund and from the Operational Account of the Severance Tax Trust Fund.

Special environmental protection and mitigation studies: The appropriation includes \$500,000 from the Oil and Gas Conservation and Environmental Response Fund for special environmental protection and mitigation studies. Examples of studies which might be funded include the following: (1) gas seep mitigation studies in La Plata County and in Raton Basin; (2) soil gas surveys for where orphaned wells were plugged (to prevent another La Plata County, Bondad explosion); (3) baseline water quality study in Yuma county; (4) another Piceance Basin DJ Basin analysis; (5) Piceance basin water sampling follow-up; and (6) La Plata County follow-up water sampling.

Phase II Raton Basin gas seep investigation: The appropriation provides funding from the Oil and Gas Conservation and Environmental Response Fund for Phase II Raton Basin Gas Seep Investigation, Las Animas and Huerfano counties. This study is the second phase of gas seep mapping in the Raton Basin over the FY 2006-07 and FY 2007-08 period. The first phase was in FY 2000-01 and FY 2001-02. The results of the study will be compared to the results from FY 2000-01 and FY 2001-02 baseline seep mapping to determine whether changes in location or volume of gas seepage are occurring.

Salary and benefits adjustments: The appropriation includes funding for the annualization of FY 2005-06 salary survey increases.

Environmental assistance and complaint resolution: The appropriation provides funding to respond to the increase in oil and gas related complaints and need for greater environmental assistance.

Indirect cost assessment: Where applicable, these recoveries offset certain General Fund expenses in the Executive Director's Office. This amount increased by a total of \$26,548 for the programs within the Oil and Gas Conservation Commission in FY 2006-07.

Financing adjustment: The appropriation makes a financing adjustment to the Commission's base funding to reflect a greater proportion of reserve spending from the Oil and Gas Conservation and Environmental Response Fund.

Elimination of FY 2005-06 emergency funding for the La Plata County explosion: The appropriation discontinues the funding provided on an emergency basis in FY 2005-06.

Elimination of FY 2005-06 one-time funding for Piceance and DJ Basin studies: The appropriation discontinues the one-time funding provided for this study in FY 2005-06.

Elimination of one-time start-up funding in FY 2005-06: The appropriation discontinues the funding associated with one-time capital start-up related expenditures for new staff positions which were added in FY 2005-06.

Federal grant decrease: The appropriation reflects the anticipated funding adjustment from the U.S. Environmental Protection Agency.

Personal services base reductions: The appropriation reflects the common policy to reduce the personal services base appropriation for all programs by 0.2 percent.

State Board of Land Commissioners

The five member volunteer Board is responsible for managing 2.6 million surface acres and 4.5 million mineral acres of state lands for the benefit of eight trusts, as well as managing 300,000 acres for a Stewardship Trust designed to preserve the long-term value of designated lands. Appropriations in this division support management of state lands carried out by the Director and staff in the six district offices throughout the state, and minerals, real estate, finance, and operations sections.

Approximately 96 percent of the land managed by the State Board of Land Commissioners is for the School Trust. These lands generate cash fund and cash funds exempt revenues for the public school system (K-12).

The State Land Board generates cash funds from agricultural and mineral leases, rights-of-way leases, timber sales, and other sources. These areas are projected to generate \$13.1 million in FY 2005-06, and are anticipated to generate \$13.6 million in FY 2006-07, excluding initiatives associated with the S.B. 05-196 Investment and Development Fund. The State Land Board generates cash funds exempt revenue from land sales, mineral royalties and bonuses from non-renewable mineral resources such as oil, gas, and coal. These areas are projected to generate \$40.4 million in FY 2005-06, and are anticipated to generate \$43.5 million in FY 2006-07, excluding initiatives associated with the S.B. 05-196 Investment and Development Fund.

State Board of Land Commissioners						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Appropriation:						
SB 05-209	\$3,434,499	\$0	\$115,000	\$3,319,499	\$0	34.0
HB 06-1226	<u>1,344</u>	<u>0</u>	<u>0</u>	<u>1,344</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$3,435,843	\$0	\$115,000	\$3,320,843	\$0	34.0
FY 2006-07 Appropriation:						
FY 2005-06 Appropriation	\$3,435,843	\$0	\$115,000	\$3,320,843	\$0	34.0
Salary and benefits adjustments	59,589	0	14,242	45,347	0	0.0
Indirect cost assessment	14,377	0	3,437	10,940	0	0.0
Financing adjustment to reflect revenue base	0	0	763,241	(763,241)	0	0.0
Personal services base reductions	(4,493)	0	(1,074)	(3,419)	0	0.0
HB 06-1385	<u>\$3,505,316</u>	<u>\$0</u>	<u>\$894,846</u>	<u>\$2,610,470</u>	<u>\$0</u>	<u>34.0</u>
TOTAL	\$3,505,316	\$0	\$894,846	\$2,610,470	\$0	34.0
Increase/(Decrease)	\$69,473	\$0	\$779,846	(\$710,373)	\$0	0.0
Percentage Change	2.0%	n/a	678.1%	-21.4%	n/a	0.0%

HB 06-1385 (Long Bill) Issue Descriptions

Salary and benefits adjustments: The appropriation includes funding for the annualization of FY 2005-06 salary survey increases.

Indirect cost assessment: Where applicable, these recoveries offset certain General Fund expenses in the Executive Director's Office. This amount increased by a total of \$14,377 for the programs within the State Board of Land Commissioners in FY 2006-07.

Financing adjustment to reflect revenue base: The appropriation adjusts the financing to reflect the 23.9 percent cash funds and 76.1 percent cash funds exempt revenue earnings which provide the administrative dollars for the State Board of Land Commissioners.

Personal services base reductions: The appropriation reflects the common policy to reduce the personal services base appropriation for all programs by 0.2 percent.

Parks and Outdoor Recreation

This division manages 41 parks and associated park projects. The Division also manages statewide recreation programs, including the snowmobile program, the off-highway vehicle program, and river outfitters regulation.

State parks are estimated to have 11,249,000 visitors in FY 2005-06, a 2.0 percent decrease over FY 2004-05. Colorado's parks are among the most self-sufficient in the nation based on a national comparison. Self-sufficiency is defined as the degree to which cash fund sources cover the costs of the program. In 2004, Colorado ranked 5th lowest in General Fund support as a percent of operating costs (16.4 percent), received the 6th lowest General Fund support per acre managed (\$20.95), received the 9th lowest General Fund support per visitor (\$0.40), received the 7th lowest General Fund support as a percentage of total state government annual expenditures (0.034 percent), and led nationally in terms of park-generated revenue per visitor at a state park (\$1.57).

Parks and Outdoor Recreation						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Appropriation:						
SB 05-209	\$28,934,416	\$2,321,255	\$19,075,945	\$6,484,060	\$1,053,156	255.1
HB 06-1226	<u>223,323</u>	<u>2,217</u>	<u>221,106</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$29,157,739	\$2,323,472	\$19,297,051	\$6,484,060	\$1,053,156	255.1
FY 2006-07 Appropriation:						
FY 2005-06 Appropriation	\$29,157,739	\$2,323,472	\$19,297,051	\$6,484,060	\$1,053,156	255.1
Funding for new facilities	552,524	0	552,524	0	0	4.0
GOCO funding increase	518,000	0	0	518,000	0	2.5
Salary and benefits adjustments	417,330	406,978	10,352	0	0	0.0
Lottery proceeds increase	345,902	0	0	345,902	0	0.0
Indirect cost assessment	84,400	0	127,527	0	(43,127)	0.0
Personal services base reductions	(32,468)	(4,453)	(28,015)	0	0	0.0
HB 06-1385	<u>\$31,043,427</u>	<u>\$2,725,997</u>	<u>\$19,959,439</u>	<u>\$7,347,962</u>	<u>\$1,010,029</u>	<u>261.6</u>
TOTAL	\$31,043,427	\$2,725,997	\$19,959,439	\$7,347,962	\$1,010,029	261.6

Parks and Outdoor Recreation						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
Increase/(Decrease)	\$1,885,688	\$402,525	\$662,388	\$863,902	(\$43,127)	6.5
Percentage Change	6.5%	17.3%	3.4%	13.3%	-4.1%	2.5%

HB 06-1385 (Long Bill) Issue Descriptions

Funding for new facilities: This amount represents the cost to maintain and staff new recreational facilities at Chatfield, Cherry Creek, Cheyenne Mountain, Mueller, and Navajo State Parks.

GOCO funding increase: This amount represents an increase in moneys that are received directly from the Great Outdoors Colorado (GOCO) Board and are not subject to appropriation by the General Assembly. This funding is shown for informational purpose only.

Salary and benefits adjustments: These amounts reflect salary survey distributed in FY 2005-06.

Lottery proceeds increase: This amount represents an increase in moneys that are received directly from Colorado lottery proceeds and are not subject to appropriation by the General Assembly. This funding is shown for informational purpose only.

Indirect cost assessment: Where applicable, these recoveries offset certain General Fund expenses in the Executive Director's Office. This amount increased by a total of \$84,400 for Parks and Outdoor Recreation in FY 2006-07.

Personal services base reductions: The appropriation reflects the common policy to reduce personal services for all programs by 0.2 percent.

Colorado Water Conservation Board

Under the guidance of the Board, this division is responsible for protecting, conserving, and developing the state's water resources, and minimizing the risk of flood damage and associated economic loss. The Colorado Water Conservation Board is divided into two main functional areas: administration and special purpose programs. Beginning in FY 2001-02, all General Fund was replaced with cash funds exempt from the Colorado Water Conservation Board Construction Fund. Special purpose programs are generally supported by specific cash funds or cash funds exempt sources and/or federal funds.

Colorado Water Conservation Board						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Appropriation:						
SB 05-209	\$5,512,360	\$0	\$1,204,777	\$4,109,406	\$198,177	40.5
SB 05-84	3,502,000	0	0	3,502,000	0	0.0

Colorado Water Conservation Board						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
HB 05-1177	247,044	0	247,044	0	0	0.5
HB 05-1254	544,147	0	0	544,147	0	0.0
HB 06-1226	<u>839</u>	<u>0</u>	<u>0</u>	<u>839</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$9,806,390	\$0	\$1,451,821	\$8,156,392	\$198,177	41.0
FY 2006-07 Appropriation:						
FY 2005-06 Appropriation	\$9,806,390	\$0	\$1,451,821	\$8,156,392	\$198,177	41.0
Water supply management, development, and implementation assistance	470,980	0	0	470,980	0	0.0
Salary and benefits adjustments	96,221	0	0	96,221	0	0.0
S.B. 02-87 Colorado Watershed Protection Fund	25,000	0	0	25,000	0	0.0
Discontinuation of S.B. 05-84 water projects funding	(3,502,000)	0	0	(3,502,000)	0	0.0
Elimination of FY 2005-06 one-time funding	(79,354)	0	(9,600)	(41,026)	(28,728)	0.0
Personal services base reductions	(6,146)	0	0	(6,146)	0	0.0
Indirect cost assessment	(2,008)	0	0	20,098	(22,106)	0.0
HB 06-1385	\$6,809,083	\$0	\$1,442,221	\$5,219,519	\$147,343	41.0
SB 06-193	125,000	0	125,000	0	0	0.0
HB 06-1313	3,631,555	0	0	3,631,555	0	0.0
HB 06-1400	<u>855,481</u>	<u>0</u>	<u>855,481</u>	<u>0</u>	<u>0</u>	<u>1.2</u>
TOTAL	\$11,421,119	\$0	\$2,422,702	\$8,851,074	\$147,343	42.2
Increase/(Decrease)	\$1,614,729	\$0	\$970,881	\$694,682	(\$50,834)	1.2
Percentage Change	16.5%	n/a	66.9%	8.5%	-25.7%	2.9%

HB 06-1385 (Long Bill) Issue Descriptions

Water supply management, development, and implementation assistance: The appropriation adds funding for the Colorado Water Conservation Board to provide for on-going basin by basin analyses associated with the Statewide Water Assessment Initiative (SWSI). The Board's initial study focused on the population increases for the state projected at 7.1 million total population by 2030 and the relationship of population increases to the state's water needs. [By 2030, it is expected that over 80 percent of the state's population will reside in 11 Front Range counties. It was therefore estimated that Colorado will need an additional 630,000 acre feet of municipal and industrial water. Water providers and planners under the most optimistic scenario have identified projects and processes to address about 80 percent (512,000 acre feet) of the problem. This

leaves a municipal and industrial gap of 20 percent (118,000 acre feet) between supply and need. Competition between water sectors (municipal, industrial, agricultural, environmental and recreational) is anticipated to intensify.] The funding is provided to help the Board staff continue their focus on this issue. The project is designed to intersect efficiently with the implementation of H.B. 05-1177 (interbasin water compact negotiations). This funding will be used to manage technical support contractors and to coordinate with other divisions. Funding primarily reflects a project manager (\$96,000), and contract hours for an engineer, hydrologist, and associated services (\$362,500).

Salary and benefits adjustments: The appropriation includes funding for the annualization of FY 2005-06 salary survey increases.

S.B. 02-87 Colorado Watershed Protection Fund: The appropriation reflects the estimate of revenues anticipated to be spent in FY 2006-07. This information is shown for informational purposes.

Discontinuation of S.B. 05-84 water projects funding: The appropriation discontinues the one-time funding for water projects authorized in S.B. 05-84; FY 2006-07 funding is provided in the annual water projects bill (H.B. 06-1313).

Elimination of FY 2005-06 one-time funding: The appropriation eliminates the one-time funding provided in FY 2005-06 associated with start-up costs for new staff, particularly in the Federal Emergency Management Assistance line item which provides funding for flood mapping staff.

Indirect cost assessment: Where applicable, these recoveries offset certain General Fund expenses in the Executive Director's Office. This amount decreased by a total of \$22,106 for the Colorado Water Conservation Board in FY 2006-07.

Personal services base reductions: The appropriation reflects the common policy to reduce the personal services base appropriation for all programs by 0.2 percent.

Additional legislation: For more information on S.B. 06-193, H.B. 06-1313, and H.B. 06-1400, see the "Recent Legislation" section at the end of this department.

Water Resources Division

This division, also called the Office of the State Engineer, is primarily responsible for administration of water resources. This includes daily oversight of water allocations within the state and downstream interstate compact compliance, monitoring of water supply through stream-flow measurements, and groundwater regulation. The Division administers 88,487 direct flow water rights. The Division is also responsible for dam safety inspections and groundwater well construction regulation. The General Fund provides approximately 90 percent of the Division's funding, excluding centrally appropriated items in the Executive Director's Office for the Division. The Colorado Water Conservation Board Construction Fund provides the bulk of cash funds exempt.

Water Resources Division						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Appropriation:						
SB 05-209	\$19,362,405	\$14,269,405	\$4,437,940	\$560,919	\$94,141	256.6
SB 05-84	353,000	0	0	353,000	0	0.0
HB 06-1226	173,051	173,051	0	0	0	0.0
HB 06-1385	<u>20,000</u>	<u>20,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$19,908,456	\$14,462,456	\$4,437,940	\$913,919	\$94,141	256.6
FY 2006-07 Appropriation:						
FY 2005-06 Appropriation	\$19,908,456	\$14,462,456	\$4,437,940	\$913,919	\$94,141	256.6
Increases for Water Divisions 1 and 3	577,201	577,201	0	0	0	11.5
Salary and benefits adjustments	490,801	478,386	4,058	8,357	0	0.0
Increase for mileage	30,386	30,386	0	0	0	0.0
Leased space adjustment	10,000	10,000	0	0	0	0.0
Refinancing to reflect sunset of S.B. 03-181 well permit fees	0	3,186,051	(3,186,051)	0	0	0.0
Discontinuation of S.B. 05-84 water projects funding	(353,000)	0	0	(353,000)	0	0.0
Indirect cost assessment	(163,859)	0	(156,187)	(7,089)	(583)	0.0
Elimination of one-time FY 2005-06 funding associated with S.B. 04-222 related litigation	(139,434)	(139,434)	0	0	0	0.0
Federal funds decrease	(37,890)	0	0	0	(37,890)	0.0
Personal services base reductions	(14,297)	(13,738)	0	(559)	0	0.0
HB 06-1385	\$20,308,364	\$18,591,308	\$1,099,760	\$561,628	\$55,668	268.1
HB 06-1124	13,157	0	13,157	0	0	0.2
HB 06-1293	9,400	0	9,400	0	0	0.0
HB 06-1313	<u>350,000</u>	<u>0</u>	<u>0</u>	<u>350,000</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$20,680,921	\$18,591,308	\$1,122,317	\$911,628	\$55,668	268.3
Increase/(Decrease)	\$772,465	\$4,128,852	(\$3,315,623)	(\$2,291)	(\$38,473)	11.7
Percentage Change	3.9%	28.5%	-74.7%	-0.3%	-40.9%	4.6%

HB 06-1385 (Long Bill) Issue Descriptions

Increases for Water Divisions 1 and 3: The appropriation provides funding increases for Water Division 1 (South Platte Basin) and Water Division 3 (Rio Grande Basin). Funding for the South Platte Basin is made in response to the *Simpson v. Bijou Irrigation Co. (Simpson)* lawsuit, and subsequent statutory changes in 2002 and 2003 sessions which has made water administration more complex for the State Engineer. The Rio Grande Basin (San Luis Valley) has 600,000 acres of irrigated land and approximately 5,000 large capacity wells. Subsequent to the *Simpson* court decision, the State Engineer is required to perform well measurement to determine the impact of the ground water diversions on surface rights, the aquifers, and the Rio Grande Compact. Currently, Division 3 has no staff for ground water measurement or administration. This funding is estimated to prevent a potential of \$7.5 million in interstate compact litigation.

Salary and benefits adjustments: The appropriation includes funding for the annualization of FY 2005-06 salary survey increases.

Increase for mileage: The appropriation provides funding for the Division in response to Department of Personnel statewide fuel increases. The appropriation ensures that Division field staff (including water commissioners) are unaffected by the changes in the cost of fuel.

Leased space adjustment: The appropriation provides funding for a leased space increase for the Division 5 office in Glenwood Springs by participating in a co-location project to occupy a building to be constructed and owned by the Colorado Department of Transportation. This appropriation also provides more funding for office space in Colorado Springs. The co-location project has a \$1.2 million net present value benefit over the 50 year life of the project.

Refinancing to reflect sunset of S.B. 03-181 well permit fees: The appropriation reflects the sunset of the well permit fees authorized in S.B. 03-181 and the commensurate refinancing of the Division's base with General Fund.

Discontinuation of S.B. 05-84 water projects funding: The appropriation discontinues the one-time funding for water projects authorized in S.B. 05-84; FY 2006-07 funding is provided in the annual water projects bill (H.B. 06-1313).

Indirect cost assessment: Where applicable, these recoveries offset certain General Fund expenses in the Executive Director's Office. This amount decreased by a total of \$163,859 for the Water Resources Division in FY 2006-07.

Elimination of one-time FY 2005-06 funding associated with S.B. 04-222 related litigation: The appropriation eliminates one-time funding in FY 2005-06 for trial related expenses associated with litigation concerning S.B. 04-222.

Federal funds decrease: The appropriation reflects the reduction in funds estimated from the Federal Emergency Management Agency (FEMA).

Personal services base reductions: The appropriation reflects the common policy to reduce the personal services base appropriation for all programs by 0.2 percent.

Additional legislation: For information on H.B. 06-1124, H.B. 06-1293, and H.B. 06-1313, see the "Recent Legislation" section at the end of this department.

Division of Wildlife

The Division manages the state's 960 game and non-game wildlife species by issuing hunting and fishing licenses, enforcing wildlife regulations, protecting habitat and native wildlife populations and managing more than 250 state wildlife areas. The Division appropriations contain funding for 13 major programs, including the following: Wildlife Habitat, Wildlife Species, Hunting Recreation, Fishing Recreation, Watchable Wildlife, Law Enforcement, Licensing, Wildlife Education, Wildlife Information, Customer Service, Public Policy, Human Resources, and Internal Systems. These programs are funded through the following budget sections:

- **Director's Office** - The Director's Office is responsible for the overall management and oversight of Division activities. The section works closely with the Wildlife Commission, the Executive Director of the Department, the Governor, the Legislature, constituents, and employees in the development and implementation of wildlife policies and regulations. This program includes division-wide planning, budgeting and evaluation activities, and management of the division grant programs. This program also includes support to the Colorado Wildlife Commission. Special projects, most of which involve extensive public participation and involvement, are managed under this section.
- **Biological Programs** - This section manages Colorado's aquatic and terrestrial wildlife and their habitats to provide a diversity of fishing and hunting opportunities to the public while preserving and protecting species and habitats.
- **Fish Hatcheries** - This section is responsible for managing and operating the Division's 18 fish hatchery facilities located across the state. The hatchery system produces, transports, and stocks Colorado's waters with a variety of native and non-native fish.
- **Regional Operations** - The Division's three regions (and 18 areas within those regions) serve as the central points of contact for the public at the local level. Regional focus is on providing quality customer service, enforcing wildlife statutes, working with county land use planners, managing division properties, informing the public, and providing educational opportunities in their respective areas.
- **Information and Education** - This section is responsible for providing the public with information on wildlife and wildlife related issues through the production and publication of a variety of information materials, interaction with the media, and access to the Division's internet site. This section also designs and provides public outreach and education programs to increase the public's knowledge and appreciation of wildlife.
- **Law Enforcement** - This section directs the division's law enforcement activities at a statewide level. The section is responsible for law enforcement planning and policy development, internal and external training of law enforcement personnel on wildlife related laws, evaluation and revision of internal law enforcement procedures, coordination of all special investigations, collection of law enforcement data, and criminal records management. This program is funded entirely from the Wildlife Cash Fund.
- **Information Technology** - This section supports the Division's information technology (IT) systems necessary for core division-wide activities by providing computer and communications infrastructure, asset management, user support, standardized software applications, internet oversight, development

of IT policies and plans, and the development and maintenance of new and existing business applications.

- **Engineering Services** - The engineering section is responsible for managing all aspects of the Division's capital construction program including the project selection, planning, project design and construction on Division-owned properties and facilities. The section also manages the agency's Dam Safety Program, which requires working closely with the Division of Water Resources. Activities include periodic dam maintenance inspections, emergency action plan development, monitoring, construction improvement and restoration.
- **Support Services** - This section supports the agency by providing various administrative services (human resources, procurement, accounting, contracting, and licensing) to divisional programs. Support functions include accounting of financial transactions, procuring goods and services, preparing contracts and legal documents, operating and maintaining non-regional administrative facilities and vehicles, issuing and accounting for the hunting and fishing licenses, and all human resource activities associated with maintaining a highly qualified and diverse workforce.

Cash funds exempt in the Division include the following: (1) hunting and fishing license revenue deposited into the Wildlife Cash Fund; (2) Great Outdoors Colorado (GOCO) Board grant awards; and (3) voluntary nongame wildlife income tax checkoff contributions. Federal funding is predominantly from the federal Aid in Wildlife Restoration ("Pittman-Robertson") funds and from Sportfish Restoration Act ("Dingell-Johnson") funds.

Division of Wildlife						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Appropriation:						
SB 05-209	\$78,921,402	\$0	\$0	\$69,496,092	\$9,425,310	762.4
SB 05-84	75,000	0	0	75,000	0	0.0
HB 06-1226	<u>66,980</u>	<u>0</u>	<u>0</u>	<u>66,980</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$79,063,382	\$0	\$0	\$69,638,072	\$9,425,310	762.4
FY 2006-07 Appropriation:						
FY 2005-06 Appropriation	\$79,063,382	\$0	\$0	\$69,638,072	\$9,425,310	762.4
Salary and benefits adjustments	1,271,959	0	0	1,271,959	0	0.0
Fund mix adjustment	1,025,000	0	0	17,794	1,007,206	0.0
Increased spending authority for Public Education Advisory Council	900,000	0	0	900,000	0	0.0
Indirect cost assessment	252,106	0	0	252,106	0	0.0
State Wildlife Areas operating and maintenance costs	230,000	0	0	230,000	0	0.0
State Fish Hatcheries operating increase	55,923	0	0	55,923	0	0.0

Division of Wildlife						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
State Trust Land and Property Leases	0	0	0	(92,794)	92,794	0.0
GOCO funding reduction	(3,020,000)	0	0	(3,020,000)	0	0.0
Line item consolidation reductions	(1,050,000)	0	0	(1,050,000)	0	(110.0)
Personal services base reductions	(87,279)	0	0	(76,441)	(10,838)	0.0
HB 06-1385	\$78,641,091	\$0	\$0	\$68,126,619	\$10,514,472	652.4
HB 06-1311	<u>400,000</u>	<u>0</u>	<u>0</u>	<u>400,000</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$79,041,091	\$0	\$0	\$68,526,619	\$10,514,472	652.4
Increase/(Decrease)	(\$22,291)	\$0	\$0	(\$1,111,453)	\$1,089,162	(110.0)
Percentage Change	0.0%	n/a	n/a	-1.6%	11.6%	-14.4%

HB 06-1385 (Long Bill) Issue Descriptions

Salary and benefits adjustments: This amount reflect salary survey distributed in FY 2005-06.

Fund mix adjustment: These amounts reflect increased funding from the Wildlife Cash Fund, which is exempt from the State's TABOR limit, and various federal sources.

Increased spending authority for the Public Education Advisory Council: This appropriation funds a public information campaign regarding the environmental importance of hunting and fishing. These moneys are received through a license surcharge created in H.B. 05-1266.

Indirect cost assessment: Where applicable, these recoveries offset certain General Fund expenses in the Executive Director's Office. This amount increased by \$252,106 for the Division of Wildlife in FY 2006-07.

State Wildlife Areas operating and maintenance costs: This appropriation represents 10 percent of moneys earned through the sale of a new habitat stamp, authorized by H.B. 05-1266. This portion of the revenue would be used to improve operations and maintenance on existing State Wildlife Areas.

State Fish Hatcheries operating increase: This amount represents utilities cost increases.

State Trust Land and Property Leases: This line item will no longer appear in the Long Bill pursuant to the line item consolidation discussed below. However, a portion of this appropriation will be refinanced in FY 2006-07.

GOCO funding reduction: The Division of Wildlife anticipates receiving less moneys from Great Outdoors Colorado (GOCO). These funds are not subject to appropriation by the General Assembly and are shown for informational purposes only.

Line item consolidation reductions: The appropriation includes consolidating the Division's FY 2005-06 Long Bill structure from 25 line items to nine line items for FY 2006-07. This change should improve efficiency and flexibility among the Division's various programs. Consolidation means that some portions of spending authority provided under the previous structure can be eliminated. The personal services and operating expenses line items under Divisions Operations have been eliminated and replaced with the following program line items: Director's Office, Wildlife Management, Information Technology, and Technical Services. The Special License Fund Projects and State Trust Land and Property Leases line items have been eliminated from the Special Purpose section and are now included in Wildlife Management.

The consolidation also presented an opportunity to eliminate 110.0 FTE positions that were historically left vacant to provide funding for contractors and temporary employees, which are typically required by programs managed within the Division. This elimination of these positions is unrelated to the funding reductions described in the previous paragraph.

Personal services base reductions: The appropriation reflects the common policy to reduce personal services for all programs by 0.2 percent.

Recent Legislation

2005 Session Bills

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

S.B. 05-84: Appropriates \$3,930,000 cash funds exempt from the Colorado Water Conservation Board Construction Fund to the Department of Natural Resources in FY 2005-06. Of the \$3,930,000 appropriated to the Department of Natural Resources, \$353,000 is for the Division of Water Resources, \$3,502,000 is for the Colorado Water Conservation Board, and \$75,000 is for the Division of Wildlife.

S.B. 05-190: Creates an Abandoned Mine Reclamation Cash Fund, consisting in part of an annual \$500,000 transfer from the operational account of the Severance Tax Trust Fund. The bill authorizes expenditures from the fund for projects located at mining operations that have been abandoned and deemed to pose a high risk to the environment or to public safety. The bill allows for project review by the Board of County Commissioners for the county in which the project is located prior to approval by the Mined Land Reclamation Board, and specifies that appropriations from the Fund are available for three state fiscal years. Appropriates \$500,000 cash funds exempt from the Abandoned Mine Reclamation Fund to the Department of Natural Resources, Division of Minerals and Geology, for FY 2005-06.

S.B. 05-196: Creates the State Board of Land Commissioners Investment and Development Fund. Transfers \$1,000,000 cash funds exempt (from State Land Board earnings on mineral royalties and bonus revenue) into the Fund for expenditure by the State Land Board on rezoning, platting, master planning, or other development activities that increase the value of or rate of return on the lands. Also continuously appropriates \$1,000,000 cash funds exempt from the State Board of Land Commissioners Investment and Development Fund annually to the Division and exempts expenditures from this Fund from the procurement and budgeting processes in order to allow the State Land Board to operate more like a business. Finally, the bill creates accountability and tracking requirements.

S.B. 05-201: Appropriates \$7,600,000 from the Operational Account of the Severance Tax Trust Fund for low-income energy assistance in the Department of Human Services in FY 2004-05. For more information, please see the Department of Human Services section of this report.

S.B. 05-209: General appropriations act for FY 2005-06. Note that the headnotes to this act include provisions to set aside various funds administered by the Department of Natural Resources as portions of the state emergency reserve required under Section 20 of Article X of the Colorado Constitution.

S.B. 05-226: Creates the *Kansas v. Colorado* Plaintiff's Damages Payment Fund and the *Kansas v. Colorado* Plaintiff's Legal Costs Fund in the State Treasury. Makes the following changes for FY 2004-05 to pay the damages in the settlement: (1) creates the *Kansas v. Colorado* Plaintiff's Damages Payment Fund ("Damages Payment Fund"); (2) authorizes the State Treasurer to transfer \$34,796,129 into the Damages Payment Fund comprised of the following: \$15,500,000 from the Operational Account; \$15,500,000 from the Perpetual Base Account; and \$3,796,129 from the Local Government Severance Tax Fund; (3) authorizes the Department of Law to expend from the Damages Payment Fund and appropriates \$34,796,129 cash funds exempt from the Damages Payment Fund for FY 2004-05 (and authorizes the expenditure of moneys not spent in FY 2004-05 to be spent in FY 2005-06) to the Department of Law; and (4) provides that any moneys not utilized in the damages payment to Kansas shall be transferred to the Local Government Severance Tax Fund on July 1, 2006.

Makes the following changes for FY 2005-06 to pay for potential court (legal) costs: (1) creates the *Kansas v. Colorado* Plaintiff's Legal Costs Fund ("Legal Costs Fund") for the purpose of paying a portion of Kansas' legal costs; (2) on July 1, 2005, transfers \$4,000,000 from the Operational Account of the Severance Tax Trust Fund to the Legal Costs Fund; (3) provides the Department of Law with continuous spending authority to pay Kansas for its legal costs "up to" the \$4,000,000 from the Legal Costs Fund subject to the written approval of the Joint Budget Committee to the State Controller; (4) repeals the provisions effective July 1, 2007, and provides that the remaining funding not expended in this Legal Costs Fund shall be transferred (back) to the Operational Account.

H.B. 05-1177: Creates nine permanent basin roundtables; one in each of the eight water divisions and one subregion roundtable consisting of the metro area. Each roundtable will consist of representatives of local governments and water districts, as well as members representing stakeholders and outside interests that own water rights within the basin. The bill specifies that the member of the Colorado Water Conservation Board residing within each roundtable will act as a liaison between the board and the Interbasin Compact Committee, and coordinate the Board's policies and resources. Appropriates \$247,244 cash funds from the Operational Account of the Severance Tax Trust Fund and 0.5 FTE to the Department of Natural Resources, Colorado Water Conservation Board, for FY 2005-06.

H.B. 05-1254: Establishes a domestic water conservation grant program to provide funding over a three-year period to aid in achieving the water efficiency goals outlined in locally adopted water conservation plans and authorizes the Colorado Water Conservation Board to distribute the grants in FY 2005-06, FY 2006-07, and FY 2007-08 from moneys appropriated from the Operational Account of the Severance Tax Trust Fund. Requires the State Treasurer to transfer \$1,500,000 from the reserve of the Operational Account of the Severance Tax Trust Fund to the Water Efficiency Grant Program Cash Fund to provide funding for water conservation grants. Appropriates \$544,147 cash funds exempt from the Water Efficiency Grant Program Cash Fund to the Department of Natural Resources, Colorado Water Conservation Board, for FY 2005-06.

H.B. 05-1266: Authorizes the Division of Wildlife within the Department of Natural Resources to raise wildlife hunting and fishing license fees by rule above the levels currently set in statute. This bill also eliminates the current provision that allows the division, in special instances, to sell licenses at prices below statutorily prescribed levels. Non-resident license fees are to be updated annually, based on the Bureau of Labor Statistics' Consumer Price Index for the Denver-Boulder-Greeley metropolitan area. The bill is projected to result in a revenue increase of \$2,209,417 cash funds exempt in FY 2005-06 and \$6,618,547 cash funds exempt in FY 2006-07. Any related workload or expenditure requirements will be absorbed by the Division of Wildlife.

H.B. 05-1285: Consolidates the Oil and Gas Conservation Fund and the Oil and Gas Environmental Response Fund into the Oil and Gas Conservation and Environmental Response Fund. The bill also requires the Colorado Oil and Gas Commission to ensure that, on and after July 1, 2007, the two-year average of the unobligated portion of the fund does not exceed \$2.0 million at any time and that there is an adequate balance to address environmental response needs.

H.B. 05-1322: Appropriates \$200,000 cash funds exempt from the Oil and Gas Environmental Response Fund for FY 2004-05 to the Department of Natural Resources, Oil and Gas Conservation Commission to pay for remediation after the February 12, 2005, natural gas-related explosion in La Plata County (Bondad, Colorado).

2006 Session Bills

S.B. 06-142: Increases the cap on the two-year average of the unobligated balance of the Oil and Gas Conservation and Environmental Response Fund from \$2.0 million to \$4.0 million.

S.B. 06-183: Appropriates \$500,000 cash funds from the Operational Account of the Severance Tax Trust Fund to the Department of Higher Education, Regents of the University of Colorado, for the Water Resources Research Institute, in FY 2006-07. For more information, please see the Department of Higher Education section of this report.

S.B. 06-193: Requires the Colorado Water Conservation Board (CWCB) to conduct a study of underground water storage sites in the South Platte and Arkansas River basins. Authorizes the CWCB to consult with the Interbasin Compact Committee, the State Engineer, and the State Geologist. Requires the Board to submit a report of its findings to the General Assembly by March 1, 2007. Appropriates \$125,000 cash funds from the Operational Account of the Severance Tax Trust Fund to the Department of Natural Resources, Colorado Water Conservation Board for FY 2006-07. Also appropriates \$21,000 cash funds from this source and makes a reduction of \$21,000 in fees to the Colorado Geological Survey for FY 2006-07.

S.B. 06-229: Requires the General Assembly to appropriate a total of \$20 million from the Operational Account of the Severance Tax Trust Fund over a five-year period beginning in FY 2007-08, to pay the state's share of the costs related to the construction and operation of a national deep underground science and engineering laboratory (DUSEL) facility that will house a visitor's center, educational resources, and DUSEL administrative offices. The appropriation is conditional upon the National Science Foundation awarding DUSEL to the Henderson Mine near Empire.

H.B. 06-1124: Authorizes a water judge to approve a rotational crop management contract. The contract would allow a water rights owner or group of owners to agree to implement a new use of water by forgoing irrigation of a portion of lands that have been historically irrigated. The fallowed land would be rotated on an annual basis as long as there is no injurious effect to other water rights. Appropriates \$13,157 cash funds and 0.2 FTE to the Department of Natural Resources, Water Resources Division, for FY 2006-07.

H.B. 06-1200: Appropriates a portion of the Operational Account of the Severance Tax Trust Fund to the Department of Human Services for the Low-Income Energy Assistance Program (LEAP) and the Office of the Governor for direct bill payment assistance and home energy efficiency improvements for low-income households. For FY 2005-06, appropriates \$24.0 million in total from the Operational Account, with the Department of Human Services receiving \$17.0 million to increase benefits in the LEAP program, and the Office of the Governor receiving \$7.0 million for direct bill payment assistance and home energy efficiency improvements for low-income households. For FY 2006-07, appropriates \$11.0 million in total from the Operational Account, with the Department of Human Services receiving \$5,950,000 to increase benefits in the LEAP program, and the Office of the Governor receiving \$5,050,000 for direct bill payment assistance and home energy efficiency improvements for low-income households. Fiscal year 2007-08 and FY 2008-09 will provide for \$12.0 million and \$13.0 million of appropriations, respectively, for these programs combined. Finally, the bill ensures that there is an adequate reserve in the prior year with which to make each year's appropriations.

H.B. 06-1226: Supplemental appropriation to the Department of Natural Resources to modify the appropriations included in the FY 2005-06 Long Bill (S.B. 05-209).

H.B. 06-1293: Changes statutory levels of groundwater well permit fees. Appropriates \$9,400 cash funds to the Department of Natural Resources, Water Resources Division for FY 2006-07.

H.B. 06-1311: Transfers a total of \$12,800,000 to the Species Conservation Trust Fund from the Operational Account of the Severance Tax Trust Fund, including \$4,000,000 in FY 2005-06 and \$8,800,000 in FY 2006-07. Appropriates money to the Operations and Maintenance Account and the Capital Account of the Species Conservation Trust Fund for programs submitted by the Executive Director of the Department of Natural Resources. These programs are designed to conserve native species that are listed as threatened or endangered under state or federal law, are candidate species, or are likely to become candidate species as determined by the U.S. Fish and Wildlife Service. Appropriates \$3,732,813 cash funds exempt and \$3,550,000 cash funds exempt to the Department of Natural Resources for FY 2005-06 and FY 2006-07, respectively.

H.B. 06-1313: Decreases the amount of specified prior loans from the Colorado Water Conservation Board (CWCB) Construction Fund by \$2,180,000. Transfers \$150,000 from the CWCB Construction Fund to the Flood Response Fund and transfers \$2 million from the Operational Account of the Severance Tax Trust Fund to the Litigation Fund. Appropriates \$3,981,555 cash funds exempt from the Colorado Water Conservation Board Construction Fund to the Department of Natural Resources in FY 2006-07. Of this sum, \$3,631,555 cash

funds exempt is appropriated to the Colorado Water Conservation Board and \$350,000 cash funds exempt is appropriated to the Division of Water Resources.

H.B. 06-1385: General appropriations act for FY 2006-07. Also includes a FY 2005-06 appropriation of \$20,000 General Fund for the Division of Water Resources in the Department of Natural Resources.

H.B. 06-1400: Approves the interbasin compact charter, pursuant to the provisions of H.B. 05-1177. Appropriates \$75,837 cash funds from the Operational Account of the Severance Tax Trust Fund and 0.5 FTE to the Office of the Governor, Director of Compact Negotiations, and \$855,481 cash funds from the Operational Account of the Severance Tax Trust Fund and 1.2 FTE to the Department of Natural Resources, Colorado Water Conservation Board, for FY 2006-07.

DEPARTMENT OF PERSONNEL AND ADMINISTRATION

The Department of Personnel and Administration is responsible for administering the State personnel system, which includes approximately 29,053 full time equivalent (FTE) employees, excluding the Department of Higher Education. Such responsibilities include development of the annual employee compensation plan; maintenance of the classification system; maintenance of the information system for classified employees; provision of recruiting, testing, and selection services to state agencies; review of services performed by agencies with delegated personnel authority; and provision of technical services such as training, career development, affirmative action, and disability assistance. The Department provides for the administration of all classified employee benefits programs, except the Public Employees Retirement Association (PERA). These benefit programs include group health, life, and dental insurance, short-term disability insurance, and deferred and defined compensation retirement plans. The Department also provides support to The State Personnel Board, which is responsible for ensuring compliance with The State personnel system as authorized in Article XII, Sections 13 through 15 of the Colorado Constitution.

In addition, the Department provides general support services for state agencies. These functions include: control of The State's purchasing activities; maintenance of state financial activities; maintenance of state archives and public records; maintenance of the buildings in the capitol complex and two other campuses; provision of central services to agencies in the Denver metropolitan area, including mail, printing, copying and motor pool services; maintenance of The State's telecommunications system; provision of centralized computer services; provision of administrative law judge services; coordination of capital construction and controlled maintenance projects; management of The State's motor vehicle fleet; centralized lease management for state agencies; and oversight of The State's liability, property, and workers' compensation insurance program.

The Department is comprised of the following divisions: (1) Executive Office; (2) Division of Human Resources; (3) Personnel Board; (4) Central Services; (5) Finance and Procurement; (6) Division of Information Technology; and (7) Administrative Courts.

Department Budget: Recent Appropriations

Funding Source	FY 2003-04	FY 2004-05	FY 2005-06	FY 2006-07
General Fund	\$7,986,986	\$7,863,549	\$8,266,947	\$7,274,376
Cash Funds	10,847,769	10,385,054	11,484,436	12,153,774
Cash Funds Exempt	143,530,149	143,894,333	139,749,830	144,479,967
Federal Funds	<u>71,531</u>	<u>71,531</u>	<u>121,000</u>	<u>121,000</u>
TOTAL	\$162,436,435	\$162,214,467	\$159,622,213	\$164,029,117
Full Time Equiv. Staff	570.1	571.8	542.3	541.3

General Factors Driving the Budget

Funding for this department consists of 4.4 percent General Fund, 7.4 percent cash funds, and 88.1 percent cash funds exempt. In addition, the Department receives a small amount of federal funding, less than 0.1 percent of its total budget, from the National Oceanic and Atmospheric Administration (NOAA). The Department is primarily funded through transfers received from other state agencies for the provision of centralized services. All of these transfers are exempt from revenue limitations, except transfers received from entities such as authorities or enterprises, that are exempt from the spending limits imposed by TABOR (Article X, Section 20 of the Colorado Constitution). Such transfers are classified as cash funds when used to purchase services or products from this department. Three of the most important factors driving the budget are reviewed below.

Number of State Employees

The Department administers and oversees The State's workforce and programs related to compensation and benefits. The number of state employees affects many areas of the budget (such as The State's contributions for benefit and retirement programs). Presently, there is not a central database that tracks and monitors statewide human resources. Consequently, it is difficult to reconcile full-time equivalent positions (FTE) appropriated by the General Assembly with the actual number of state employees. The following table provides a comparison of the number of FTE appropriated statewide, *excluding* all employees in the Department of Higher Education.

State Employees	FY 02-03	FY 03-04	FY 04-05	FY 05-06	FY 06-07
Total Number of FTE Appropriated by the General Assembly	27,970.1	27,403.9	28,351.4	28,536.4	29,053.1

State employees are provided benefits such as health insurance, salary increases, and retirement plans. The State contributes funding for these benefits and the number of FTE does affect the cost of these contributions. Health, Life, and Dental contributions are determined by the General Assembly; employees voluntarily enroll in the program. Enrollment and the General Assembly's determination of The State's contribution determine the fiscal impact to The State.

Estimated FY 2006-07 Cost of State's Contribution Rate for Health Insurance			
	Enrollees	State Contribution Rate Per Month	FY 2006-07 Cost
Employee	8,676.0	\$244.12	\$25,415,821
Employee with Children	2,154.0	381.48	9,860,495
Employee with Spouse	2,526.0	412.58	12,506,125
Employee with Family	<u>3,631.0</u>	<u>567.42</u>	<u>24,723,624</u>
TOTAL*	16,987.0	\$355.69	\$72,506,065

*Note: The total for The State Contribution Rate Per Month column is a weighted average of The State's monthly contribution rate, not a total contribution.

In addition to contributing funding for health insurance, The State provides other salary and benefit adjustments. For FY 2006-07, the General Assembly included a 2.63 percent average increase for employee salaries to be applied to salary ranges based on the "2005 Total Compensation Survey" updated on December 19, 2005. In addition, there is an amount appropriated (\$2.9 million) to be used for salary increases at the lower range of a salary group. No performance-based pay awards were appropriated. Appropriations for the salary survey related increases are as follows:

FY 2005-06 and FY 2006-07 Appropriations for Salary Survey Awards			
	FY 2005-06 Salary Survey		FY 2006-07 Salary Survey*
General Fund		\$21,407,357	\$23,152,853
Cash Funds		2,246,477	3,298,089
Cash Funds Exempt		8,103,638	9,643,146
Federal Funds		<u>4,302,051</u>	<u>4,185,988</u>
TOTAL		\$36,059,523	\$40,280,076

* Includes \$2.9 million to be used for raising salary range minimums.

State Fleet Program

This program provides light duty vehicles to all state agencies on a long-term basis, maintains a statewide network of service providers (including maintenance, repairs, and fuel) and manages a self-insured accident fund for comprehensive/collision damages. Since the mid-1990s, the program has acquired private-sector financing for additional and replacement vehicles, rather than using treasury loans. It also manages a centralized information system for state fleet assets. The central coordination of statewide vehicles began on January 1, 1993. Pursuant to H.B. 04-1009, as of FY 2004-05, institutions in the Department of Higher Education can exempt themselves from certain centralized programs operated by the Department of Personnel and Administration, including the fleet management program. For FY 2006-07, the University of Colorado, the Colorado State University, and Ft. Lewis College have exempted themselves from the centralized Fleet Management Program. The figures in the table below reflect these decisions.

Fiscal Year	FY 02-03 Actual	FY 03-04 Actual	FY 04-05 Actual	FY 05-06 Appropriated	FY 06-07 Appropriated
Number of Fleet Vehicles	5,695	5,567	5,569	4,624	4,916
Total Cost of Fleet Management (Includes Vehicles, Maintenance, and Fuel)	\$26,119,093	\$27,114,473	\$27,257,349	\$28,722,243	\$29,255,666
<i>Staff Estimated Net General Fund Share of Vehicle Costs</i>	<i>\$10,740,040</i>	<i>\$11,149,336</i>	<i>\$11,208,086</i>	<i>\$11,810,443</i>	<i>\$12,029,784</i>

Risk Management

The State's Risk Management program provides insurance coverage to departments and agencies for workers' compensation and property and liability insurance. The Department of Personnel and Administration administers and maintains this coverage through the Risk Management program. The State is self-insured for

workers' compensation and liability, and it purchases property insurance from the private sector. Generally, appropriations for the coverage provided by the Risk Management program are calculated using actuarially determined prospective claims losses. As of FY 2004-05, institutions in the Department of Higher Education can exempt themselves from certain centralized programs administered by the Department of Personnel and Administration, including the Risk Management program. To date, only the University of Colorado and the Colorado State University are operating individual risk management programs; however, the University of Colorado's program was authorized and established prior to H.B. 04-1009.

Fiscal Year	Actual FY 02-03	Actual FY 03-04	Actual FY 04-05	Appropriated FY 05-06	Appropriated FY 06-07
Workers' Compensation	\$22,232,501	\$30,157,471	\$27,478,224	\$30,075,695	\$30,075,696
Property	5,958,000	7,617,016	6,751,128	5,810,255	5,846,006
Liability	7,456,916	7,125,777	5,436,926	6,170,969	6,170,969

Summary of FY 2005-06 and FY 2006-07 Appropriations

Department of Personnel and Administration						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Total Appropriation:	\$159,622,213	\$8,266,947	\$11,484,436	\$139,749,830	\$121,000	542.3
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Executive Office	8,843,096	3,244,393	37,473	5,561,230	0	23.5
Division of Human Resources	49,251,613	0	4,582,346	44,669,267	0	54.7
Personnel Board	430,611	259,979	1,200	169,432	0	4.8
Central Services	55,191,766	0	2,983,311	52,208,455	0	183.5
Finance and Procurement	5,790,931	1,397,376	1,344,467	3,049,088	0	61.5
Division of Information Technology	36,859,767	3,365,199	2,506,893	30,866,675	121,000	175.3
Administrative Courts	3,254,429	0	28,746	3,225,683	0	39.0
<u>Breakdown of Total Appropriation by Bill</u>						
SB 05-209	160,831,502	8,447,233	11,363,479	140,899,790	121,000	542.3
HB 06-1227	(1,209,289)	(180,286)	120,957	(1,149,960)	0	0.0
FY 2006-07 Total Appropriation:	\$164,029,117	\$7,274,376	\$12,153,774	\$144,479,967	\$121,000	541.3
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Executive Office	9,754,939	3,483,780	45,271	6,225,888	0	23.5
Division of Human Resources	49,427,104	0	4,555,266	44,871,838	0	53.7

Department of Personnel and Administration

	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
Personnel Board	456,843	20,586	1,198	435,059	0	4.8
Central Services	58,409,901	0	2,983,311	55,426,590	0	183.5
Finance and Procurement	5,973,381	319,398	2,034,046	3,619,937	0	61.5
Division of Information Technology	36,633,718	3,450,612	2,505,993	30,556,113	121,000	175.3
Administrative Courts	3,373,231	0	28,689	3,344,542	0	39.0
<u>Breakdown of Total Appropriation by Bill</u>						
HB 06-1385	162,229,117	7,274,376	12,153,774	142,679,967	121,000	541.3
SB 06-015	1,800,000	0	0	1,800,000	0	0.0
Increase/(Decrease)	\$4,406,904	(\$992,571)	\$669,338	\$4,730,137	\$0	(1.0)
Percentage Change	2.8%	-12.0%	5.8%	3.4%	0.0%	-0.2%

FY 2006-07 Appropriation Highlights:

1. The appropriation includes an additional \$2.2 million (in addition to the \$3.6 million already assessed to the Department) in indirect recoveries from other state agencies (Transportation, Labor and Employment, Higher Education, State). Applying these indirect costs saves The State approximately \$2.2 million General Fund.
2. The appropriation includes \$1.7 million for the replacement of 687 of the existing state fleet vehicles and the purchase of 73 additional vehicles. The appropriation also includes a \$550,000 reduction for fuel expenses made in order to encourage the Department to seek ways to increase fuel efficiency of The State Vehicle Fleet.
3. The appropriation includes an increase of \$909,000 (all fund sources) to annualize salary and performance awards granted in FY 2005-06.
4. The appropriation includes an increase of \$815,000 (all fund sources) for salary, benefits, and common operating adjustments.

Detail of Appropriation by Administrative Section

Executive Office

This division is responsible for personnel appeals, affirmative action, and disability issues affecting all classified state employees, and is charged with reviewing the overall management and programs of state government. It provides centralized accounting, personnel, and budgeting services for the Department. The Executive Director (also known as The State Personnel Director) has administrative responsibility for the Total Compensation Advisory Council, the Deferred Compensation Committee, and the Short-term Disability Fund.

The primary source of funding, cash funds exempt (63.8 percent), is from indirect cost recoveries originating in other divisions throughout the Department and user fees from other state agencies. General Fund accounts for 35.7 percent of the Division's total funds.

Executive Office						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Appropriation:						
SB 05-209	\$9,189,155	\$3,424,679	\$38,709	\$5,725,767	\$0	23.5
HB 06-1227	<u>(346,059)</u>	<u>(180,286)</u>	<u>(1,236)</u>	<u>(164,537)</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$8,843,096	\$3,244,393	\$37,473	\$5,561,230	\$0	23.5
FY 2006-07 Appropriation:						
FY 2005-06 Appropriation	\$8,843,096	\$3,244,393	\$37,473	\$5,561,230	\$0	23.5
Salary and benefits adjustments	414,690	87,123	6,357	321,210	0	0.0
Operating adjustments	400,262	138,298	1,441	260,523	0	0.0
Annualize FY 2005-06 salary survey awards	61,566	0	0	61,566	0	0.0
HIPAA - Security Remediation	28,792	3,966	0	24,826	0	0.0
Governor's transition	10,000	10,000	0	0	0	0.0
Base reductions	(3,467)	0	0	(3,467)	0	0.0
HB 06-1385	<u>\$9,754,939</u>	<u>\$3,483,780</u>	<u>\$45,271</u>	<u>\$6,225,888</u>	<u>\$0</u>	<u>23.5</u>
TOTAL	\$9,754,939	\$3,483,780	\$45,271	\$6,225,888	\$0	23.5
Increase/(Decrease)	\$911,843	\$239,387	\$7,798	\$664,658	\$0	0.0
Percentage Change	10.3%	7.4%	20.8%	12.0%	n/a	0.0%

HB 06-1385 (Long Bill) Issue Descriptions

Salary and benefits adjustments: The appropriation adjusts various line items that contain salary and benefits funding. These centrally appropriated items include salary survey, state contributions to health, life, and dental, shift differential, S.B. 04-257 Amortization Equalization Disbursement, and short-term disability. The appropriation funds an average 2.63 percent salary survey increase (2.49 percent salary survey and 0.14 percent to ensure that state occupational categories are comparable with the market). The appropriation also includes an additional 7.7 percent General Fund built on top of the salary survey to be used for increasing base salaries at the lower end of the salary range. The appropriation for health, life, and dental includes increases between 21.47 percent and 29.2 percent, depending on the tier of coverage elected for health and dental. Beginning January 1, 2007, The State will contribute an additional 0.5 percent of base salary (bringing the total contribution to 1.00 percent) to the Public Employee's Retirement Association for Amortization Equalization Disbursement, pursuant to S.B. 04-257; the appropriation includes six months of funding at the 1.00 percent

increase in FY 2006-07. The Department re-negotiated its short-term disability contract with Standard Insurance Company; the new contract rate for FY 2006-07 was set at 0.113 percent.

Operating adjustments: The appropriation contains various changes in centrally appropriated line items. These centrally appropriated items include workers' compensation, risk management and property, vehicle lease payments, legal services administrative law judges, purchase of services from computer center, multiuse network payments, leased space, capitol complex leased space, and communications services. Operating adjustments are a function of recoverable overhead in the Department of Personnel or the Department of Law, as is the case with legal services, that are allocated to other departments based on a proportionate share of risk or utilization.

Annualize FY 2005-06 salary survey awards: The appropriation includes annualization of the salary increases allocated to the Division in FY 2005-06.

HIPAA - Security Remediation: The appropriation increases funding for the Health Insurance Portability and Accountability Act of 1996 (HIPAA) related to increases in recurring expenses, ongoing maintenance and software licenses necessary to continue to meet the requirements of this act as well as to perform a required bi-annual assessment.

Governor's transition: The appropriation includes funding pursuant to Section 24-8-105, C.R.S. The General Assembly is required to appropriate to the Department of Personnel funds to pay the expenses of the Governor-elect incurred between the general election and the inauguration.

Base reductions: The appropriation includes reductions associated with a 0.2 percent personal services base reduction.

Division of Human Resources

This division is responsible for administration of The State's selection, classification, and compensation programs and administration of The State's employee benefit programs (including: health, life, dental; disability benefits; and the deferred and defined compensation programs). It also administers the risk management program for all state agencies, which involves supervising the investigation, adjustment, and legal defense of property, liability, and workers' compensation claims, as well as administering loss-control programs designed to decrease The State's claims exposure and liability. The majority of funding for this division comes from user fees from state agencies.

Division of Human Resources						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Appropriation:						
SB 05-209	\$53,711,042	\$0	\$4,916,612	\$48,794,430	\$0	54.7
HB 06-1227	(4,459,429)	0	(334,266)	(4,125,163)	0	0.0
TOTAL	\$49,251,613	\$0	\$4,582,346	\$44,669,267	\$0	54.7

Division of Human Resources						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Appropriation:						
FY 2005-06 Appropriation	\$49,251,613	\$0	\$4,582,346	\$44,669,267	\$0	54.7
Legal services	105,775	0	0	105,775	0	0.0
Annualize FY 2005-06 salary survey awards	83,912	0	0	83,912	0	0.0
Indirect cost assessment	41,419	0	0	41,419	0	0.0
Liability, property, and workers' compensation premiums	35,752	0	2,741	33,011	0	0.0
Workload reductions and FTE accounting	(72,443)	0	(29,821)	(42,622)	0	(1.0)
Base reductions	(18,924)	0	0	(18,924)	0	0.0
HB 06-1385	<u>\$49,427,104</u>	<u>\$0</u>	<u>\$4,555,266</u>	<u>\$44,871,838</u>	<u>\$0</u>	<u>53.7</u>
TOTAL	<u>\$49,427,104</u>	<u>\$0</u>	<u>\$4,555,266</u>	<u>\$44,871,838</u>	<u>\$0</u>	<u>53.7</u>
Increase/(Decrease)	\$175,491	\$0	(\$27,080)	\$202,571	\$0	(1.0)
Percentage Change	0.4%	n/a	-0.6%	0.5%	n/a	-1.8%

HB 06-1385 (Long Bill) Issue Descriptions

Legal services: The appropriation reflects the incremental change of the blended rate for legal services (\$67.77 per hour in FY 2006-07). The liability program's allotment of hours remains unchanged from FY 2005-06 at 31,860 hours.

Annualize FY 2005-06 salary survey awards: The appropriation includes annualization of the salary increases allocated to the Division in FY 2005-06.

Indirect cost assessment: The indirect cost assessment to the Division of Human Resources is increasing pursuant to the 2007 Statewide Indirect Cost Appropriation / Cash Fees Plan. The appropriation makes the appropriate adjustments to the appropriations of the division in order to properly offset General Fund elsewhere in the department.

Liability, property, and workers' compensation premiums: The Department collects premiums from all state agencies, except for the University of Colorado and the Colorado State University Systems, for The State's risk management program. The changes include an increase of \$35,752 for workers' compensation premiums and continuation appropriation of liability and property premiums. The premiums appropriations are based on actuarial estimates of prospective losses in FY 2006-07 relative to FY 2005-06.

Workload reductions and FTE accounting: The appropriation contains funding reductions to the Training Services program. It also contains a reduction to the number of FTE appropriated in the Long Bill to more accurately reflect workload and staffing levels in the department.

Base reductions: The appropriation includes funding reductions associated with FY 2005-06 expenditures that violate headnote definitions, and a 0.2 percent personal services base reduction.

Personnel Board

This division provides staff support for the five-member State Personnel Board authorized in Article XII, Section 14, of the Colorado Constitution. Pursuant to Section 24-50-103, C.R.S., the Board has the authority to adopt, by rule, a uniform grievance procedure to be used by all state agencies for classified employees in The State personnel system. The Board adjudicates employment disputes within The State classified system and is responsible for promulgating rules to ensure that state employment is based on merit. The Board conducts administrative hearings, promulgates rules under the authority of The State Administrative Procedures Act, and facilitates dispute resolution. The Board processed 291 cases in FY 2004-05, the last year for which statistics are available. This caseload represents a decrease over prior fiscal years. The Department of Personnel and Administration reported that as of June 18, 2006, 205 cases have been filed for FY 2005-06. No data estimates are available for FY 2006-07. Since employees trigger the adjudicatory process, the Board cannot directly control the number of cases filed. The Board also provides guidance in achieving and maintaining a sound, comprehensive, and uniform system of human resource management. The Division is primarily funded with General Fund and cash funds exempt (indirect cost recoveries), with relatively small amounts of cash funds from fees. In FY 2006-07, General Fund accounts for 4.5 percent of the appropriation, while cash funds exempt accounts for 95.2 percent of the appropriation.

Personnel Board						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Appropriation:						
SB 05-209	<u>\$430,611</u>	<u>\$259,979</u>	<u>\$1,200</u>	<u>\$169,432</u>	<u>\$0</u>	<u>4.8</u>
TOTAL	\$430,611	\$259,979	\$1,200	\$169,432	\$0	4.8
FY 2006-07 Appropriation:						
FY 2005-06 Appropriation	\$430,611	\$259,979	\$1,200	\$169,432	\$0	4.8
Indirect cost recovery and other adjustments	20,586	(245,380)	0	265,966	0	0.0
Annualize FY 2005-06 salary survey awards	11,081	11,081	0	0	0	0.0
Base reductions	(5,435)	(5,094)	(2)	(339)	0	0.0
HB 06-1385	<u>\$456,843</u>	<u>\$20,586</u>	<u>\$1,198</u>	<u>\$435,059</u>	<u>\$0</u>	<u>4.8</u>
TOTAL	\$456,843	\$20,586	\$1,198	\$435,059	\$0	4.8
Increase/(Decrease)	\$26,232	(\$239,393)	(\$2)	\$265,627	\$0	0.0
Percentage Change	6.1%	-92.1%	-0.2%	156.8%	n/a	0.0%

HB 06-1385 (Long Bill) Issue Descriptions

Indirect cost recovery and other adjustments: While the Department collects indirect cost assessments on a variety of programs that it operates, it also collects indirect costs that cannot be applied in other departments. Fiscal year 2006-07 indirect costs, available to the Department, are more than those available in FY 2005-06. The additional indirect costs applied in the Personnel Board are from the Department of Transportation and the Department of Labor and Employment. This results in a lower General Fund appropriation because indirect costs are used to offset General Fund.

Annualize FY 2005-06 salary survey awards: The appropriation includes annualization of the salary increases allocated to the Division in FY 2005-06.

Base reductions: The appropriation includes funding reductions associated with FY 2005-06 expenditures that violate headnote definitions, and a 0.2 percent personal services base reduction.

Central Services

This division is responsible for realizing savings in governmental costs by providing centralized services to state agencies. The services provided include: management of The Statewide travel program; processing of incoming and outgoing mail; mail delivery and messenger services; copying, printing and graphics design; microfilming and imaging services; vehicle leasing; management of The State's motor vehicle fleet; and operation and maintenance of buildings in the capitol complex and other various state-owned facilities. It is funded primarily from fees paid by state agencies, which are represented as cash funds for enterprises such as the Division of Wildlife and cash funds exempt for other state departments.

Central Services						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Appropriation:						
SB 05-209	\$53,524,301	\$0	\$2,983,311	\$50,540,990	\$0	183.5
HB 06-1227	<u>1,667,465</u>	<u>0</u>	<u>0</u>	<u>1,667,465</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$55,191,766	\$0	\$2,983,311	\$52,208,455	\$0	183.5
FY 2006-07 Appropriation:						
FY 2005-06 Appropriation	\$55,191,766	\$0	\$2,983,311	\$52,208,455	\$0	183.5
Fleet Management costs	533,423	0	0	533,423	0	0.0
Utility costs	300,000	0	0	300,000	0	0.0
Indirect cost assessment	275,879	0	0	275,879	0	0.0
Annualize FY 2005-06 salary survey awards	215,454	0	0	215,454	0	0.0
Mail services workload	73,508	0	0	73,508	0	0.0
Base reductions	17,775	0	0	17,775	0	0.0

Central Services						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
Noxious weed mitigation at Camp George West	2,096	0	0	2,096	0	0.0
HB 06-1385	\$56,609,901	\$0	\$2,983,311	\$53,626,590	\$0	183.5
SB 06-15	<u>1,800,000</u>	<u>0</u>	<u>0</u>	<u>1,800,000</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$58,409,901	\$0	\$2,983,311	\$55,426,590	\$0	183.5
Increase/(Decrease)	\$3,218,135	\$0	\$0	\$3,218,135	\$0	0.0
Percentage Change	5.8%	n/a	0.0%	6.2%	n/a	0.0%

HB 06-1385 (Long Bill) Issue Descriptions

Fleet Management costs: The appropriation includes funding for the replacement of 687 fleet vehicles and purchase of 73 additional vehicles. The appropriation also reflects a funding decrease for the operating expenses line. This appropriation was made in order to encourage the Department to seek ways to increase the fuel efficiency of The State Fleet Program.

Utility costs: The appropriation increase is due to rising utility rates for the Capitol Complex, Grand Junction, and Camp George West. The rate increases are incorporated into departments' appropriations for the Capitol Complex Leased Space line item.

Indirect cost assessment: The indirect cost assessment to Central Services is increasing pursuant to the 2007 Statewide Indirect Cost Appropriation / Cash Fees Plan. The appropriation adjusts to the Division's appropriation in order to properly offset General Fund elsewhere in the Department.

Annualize FY 2005-06 salary survey awards: The appropriation includes annualization of the salary increases allocated to the Division in FY 2005-06.

Mail services workload: This appropriation annualizes a FY 2005-06 supplemental appropriation to this program needed to accommodate large volume of client notices generated by the Colorado Benefits Management System (CBMS).

Base reductions: The appropriation contains a 0.2 percent personal services base reduction.

Noxious weed mitigation at Camp George West: Last year Jefferson County notified the Department of a noxious weed infestation at Camp George West. The appropriation includes continuation of funding for re-application of herbicides in FY 2006-07 to fulfill The State's responsibility under Section 35-5.5-110 (1), C.R.S.

Additional legislation: For information on S.B. 06-15, see the "Recent Legislation" section at the end of this department.

Finance and Procurement

This division administers a statewide procurement program through the Bid Information and Distribution System (BIDS), and meets the product and service needs of state agencies by negotiating contracts for acceptable goods and services in order to maximize the purchasing power of The State. It manages the financial affairs of all departments through The State Controller's Office utilizing the Colorado Financial Reporting Systems (COFRS). It conducts statewide financial reporting, policy and procedural guidance, contract management, and the development of The Statewide indirect cost allocation plan.

Finance and Procurement						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Appropriation:						
SB 05-209	\$4,915,931	\$1,397,376	\$888,008	\$2,630,547	\$0	61.5
HB 06-1227	<u>875,000</u>	<u>0</u>	<u>456,459</u>	<u>418,541</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$5,790,931	\$1,397,376	\$1,344,467	\$3,049,088	\$0	61.5
FY 2006-07 Appropriation:						
FY 2005-06 Appropriation	\$5,790,931	\$1,397,376	\$1,344,467	\$3,049,088	\$0	61.5
Annualize FY 2005-06 salary survey awards	114,105	0	3,648	110,457	0	0.0
Fund mix adjustments	53,455	(1,080,663)	685,931	448,187	0	0.0
Base reductions	8,621	2,685	0	5,936	0	0.0
Indirect cost assessment	6,269	0	0	6,269	0	0.0
HB 06-1385	<u>\$5,973,381</u>	<u>\$319,398</u>	<u>\$2,034,046</u>	<u>\$3,619,937</u>	<u>\$0</u>	<u>61.5</u>
TOTAL	\$5,973,381	\$319,398	\$2,034,046	\$3,619,937	\$0	61.5
Increase/(Decrease)	\$182,450	(\$1,077,978)	\$689,579	\$570,849	\$0	0.0
Percentage Change	3.2%	-77.1%	51.3%	18.7%	n/a	0.0%

HB 06-1385 (Long Bill) Issue Descriptions

Annualize FY 2005-06 salary survey awards: The appropriation includes annualization of the salary increases allocated to the Division in FY 2005-06.

Fund mix adjustments: The appropriation accounts for the increase in indirect costs from the Department of Labor and Employment, the Department of Higher Education and the Department of State with a corresponding decrease in the Department's General Fund and increases in cash funds (Department of Higher Education) and cash funds exempt.

Base reductions: The appropriation contains a 0.2 percent personal services base reduction.

Indirect cost assessment: The indirect cost assessment to Finance and Procurement is increasing pursuant to the 2007 Statewide Indirect Cost Appropriation / Cash Fees Plan. The Division's appropriation is adjusted in order to properly offset General Fund elsewhere in the department.

Division of Information Technology

This division integrates The State's information services into one group. Its responsibilities include: (1) planning, coordinating, and integrating communication capabilities such as radio and wireless technologies and data, voice, Internet, text, video, and graphics content associated with the multiuse network (MNT); (2) planning, managing, operating, and delivering The State's computer infrastructure (such as desktop computers and mainframe resources); (3) developing data sharing technologies; (4) archiving historical records; and (5) supporting all statewide applications (including payroll, personnel, financial, and purchasing systems). The majority of funding for this division is cash funds exempt (83.4 percent), a majority of which is from fees charged to other state agencies for services provided by the Division. General Fund accounts for 9.4 percent of the Division's funding.

Division of Information Technology						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Appropriation:						
SB 05-209	\$35,806,033	\$3,365,199	\$2,506,893	\$29,812,941	\$121,000	175.3
HB 06-1227	<u>1,053,734</u>	<u>0</u>	<u>0</u>	<u>1,053,734</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$36,859,767	\$3,365,199	\$2,506,893	\$30,866,675	\$121,000	175.3
FY 2006-07 Appropriation:						
FY 2005-06 Appropriation	\$36,859,767	\$3,365,199	\$2,506,893	\$30,866,675	\$121,000	175.3
Annualize FY 2005-06 salary survey awards	342,904	91,868	0	251,036	0	0.0
Fund mix adjustments	2,999	0	(900)	3,899	0	0.0
Indirect cost assessment	(533,290)	0	0	(533,290)	0	0.0
Base reductions	(25,182)	(6,455)	0	(18,727)	0	0.0
Snocat replacements	(13,480)	0	0	(13,480)	0	0.0
HB 06-1385	<u>\$36,633,718</u>	<u>\$3,450,612</u>	<u>\$2,505,993</u>	<u>\$30,556,113</u>	<u>\$121,000</u>	<u>175.3</u>
TOTAL	\$36,633,718	\$3,450,612	\$2,505,993	\$30,556,113	\$121,000	175.3
Increase/(Decrease)	(\$226,049)	\$85,413	(\$900)	(\$310,562)	\$0	0.0
Percentage Change	-0.6%	2.5%	0.0%	-1.0%	0.0%	0.0%

HB 06-1385 (Long Bill) Issue Descriptions

Annualize FY 2005-06 salary survey awards: The appropriation includes annualization of the salary increases allocated to the Division in FY 2005-06.

Fund mix adjustments: The appropriation includes various fund mix adjustments in the Division in order to align and fully charge overhead attributable to users of the Division's services.

Indirect cost assessment: The indirect cost assessment to the Division of Information Technology is decreasing pursuant to the 2007 Statewide Indirect Cost Appropriation / Cash Fees Plan. The appropriation makes the appropriate adjustments to the Division's appropriation in order to properly offset General Fund elsewhere in the Department.

Base reductions: The appropriation contains a 0.2 percent personal services base reduction.

Snocat replacements: The appropriation includes funding to replace two more Snocats following an increase in FY 2005-06 in which the first two were reflected. These Snocats are used by the Communications Services program to gain access to communications infrastructure in winter conditions. The Snocat replacement cost is lower in FY 2006-07 than the FY 2005-06 appropriation due to a difference between the estimated and actual purchasing cost.

Administrative Courts (previously named Administrative Hearings)

Pursuant to Section 24-30-1001, C.R.S., this division provides administrative law judge services to hear cases upon request by agencies of state government. Departments utilizing these services include: Corrections, Education, Human Services, Labor and Employment, Public Health and Environment, and Regulatory Agencies. Approximately one half of all hearings are related to workers' compensation cases. The funding for this division is 99.1 percent cash funds exempt, funding transferred from agencies using administrative court services and 0.9 percent cash funds, from user fees from non-state agencies.

Administrative Courts						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Appropriation:						
SB 05-209	\$3,254,429	\$0	\$28,746	\$3,225,683	\$0	39.0
TOTAL	\$3,254,429	\$0	\$28,746	\$3,225,683	\$0	39.0
FY 2006-07 Appropriation:						
FY 2005-06 Appropriation	\$3,254,429	\$0	\$28,746	\$3,225,683	\$0	39.0
Annualize FY 2005-06 salary survey awards	80,199	0	0	80,199	0	0.0
Indirect cost assessment	55,464	0	0	55,464	0	0.0
Operating expenses reductions	(10,958)	0	0	(10,958)	0	0.0

Administrative Courts						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
Base reductions	(5,903)	0	(57)	(5,846)	0	0.0
HB 06-1385	<u>\$3,373,231</u>	<u>\$0</u>	<u>\$28,689</u>	<u>\$3,344,542</u>	<u>\$0</u>	<u>39.0</u>
TOTAL	\$3,373,231	\$0	\$28,689	\$3,344,542	\$0	39.0
Increase/(Decrease)	\$118,802	\$0	(\$57)	\$118,859	\$0	0.0
Percentage Change	3.7%	n/a	-0.2%	3.7%	n/a	0.0%

HB 06-1385 (Long Bill) Issue Descriptions

Annualize FY 2005-06 salary survey awards: The appropriation includes annualization of the salary increases allocated to the Division in FY 2005-06.

Indirect cost assessment: The indirect cost assessment to the Division of Administrative Courts is increasing pursuant to the Statewide Indirect Cost Allocation Plan. The appropriation makes the appropriate adjustments to the Division's appropriation in order to properly offset General Fund elsewhere in the department.

Operating expenses reductions: The appropriation for a reduction to operating expenses is consistent with the Department's request.

Base reductions: The appropriation contains a 0.2 percent personal services base reduction.

Recent Legislation

2005 Session Bills

S.B. 05-73: Includes in the amortization equalization disbursement established by S.B. 04-257 those employees who retire from a PERA member employer who are subsequently re-hired.

S.B. 05-172: Specifies that, if the Department of Personnel and Administration opts to self-fund group benefit plans, the Group Benefit Plans Reserve Fund shall not be included in the general assets of The State. Also narrows the possible uses of the Fund to include only premiums, claims costs, other administrative fees, and costs associated with the plans, and establishes a Premium Stabilization Reserve Account.

S.B. 05-185: Changes the name of Administrative Hearings to the Office of Administrative Courts. Allows the Executive Director to appoint and assign administrative law judges to hear specific cases or classes of cases and allows administrative law judges the power to subpoena and engage in alternative dispute resolution. Authorizes attorney fees and costs to be recovered in cases involving the "Fair Campaign Practices Act" for the party that prevails. Directs the Executive Director to establish and maintain administrative offices and courts in Denver, the southern region of The State, and the Western Slope.

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

H.B. 05-1231: Clarifies, among others items, employee eligibility for the Defined Contribution Plan option that was created by S.B. 04-257. Forbids a retiree or a retiree with suspended benefits from enrolling in the Defined Contribution Plan. States that, upon termination of employment, an employee may rollover, request a distribution, transfer, or retain the balance in the plan as specified in the Internal Revenue Code of 1986, 26 U.S.C. Sec, 401, et seq.

H.B. 05-1286: Repeals the sunset of the Department's ability to charge other state agencies for the operations and maintenance of the public safety communications infrastructure. This infrastructure includes the digital trunked radio project as well as legacy microwave communications systems.

H.B. 05-1340: Continuously appropriates moneys in The State Capitol Building Renovation Fund for expenditures recommended by The State Capitol Building Advisory Committee and approved by the Capital Development Committee and the Joint Budget Committee for the purpose of renovating the Colorado state capitol building.

2006 Session Bills

S.B. 06-6: Allows the Public Employees' Retirement Association (PERA) to deny employment to an individual who has been convicted of a felony or other specified offense if the person would have access to PERA investment information, PERA assets, or other information relating to PERA members beneficiaries.

S.B. 06-15: Expands the centralized state fleet to include all trucks, regardless of weight, except for Department of Transportation vehicles rated at more than one ton. Appropriates \$1.8 million cash funds exempt to the Department of Personnel and Administration, Division of Central Services, Fleet Management Program and Motor Pool Services, for Operating Expenses. Prior to this bill state-owned passenger vehicles and trucks weighing 3/4 ton or less were managed by the Department of Personnel and Administration as a centralized state fleet. The bill also requires executive branch agencies that own vehicles outside of The State fleet to provide data on these vehicles, upon request, to the Department of Personnel and Administration. The bill also requires that all motor vehicles purchased for The State-owned motor vehicle fleet on or after January 1, 2007, meet or exceed the average fuel efficiency standards established pursuant to the federal "Energy Policy Conservation Act", 15 U.S.C. sec. 2001, et seq.

S.B. 06-16: Requires the Executive Director of the Department of Personnel and Administration to establish a policy by January 1, 2007, requiring all state-owned vehicles and equipment to use a fuel blend of at least 20 percent biodiesel and 80 percent petroleum diesel. The requirement is contingent on such fuels being available and costing no more than 10 cents per gallon more than petroleum diesel fuel.

S.B. 06-173: Allows members of the General Assembly to be reimbursed for all actual and necessary travel expenses incurred for vehicle travel while attending to legislative business. Increases The State reimbursement rate for mileage traveled by state employees in a personal vehicle on official state business. Commencing June 1, 2006, but before January 1, 2007, allows seventy-five percent of the prevailing internal revenue service mileage reimbursement rate to the nearest cent, eighty percent of the prevailing internal revenue service mileage reimbursement rate to the nearest cent for four-wheel-drive vehicles, and forty cents per nautical mile for privately owned aircraft. Commencing January 1, 2007, but before January 1, 2008, allows eighty percent of the prevailing internal revenue service mileage reimbursement rate to the nearest cent, eighty-five percent of

the prevailing internal revenue service mileage reimbursement rate to the nearest cent for four-wheel-drive vehicles, and forty cents per nautical mile for privately owned aircraft. Commencing January 1, 2008, allows ninety percent of the prevailing internal revenue service mileage reimbursement rate to the nearest cent, ninety-five percent of the prevailing internal revenue service mileage reimbursement rate to the nearest cent for four-wheel-drive vehicles, and forty cents per nautical mile for privately owned aircraft.

S.B. 06-202: Modifies the process for collecting debts due The State. Among other things, the bill eliminates the requirement that state agencies refer debts to The State Controller in the Department of Personnel and Administration when payment arrangements have been made; extends the time for assigning certain debts to private collections agencies; allows the department to collect debts on behalf of other political subdivisions of The State; and clarifies that if a debt is litigated, the debtor is liable for attorney fees, costs, and fees in addition to the collection fee.

S.B. 06-235: Reforms PERA benefit plans. Adds a Supplemental Amortization Equalization Disbursement (SAED). Amends the Highest Average Salary (HAS) calculation formula. Changes the Rule of 80 to a Rule of 85 with a minimum retirement age of 55. Implements a new Cost-of-Living Adjustment (COLA) fund for new hires. Reduces the statutorily prescribed amortization period from 40 years to 30 years. Requires the General Assembly to contract for an independent actuarial study before future benefit increases could occur. Establishes a new requirement to purchase service credit at full actuarial cost. Amends the composition of the PERA Board. Expands DC choice to higher education institutions.

H.B. 06-1227: Supplemental appropriations bill for the Department of Personnel and Administration that adjusts the FY 2005-06 appropriation.

H.B. 06-1256: Clarifies the procedure for calculating state employee salaries to ensure that no additional adjustment is made to compensate for the fact that there were no salary survey or performance awards in FY 2003-04. The bill also amends the laws governing dependent eligibility for purposes of state employees group benefit plans and annual elections for The State's defined contribution plan.

H.B. 06-1385: General appropriations act for FY 2006-07.

DEPARTMENT OF PUBLIC HEALTH AND ENVIRONMENT

The Department of Public Health and Environment is responsible for improving and protecting the health of the people of Colorado; maintaining and protecting the quality of Colorado's environment; and assuring the availability of health and medical care services to individuals and families.

The Department is organized into three sections: Administration, Environmental Programs, and Health Programs. Administration includes all central administrative, information technology, support services, and laboratory services. Environmental program areas include air and water quality control, hazardous materials, waste management, and consumer protection. Health program areas include disease control, local health services, inspection of health facilities, prevention services for children, emergency medical services, and health promotion.

The Department is comprised of the following divisions:

1. Administration and Support
2. Center for Health and Environmental Information
3. Laboratory Services
4. Local Health Services
5. Air Quality Control Division
6. Water Quality Control Division
7. Hazardous Materials and Waste Management Division
8. Consumer Protection
9. Disease Control and Environmental Epidemiology Division
10. Prevention Services Division
11. Health Facilities and Emergency Medical Services Division

Department Budget: Recent Appropriations

Funding Source	FY 2003-04	FY 2004-05	FY 2005-06	FY 2006-07
General Fund/1	\$12,500,105	\$13,106,464	\$20,570,942	\$22,816,667
Cash Funds	30,914,921	32,135,179	30,975,401	32,217,407
Cash Funds Exempt	55,108,546	64,460,031	134,953,130	187,511,616
Federal Funds	<u>159,729,485</u>	<u>169,665,132</u>	<u>201,431,922</u>	<u>210,157,021</u>
TOTAL	\$258,253,057	\$279,366,806	\$387,931,395	\$452,702,711
Full Time Equiv. Staff	1,094.6	1,115.5	1,143.2	1,150.2

/1 FY 2006-07 appropriations include \$516,147 of General Fund Exempt.

General Factors Driving the Budget

Funding for the Department for FY 2006-07 consists of 5.0 percent General Fund (including appropriations from the General Fund Exempt account), 7.1 percent cash funds, 41.4 percent cash funds exempt, and 46.4 percent federal funds. Some of the most important factors driving the budget are reviewed below.

Providing Access to Health Care Services for Low-Income Persons

Many programs within the health divisions serve low-income people. The definition of low income varies from program to program. For example, the Special Supplemental Nutrition Program for Women, Infants and Children (WIC) serves households with incomes no greater than 185 percent of the poverty level, which is currently \$35,798 for a family of four. For free mammograms under the Women's Cancer Control Initiative, the income limit is \$50,000 for a family of four.

Many of the programs are directed at women and children or Medicaid recipients. Services are often delivered through contracts with local health providers. The following table shows those programs directly targeted at low-income individuals. Other programs within the Department may indirectly serve this same population.

Health Divisions ^a	FY 2002-03 Actual	FY 2003-04 Actual	FY 2004-05 Actual	FY 2005-06 Approp.	FY 2006-07 Approp.
Low-Income Programs	\$122,772,067	\$138,970,144	\$123,698,739	\$151,081,729	\$156,913,103
As a Percent of Total Health Divisions Budget	49.9%	53.9%	48.3%	36.5%	34.6%

^a The health divisions are Administration and Support, Center for Health and Environmental Information, Laboratory Services, Local Health Services, Disease Control and Environmental Epidemiology, Prevention Services, and Health Facilities and Emergency Medical Services.

Federal Programs

Federal funds are the largest funding source for programs in the health divisions. The majority of the federal funds are for programs that are exclusively funded with federal dollars, such as the Women, Infants and Children (WIC) Grant; although some programs are linked to state funds through a required match, such as the Maternal and Child Health (MCH) Block Grant.

Health Divisions	FY 2002-03 Actual	FY 2003-04 Actual	FY 2004-05 Actual	FY 2005-06 Approp.	FY 2006-07 Approp.
Total Federal Funds - Health Divisions	\$164,026,558	\$189,839,145	\$177,917,736	\$177,742,514	\$187,408,379
As a Percent of Total Health Divisions Budget	66.7%	73.7%	69.4%	52.8%	46.7%

Over 44 percent of the budget for environmental divisions is funded by federal dollars, some of which require a state match or maintenance of effort. The environmental divisions manage over 100 active federal grants, including sub-awards of the Performance Partnership Block Grant and the Superfund Block Grant from the U.S. Environmental Protection Agency (EPA).

Environmental Divisions ^a	FY 2001-02 Actual	FY 2002-03 Actual	FY 2003-04 Actual	FY 2004-05 Actual	FY 2005-06 Approp.	FY 2006-07 Approp.
Total Federal Funds - Environ. Divisions	\$20,298,346	\$20,107,552	\$20,816,836	\$20,181,565	\$23,689,408	\$22,748,642
As a Percent of the Total Environ. Divisions Budget	48.7%	49.6%	47.0%	45.3%	46.1%	44.2%

^a The environmental divisions are Air Quality Control, Water Quality Control, Hazardous Materials and Waste Management, and Consumer Protection.

Tobacco Funding

Funding related to tobacco purchases, including annual payments from tobacco manufacturers that participate in the Master Settlement agreement and additional taxes paid on Colorado tobacco purchases under the provisions of Amendment 35, fund a significant portion of the Department's prevention and treatment programs. The Ryan White AIDS Drug Assistance program, the new HIV and AIDS Prevention Grant Program, the Tony Gramscas Youth Services program, the Nurse Home Visitor program and the Dental Loan Repayment program are all funded by tobacco-settlement moneys. Amendment 35 tax revenues fund the Tobacco Education, Prevention, and Cessation program, the Health Disparities Grant Program, the cardiovascular/pulmonary/chronic disease grant programs and a portion of the breast and cervical cancer screening program. Tobacco-related funding is summarized in the table below. All of the tobacco tax and tobacco settlement funds are classified as cash funds exempt in the Department's budget.

	FY 2002-03 Actual	FY 2003-04 Actual	FY 2004-05 Actual	FY 2005-06 Approp.	FY 2006-07 Approp.
Total Tobacco-related Funding	\$24,153,937	\$21,445,937	\$30,419,538	\$92,523,597	\$153,433,234
As a Percent of Total Health Divisions Budget	9.8%	8.3%	11.9%	27.5%	38.2%

Number of Permits and Inspections

The environmental divisions use permits and inspections to enforce compliance with applicable state and federal regulations. Permits range from construction permits for expanding a factory to discharge permits at hazardous waste generators. Inspection responsibilities include regulating sanitary conditions at dairy farms, ensuring that contaminated sites are properly remediated, and monitoring wastewater treatment facilities for compliance with permit requirements.

Environmental Divisions	FY 01-02 Actual	FY 02-03 Actual	FY 03-04 Actual	FY 04-05 Actual	FY 05-06 Estimate	FY 06-07 Estimate
<u>Permits and Applications Processed</u>						
Air Quality Control Division	6,442	6,421	7,710	6,619	6,033	6,335
Water Quality Control Division	2,982	2,235	2,452	2,579	2,968	2,978
Hazardous Waste Division	1,182	1,121	804	750	1,019	1,019
Consumer Protection Division	<u>1,944</u>	<u>1,979</u>	<u>2,548</u>	<u>2,548</u>	<u>2,548</u>	<u>2,548</u>
Total Permits & Applications	12,550	11,756	13,514	12,496	12,568	12,880

Environmental Divisions	FY 01-02 Actual	FY 02-03 Actual	FY 03-04 Actual	FY 04-05 Actual	FY 05-06 Estimate	FY 06-07 Estimate
<u>Inspections Conducted</u>						
Air Quality Control Division	3,808	3,424	3,540	3,573	3,650	4,260
Water Quality Control Division	833	941	1,255	1,562	1,153	1,213
Hazardous Waste Division ^a	464	518	6,550	6,100	7,025	7,025
Consumer Protection Division	<u>3,067</u>	<u>3,110</u>	<u>3,131</u>	<u>3,131</u>	<u>3,339</u>	<u>3,436</u>
Total Inspections	8,172	7,993	14,476	14,366	15,167	15,934

^a The increase in the number of inspections conducted by the Hazardous Materials and Waste Management Division in FY 2003-04 is due to the addition of the Radiation Management Program to the Division as part of a departmental reorganization.

Summary of FY 2005-06 and FY 2006-07 Appropriations

Department of Public Health and Environment						
	Total Funds	General Fund/1	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Total Appropriation:	\$387,931,395	\$20,570,942	\$30,975,401	\$134,953,130	\$201,431,922	1,143.2
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Administration and Support	25,458,327	500,149	1,628,314	19,368,994	3,960,870	63.4
Center for Health and Environmental Information	6,407,831	0	2,250,876	2,681,772	1,475,183	71.5
Laboratory Services	8,175,034	167,218	5,761,577	711,584	1,534,655	73.7
Local Health Services	2,943,875	2,699,203	0	0	244,672	5.4
Air Quality Control Division	15,717,498	0	6,560,713	5,556,801	3,599,984	151.7
Water Quality Control Division	13,372,924	1,686,747	3,160,253	309,443	8,216,481	122.1
Hazardous Materials and Waste Management Division	19,891,531	0	8,033,879	374,539	11,483,113	143.2
Consumer Protection	2,366,197	991,400	773,936	211,031	389,830	27.7
Disease Control and Environmental Epidemiology Division	62,718,141	3,762,191	6,441	3,399,224	55,550,285	183.8
Prevention Services Division	215,631,904	9,565,197	1,304,008	93,449,919	111,312,780	177.7
Health Facilities and Emergency Medical Services Division	15,248,133	1,198,837	1,495,404	8,889,823	3,664,069	123.0
<u>Breakdown of Total Appropriation by Bill</u>						
SB 05-209	314,586,861	15,062,378	31,339,780	67,332,978	200,851,725	1,130.3
HB 05-1126	21,375	0	21,375	0	0	0.1

Department of Public Health and Environment

	Total Funds	General Fund/1	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
HB 05-1161	250,000	250,000	0	0	0	0.0
HB 05-1262	68,145,273	0	0	68,145,273	0	14.0
HB 05-1287	8,657	0	8,657	0	0	0.2
HB 06-1228	(330,771)	(9,511)	(394,411)	(507,046)	580,197	(2.3)
HB 06-1372	1,250,000	1,250,000	0	0	0	0.0
HB 06-1385	4,000,000	4,018,075	0	(18,075)	0	0.9
HB 06-1410	0	0	0	0	0	0.0
FY 2006-07 Total Appropriation:	\$452,702,711	\$22,816,667	\$32,217,407	\$187,511,616	\$210,157,021	1,150.2
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Administration and Support	29,956,061	429,655	1,863,359	23,181,581	4,481,466	64.7
Center for Health and Environmental Information	6,552,053	0	2,335,450	2,743,534	1,473,069	71.4
Laboratory Services	8,541,952	169,737	6,257,725	567,013	1,547,477	73.9
Local Health Services	6,703,061	6,452,693	0	0	250,368	5.4
Air Quality Control Division	16,257,008	0	6,751,654	5,890,698	3,614,656	154.3
Water Quality Control Division	14,518,330	2,490,084	3,543,652	238,901	8,245,693	130.6
Hazardous Materials and Waste Management Division	18,347,010	0	7,512,672	328,789	10,505,549	127.5
Consumer Protection	2,363,043	1,081,535	811,250	87,514	382,744	27.8
Disease Control and Environmental Epidemiology Division	68,026,905	4,516,872	8,538	6,529,831	56,971,664	185.0
Prevention Services Division	265,506,675	6,123,958	1,594,750	138,787,632	119,000,335	182.4
Health Facilities and Emergency Medical Services Division	15,930,613	1,552,133	1,538,357	9,156,123	3,684,000	127.2
<u>Breakdown of Total Appropriation by Bill</u>						
HB 06-1385	458,004,337	22,264,041	31,812,335	193,770,940	210,157,021	ERR
SB 06-114	52,312	0	52,312	0	0	0.5
SB 06-171	0	0	0	0	0	0.0
HB 06-1045	52,626	52,626	0	0	0	0.6
HB 06-1054	3,168,896	0	0	3,168,896	0	1.2
HB 06-1154	24,400	0	24,400	0	0	0.0
HB 06-1277	3,829	0	3,829	0	0	0.0

Department of Public Health and Environment

	Total Funds	General Fund/1	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
HB 06-1278	31,541	0	31,541	0	0	0.5
HB 06-1302	250,000	0	0	250,000	0	1.5
HB 06-1310	(9,813,220)	0	0	(9,813,220)	0	0.0
HB 06-1322	135,000	0	0	135,000	0	0.0
HB 06-1337	292,990	0	292,990	0	0	0.0
HB 06-1396	500,000	500,000	0	0	0	0.7
HB 06-1410	0	0	0	0	0	0.0
Increase/(Decrease)	\$64,771,316	\$2,245,725	\$1,242,006	\$52,558,486	\$8,725,099	7.0
Percentage Change	16.7%	10.9%	4.0%	38.9%	4.3%	0.6%

/1 Includes \$516,147 of General Fund Exempt for FY 2006-07. See Division Detail for information on General Fund Exempt appropriations.

FY 2006-07 Appropriation Highlights:

1. Includes a \$3,750,000 General Fund increase for "per capita" Local, District and Regional Health Department distributions.
2. Provides \$3,168,896 cash funds exempt for a new HIV and AIDS prevention grant program, pursuant to H.B. 06-1054.
3. Provides a base increase of \$760,000 General Fund, \$56,000 cash funds, and 10.0 FTE for the Water Quality Control Division.
4. Includes a \$696,000 General Fund and General Fund Exempt increase for immunizations.
5. Provides \$500,000 of General Fund and 0.7 FTE for a grant program that will provide funding to school-based health centers, pursuant to H.B. 06-1396.
6. Eliminates \$9,812,667 of cash funds exempt, double appropriations from the Department of Public Health and Environment section of the Long Bill, pursuant to H.B. 06-1310. The appropriations are replaced with automatic transfers that do not appear in the Long Bill.
7. Reflects a reduction of the Hazardous Materials and Waste Management Division appropriation by \$1.0 million federal funds and 14.7 FTE due to the completion of clean-up activities at the Rocky Flats site.

Detail of Appropriation by Administrative Section

Administration and Support

This division includes the executive director's office, support services, business services, and human resources. Under the purview of the executive director is the chief medical officer, the Office of Policy and Public/Private Initiatives, customer services, and communications. Support services include building operations, telecommunications, and internal audit and management analysis. Business services include accounting, budgeting, contracts, payroll, and purchasing. The primary cash funds and cash funds exempt sources are indirect cost recoveries and the Automobile Inspection and Readjustment Account.

Administration and Support						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Appropriation:						
SB 05-209	\$19,827,138	\$509,660	\$1,637,178	\$13,727,248	\$3,953,052	63.0
HB 06-1228	60,789	(9,511)	(8,864)	71,346	7,818	0.0
HB 06-1385	0	0	0	0	0	0.2
HB 06-1410	<u>5,570,400</u>	<u>0</u>	<u>0</u>	<u>5,570,400</u>	<u>0</u>	<u>0.2</u>
TOTAL	\$25,458,327	\$500,149	\$1,628,314	\$19,368,994	\$3,960,870	63.4
FY 2006-07 Appropriation:						
FY 2005-06 Appropriation	\$25,458,327	\$500,149	\$1,628,314	\$19,368,994	\$3,960,870	63.4
Central appropriations	853,632	(70,494)	207,253	221,804	495,069	0.0
Annualize salary and benefits adjustments	203,093	0	6,179	196,914	0	0.0
Operating adjustments	191,326	0	17,172	152,707	21,447	0.0
Legal Services	69,876	0	4,441	61,355	4,080	0.0
Health Disparities FTE	18,360	0	0	18,360	0	0.3
Administration FTE	0	0	0	0	0	1.0
Amendment 35 revenue	(1,226,710)	0	0	(1,226,710)	0	0.0
HB 06-1385	\$25,567,904	\$429,655	\$1,863,359	\$18,793,424	\$4,481,466	64.7
HB 06-1322	135,000	0	0	135,000	0	0.0
HB 06-1410	<u>4,253,157</u>	<u>0</u>	<u>0</u>	<u>4,253,157</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$29,956,061	\$429,655	\$1,863,359	\$23,181,581	\$4,481,466	64.7
Increase/(Decrease)	\$4,497,734	(\$70,494)	\$235,045	\$3,812,587	\$520,596	1.3
Percentage Change	17.7%	-14.1%	14.4%	19.7%	13.1%	2.1%

HB 06-1385 (Long Bill) Issue Descriptions

Central appropriations: The appropriation includes increased appropriations for Health, Life, and Dental, Short Term Disability, Amortization Equalization Disbursement, Salary Survey, Shift Differential and Worker's Compensation. These items are appropriated to the Administration and Support Division and are then used throughout the Department.

Annualize salary and benefits adjustments: The appropriation includes increases for salary survey that were awarded in FY 2005-06. Salary survey increases are funded through centrally-appropriated line items in the Administration and Support Division in the year of the award and are incorporated into base personal-services funding for each division in the subsequent year. The adjustment shown also includes a 0.2 percent reduction to the base personal services appropriations for the Division.

Operating adjustments: The appropriation includes increases for the following items, which are governed by common policy: Administrative Law Judges, Purchase of Services from Computer Center, Multiuse Network Payments, Payment to Risk Management and Property Funds. The appropriation also includes an increased departmental indirect cost assessment.

Legal Services: The appropriation provides a continuing appropriation of 21,047 hours of legal services to the Department. The appropriation increase reflects the higher blended rate for legal hours.

Health Disparities FTE: The appropriation provides 0.3 more FTE for the Health Disparities Grant Program, an annualization of the FY 2005-06 supplemental Health Disparities FTE appropriation contained in the Long Bill.

Administration FTE: The appropriation provides 1.0 more FTE to the Administration Division to help respond to the workload created by H.B. 05-1262. The FTE will be supported through the existing appropriation.

Amendment 35 revenue: Amendment 35 tobacco taxes support the Health Disparities Grant program. The appropriation reflects changes in projected tax revenues.

Additional legislation: For information on H.B. 06-1322 and H.B. 06-1420, see the "Recent Legislation" section at the end of this department.

Center for Health and Environmental Information

The Center for Health and Environmental Information is divided into two subdivisions: (1) Health Statistics and Vital Records, and (2) Information Technology Services. Health Statistics and Vital Records is divided into three areas: registration, certification, and health statistics. Activities under the registration section include administration of birth, death, marriage, divorce, fetal death, and induced pregnancy termination records. This section also provides training and education on vital records rules, regulations, and statutes to individuals and local agencies as needed. The certification area issues certified copies of birth and death certificates, corrects and updates records, and administers the Voluntary Adoption Registry. The health statistics area provides statistical analysis for vital records collected by the Department and provides information internally as well as to outside agencies. The primary cash funds and cash funds exempt sources include the following: the Vital Records Cash Fund, laboratory fees, the Stationary Sources Control Fund, and indirect cost recoveries.

The Information Technology Services section is responsible for all departmental technology planning, network installation, operation and maintenance, end-user and personal computer support, applications development and maintenance, and Internet support.

Center for Health and Environmental Information and Statistics						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Appropriation:						
SB 05-209	\$6,461,242	\$0	\$2,182,608	\$2,682,530	\$1,596,104	71.3
HB 06-1228	(62,068)	0	59,611	(758)	(120,921)	0.0
HB 05-1287	<u>8,657</u>	<u>0</u>	<u>8,657</u>	<u>0</u>	<u>0</u>	<u>0.2</u>
TOTAL	\$6,407,831	\$0	\$2,250,876	\$2,681,772	\$1,475,183	71.5
FY 2006-07 Appropriation:						
FY 2005-06 Appropriation	\$6,407,831	\$0	\$2,250,876	\$2,681,772	\$1,475,183	71.5
Annualize salary and benefits adjustments	121,375	0	62,425	60,936	(1,986)	0.0
Operating adjustments	3,076	0	2,378	826	(128)	0.0
FY 2006-07 impact of H.B. 05-1287	(4,629)	0	(4,629)	0	0	(0.1)
HB 06-1385	\$6,527,653	\$0	\$2,311,050	\$2,743,534	\$1,473,069	71.4
HB 06-1154	<u>24,400</u>	<u>0</u>	<u>24,400</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$6,552,053	\$0	\$2,335,450	\$2,743,534	\$1,473,069	71.4
Increase/(Decrease)	\$144,222	\$0	\$84,574	\$61,762	(\$2,114)	(0.1)
Percentage Change	2.3%	n/a	3.8%	2.3%	-0.1%	-0.1%

HB 06-1385 (Long Bill) Issue Descriptions

Annualize salary and benefits adjustments: The appropriation includes increases for salary survey that were awarded in FY 2005-06. Salary survey increases are funded through centrally-appropriated line items in the Administration and Support Division in the year of the award and are incorporated into base personal-services funding for each division in the subsequent year. The adjustment shown also includes a 0.2 percent reduction to the base personal services appropriations for the Division.

Operating adjustments: The appropriation includes changes for the following items, which are governed by common policy: \$2,338 for Purchase of Services from Computer Center and (\$1,262) for Multiuse Network Payments. Also included is an extra \$2,000 for indirect cost assessments.

FY 2006-07 impact of H.B. 05-1287: The decrease reflects the second year impact of H.B. 05-1287 (Access to Adoptee Records).

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

Laboratory Services

This division provides scientific support for communicable disease outbreak and control and testing support to the Department's environmental quality programs. The division performs genetic screening tests for more than 70,000 Colorado newborns each year. The division also ensures and certifies quality standards in labs and law enforcement agencies through inspection of and consultation with clinical, water testing, and dairy labs throughout the state. Lastly, the division also provides operator training and certification for breath alcohol testing equipment.

Laboratory Services						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Appropriation:						
SB 05-209	\$8,049,477	\$167,218	\$5,646,020	\$711,584	\$1,524,655	73.7
HB 06-1228	<u>125,557</u>	<u>0</u>	<u>115,557</u>	<u>0</u>	<u>10,000</u>	<u>0.0</u>
TOTAL	\$8,175,034	\$167,218	\$5,761,577	\$711,584	\$1,534,655	73.7
FY 2006-07 Appropriation:						
FY 2005-06 Appropriation	\$8,175,034	\$167,218	\$5,761,577	\$711,584	\$1,534,655	73.7
Newborn Screening	142,438	0	341,112	(198,674)	0	0.2
Annualize salary and benefits adjustments	105,868	2,170	106,318	(435)	(2,185)	0.0
Water Quality	50,000	0	0	50,000	0	0.0
Indirect cost assessment	40,052	0	25,045	0	15,007	0.0
Medical inflation	28,560	349	23,673	4,538	0	0.0
HB 06-1385	<u>\$8,541,952</u>	<u>\$169,737</u>	<u>\$6,257,725</u>	<u>\$567,013</u>	<u>\$1,547,477</u>	<u>73.9</u>
TOTAL	\$8,541,952	\$169,737	\$6,257,725	\$567,013	\$1,547,477	73.9
Increase/(Decrease)	\$366,918	\$2,519	\$496,148	(\$144,571)	\$12,822	0.2
Percentage Change	4.5%	1.5%	8.6%	-20.3%	0.8%	0.3%

HB 06-1385 (Long Bill) Issue Descriptions

Annualize salary and benefits adjustments: The appropriation includes increases for salary survey that were awarded in FY 2005-06. Salary survey increases are funded through centrally-appropriated line items in the Administration and Support Division in the year of the award and are incorporated into base personal-services funding for each division in the subsequent year. The adjustment shown also includes a 0.2 percent reduction to the base personal services appropriations for the Division.

Newborn Screening: The increase reflects the second year impact of the Newborn Screening initiative approved last year.

Water Quality: The appropriation provides \$50,000 of laboratory services for the Water Quality base increase in the Water Quality Control Division.

Indirect cost assessment adjustments: The appropriation is adjusted so that the Department can collect the appropriate amount of indirect costs from cash-funded and federally-funded programs based on the FY 2006-07 appropriation.

Medical inflation: The appropriation includes a 2.05 percent medical inflation increase.

Local Health Services

This division contracts with local agencies and governments to provide public health nurses and environmental health specialists in areas not served by local health departments. The division also administers the Community Nursing Program which provides technical assistance to local and county public health nurses.

Local Health Services						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Appropriation:						
SB 05-209	\$1,693,875	\$1,449,203	\$0	\$0	\$244,672	5.4
HB 06-1372	<u>1,250,000</u>	<u>1,250,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$2,943,875	\$2,699,203	\$0	\$0	\$244,672	5.4
FY 2006-07 Appropriation:						
FY 2005-06 Appropriation	\$2,943,875	\$2,699,203	\$0	\$0	\$244,672	5.4
Per capita local health payments	3,750,000	3,750,000	0	0	0	0.0
Annualize salary and benefits adjustments	9,186	3,490	0	0	5,696	0.0
HB 06-1385	<u>\$6,703,061</u>	<u>\$6,452,693</u>	<u>\$0</u>	<u>\$0</u>	<u>\$250,368</u>	<u>5.4</u>
TOTAL	\$6,703,061	\$6,452,693	\$0	\$0	\$250,368	5.4
Increase/(Decrease)	\$3,759,186	\$3,753,490	\$0	\$0	\$5,696	0.0
Percentage Change	127.7%	139.1%	n/a	n/a	2.3%	0.0%

HB 06-1385 (Long Bill) Issue Descriptions

Annualize salary and benefits adjustments: The appropriation includes increases for salary survey that were awarded in FY 2005-06. Salary survey increases are funded through centrally-appropriated line items in the Administration and Support Division in the year of the award and are incorporated into base personal-services

funding for each division in the subsequent year. The adjustment shown also includes a 0.2 percent reduction to the base personal services appropriations for the Division.

Per capita local health payments: The appropriation includes extra funding for Local, District and Regional Health Department distributions pursuant to Section 25-1-516, C.R.S.

Air Quality Control Division

This division is responsible for identifying the nature and impact of Colorado's air pollution, and for implementing measures to prevent, control, and abate air pollution, under the direction of the Air Quality Control Commission. The Division is divided into four programs: Administration, Technical Services, Mobile Sources, and Stationary Sources. The Administration subdivision provides policy and regulatory recommendations to the Air Quality Control Commission, and coordinates all air programs. The Technical Services subdivision performs statewide air monitoring, pollutant analysis, and emission modeling, which forms the technical basis for state implementation plans and attainment redesignations. The Mobile Sources subdivision primarily conducts research relating to the causes and effects of pollution from mobile vehicles, and investigates, implements, and evaluates strategies aimed at reducing vehicular emissions. The Stationary Sources subdivision permits, monitors, and inspects factories and power plants, and analyzes data to determine compliance with state implementation plans. The primary source of cash funds is the Stationary Sources Control Fund. The primary source of cash funds exempt is the Automobile Inspection and Readjustment Account of the Highway Users Tax Fund.

Air Quality Control Division						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Appropriation:						
SB 05-209	\$15,751,587	\$0	\$6,565,061	\$5,502,262	\$3,684,264	151.6
HB 06-1228	<u>(34,089)</u>	<u>0</u>	<u>(4,348)</u>	<u>54,539</u>	<u>(84,280)</u>	<u>0.1</u>
TOTAL	\$15,717,498	\$0	\$6,560,713	\$5,556,801	\$3,599,984	151.7
FY 2006-07 Appropriation:						
FY 2005-06 Appropriation	\$15,717,498	\$0	\$6,560,713	\$5,556,801	\$3,599,984	151.7
Annualize salary and benefits adjustments	218,181	0	139,612	83,897	(5,328)	0.0
Annualization of prior year funding	108,528	0	108,528	0	0	2.1
FTE reductions	0	0	0	0	0	(1.5)
Indirect cost assessment adjustments	(89,511)	0	(109,511)	0	20,000	0.0
HB 06-1385	\$15,954,696	\$0	\$6,699,342	\$5,640,698	\$3,614,656	152.3
SB 06-114	52,312	0	52,312	0	0	0.5
HB 06-1302	<u>250,000</u>	<u>0</u>	<u>0</u>	<u>250,000</u>	<u>0</u>	<u>1.5</u>
TOTAL	\$16,257,008	\$0	\$6,751,654	\$5,890,698	\$3,614,656	154.3

Air Quality Control Division						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
Increase/(Decrease)	\$539,510	\$0	\$190,941	\$333,897	\$14,672	2.6
Percentage Change	3.4%	n/a	2.9%	6.0%	0.4%	1.7%

HB 06-1385 (Long Bill) Issue Descriptions

Annualize salary and benefits adjustments: The appropriation includes increases for salary survey that were awarded in FY 2005-06. Salary survey increases are funded through centrally-appropriated line items in the Administration and Support Division in the year of the award and are incorporated into base personal-services funding for each division in the subsequent year. The adjustment shown also includes a 0.2 percent reduction to the base personal services appropriations for the Division.

Annualization of prior year funding: The appropriation annualizes a FY 2005-06 supplemental appropriation to provide more resources to conduct oil and gas well drilling inspections.

Indirect cost assessment adjustments: The appropriation is adjusted so that the Department can collect the appropriate amount of indirect costs from cash-funded and federally-funded programs based on the FY 2006-07 appropriation.

FTE reductions: The appropriation includes a reduction of 1.5 FTE. The reduction includes: 1.0 FTE from the Mobile Sources Program (the Department is anticipating this program will be scaled down or eliminated in the next few years, so as employees have left, they have been replaced with contract staff); 0.4 FTE from Diesel Inspection and Maintenance (a relatively small program that over the years has found it can operate with fewer FTE by shifting more funding to operating costs); and 0.1 FTE from Air Quality Monitoring (the Division has not been able to use this appropriation because of lack of sufficient funding).

Additional legislation: For information on S.B.06-114 and H.B. 06-1302, see the "Recent Legislation" section at the end of this Department.

Water Quality Control Division

The Water Quality Control Division enforces the water quality regulations of the Water Quality Control Commission and the State Board of Health. Its responsibilities include developing stream classifications and standards, issuing permits to ensure that discharges comply with water quality standards, and performing monitoring and enforcement activities. This division also oversees water quality management planning, manages state and federal construction grant assistance programs, and provides technical assistance to local governments. In the area of drinking water, it conducts surveillance of public and non-public drinking water consistent with minimum federal and state standards, and reviews designs and specifications of new or expanding treatment facilities. It also is responsible for enforcing water quality regulations at commercial hog facilities. Sources of cash funds include the Water Quality Control Fund, and the Sludge Management Program Fund, and the newly created Drinking Water Cash Fund. Sources of cash funds exempt include the Groundwater Protection Fund and the commercial hog facility regulation fees.

Water Quality Control Division						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Appropriation:						
SB 05-209	\$13,879,589	\$1,668,672	\$3,513,978	\$332,518	\$8,364,421	122.1
HB 06-1228	(506,665)	0	(353,725)	(5,000)	(147,940)	0.0
HB 06-1385	<u>0</u>	<u>18,075</u>	<u>0</u>	<u>(18,075)</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$13,372,924	\$1,686,747	\$3,160,253	\$309,443	\$8,216,481	122.1
FY 2006-07 Appropriation:						
FY 2005-06 Appropriation	\$13,372,924	\$1,686,747	\$3,160,253	\$309,443	\$8,216,481	122.1
Increase base funding	816,374	759,997	56,377	0	0	10.0
Annualize salary and benefits adjustments	117,042	43,340	84,032	(542)	(9,788)	0.0
FTE reduction	(70,000)	0	0	(70,000)	0	(1.5)
Indirect cost assessment adjustments	(11,000)	0	(50,000)	0	39,000	0.0
HB 06-1385	\$14,225,340	\$2,490,084	\$3,250,662	\$238,901	\$8,245,693	130.6
HB 06-1337	<u>292,990</u>	<u>0</u>	<u>292,990</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$14,518,330	\$2,490,084	\$3,543,652	\$238,901	\$8,245,693	130.6
Increase/(Decrease)	\$1,145,406	\$803,337	\$383,399	(\$70,542)	\$29,212	8.5
Percentage Change	8.6%	47.6%	12.1%	-22.8%	0.4%	7.0%

HB 06-1385 (Long Bill) Issue Descriptions

Increase base funding: The appropriation includes a base increase to address concerns raised by the federal Environmental Protection Agency, stakeholders, and the Department about the Division's ability to fulfill its statutory responsibilities. Of the increase, \$403,841 and 6.5 FTE are appropriated to the Drinking Water Program, \$382,482 and 3.5 FTE are appropriated to the Clean Water Act Program, and \$30,051 is appropriated for Capital Outlay.

Annualize salary and benefits adjustments: The appropriation includes increases for salary survey that were awarded in FY 2005-06. Salary survey increases are funded through centrally-appropriated line items in the Administration and Support Division in the year of the award and are incorporated into base personal-services funding for each division in the subsequent year. The adjustment shown also includes a 0.2 percent reduction to the base personal services appropriations for the Division.

FTE reduction: The appropriation includes a reduction of 1.5 FTE from the Watershed Assessment, Outreach, and Assistance Program. These FTE were intended to be paid for with funding transferred from the Department of Agriculture for groundwater monitoring and assessment. This adjustment better aligns the appropriation with the expected transfer from the Department of Agriculture.

Indirect cost assessment adjustments: The appropriation is adjusted so that the Department can collect the appropriate amount of indirect costs from cash-funded and federally-funded programs based on the FY 2006-07 appropriation.

Additional legislation: For information on H.B. 06-1337, see the "Recent Legislation" section at the end of Public Health and Environment Department.

Hazardous Materials and Waste Management Division

This division regulates the treatment, storage, and disposal of solid and hazardous wastes under the direction of the Hazardous Waste Commission. In the Department's reorganization, the Radioactive Materials program was transferred to this division from Laboratory Services. The Division is responsible for inspecting solid waste facilities; overseeing large- and small-quantity hazardous waste generators, transporters, and storage facilities; responding to public complaints about such facilities; reviewing corrective action plans for technical compliance with applicable state environmental regulations; and regulating commercial radioactive materials in Colorado. Sources of cash funds include the Hazardous Waste Service Fund, the Hazardous Substance Response Fund, the Hazardous Waste Commission Fund, the Radiation Control Fund, and the Solid Waste Management Fund. The source of cash funds exempt is the Local Government Severance Tax Fund. Sources of federal funds include funds received from the U.S. Environmental Protection Agency and the U.S. Department of Defense.

Hazardous Materials and Waste Management Division						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Appropriation:						
SB 05-209	\$20,302,376	\$0	\$8,189,724	\$444,539	\$11,668,113	144.1
HB 05-1126	21,375	0	21,375	0	0	0.1
HB 06-1228	<u>(432,220)</u>	<u>0</u>	<u>(177,220)</u>	<u>(70,000)</u>	<u>(185,000)</u>	<u>(1.0)</u>
TOTAL	\$19,891,531	\$0	\$8,033,879	\$374,539	\$11,483,113	143.2
FY 2006-07 Appropriation:						
FY 2005-06 Appropriation	\$19,891,531	\$0	\$8,033,879	\$374,539	\$11,483,113	143.2
Annualize salary and benefits adjustments	117,641	0	124,711	4,611	(11,681)	0.0
Indirect cost assessment adjustments	50,000	0	0	0	50,000	0.0
Legal Services changes	20,611	0	8,217	2,689	9,705	0.0
Rocky Flats clean-up completion	(1,000,000)	0	0	0	(1,000,000)	(14.7)
Reduction in transfer to Department of Law for CERCLA-related costs	(644,825)	0	(644,825)	0	0	0.0
Elimination of CDOT liaison	(78,638)	0	0	(53,050)	(25,588)	(1.0)
Annualize H.B. 05-1126 appropriation	(9,310)	0	(9,310)	0	0	0.0
HB 06-1385	\$18,347,010	\$0	\$7,512,672	\$328,789	\$10,505,549	127.5

Hazardous Materials and Waste Management Division						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
SB 06-171	0	0	0	0	0	0.0
TOTAL	\$18,347,010	\$0	\$7,512,672	\$328,789	\$10,505,549	127.5
Increase/(Decrease)	(\$1,544,521)	\$0	(\$521,207)	(\$45,750)	(\$977,564)	(15.7)
Percentage Change	-7.8%	n/a	-6.5%	-12.2%	-8.5%	-11.0%

HB 06-1385 (Long Bill) Issue Descriptions

Annualize salary and benefits adjustments: The appropriation includes increases for salary survey that were awarded in FY 2005-06. Salary survey increases are funded through centrally-appropriated line items in the Administration and Support Division in the year of the award and are incorporated into base personal-services funding for each division in the subsequent year. The adjustment shown also includes a 0.2 percent reduction to the base personal services appropriations for the Division.

Indirect cost assessment adjustments: The appropriation is adjusted so that the Department can collect the appropriate amount of indirect costs from cash-funded and federally-funded programs based on the FY 2006-07 appropriation.

Legal Services changes: These changes are due to the increase in the rate charged by the Department of Law for providing legal services to state agencies, and to the impact of H.B. 05-1126 (Waste Tire Haulers Regulation).

Rocky Flats clean-up completion: These reductions are due to a reduction in oversight responsibilities at the Rocky Flats site. All major sources of contamination have been removed as of October 2005. The Division is still responsible for monitoring long-term operations and maintenance of continuing remedy components (such as ground water cleanups and landfill caps), and for the closing out of the administrative aspects of the regulatory process.

Reduction in transfer to Department of Law for CERCLA-related costs: The appropriation includes a reduction in the Division's cash fund transfer to the Department of Law due to the sunset of a two-cent surcharge on tipping fees charged for commercial vehicles that was established pursuant to S.B. 03-280.

Elimination of CDOT liaison: The Colorado Department of Transportation (CDOT) liaison was formerly housed in this Division and assisted CDOT and its contractors with the interpretation of and compliance with federal and state waste management laws and regulations. This FTE is now funded at CDOT.

Annualize H.B. 05-1126 appropriation: House Bill 05-1126 established the regulation of waste tire haulers. The appropriation includes a reduction to the Solid Waste Control Program this year because start-up costs in FY 2005-06 were greater than on-going costs.

Consumer Protection

This division is responsible for enforcing sanitation standards to prevent and control diseases transmitted by food and insects; eliminating unsanitary conditions in public accommodations; and preventing injuries to persons using potentially dangerous consumer products. Sources of cash funds include the Food Protection Cash Fund and the Artificial Tanning Device Education Fund. Sources of cash funds exempt include transfers from the Departments of Corrections and Human Services.

Consumer Protection						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Appropriation:						
SB 05-209	\$2,352,384	\$991,400	\$807,858	\$218,296	\$334,830	27.7
HB 06-1228	<u>13,813</u>	<u>0</u>	<u>(33,922)</u>	<u>(7,265)</u>	<u>55,000</u>	<u>0.0</u>
TOTAL	\$2,366,197	\$991,400	\$773,936	\$211,031	\$389,830	27.7
FY 2006-07 Appropriation:						
FY 2005-06 Appropriation	\$2,366,197	\$991,400	\$773,936	\$211,031	\$389,830	27.7
Annualize salary and benefits adjustments	33,372	14,776	19,314	(145)	(573)	0.0
Increase base funding for Retail Food Program	8,374	8,374	0	0	0	0.1
Refinance cash fund for Retail Food Program	0	66,985	0	(66,985)	0	0.0
Annualization of prior year funding	(44,900)	0	18,000	(56,387)	(6,513)	0.0
HB 06-1385	<u>\$2,363,043</u>	<u>\$1,081,535</u>	<u>\$811,250</u>	<u>\$87,514</u>	<u>\$382,744</u>	<u>27.8</u>
TOTAL	\$2,363,043	\$1,081,535	\$811,250	\$87,514	\$382,744	27.8
Increase/(Decrease)	(\$3,154)	\$90,135	\$37,314	(\$123,517)	(\$7,086)	0.1
Percentage Change	-0.1%	9.1%	4.8%	-58.5%	-1.8%	0.4%

HB 06-1385 (Long Bill) Issue Descriptions

Annualize salary and benefits adjustments: The appropriation includes increases for salary survey that were awarded in FY 2005-06. Salary survey increases are funded through centrally-appropriated line items in the Administration and Support Division in the year of the award and are incorporated into base personal-services funding for each division in the subsequent year. The adjustment shown also includes a 0.2 percent reduction to the base personal services appropriations for the Division.

Increase base funding for Retail Food Program: The appropriation includes a base increase for the Retail Food Program to enable it to conduct all statutorily required inspections.

Annualization of prior year funding: The appropriation annualizes the costs associated with a web-based inspection database for the Retail Food Program that was funded in FY 2005-06.

Refinance cash fund for Retail Food Program: In FY 2002-03, part of the Division's General Fund appropriation was refinanced with cash funds exempt reserves from the Retail Food Protection Cash Fund. The reserves have now been spent down and can no longer support the cash funds exempt appropriation. The appropriation includes refinancing that cash funds exempt appropriation with General Fund.

Disease Control and Environmental Epidemiology Division

This division helps prevent and control communicable diseases, investigate the incidence of environmental and chronic diseases, and evaluate potential risks posed by environmental toxicological exposures. The division is divided into four subdivisions: (1) administration, general disease control and surveillance; (2) special purpose disease control programs; (3) environmental epidemiology; and (4) emergency management.

Disease Control and Environmental Epidemiology Division						
	Total Funds	General Fund/1	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Appropriation:						
SB 05-209	\$62,029,521	\$3,512,191	\$6,441	\$3,533,414	\$54,977,475	185.2
HB 05-1161	250,000	250,000	0	0	0	0.0
HB 06-1228	<u>438,620</u>	<u>0</u>	<u>0</u>	<u>(134,190)</u>	<u>572,810</u>	<u>(1.4)</u>
TOTAL	\$62,718,141	\$3,762,191	\$6,441	\$3,399,224	\$55,550,285	183.8
FY 2006-07 Appropriation:						
FY 2005-06 Appropriation	\$62,718,141	\$3,762,191	\$6,441	\$3,399,224	\$55,550,285	183.8
Federal funding adjustments	732,773	0	0	0	732,773	0.0
Indirect cost assessment adjustments	693,951	0	2,000	(2,000)	693,951	0.0
Immunization	652,547	695,547	0	(43,000)	0	0.0
Medical inflation	49,725	49,628	97	0	0	0.0
Tobacco settlement payments	6,766	0	0	6,766	0	0.0
Annualize salary and benefits adjustments	4,210	9,506	0	49	(5,345)	0.0
HB 06-1385	\$64,858,113	\$4,516,872	\$8,538	\$3,361,039	\$56,971,664	183.8
HB 06-1054	3,168,896	0	0	3,168,896	0	1.2
HB 06-1310	<u>(104)</u>	<u>0</u>	<u>0</u>	<u>(104)</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$68,026,905	\$4,516,872	\$8,538	\$6,529,831	\$56,971,664	185.0

Disease Control and Environmental Epidemiology Division

	Total Funds	General Fund/1	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
Increase/(Decrease)	\$5,308,764	\$754,681	\$2,097	\$3,130,607	\$1,421,379	1.2
Percentage Change	8.5%	20.1%	32.6%	92.1%	2.6%	0.7%

/1 The total FY 2006-07 General Fund appropriation includes \$516,147 of General Fund Exempt.

General Fund Appropriation for Immunization Operating Expenses	Total General Fund	General Fund	General Fund Exempt
FY 2005-06 Appropriation	\$620,600	\$620,600	\$0
Change	<u>695,547</u>	<u>179,400</u>	<u>516,147</u>
Total FY 2006-07 Appropriation	\$1,316,147	\$800,000	\$516,147

In November 2004, Colorado voters passed Amendment 35 to the Colorado Constitution, which imposed new taxes on tobacco products. The amendment required that a portion of the tax revenue be appropriated to the General Fund and be reappropriated for health-related purposes. The implementing legislation for Amendment 35, H.B. 05-1262 directed 0.3 percent of revenues, starting in FY 2006-07, to immunizations performed by county public health nursing services. Because Amendment 35 monies are exempt from the TABOR limit, General Fund appropriations are General Fund Exempt.

HB 06-1385 (Long Bill) Issue Descriptions

Federal funding adjustments: The appropriation increases federal funds for the Environmental Epidemiology Long Bill group to better reflect anticipated federal funding.

Indirect cost assessment adjustments: The appropriation is adjusted so that the Department can collect the appropriate amount of indirect costs from cash-funded and federally-funded programs based on the FY 2006-07 appropriation.

Immunization: The increase reflects the combined effect of several changes: (1) \$516,147 of new General Fund Exempt funding resulting from Amendment 35 and H.B. 05-1162; (2) 386,400 of new General Fund support; (3) the expiration of \$250,000 of one-time funding provided by H.B. 05-1161 (Reporting Immunization Information); (4) refinancing, which substituted 43,000 of General Fund for cash funds exempt.

Medical inflation: The appropriation includes a 2.05 percent medical inflation increase.

Tobacco settlement payments: The Ryan White HIV/AIDS Drug program, located in this division, is partially funded from tobacco settlement payments. The higher appropriation reflects a small increase in expected settlement payments.

Annualize salary and benefits adjustments: The appropriation includes increases for salary survey that were awarded in FY 2005-06. Salary survey increases are funded through centrally-appropriated line items in the Administration and Support Division in the year of the award and are incorporated into base personal-services funding for each division in the subsequent year. The adjustment shown also includes a 0.2 percent reduction to the base personal services appropriations for the Division.

Additional legislation: For information on H.B. 06-1054 and H.B. 06-1310, see the "Recent Legislation" section at the end of this department.

Prevention Services Division

This division contains the following subdivisions: (1) prevention partnerships; (2) maternal and child health; (3) nutrition services; (4) prevention programs; (5) women's health-family planning; and (6) rural-primary care. Prevention partnerships includes the Tony Grampsas Youth Services grant programs and the Colorado Children's Trust. The maternal and child health subdivision includes the Nurse Home Visitor Program and the Health Care Program for Children with Special Needs. The Women, Infants and Children Supplemental Food Grant (WIC) program and the Child and Adult Food Care program make up the nutrition services subdivision. The prevention programs subdivision includes the state's cancer registry, chronic disease and cancer prevention grants, suicide prevention and the tobacco education and prevention program. The rural-primary care subdivision includes dental programs, the State Dental Loan Repayment fund, and federal grants for rural health care.

Prevention Services Division						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Appropriation:						
SB 05-209	\$148,988,311	\$5,565,197	\$1,298,508	\$31,280,275	\$110,844,331	163.2
HB 05-1262	68,145,273	0	0	68,145,273	0	14.0
HB 06-1385	4,000,000	4,000,000	0	0	0	0.7
HB 06-1228	68,720	0	5,500	(405,229)	468,449	0.0
HB 06-1410	<u>(5,570,400)</u>	<u>0</u>	<u>0</u>	<u>(5,570,400)</u>	<u>0</u>	<u>(0.2)</u>
TOTAL	\$215,631,904	\$9,565,197	\$1,304,008	\$93,449,919	\$111,312,780	177.7
FY 2006-07 Appropriation:						
FY 2005-06 Appropriation	\$215,631,904	\$9,565,197	\$1,304,008	\$93,449,919	\$111,312,780	177.7
H.B. 05-1262 (Implementation of Amendment 35)	43,336,056	0	0	43,336,056	0	0.0
Amendment 35 revenue	14,358,063	0	0	14,358,063	0	0.0
Federal funding adjustments	7,735,392	0	0	0	7,735,392	1.7
Tobacco settlement payments	1,794,235	0	0	1,794,235	0	0.0
Genetics Counseling	115,632	0	115,632	0	0	0.0
Newborn Screening	82,250	0	164,500	(82,250)	0	0.0
Annualize salary and benefits adjustments	40,867	24,812	3,010	(2,118)	15,163	0.0
Medical inflation	33,949	33,949	0	0	0	0.0
Tony Grampsas Youth Services Program FTE	0	0	0	0	0	1.0

Prevention Services Division						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
Breast and Cervical Cancer Screening Program FTE	0	0	0	0	0	1.3
End of one-time General Fund support for Tony Grampsas Program	(4,000,000)	(4,000,000)	0	0	0	0.0
Indirect cost assessment adjustments	(55,400)	0	7,600	0	(63,000)	0.0
HB 06-1385	\$279,072,948	\$5,623,958	\$1,594,750	\$152,853,905	\$119,000,335	181.7
HB 06-1310	(9,813,116)	0	0	(9,813,116)	0	0.0
HB 06-1396	500,000	500,000	0	0	0	0.7
HB 06-1410	<u>(4,253,157)</u>	<u>0</u>	<u>0</u>	<u>(4,253,157)</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$265,506,675	\$6,123,958	\$1,594,750	\$138,787,632	\$119,000,335	182.4
Increase/(Decrease)	\$49,874,771	(\$3,441,239)	\$290,742	\$45,337,713	\$7,687,555	4.7
Percentage Change	23.1%	-36.0%	22.3%	48.5%	6.9%	2.6%

HB 06-1385 (Long Bill) Issue Descriptions

H.B. 05-1262 (Implementation of Amendment 35): House Bill 05-1262, which implemented Amendment 35, directs 16.0 percent of Amendment 35 tax revenues to the Prevention, Early Detection, and Treatment Fund. The bill requires the entire amount of money projected to be available in this fund to be appropriated each year to the Prevention Services Division. These moneys are then reappropriated to programs.

Amendment 35 revenue: Amendment 35 tobacco taxes provide support for the Breast and Cervical Cancer Screening Program, the Tobacco Education, Prevention, and the Cessation Grant Program, and the Prevention, Early Detection and Treatment Grant program. The appropriation reflects changes in projected revenues as well as the re-appropriation of moneys appropriated to these programs last year that were not expended.

Federal funding adjustments: The appropriation increases federal funds for the Environmental Epidemiology Long Bill group to better reflect anticipated federal funding and federal support for FTE's.

Tobacco settlement payments: Three programs in this division are supported by tobacco settlement payments: the Nurse Home Visitor, Tony Grampsas Youth Services, and Dental Loan Repayment programs. The higher appropriation reflects an increase in expected settlement payments.

Genetics Counseling: The appropriation increases funding for the Genetics Counseling Program so that more clinics can be held in areas outside of Denver.

Newborn Screening: The increase reflects the second year impact of the Newborn Screening initiative approved last year.

Annualize salary and benefits adjustments: The appropriation includes increases for salary survey that were awarded in FY 2005-06. Salary survey increases are funded through centrally-appropriated line items in the Administration and Support Division in the year of the award and are incorporated into base personal-services funding for each division in the subsequent year. The adjustment shown also includes a 0.2 percent reduction to the base personal services appropriations for the Division.

Medical inflation: The appropriation includes a 2.05 percent medical inflation increase.

Tony Gramscas Youth Services Program FTE: The appropriation provides 1.0 more FTE for the Tony Gramscas Youth Services Program.

Breast and Cervical Cancer Screening Program FTE: The appropriation provides 1.3 more FTE for the Health Disparities Grant Program, an annualization of the FY 2005-06 supplemental Health Disparities FTE appropriation contained in the Long Bill.

End of one-time General Fund support for the Tony Gramscas Program: Reflects a return to base funding levels following the one-time General Fund appropriation in H.B. 06-1385 in support of the Tony Gramscas Youth Services Program.

Indirect cost assessment adjustments: The appropriation is adjusted so that the Department can collect the appropriate amount of indirect costs from cash-funded and federally-funded programs based on the FY 2006-07 appropriation.

Additional legislation: For information on H.B. 06-1310, H.B. 06-1396, and H.B. 06-1410, see the "Recent Legislation" section at the end of this department.

Health Facilities and Emergency Medical Services Division

This division establishes and enforces standards for the operation of health care facilities throughout the state. This division's activities include: licensure of hospitals, other health care facilities, health maintenance organizations, and assisted living facilities; certification of nursing homes; training of non-licensed individuals to administer medications in residential care facilities and adult day programs; medical services training and certification of emergency personnel; technical assistance to local emergency medical services agencies; and grants to support local emergency services activities.

Health Facilities and Emergency Medical Services Division						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Appropriation:						
SB 05-209	\$15,251,361	\$1,198,837	\$1,492,404	\$8,900,312	\$3,659,808	123.0
HB 06-1228	(3,228)	0	3,000	(10,489)	4,261	0.0
TOTAL	\$15,248,133	\$1,198,837	\$1,495,404	\$8,889,823	\$3,664,069	123.0

Health Facilities and Emergency Medical Services Division

	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Appropriation:						
FY 2005-06 Appropriation	\$15,248,133	\$1,198,837	\$1,495,404	\$8,889,823	\$3,664,069	123.0
Poison Control	300,000	300,000	0	0	0	0.0
Medicaid / Medicare facilities certification	182,718	0	0	182,718	0	3.1
Annualize salary and benefits adjustments	76,480	670	(2,417)	83,439	(5,212)	0.0
Indirect cost assessment adjustments	35,000	0	10,000	0	25,000	0.0
Medical inflation	286	0	0	143	143	0.0
HB 06-1385	\$15,842,617	\$1,499,507	\$1,502,987	\$9,156,123	\$3,684,000	126.1
HB 06-1045	52,626	52,626	0	0	0	0.6
HB 06-1277	3,829	0	3,829	0	0	0.0
HB 06-1278	<u>31,541</u>	<u>0</u>	<u>31,541</u>	<u>0</u>	<u>0</u>	<u>0.5</u>
TOTAL	\$15,930,613	\$1,552,133	\$1,538,357	\$9,156,123	\$3,684,000	127.2
Increase/(Decrease)	\$682,480	\$353,296	\$42,953	\$266,300	\$19,931	4.2
Percentage Change	4.5%	29.5%	2.9%	3.0%	0.5%	3.4%

HB 06-1385 (Long Bill) Issue Descriptions

Poison Control: The increase provides extra funding for a contractor that provides a 1-800 phone number that citizens can call 24 hours a day 7 days a week to obtain poison information.

Medicaid / Medicare facilities certification: The Department inspects and certifies a variety of facilities that serve Medicaid and Medicare patients. The appropriation provides increased funding that will reduce the inspection backlog and keep up with a projected higher future work level.

Annualize salary and benefits adjustments: The appropriation includes increases for salary survey that were awarded in FY 2005-06. Salary survey increases are funded through centrally-appropriated line items in the Administration and Support Division in the year of the award and are incorporated into base personal-services funding for each division in the subsequent year. The adjustment shown also includes a 0.2 percent reduction to the base personal services appropriations for the Division.

Indirect cost assessment adjustments: The appropriation is adjusted so that the Department can collect the appropriate amount of indirect costs from cash-funded and federally-funded programs based on the FY 2006-07 appropriation.

Medical inflation: The appropriation includes a 2.05 percent medical inflation increase.

Recent Legislation

2005 Session Bills

S.B. 05-209: General appropriations act for FY 2005-06. Also includes a supplemental adjustment to the appropriation for FY 2004-05.

S.B. 05-249: Increases the statutory allocation of tobacco settlement moneys to the Read-to-Achieve Grant Program for FY 2004-05. Makes the conforming increases in the FY 2004-05 appropriation of the tobacco settlement moneys for the Ryan White AIDS Drug Assistance, Tony Grampsas Youth Services, Nurse Home Visitor, Tobacco Education and Cessation, and Dental Loan Repayment programs based on a proportionate share of the costs incurred by the State's Auditor's Office to conduct statutorily-required performance reviews of various tobacco-funded programs. For more information on this bill, refer to the bill description contained in the Department of Education.

H.B. 05-1126: Appropriates \$21,375 cash funds from the Waste Tire Recycling Development Cash Fund, and 0.1 FTE, to the Hazardous Materials Waste Management Division to: conduct hearings and promulgate, monitor compliance with, and enforce rules regarding the disposal of waste tires; develop and maintain systems for waste tire hauler registration and waste tire hauler performance bonds; and respond to citizen complaints of illegal waste tire disposal.

H.B. 05-1161: Appropriates \$250,000 General Fund to the Infant Immunization Fund. Adds connection to and use of the immunization tracking system as a permitted use of moneys from the Infant Immunization Fund.

H.B. 05-1261: Changes the source for existing tobacco education and cessation programs from the annual tobacco settlement payment (from participating tobacco manufacturers) to the new tobacco taxes mandated by Amendment 35, which was passed by voters in the November 2004 election. The change affects a portion (\$1,352,500, the share for the months of May and June) of the funding for cessation programs from the settlement payment in FY 2004-05 and all of the funding (\$4,438,893) for cessation programs from the settlement payment in FY 2005-06.

H.B. 05-1262: Implements Section 21 of Article X of the Colorado Constitution, concerning taxes on tobacco products, which was adopted in the November 2004 election. Provisions specifically affecting the Department of Public Health and Environment include: (1) an appropriation of \$415,236 and 7.0 for personal services related to prevention, early detection and treatment programs; (2) an appropriation of \$32,836 for operating expenses related to prevention, early detection and treatment programs; (3) an appropriation of \$948,072 for independent program evaluation of prevention, early detection and treatment programs; (4) an appropriation of \$4,089,694 for breast and cervical cancer screenings; (5) an appropriation of \$910,306 to be transferred to the Department of Health Care Policy and Financing for treatment of breast and cervical cancer; (6) an appropriation of \$2,000,000 to be transferred to the Department of Health Care Policy and Financing for chronic disease management programs; (7) an appropriation of \$23,169,456 to fund competitive grants for prevention, detection and treatment of cancer, cardiovascular disease and chronic pulmonary disease; (8) an appropriation of \$379,849 and 7.0 FTE for personal services related to tobacco education programs; (9) an appropriation of \$65,868 for operating expenses related to tobacco education programs; and (10) an appropriation of \$30,563,556 for tobacco cessation and education grants. For additional information concerning other provisions of this bill, please see the bill descriptions for H.B. 05-1262 in the Department of Health Care Policy and Financing and Department of Human Services sections.

H.B. 05-1280: Authorizes each judicial district to establish, subject to available appropriations, a local child fatality prevention review team. Specifies the local entities that shall be represented on a local team, the types of cases that a local team shall review, and what each review shall entail. Creates the Colorado State Child Fatality Prevention Review Team in the Department of Public Health and Environment, and specifies the membership and duties of the state team. Authorizes the Department to receive contributions, grants, services, and donations for any costs associated with the duties of the state team, and creates the Child Fatality Prevention Cash Fund for such purpose.

H.B. 05-1287: Allows birth parents to file contact preference forms and medical history forms that can be accessed by adopted children. Appropriates \$8,657 cash funds spending authority and 0.2 FTE for creation, distribution and processing of the new forms.

2006 Session Bills

S.B. 06-114: Allows wastewater vessels and impoundments used in a housed commercial swine operation to be operated with technologies or practices to minimize the emission of odorous gases so long as those technologies are at least as effective as covers. Establishes an annual fee for housed commercial swine feeding operations. Appropriates \$52,312 cash funds from the Commercial Swine Feeding Operation Fund, and 0.5 FTE, to the Department of Public Health and Environment Air Quality Control Division in FY 2006-07.

S.B. 06-171: Transfers the following authorities from the State Board of Health: (1) authority regarding drinking water standards, project eligibility lists, and fee setting is transferred to the Water Quality Control Commission; and (2) authority regarding solid waste is transferred to the Solid and Hazardous Waste Commission. Specifies that the costs associated with the Solid and Hazardous Waste Commission must be split equally between the Solid and Hazardous Waste Commission Fund and Solid Waste Management Fund. Amends the FY 2006-07 appropriation to the Department of Public Health and Environment from H.B. 06-1385 with an increase of \$48,660 cash funds from the Solid Waste Management Fund and a proportionate decrease from the Solid and Hazardous Waste Commission Fund.

H.B. 06-1045: Requires the Department to collect data on hospital-acquired infections and report the data to National Healthcare Safety Network, the General Assembly, and the public. Creates an advisory committee of health care professionals to assist the department with program development. For FY 2006-07 appropriates \$52,626 General Fund and 0.6 FTE to the Health Facilities and Emergency Medical Services Division.

H.B. 06-1054: Creates the Colorado HIV and AIDS Prevention Grant Program to address local community needs in the areas of medically appropriate prevention and education. A 7-member advisory committee oversees the program. For FY 2006-07 appropriates \$1,584,448 of cash funds exempt tobacco settlement moneys to the AIDS and HIV Prevention Fund and then appropriates \$1,584,448 cash funds exempt from that fund, along with 1.2 FTE, to the Disease Control and Environmental Epidemiology Division.

H.B. 06-1154: Requires the Department of Public Health and Environment to issue heirloom birth and marriage certificates suitable for framing. The Department will credit \$10 from each heirloom birth certificate payment to the Infant Immunization Fund and \$10 from each heirloom marriage certificate payment to the Colorado Domestic Abuse Program Fund. For FY 2006-07 appropriates \$24,400 cash funds to the Center for Health and Environmental Information in the Department of Public Health and Environment.

H.B. 06-1228: Supplemental FY 2005-06 appropriation to the Department of Public Health and Environment.

H.B. 06-1277: Changes laws relating to persons with a mental illness. Defines acute treatment units (ATUs) and requires the Department of Public Health and Environment to establish and enforce standards for licensure of ATUs. For FY 2006-07 appropriates \$3,829 cash funds to the Department of Public Health and Environment, Health Facilities and Emergency Medical Services Division.

H.B. 06-1278: Creates the Colorado Hospital Report Card Act. Requires the Department to approve a comprehensive hospital information system for the collection, compilation, analysis, and utilization of hospital-related data. The information will be annually reported to the Governor, the General Assembly, and the public (through the internet). An association of hospitals will provide assistance with the project. For FY 2006-07 appropriates \$31,541 cash funds and 0.5 FTE to the Department of Public Health and Environment, Health Facilities and Emergency Medical Services Division.

H.B. 06-1302: Requires the Department to develop a "high emitter program" for auto emissions testing that is acceptable to the federal Environmental Protection Agency. Requires an increase in "clean screen" auto emissions testing. Changes the fee structure that supports the emissions testing program. Terminates the state's current vehicle emissions testing program effective December 31,2010. Appropriates \$250,000 cash funds exempt from the Clean Screen Fund, and 1.5 FTE, to the Department of Public Health and Environment, Air Quality Control Division.

H.B. 06-1310: Alters the rules governing the distribution of tobacco settlement moneys so as to reduce the number of supplemental appropriations for tobacco-settlement-supported programs. Eliminates numerous double appropriations that appear in the Long Bill by substituting automatic transfers for appropriations. Specifically, the following appropriations are eliminated from the FY 2006-07 Long Bill and replaced by transfers. (Each of these appropriations is from the Tobacco Litigation Settlement Cash Fund to a cash fund that supports a program, with the exception of the two-step transfer from the Tobacco Litigation Settlement Cash Fund to the Capital Construction Fund and the transfer from the Capital Construction Fund to the Fitzsimons Trust Fund.)

Department of Education:

To Read-to-achieve Cash Fund (\$4,369,567)

Department of Health Care Policy and Financing:

To Children's Basic Health Plan Trust (\$20,973,924)

To Comprehensive Primary and Preventive Care Fund (\$2,621,740)

Department of Military and Veterans Affairs:

To Colorado State Veterans Trust Fund (\$873,913)

Department of Public Health and Environment:

To State Dental Loan Repayment Fund (\$199,619)

To Nurse Home Visitor Program Fund (\$9,613,048)

Capital Construction:

From Tobacco Litigation Settlement Cash Fund to Capital Construction Fund (\$7,004,644)

From Capital Construction Fund to Fitzsimons Trust Fund (\$7,004,644)

Total (\$52,661,099)

The bill also makes small positive and negative adjustments to eight appropriations that support various tobacco programs. These adjustments total \$236.

H.B. 06-1322: Transfers \$135,000 to the Department of Public Health and Environment from the Operational Account of the Severance Tax Trust Fund and then appropriates this money as cash funds exempt to the Department's Administration and Support Division for the purpose of making grants to Colorado universities to study climate-change issues in FY 2006-07. For more on this bill see the Department of Agriculture section of this document.

H.B. 06-1337: Increases the civil penalty for violations of water quality control provisions from up to \$10,000 to up to \$25,000 per violation per day. Requires the Department to spend civil penalties collected on improving the water quality in impacted communities by awarding grants or providing matching funds for certain federal programs. Appropriates \$292,990 cash funds from the Water Quality Improvement Fund to the Department of Public Health and Environment, Water Quality Control Division in FY 2006-07.

H.B. 06-1372: Supplemental FY 2005-06 appropriation to the Department. Appropriates \$1,250,000 General Fund to the Department of Public Health and Environment, Local Health Services Division for Local, District and Regional Health Department Distributions pursuant to Section 25-1-516.

H.B. 06-1385: General appropriations act for FY 2006-07. Includes supplemental FY 2005-06 appropriations for the Department of Public Health and Environment that (1) increase the General Fund appropriation to the Water Quality Control Division by \$18,075 and decrease the cash funds exempt appropriation by an offsetting amount; (2) increase the appropriation for the Tony Grampasas Youth Services Program by \$4,000,000 General Fund; and (3) increase the FTE appropriation to the Department by 0.9 FTE.

H.B. 06-1396: Creates a grant program for the establishment, expansion, or on-going operation of school-based health centers. Health centers eligible for the grant moneys provide services on school district property and will be run by the school districts in cooperation with other health service providers. For FY 2006-07 appropriates \$500,000 General Fund and 0.7 FTE to the Department of Public Health and Environment, Prevention Services Division.

H.B. 06-1410: Creates the Health Disparities Grant Program Fund which is to receive 15 percent of the moneys transferred to the Prevention, Early Detection, and Treatment Fund. Changes the funding source for the \$5,570,400 cash funds exempt FY 2005-06 appropriation to the Health Disparities Grant Program (along with the associated 0.2 FTE) from the Prevention, Early Detection, and Treatment Fund to the Health Disparities Grant Program Fund. This also has the effect of moving the appropriation from the Prevention Services Division to the Administration and Support Division. Increases the FY 2006-07 cash funds exempt appropriation for the Health Disparities Grants Program by a net of \$4,253,157 while decreasing the cash funds exempt appropriation for Prevention, Early Detection, and Treatment Grants by a like amount.

DEPARTMENT OF PUBLIC SAFETY

The Department consists of five divisions: the Executive Director's Office; the Colorado State Patrol; the Office of Preparedness, Security, and Fire Safety; the Division of Criminal Justice; and the Colorado Bureau of Investigation. The Department operates the law enforcement training academy for the State Patrol and administers the Colorado Integrated Criminal Justice Information System.

The Colorado State Patrol promotes safety and protects human life by enforcing traffic laws on state highways. It has launched an ambitious traffic safety improvement plan which aims to eliminate most traffic deaths on patrol-supervised roads in Colorado by the year 2025. For 2005, the patrol reported a 12 percent decrease from the previous year in traffic fatalities on patrol-supervised roads, from 423 to 374, or 49 fewer traffic deaths. Through May 8th of this year, the patrol reports a 24 percent decrease from the same period last year, or 43 fewer traffic deaths.

In support of its highway safety plan, the State Patrol coordinates the "Alive at 25" defensive driving training program for students ages 15 to 24. Of the more than 60,000 students who have completed the Alive at 25 course in Colorado since it started ten years ago, only three have died in car accidents. This is an estimated 47 fewer traffic deaths than would otherwise be expected, using national traffic fatality rates. In further support of the highway safety plan, the Communications Program operates the *CSP and *DUI toll free hotlines for motorists to report aggressive drivers, drunk drivers, and other hazards.

The Office of Preparedness, Security and Fire Safety coordinates the State's response to the threat of terrorism; the Division of Fire Safety also assists in solving fire safety problems, administers a statewide fire reporting system, and trains firefighters and first responders. (The Department of Local Affairs administers federal homeland security funds and manages emergency preparedness and response.)

The Division of Criminal Justice assists with policy formation, conducts criminal justice research, administers grants for law enforcement and community crime control programs, addresses the needs of crime victims, manages community corrections programs, and sets standards for the treatment of juvenile and adult sex and domestic violence offenders. The Colorado Bureau of Investigation assists state and local law enforcement in investigating crime and in enforcing criminal laws; investigates organized crime; maintains more than 1.2 million fingerprint records and almost 50,000 DNA profiles; operates the statewide crime reporting program; and arranges for scientific laboratory services and facilities, using existing facilities and services when feasible.

Department Budget: Recent Appropriations

Funding Source	FY 2003-04	FY 2004-05	FY 2005-06	FY 2006-07
General Fund	\$54,171,145	\$56,498,955	\$58,901,926	\$66,899,268
Cash Funds	9,948,119	10,374,569	10,865,049	12,263,259
Cash Funds Exempt	87,771,436	109,623,522	115,218,660	106,986,194
Federal Funds	<u>43,085,120</u>	<u>42,081,845</u>	<u>35,496,685</u>	<u>35,214,722</u>
TOTAL	\$194,975,820	\$218,578,891	\$220,482,320	\$221,363,443
Full Time Equiv. Staff	1,247.4	1,265.7	1,260.8	1,285.8

General Factors Driving the Budget

The Department budget is driven largely by state highway supervision needs, which are funded from the Highway Users Tax Fund (HUTF); by community corrections caseload; and by statutory requirements for DNA and fingerprint identification data. This year, the General Assembly added a new unit to the Colorado State Patrol to address human smuggling and human trafficking on state highways, funded with General Fund. The General Assembly also created a new unit within the Colorado Bureau of Investigation to investigate and prosecute identity theft and financial fraud. The Department budget is composed of 30.2 percent General Fund; 5.5 percent cash funds from various sources; 48.3 percent cash funds exempt, primarily from the HUTF and from indirect cost recoveries; and 15.9 percent federal funds, primarily from criminal justice grants.

Colorado State Patrol

Highway supervision needs, and hence the patrol's budget, depend largely on highway usage. The patrol enforces traffic laws on approximately 9,000 miles of state and federal highways and 57,000 miles of county roads, and has special safety programs for hazardous materials transport and for commercial vehicles.

The Highway Users Tax Fund (HUTF) provides more than 37.0 percent of the Department budget and more than 86.0 percent of the State Patrol budget. HUTF revenue sources include gas and special-fuel taxes, driver's license fees, motor vehicle title and registration fees, fines, license plate fees, and passenger-mile taxes. The State Patrol, along with the Ports of Entry, receives a portion of HUTF revenues for supervision of the highways, before any other distributions are made. The distribution to the State Patrol and the Ports of Entry is taken "off-the-top," before the formula allocation of HUTF to the state highway fund, counties, and cities. State statute limits the off-the-top HUTF expenditures for highway supervision to 6.0 percent annual growth, regardless of any increase or decrease in overall highway-related revenues.

Community Corrections – Residential Placements

The primary factor driving the Division of Criminal Justice's budget is the need for, availability of, and cost of community corrections beds. There are two types of residential placements: diversion and transition. Diversion placements are for offenders sentenced directly to community corrections by the Judicial Department. These offenders are placed in a residential community corrections facility rather than being sentenced to the Department of Corrections. Transition placements are for inmates who have served the majority of their sentence in the Department of Corrections and are nearing parole. These inmates are released to a residential community corrections bed in preparation for parole.

	Actual FY 02-03	Actual FY 03-04	Actual FY 04-05	Approp. FY 05-06	Approp. FY 06-07
Residential Diversion Beds Funded	1,231	1,231	1,231	1,231	1,231
Residential Transition Beds Funded	1,096	1,183	1,310	1,384	1,523
Residential Daily Rates per Bed	\$36.21	\$34.70	\$34.70	\$35.39	\$36.63
<i>Percent Change in Reimbursement Rate</i>	<i>n/a</i>	<i>-4.2%</i>	<i>0.0%</i>	<i>2.0%</i>	<i>3.5%</i>
Total General Fund Expenditures (residential and non-residential programs)	\$35,327,418	\$35,982,499	\$37,670,993	\$40,193,048	\$43,773,000
<i>Growth of General Fund Expenditures</i>	<i>n/a</i>	<i>1.9%</i>	<i>4.7%</i>	<i>6.7%</i>	<i>8.9%</i>

Office of Preparedness, Security, and Fire Safety

The statutory mandate of the Office of Preparedness, Security and Fire Safety is to coordinate the state's response to the threat of terrorism. The budget has been driven primarily by the availability of federal homeland security funds.

Colorado Bureau of Investigation (CBI)

The CBI provides information technology, laboratory, and investigative services to local, state, and federal law enforcement agencies upon request. The budget is now driven in large part by the Bureau's statewide expansion plan. This year the General Assembly approved the Bureau's agreement to build and lease a new, state-of-the-art forensic crime laboratory in Grand Junction that is five times the size of the current facility in Montrose. The Department commissioned a Master Plan for a new Western Slope facility in 2001 and a Master Plan for a new Denver office in 2000. It also plans a new laboratory in Durango. The Denver Master Plan calls for increasing space from less than 30,000 square feet to approximately 130,000 square feet.

In 2005, the Bureau entered into a multi-party agreement to create a new special-purpose entity to borrow money for, build, and own a new facility in Grand Junction, with lease payments calculated to pay off the long-term debt incurred for construction over a 27-plus year term. The Bureau agreed to pay \$1,190,000 for architectural and design costs. This year the General Assembly approved \$748,000 for architectural and design costs, plus funding for a real estate project manager and other costs. In FY 2007-08 the Department will need additional funding for the remainder of the architectural and design costs, in addition to move-in costs and increased operating costs. The increase in the Bureau's base operating budget over the 27-year lease term is estimated to be more than \$920,000 per year, plus structural and mechanical costs, as well as increased personnel costs for staffing the new facility.

The Colorado Crime Information Center (CCIC) provides information around the clock to law enforcement agencies on wants, warrants, case status, stolen property, vehicle registration, known offenders, and drivers licenses. The center maintains system hardware and software, including a statewide telecommunications network connecting more than 350 client law enforcement agencies to the Center. The Center provides criminal identification checks online, criminal background checks, and fingerprint-based criminal background checks and also operates the state's "instacheck" criminal background check program for the firearms industry. The budget is driven primarily by information technology enhancement needs and by the expansion of statutory requirements.

The Laboratory analyzes DNA, fingerprint, firearms and toolmarks, physiological fluids, chemical, document, and digital evidence, as well as trace evidence and shoe and tire track evidence, and Investigative Services investigates crime scenes, upon the request of local, state, and federal law enforcement agencies. Three of the 15 investigators are assigned to perform pre-employment and other polygraph tests for the Department and for other agencies.

Colorado Integrated Criminal Justice Information System (CICJIS)

CICJIS is a collaborative effort to transfer data among agencies electronically and to match arrest information with case dispositions. The budget is driven largely by technological advances which can enhance system capabilities.

Summary of FY 2005-06 and FY 2006-07 Appropriations

Department of Public Safety						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Total Appropriation:	\$220,482,320	\$58,901,926	\$10,865,049	\$115,218,660	\$35,496,685	1,260.8
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Executive Director's Office	17,045,155	1,925,162	484,990	14,045,906	589,097	40.5
Colorado State Patrol	104,691,113	1,428,184	3,049,470	96,358,617	3,854,842	940.5
Office of Preparedness, Security and Fire Safety	1,351,873	91,367	340,161	139,719	780,626	11.5
Division of Criminal Justice	73,906,215	41,405,503	2,110,359	965,123	29,425,230	60.2
Colorado Bureau of Investigation	23,487,964	14,051,710	4,880,069	3,709,295	846,890	208.1
<u>Breakdown of Total Appropriation by Bill</u>						
SB 05-209	220,196,993	59,412,207	10,522,542	114,768,973	35,493,271	1,256.4
SB 05-13	473,999	0	192,025	281,974	0	2.3
SB 05-155	(15,413)	0	(15,413)	0	0	0.0
HB 05-1013	8,727	0	8,727	0	0	0.0
HB 05-1040	0	0	89,093	(89,093)	0	0.0
HB 05-1093	127,737	0	52,937	74,800	0	0.6
HB 05-1175	21,060	0	9,026	12,034	0	0.0
HB 06-1229	(393,987)	(533,115)	6,112	129,602	3,414	1.5
HB 06-1385	63,204	22,834	0	40,370	0	0.0
FY 2006-07 Total Appropriation:	\$221,363,443	\$66,899,268	\$12,263,259	\$106,986,194	\$35,214,722	1,285.8
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Executive Director's Office	20,216,481	2,514,000	593,398	16,490,504	618,579	40.5
Colorado State Patrol	95,733,107	2,939,161	3,118,133	85,853,791	3,822,022	952.0
Office of Preparedness, Security and Fire Safety	1,139,472	93,789	401,884	144,411	499,388	12.5
Division of Criminal Justice	79,090,606	46,284,281	2,351,945	1,012,677	29,441,703	60.7
Colorado Bureau of Investigation	25,183,777	15,068,037	5,797,899	3,484,811	833,030	220.1
<u>Breakdown of Total Appropriation by Bill</u>						
HB 06-1385	218,746,189	65,268,870	11,091,707	107,170,890	35,214,722	1,264.7
SB 06-22	29,000	29,000	0	0	0	0.0

Department of Public Safety						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
SB 06-45	182,099	0	134,579	47,520	0	2.0
SB 06-176	0	0	337,816	(337,816)	0	0.0
SB 06-225	1,542,563	1,542,563	0	0	0	12.0
SB 06-230	70,783	0	31,183	39,600	0	0.3
HB 06-1058	187,000	0	187,000	0	0	0.5
HB 06-1153	58,835	58,835	0	0	0	1.2
HB 06-1158	55,645	0	55,645	0	0	1.0
HB 06-1161	112,894	0	46,894	66,000	0	0.6
HB 06-1347	378,435	0	378,435	0	0	3.5
Increase/(Decrease)	\$881,123	\$7,997,342	\$1,398,210	(\$8,232,466)	(\$281,963)	25.0
Percentage Change	0.4%	13.6%	12.9%	-7.1%	-0.8%	2.0%

FY 2006-07 Appropriation Highlights:

1. The appropriation includes \$1.9 million General Fund for 139 additional residential community corrections placements based on the anticipated increase in the prison population using the December 2005 Legislative Council Staff inmate population projections.
2. The appropriation includes \$1.5 million and 12.0 FTE General Fund to establish a new unit within the Colorado State Patrol to address human smuggling and human trafficking on state highways, pursuant to S.B. 06-225.
3. The appropriation includes \$1.5 million General Fund for a 3.5 percent rate increase for community corrections providers.
4. The appropriation provides \$1.2 million General Fund to restore 50.0 percent of the appropriation for juvenile diversion programs that was eliminated in the 2002 session as a result of line item vetoes in the 2002 Long Bill (H.B. 02-1420).
5. The appropriation includes a total of \$853,500 General Fund for the Colorado Bureau of Investigation, for first-year architectural and design costs (shown in the Executive Director's Office/Leased Space budget line) and other initial costs of construction for a new Western Slope facility. Projected costs for the next 27 years are detailed below, under Executive Director's Office, Leased Space.
6. The appropriation includes a total of \$590,000 General Fund for the Colorado Bureau of Investigation to add 5.0 FTE new chemists, plus supporting equipment, to handle an increase in drug cases.

7. The appropriation includes \$235,000 General Fund for 20 community corrections beds that specialize in mental health treatment for inmates transitioning out of prison.
8. The appropriation includes \$50,000 General Fund to replenish the Witness Protection Fund.
9. The appropriation includes a \$15.0 million reduction in cash funds exempt spending authority for the "Counter-drug Program" in order to reflect actual usage. The program allows local governments to purchase equipment through the State Patrol at federal discount rates. The funds are local government pass-through funds.

Detail of Appropriation by Administrative Section

Executive Director's Office

This Office manages the administrative and fiscal affairs of the Department. It also administers the Witness Protection Program and houses the Colorado Integrated Criminal Justice Information System (CICJIS). The primary cash funds and cash funds exempt sources include the Highway Users Tax Fund, limited gaming funds transferred from the Department of Revenue, the Hazardous Materials Safety Fund, and indirect cost recoveries.

Executive Director's Office						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Appropriation:						
SB 05-209	\$17,658,000	\$2,619,471	\$485,202	\$13,964,104	\$589,223	40.5
HB 06-1229	(676,049)	(717,143)	(212)	41,432	(126)	0.0
HB 06-1385	<u>63,204</u>	<u>22,834</u>	<u>0</u>	<u>40,370</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$17,045,155	\$1,925,162	\$484,990	\$14,045,906	\$589,097	40.5
FY 2006-07 Appropriation:						
FY 2005-06 Appropriation	\$17,045,155	\$1,925,162	\$484,990	\$14,045,906	\$589,097	40.5
Health, Life and Dental	1,368,180	109,751	69,736	1,174,573	14,120	0.0
Leased Space	747,988	747,988	0	0	0	0.0
PERA Amortization Equalization	344,189	80,317	15,835	239,822	8,215	0.0
Risk Management and Property Funds	222,977	0	0	222,977	0	0.0
Workers' Compensation	162,494	0	0	162,494	0	0.0
Salary Survey	138,191	(18,864)	30,733	114,500	11,822	0.0
Administration Personal Services	70,531	0	0	70,531	0	0.0
Witness Protection Fund	50,000	50,000	0	0	0	0.0
Multiuse Network Payments	(8,473)	(302,852)	0	294,379	0	0.0

Executive Director's Office						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
Other	75,249	(77,502)	(7,896)	165,322	(4,675)	0.0
HB 06-1385	<u>\$20,216,481</u>	<u>\$2,514,000</u>	<u>\$593,398</u>	<u>\$16,490,504</u>	<u>\$618,579</u>	<u>40.5</u>
TOTAL	<u>\$20,216,481</u>	<u>\$2,514,000</u>	<u>\$593,398</u>	<u>\$16,490,504</u>	<u>\$618,579</u>	<u>40.5</u>
Increase/(Decrease)	\$3,171,326	\$588,838	\$108,408	\$2,444,598	\$29,482	0.0
Percentage Change	18.6%	30.6%	22.4%	17.4%	5.0%	0.0%

HB 06-1385 (Long Bill) Issue Descriptions

Health, Life and Dental: The increase reflects the statewide common policy.

Leased Space: The appropriation provides one-time funding for architectural and design costs of construction for a new Colorado Bureau of Investigation Western Slope facility. The General Assembly approved this amount for FY 2006-07, having the following information on projected costs in future years:

	FY 2006-07	FY 2007-08	FY 2007-08 through FY 2034-35
Architectural Design, Engineering	\$747,988	\$442,012	
Project Manager	60,000	unknown	
Moving Expenses (est.)	34,357	\$200,000	
Telephone Installation		5,000	
Increased Data/MNT System cost	11,149	11,149	\$11,149
Hazardous Waste Removal		10,000	10,000
Increase in Lease Payment		747,988	747,988
Operations and Maintenance		152,000	152,000+
Structural and Mechanical		unknown	unknown

Salary Survey: The increase reflects the statewide common policy.

PERA Amortization Equalization: The increase reflects the statewide common policy.

Risk Management and Property Funds: The increase reflects the statewide common policy.

Workers' Compensation: The increase reflects the statewide common policy.

Administration Personal Services: The increase annualizes FY 2005-06 pay increases.

Witness Protection Fund: The increase replenishes the Fund so as to allow continuation of spending authority from the Fund at an estimated \$50,000 per year.

Multiuse Network Payments: The appropriation replaces General Fund with indirect cost recoveries.

Other: The appropriation includes changes in common policy items, such as shift differential, vehicle lease payments, and capitol complex leased space.

Colorado State Patrol

This Division is responsible for the safe and efficient movement of motor vehicle traffic on federal, state, and county roads in Colorado. The State Patrol enforces motor vehicle laws, assists motorists in need, conducts automotive and motor carrier safety checks, investigates traffic accidents, and oversees the transportation of hazardous materials. The primary cash funds and cash funds exempt sources include: the Highway Users Tax Fund, limited gaming funds that are transferred from the Department of Revenue, the Vehicle Inspection Number Identification Fund, the Auto Theft Prevention Fund, and user fees from state and non-state agencies.

Colorado State Patrol						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Appropriation:						
SB 05-209	\$104,459,750	\$1,293,677	\$3,043,179	\$96,271,592	\$3,851,302	939.0
HB 06-1229	<u>231,363</u>	<u>134,507</u>	<u>6,291</u>	<u>87,025</u>	<u>3,540</u>	<u>1.5</u>
TOTAL	\$104,691,113	\$1,428,184	\$3,049,470	\$96,358,617	\$3,854,842	940.5
FY 2006-07 Appropriation:						
FY 2005-06 Appropriation	\$104,691,113	\$1,428,184	\$3,049,470	\$96,358,617	\$3,854,842	940.5
Sergeants, Technicians, and Troopers	1,789,947	0	25,516	1,764,431	0	0.0
Indirect Cost Assessment	860,090	0	17,922	834,378	7,790	0.0
Communications Program	667,355	0	16,308	649,585	1,462	0.0
MDC Asset Maintenance and Operating Expenses	425,000	(120,443)	0	545,443	0	0.0
Vehicle Lease Payments	263,950	0	(1,062)	258,011	7,001	0.0
Civilians	126,560	0	1,952	124,608	0	0.0
Counter-drug Program	(15,131,534)	0	0	(15,000,000)	(131,534)	(2.0)
Other	498,063	88,857	8,027	318,718	82,461	1.5
HB 06-1385	\$94,190,544	\$1,396,598	\$3,118,133	\$85,853,791	\$3,822,022	940.0
SB 06-225	<u>1,542,563</u>	<u>1,542,563</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>12</u>
TOTAL	\$95,733,107	\$2,939,161	\$3,118,133	\$85,853,791	\$3,822,022	952.0

Colorado State Patrol						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
Increase/(Decrease)	(\$8,958,006)	\$1,510,977	\$68,663	(\$10,504,826)	(\$32,820)	11.5
Percentage Change	-8.6%	105.8%	2.3%	-10.9%	-0.9%	1.2%

HB 06-1385 (Long Bill) Issue Descriptions

Sergeants, Technicians, and Troopers: The increase annualizes FY 2005-06 pay increases.

Indirect cost assessment: The appropriation includes an increase of \$794,964 in the indirect cost assessment from the Highway Users Tax Fund, based on the Department's indirect cost recovery plan.

Communications Program: The increase brings experienced communications officers' salaries to the midpoint of their salary range.

MDC Asset Maintenance and Operating Expenses: The appropriation provides funding for maintenance of the mobile computer systems in State Patrol vehicles. It funds replacement of one-fourth of the mobile computer systems each year on a four-year replacement cycle.

Vehicle Lease Payments: The increase reflects the statewide common policy.

Civilians: The increase annualizes FY 2005-06 pay increases for the Patrol's administrative support staff.

Counter-drug Program: The appropriation reduces spending authority for the Counter-drug Program in order to reflect actual usage. The program allows local governments to purchase equipment through the state at federal discount rates. The funds are government pass-through funds.

Other: The appropriation annualizes 1.5 FTE added in a FY 2005-06 emergency supplemental for the Judicial Department for three more security guards.

Additional legislation: For information on S.B. 06-225, see the "Recent Legislation" section at the end of this department.

Office of Preparedness, Security, and Fire Safety

House Bill 02-1315 created the Office of Preparedness, Security, and Fire Safety (OPSFS) as a division within the Department of Public Safety. The OPSFS consists of the Division of Fire Safety and the Office of Anti-terrorism Planning and Training.

The Division of Fire Safety assists local governments in developing solutions to fire safety issues that are common to local, state, and federal governmental units. The Division provides technical assistance to local governments, maintains a statewide reporting system, administers certification and training programs, and oversees fireworks regulation. The primary sources of cash funds and cash funds exempt for this division

include: the Fire Service Education and Training Fund, the Hazardous Materials Responder Voluntary Certification Fund, the Fire Suppression Cash Fund, and limited gaming funds transferred from the Department of Revenue.

The Office of Anti-terrorism Planning and Training creates and implements terrorist preparedness plans and develops protocols for the State's response to terrorism. It includes an information and analysis center and a critical infrastructure protection team. This office is funded entirely from federal homeland security grants administered through the Department of Local Affairs.

Office of Preparedness, Security, and Fire Safety						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Appropriation:						
SB 05-209	<u>\$1,351,873</u>	<u>\$91,367</u>	<u>\$340,161</u>	<u>\$139,719</u>	<u>\$780,626</u>	<u>11.5</u>
TOTAL	\$1,351,873	\$91,367	\$340,161	\$139,719	\$780,626	11.5
FY 2006-07 Appropriation:						
FY 2005-06 Appropriation	\$1,351,873	\$91,367	\$340,161	\$139,719	\$780,626	11.5
Federal grants and other	(268,046)	2,422	6,078	4,692	(281,238)	0.0
HB 06-1385	\$1,083,827	\$93,789	\$346,239	\$144,411	\$499,388	11.5
HB 06-1158	<u>55,645</u>	<u>0</u>	<u>55,645</u>	<u>0</u>	<u>0</u>	<u>1.0</u>
TOTAL	\$1,139,472	\$93,789	\$401,884	\$144,411	\$499,388	12.5
Increase/(Decrease)	(\$212,401)	\$2,422	\$61,723	\$4,692	(\$281,238)	1.0
Percentage Change	-15.7%	2.7%	18.1%	3.4%	-36.0%	8.7%

HB 06-1385 (Long Bill) Issue Descriptions

Federal grants and other: The appropriation reflects a anticipated decrease in federal homeland security funding from the Department of Local Affairs, as well as increases to fire safety and anti-terrorism personal services and operating expenses from other sources.

Additional legislation: For information on H.B. 06-1158, see the "Recent Legislation" section at the end of this department.

Division of Criminal Justice

This Division collects criminal justice system data and analyzes that information for planning, research, coordination, and technical assistance purposes. Technical assistance is provided to local and state criminal justice agencies in the areas of crime prevention, needs assessment, jail planning, information dissemination, and management studies. The Division manages several types of federal funds in the areas of juvenile justice, anti-drug programs, victim assistance, and victim compensation. The Division also administers the Victims Assistance and Law Enforcement Fund Program. Additionally, the Division is responsible for the administration of community corrections contracts for both transition and diversion programs, and for the management of juvenile diversion programs.

The primary sources of cash funds are the Drug Offender Surcharge Fund and the Sex Offender Surcharge Fund. The primary source of cash funds exempt is the Victims Assistance and Law Enforcement Fund. The primary sources of federal funds include State and Local Crime Control and System Improvement Grants, Federal Victim Assistance and Compensation Grants, and Juvenile Justice Disbursement Grants.

Division of Criminal Justice						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Appropriation:						
SB 05-209	<u>\$73,906,215</u>	<u>\$41,405,503</u>	<u>\$2,110,359</u>	<u>\$965,123</u>	<u>\$29,425,230</u>	<u>60.2</u>
TOTAL	\$73,906,215	\$41,405,503	\$2,110,359	\$965,123	\$29,425,230	60.2
FY 2006-07 Appropriation:						
FY 2005-06 Appropriation	73,906,215	41,405,503	2,110,359	965,123	29,425,230	60.2
Caseload increase for community corrections transition programs	1,867,331	1,867,331	0	0	0	0.0
3.5 percent provider rate increase for community corrections providers	1,469,902	1,469,902	0	0	0	0.0
Provide funding for juvenile diversion programs	1,241,851	1,241,851	0	0	0	0.0
Increase 20 mental health transition beds	235,124	235,124	0	0	0	0.0
Personal services adjustments	56,969	27,975	12,776	11,805	4,413	0.0
5.0 percent provider rate increase for substance abuse treatment programs	39,206	7,595	31,611	0	0	0.0
Allow Office of Research Statistics to spend gifts, grants, and donations	35,592	0	0	35,592	0	0.0
Change in indirect cost assessment	12,911	0	694	157	12,060	0.0
Increase from Sex Offender Surcharge Fund	<u>9,505</u>	<u>0</u>	<u>9,505</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
HB 06-1385	\$78,874,606	\$46,255,281	\$2,164,945	\$1,012,677	\$29,441,703	60.2
SB 06-22	29,000	29,000	0	0	0	0.0

Division of Criminal Justice						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
HB 06-1058	187,000	0	187,000	0	0	0.5
TOTAL	\$79,090,606	\$46,284,281	\$2,351,945	\$1,012,677	\$29,441,703	60.7
Increase/(Decrease)	\$5,184,391	\$4,878,778	\$241,586	\$47,554	\$16,473	0.5
Percentage Change	7.0%	11.8%	11.4%	4.9%	0.1%	0.8%

HB 06-1385 (Long Bill) Issue Descriptions

Caseload increase for community corrections transition programs: The appropriation includes funding for 139 additional residential community corrections placements based on the anticipated increase in the prison population using the December 2005 Legislative Council Staff inmate population projections. The appropriation assumes 6.75 percent of the inmate population is placed in a community corrections program.

3.5 percent provider rate increase for community corrections providers: The appropriation includes funding for a 3.5 percent increase to community corrections providers.

Provide funding for juvenile diversion programs: The appropriation restores 50.0 percent of the appropriation for juvenile diversion programs that was eliminated in the 2002 session as a result of line item vetoes in the 2002 Long Bill (H.B. 02-1420).

Increase 20 mental health transition beds: The appropriation adds funding to pay for 20 community corrections beds that specialize in mental health treatment for offenders in transition to the community.

Personal services adjustments: The appropriation includes the following adjustments to the line items used for personal services: (1) an increase of \$64,316 in total funds to annualize salary survey awarded in FY 2005-06; and (2) a reduction of \$7,347 associated with a 0.2 percent reduction.

5.0 percent provider rate increase for substance abuse treatment programs: The appropriation includes funding for a 5.0 percent increase to substance abuse treatment programs. The affected programs did not receive the 2.0 percent provider rate increase in 2005 that was provided to other programs.

Allow Office of Research Statistics to spend gifts, grants, and donations: The appropriation allows the Department to spend gifts, grants, and donations.

Change in indirect cost assessment: The appropriation makes technical changes to reflect the anticipated indirect cost recoveries from cash funds, exempt cash funds, and federal funds.

Increase from Sex Offender Surcharge Fund: The appropriation increases the funding from the Sex Offender Surcharge Fund by \$9,505 based on increased revenues to the Sex Offender Surcharge Fund. The appropriation partially restores a \$27,662 reduction approved in 2005 to prevent a negative fund balance from occurring.

Additional legislation: For information on S.B. 06-22 and H.B. 06-1058, see the "Recent Legislation" section at the end of this department.

Colorado Bureau of Investigation

The CBI provides information technology, laboratory, and investigative services to local, state, and federal law enforcement agencies upon request. Primary cash funds and cash funds exempt sources include: fingerprint and name check fees collected from other state and non-state agencies and limited gaming funds transferred from the Department of Revenue.

Colorado Bureau of Investigation						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Appropriation:						
SB 05-209	\$22,821,155	\$14,002,189	\$4,543,641	\$3,428,435	\$846,890	205.2
SB 05-13	473,999	0	192,025	281,974	0	2.3
SB 05-155	(15,413)	0	(15,413)	0	0	0.0
HB 05-1013	8,727	0	8,727	0	0	0.0
HB 05-1040	0	0	89,093	(89,093)	0	0.0
HB 05-1093	127,737	0	52,937	74,800	0	0.6
HB 05-1175	21,060	0	9,026	12,034	<u>0</u>	0.0
HB 06-1229	<u>50,699</u>	<u>49,521</u>	<u>33</u>	<u>1,145</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$23,487,964	\$14,051,710	\$4,880,069	\$3,709,295	\$846,890	208.1
FY 2006-07 Appropriation:						
FY 2005-06 Appropriation	\$23,487,964	\$14,051,710	\$4,880,069	\$3,709,295	\$846,890	208.1
Laboratory costs	731,550	731,550	0	0	0	5.0
Administration Personal Services	69,097	67,561	1,536	0	0	0.0
Other Personal Services	(227,627)	223,438	(119,523)	(331,542)	0	0.0
Other	319,747	(65,057)	106,910	291,754	(13,860)	(0.6)
HB 06-1385	\$24,380,731	\$15,009,202	\$4,868,992	\$3,669,507	\$833,030	212.5
SB 06-45	182,099	0	134,579	47,520	0	2.0
SB 06-176	0	0	337,816	(337,816)	0	0.0
SB 06-230	70,783	0	31,183	39,600	0	0.3
HB 06-1153	58,835	58,835	0	0	0	1.2
HB 06-1161	112,894	0	46,894	66,000	0	0.6
HB 06-1347	<u>378,435</u>	<u>0</u>	<u>378,435</u>	<u>0</u>	<u>0</u>	<u>3.5</u>

Colorado Bureau of Investigation						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
TOTAL	\$25,183,777	\$15,068,037	\$5,797,899	\$3,484,811	\$833,030	220.1
Increase/(Decrease)	\$1,695,813	\$1,016,327	\$917,830	(\$224,484)	(\$13,860)	12.0
Percentage Change	7.2%	7.2%	18.8%	-6.1%	-1.6%	5.8%

HB 06-1385 (Long Bill) Issue Descriptions

Laboratory costs: The appropriation funds five new chemists, and supporting equipment, for the Colorado Bureau of Investigation laboratory staff. It also includes annualization of FY 2005-06 pay increases for laboratory staff.

Administration Personal Services: The appropriation includes one-time funding for a real estate project manager for the construction of the new Western Slope facility. It also includes annualization of FY 2005-06 pay increases for administrative staff.

Other Personal Services: The appropriation annualizes FY 2005-06 pay increases for the rest of the staff, in addition to the laboratory and administrative staff. It reflects an anticipated decrease in cash funds for the Identification Unit.

Other: The appropriation includes an increase in indirect cost assessments.

Additional legislation: For information on S.B. 06-45, see the "Recent Legislation" sections at the end of this department and the Department of Human Services. For information on S.B. 06-176, S.B. 06-230, H.B. 06-1161, H.B. 06-1153, and H.B. 06-1347, see the "Recent Legislation" section at the end of this department.

Recent Legislation

2005 Session Bills

S.B. 05-13: Requires criminal history record checks upon renewal of certain real estate licenses.

S.B. 05-155: Removes requirement of criminal history record check for nurse aide certification.

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

H.B. 05-1013: Requires fingerprint-based criminal history record checks on court-appointed guardians and conservators.

H.B. 05-1040: Requires real estate broker license applicants to submit a set of fingerprints and the fee directly to the Colorado Bureau of Investigation, rather than to the Real Estate Commission.

H.B. 05-1078: Changes the governing task force of the Colorado Integrated Criminal Justice Information System to an executive board and allows for additional board members and additional agencies.

H.B. 05-1093: Changes the requirement for prospective adoptive parents from a criminal history record check to a fingerprint-based criminal history record check.

H.B. 05-1143: Creates the Interagency Task Force on Trafficking in Persons, which includes the Executive Director of the Department of Public Safety or his designee, to collect and organize data on the nature and extent of trafficking in persons in the state and to report findings and recommendations to the House and Senate Judiciary Committees by January 15, 2007.

H.B. 05-1175: Requires the use of criminal history record information on caretakers for emergency placement of dependent or neglected children.

H.B. 05-1196: Extends to June 30, 2006, the authorization for Motor Vehicle Business Group to receive funding from the Highway Users Tax Fund.

2006 Session Bills

S.B. 06-22: Expands the statutory definition of "sexually violent predator" to include offenders who are found to be a sexually violent predator in any other state or jurisdiction. Requires sexually violent predators to be subject to community notification subject to procedures established by the Sex Offender Management Board. Requires the Department of Corrections to complete risk assessments on sexually violent predators prior to release on parole or discharge from prison. Requires local authorities to be notified when a sexually violent predator has been released into the community. Establishes notification requirements for local agencies when a sexually violent predator changes residence. Requires peace officers to arrest an individual if a determination is made that there is probable cause that the individual is a sexually violent predator who has failed to register as a sex offender as required by law. Appropriates \$29,000 General Fund to the Division of Criminal Justice in the Department of Public Safety in FY 2006-07. Appropriates \$71,806 General Fund and 0.7 FTE to the Department of Corrections in FY 2006-07, and appropriates \$27,000 cash funds (Sex Offender Surcharge Fund) to the Judicial Department in FY 2006-07.

S.B. 06-45: Requires that child care providers that are otherwise exempt from child care licensing requirements but that receive funding through the Child Care Assistance Program (CCAP) submit to background check requirements as a condition of receiving CCAP funding. Among other appropriations, includes an appropriation of \$182,099, including \$134,579 cash funds and \$47,520 cash funds exempt, and 2.0 FTE to the Department of Public Safety for the Colorado Bureau of Investigation. For additional information, see the "Recent Legislation" section at the end of the Department of Human Services.

S.B. 06-150: Expands DNA testing requirements to include all persons who are sentenced for a felony conviction on or after July 1, 2007; requires DNA testing of juveniles if the offense would constitute a felony if committed by an adult.

S.B. 06-176: Clarifies certain provisions related to educator licensure. Directs applicants for educator licenses and nonpublic schools to submit fingerprints (and the associated fees) directly to the Colorado Bureau of Investigation (CBI) for a criminal history record check. Eliminates the \$775,000 cash funds appropriation to the Department of Education for background record checks, and shifts \$337,816 of the appropriation to the

Department of Public Safety for fingerprint processing services (the portion related to CBI record checks) from cash funds exempt to cash funds.

SB 06-225: Establishes a new unit within the Colorado State Patrol to address human smuggling and human trafficking on state highways. Appropriates \$1,542,563 and 12.0 FTE General Fund to the Department of Public Safety in FY 2006-07 for this purpose.

S.B. 06-230: Requires prescription drug wholesalers to become licensed with the State Board of Pharmacy. Makes the following FY 2006-07 appropriations: \$219,915 cash funds and 3.3 FTE to the Department of Regulatory Agencies; \$28,874 cash funds exempt and 0.2 FTE to the Department of Law out of the appropriation to the Department of Regulatory Agencies; \$31,183 cash funds, \$39,600 cash funds exempt, and 0.3 FTE to the Department of Public Safety.

H.B. 06-1058: Defines a "crime against a child" as any offense listed in Section 18-3-411, C.R.S., incest in violation of Section 18-6-301, C.R.S., child abuse in violation of Section 18-6-401, C.R.S., or contributing to the delinquency of a minor in violation of Section 18-6-701, C.R.S. Further defines "crime against a child" to include criminal attempt, conspiracy, or solicitation to commit any of these offenses. Requires a surcharge to be assessed to each person convicted of a crime against a child. Establishes surcharges ranging from \$75 to \$1,500 based on the type of conviction. Authorizes five percent of the surcharge to be credited to the Judicial Stabilization Fund. Authorizes 95.0 percent of the surcharge to be credited to the Child Abuse Investigation Surcharge Fund, which is created by the bill. Authorizes the fund to be used by the Division of Criminal Justice to support training and enhanced services that coordinate a multi-disciplinary team response for child sexual abuse intervention. Appropriates \$187,000 cash funds (Child Abuse Investigation Surcharge Fund) and 0.5 FTE to the Division of Criminal Justice in the Department of Public Safety in FY 2006-07.

H.B. 06-1153: Requires the Colorado Bureau of Investigation to determine the whereabouts of sex offenders who fail to register; requires sex offenders who live in cars, trailers, or mobile homes to provide vehicle specific information (VIN, license plate number, registration, etc.) when registering as a sex offender. Appropriates \$58,835 and 1.2 FTE General Fund to the Department of Public Safety in FY 2006-07 for this purpose.

H.B. 06-1158: Directs the Division of Fire Safety to conduct plan reviews and inspections of public schools and junior colleges when the local fire department that has been delegated that responsibility by the Department of Labor and Employment declines to do so or has no certified fire inspector. Appropriates \$55,645 and 1.0 FTE cash funds, including \$49,020 from the Public Safety Inspection Fund and \$6,625 from the Firefighter and First Responder Certification Fund, to the Department of Public Safety in FY 2006-07 for this purpose.

H.B. 06-1161: Establishes regulatory requirements for mortgage brokers. Appropriates \$123,153 cash funds and 1.5 FTE to the Department of Regulatory Agencies; \$25,780 cash funds exempt and 0.2 FTE to the Department of Law; and \$46,894 cash funds, \$66,000 cash funds exempt and 0.6 FTE to the Department of Public Safety. Each of these appropriations is for FY 2006-07. The appropriation to the Department of Law is from funds transferred from the Department of Regulatory Agencies.

H.B. 06-1229: Supplemental appropriation for the Department of Public Safety for FY 2005-06.

H.B. 06-1347: Creates the Identity Theft and Financial Fraud Board; creates a unit in the Colorado Bureau of Investigation to investigate and prosecute identity theft and financial fraud; and creates the Colorado Identity Theft and Financial Fraud Cash Fund, funded by surcharges on certain licenses and uniform commercial code

filings. Appropriates \$378,435 and 3.5 FTE cash funds from the Colorado Identity Theft and Financial Fraud Cash Fund to the Department of Public Safety in FY 2006-07 for this purpose.

H.B. 06-1385: General appropriations act for FY 2006-07. Includes a supplemental appropriation for the Department of Public Safety for FY 2005-06.

DEPARTMENT OF REGULATORY AGENCIES

The Department of Regulatory Agencies consists of ten divisions: the Executive Director's Office and Administrative Services, the Division of Banking, the Division of Civil Rights, the Office of Consumer Counsel, the Division of Financial Services, the Division of Insurance, the Public Utilities Commission, the Division of Real Estate, the Division of Registrations, and the Division of Securities. While one division, Civil Rights, receives substantial General Fund support, the other divisions are funded primarily through fees and assessments.

The Department protects the citizens of Colorado from fraudulent or dangerous businesses and professionals by regulating the following: (1) state-chartered financial institutions such as banks, trust companies, credit unions and money transmitters (Divisions of Banking and Financial Services); (2) public utilities such as electricity, gas and telecommunications (Public Utilities Commission and Office of Consumer Counsel); (3) providers of automobile, homeowners', life, health and other types of insurance (Division of Insurance); and (4) professionals in more than 30 occupations, including accountants, barbers, chiropractors, dentists, mortgage brokers, nurses, physicians, pharmacists, psychologists, stockbrokers and real estate agents (Divisions of Registrations, Real Estate, and Securities). The Department also administers and enforces Colorado's civil rights laws (Division of Civil Rights), conducts sunrise and sunset reviews of state-run programs, and evaluates the economic impact of rules proposed by state agencies.

Department Budget: Recent Appropriations

Funding Source	FY 2003-04	FY 2004-05	FY 2005-06	FY 2006-07
General Fund	\$1,051,133	\$1,029,665	\$1,383,348	\$1,360,145
Cash Funds	50,941,141	51,095,062	51,921,670	53,776,930
Cash Funds Exempt	14,136,326	11,404,339	7,791,409	9,153,933
Federal Funds	<u>1,090,361</u>	<u>1,087,152</u>	<u>1,396,498</u>	<u>1,151,664</u>
Total Funds	\$67,218,961	\$64,616,218	\$62,492,925	\$65,442,672
Full Time Equiv. Staff	518.2	520.1	525.3	537.2

General Factors Driving the Budget

For FY 2006-07, funding for the Department consists of 2.1 percent General Fund, 82.2 percent cash funds, 14.0 percent cash funds exempt, and 1.8 percent federal funds. Some of the most important factors driving the budget are reviewed below.

Legal Services

The Department purchases more legal services from the Department of Law than any other state agency. Excluding special bills, the Department's appropriation for legal services for FY 2006-07 represents 32.1

percent of the corresponding appropriation for all state agencies and 8.8 percent of the Department's total appropriation, the largest component of the Department's budget after personal services. Given the large stakes involved in many of the Department's regulatory decisions, legal services will continue to be a driving factor. The following table shows the allocation of the Department's FY 2004-05 legal expenditures among the Department's divisions.

Division	Percentage of departmental legal expenditures
Administration	0.2%
Banking	0.1%
Civil Rights	3.2%
Consumer Counsel	7.2%
Financial Services	0.3%
Insurance	10.3%
PUC	20.9%
Real Estate	4.7%
Registrations	46.6%
Securities	6.5%
Total	100.0%

Population Growth

Population growth affects the Department in two ways. First, more individuals apply for professional and occupational licenses and more regulated businesses are established. Likewise, more consumers file complaints against regulated individuals or entities, so more resources must be devoted to investigating those complaints, enforcing the State's laws and regulations, and, where appropriate, disciplining the offender. The following table shows the number of individuals and entities recently licensed by the divisions with the largest number of licensees.

Division	FY 2000-01	FY 2001-02	FY 2002-03	FY 2003-04	FY 2004-05
Insurance	63,956	73,924	82,800	93,000	94,179
Real Estate	41,931	41,496	46,604	49,386	52,747
Registrations	236,312	251,236	261,280	265,569	277,928
Securities	139,947	134,878	131,846	135,408	139,191
Total	482,146	501,534	522,530	543,363	564,045

Summary of FY 2005-06 and FY 2006-07 Appropriations

Department of Regulatory Agencies						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Total Appropriation:	\$62,492,925	\$1,383,348	\$51,921,670	\$7,791,409	\$1,396,498	525.3
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Executive Director's Office and Administrative Services	15,678,588	235,157	10,247,426	5,086,456	109,549	53.0
Division of Banking	3,339,271	0	3,339,271	0	0	38.5
Civil Rights Division	1,663,803	1,048,191	0	179,706	435,906	25.0
Office of Consumer Counsel	859,882	0	859,882	0	0	7.0
Division of Financial Services	997,334	0	997,334	0	0	11.0
Division of Insurance	7,240,155	100,000	6,685,076	4,036	451,043	79.1
Public Utilities Commission	12,071,571	0	11,734,629	336,942	0	93.5
Division of Real Estate	3,274,766	0	3,274,766	0	0	37.0
Division of Registrations	15,072,813	0	12,488,544	2,184,269	400,000	161.2
Division of Securities	2,294,742	0	2,294,742	0	0	20.0
<u>Breakdown of Total Appropriation by Bill</u>						
SB 05-209	62,404,657	1,096,392	52,267,144	7,652,085	1,389,036	522.2
SB 05-107	5,626	0	5,626	0	0	0.1
SB 05-155	21,322	0	21,322	0	0	0.0
HB 05-1040	(185,255)	0	(185,255)	0	0	0.0
HB 05-1130	547,156	0	0	147,156	400,000	3.0
HB 05-1213	(75,000)	0	(75,000)	0	0	0.0
HB 05-1264	(11,318)	0	(11,318)	0	0	0.0
SB 06-208	100,000	100,000	0	0	0	0.0
HB 06-1230	(314,263)	186,956	(100,849)	(7,832)	(392,538)	0.0
FY 2006-07 Total Appropriation:	\$65,442,672	\$1,360,145	\$53,776,930	\$9,153,933	\$1,151,664	537.2
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Executive Director's Office and Administrative Services	16,568,861	309,140	10,940,899	5,165,128	153,694	53.0
Division of Banking	3,416,529	0	3,416,529	0	0	38.5
Civil Rights Division	1,762,135	1,051,005	0	234,347	476,783	29.5

Department of Regulatory Agencies						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
Office of Consumer Counsel	879,403	0	879,403	0	0	7.0
Division of Financial Services	1,017,057	0	1,017,057	0	0	11.0
Division of Insurance	8,060,159	0	7,383,944	155,028	521,187	81.0
Public Utilities Commission	12,514,177	0	11,111,801	1,402,376	0	93.5
Division of Real Estate	3,219,062	0	3,219,062	0	0	38.5
Division of Registrations	15,638,034	0	13,440,980	2,197,054	0	165.2
Division of Securities	2,367,255	0	2,367,255	0	0	20.0
<u>Breakdown of Total Appropriation by Bill</u>						
HB 06-1385	64,126,359	1,302,093	52,713,269	8,959,333	1,151,664	529.5
SB 06-20	327,461	0	327,461	0	0	2.0
SB 06-38	379,950	0	379,950	0	0	0.0
SB 06-208	150,000	0	0	150,000	0	0.0
SB 06-218	(25,000)	0	(25,000)	0	0	0.0
SB 06-230	219,915	0	219,915	0	0	3.3
HB 06-1161	123,153	0	123,153	0	0	1.5
HB 06-1196	2,542	0	2,542	0	0	0.0
HB 06-1325	44,600	0	0	44,600	0	0.0
HB 06-1330	5,243	0	5,243	0	0	0.0
HB 06-1344	58,052	58,052	0	0	0	0.5
HB 06-1395	30,397	0	30,397	0	0	0.4
Increase/(Decrease)	\$2,949,747	(\$23,203)	\$1,855,260	\$1,362,524	(\$244,834)	11.9
Percentage Change	4.7%	-1.7%	3.6%	17.5%	-17.5%	2.3%

FY 2006-07 Appropriation Highlights:

1. An increase of \$872,404 in the appropriation for low-income telephone assistance, reflecting a restructuring of program funding. The increase is comprised of an increase of \$1,096,190 cash funds exempt that is partially offset by a decrease of \$223,786 cash funds.
2. An additional \$478,193 for salary and benefits, comprised of \$26,169 General Fund, \$313,926 cash funds, \$138,016 cash funds exempt, and \$82 federal funds.

3. An increase of \$379,950 cash funds from S.B. 06-38 for insurance fraud investigations that are conducted by the Department of Law.
4. An additional \$327,461 cash funds and 2.0 FTE for S.B. 06-20, which directs the Governor to enter into a multi-state nurse licensure compact.
5. An additional \$326,997 to pay the higher rate for legal services provided by the Department of Law. The increase is comprised of \$2,427 General Fund, \$249,241 cash funds, \$24,934 cash funds exempt and \$50,395 federal funds.
6. An additional \$188,915 cash funds and 3.3 FTE for S.B. 06-230, which requires prescription drug wholesalers to become licensed with the State Board of Pharmacy.
7. An additional \$196,290 General Fund and 4.0 General Fund-supported FTE in the Civil Rights Division to offset recent reductions in federal funding.
8. An additional \$188,640 cash funds for a new e-filing system for the Public Utilities Commission that will support electronic submission and distribution of documents and online applications.
9. A reduction of \$866,350 in the informational appropriation that reports expected payments for telecommunications services from the Disabled Telephone Users Fund.
10. A decrease of \$209,761 for leased space, comprised of reductions of \$17,285 General Fund, \$86,982 cash funds, \$98,457 cash funds exempt, and \$7,037 federal funds. The reduction reflects the signing of a new lease at a lower rate and the consolidation of all divisions in a single building.
11. A reduction of \$203,643 cash funds for payments from the Real Estate Recovery Fund, reflecting the termination of the associated program.

Detail of Appropriation by Administrative Section

Executive Director's Office and Administrative Services

The Executive Director's Office coordinates and oversees the operations of the divisions within the Department and performs administrative functions, including accounting, budgeting, data processing, personnel, purchasing, facilities planning, and management reporting. The Division also includes funding and staff for the Office of Policy and Research, which conducts sunrise and sunset evaluations for state programs. The Division's cash funds derive from a variety of cash funds within the Department. The cash funds exempt come from indirect cost recoveries within the Department plus occasional transfers from other departments, while the federal funds come from indirect cost recoveries from the Civil Rights and Insurance Divisions.

Executive Director's Office and Administrative Services

	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Appropriation:						
SB 05-209	\$15,799,420	\$237,235	\$10,340,443	\$5,066,981	\$154,761	53.0
HB 05-1130	27,707	0	0	27,707	0	0.0
HB 06-1230	<u>(148,539)</u>	<u>(2,078)</u>	<u>(93,017)</u>	<u>(8,232)</u>	<u>(45,212)</u>	<u>0.0</u>
TOTAL	\$15,678,588	\$235,157	\$10,247,426	\$5,086,456	\$109,549	53.0
FY 2006-07 Appropriation:						
FY 2005-06 Appropriation	\$15,678,588	\$235,157	\$10,247,426	\$5,086,456	\$109,549	53.0
FY 2006-07 salary and benefits adjustments	478,193	26,169	313,926	138,016	82	0.0
Legal services	326,997	2,427	249,241	24,934	50,395	0.0
Annualized salary adjustments	90,323	0	0	90,323	0	0.0
Operating adjustments	48,219	5,534	35,983	5,997	705	0.0
Vehicle lease payments	45,444	0	45,444	0	0	0.0
FY 2006-07 initiatives	19,829	13,253	6,576	0	0	0.0
Sunset reviews	0	10,000	43,000	(53,000)	0	0.0
Leased space	(209,761)	(17,285)	(86,982)	(98,457)	(7,037)	0.0
FY 2006-07 impact of prior session bills	(8,144)	0	20,997	(29,141)	0	0.0
HB 06-1385	\$16,469,688	\$275,255	\$10,875,611	\$5,165,128	\$153,694	53.0
SB 06-20	10,312	0	10,312	0	0	0.0
SB 06-230	28,874	0	28,874	0	0	0.0
HB 06-1161	25,780	0	25,780	0	0	0.0
HB 06-1344	33,885	33,885	0	0	0	0.0
HB 06-1395	<u>322</u>	<u>0</u>	<u>322</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$16,568,861	\$309,140	\$10,940,899	\$5,165,128	\$153,694	53.0
Increase/(Decrease)	\$890,273	\$73,983	\$693,473	\$78,672	\$44,145	0.0
Percentage Change	5.7%	31.5%	6.8%	1.5%	40.3%	0.0%

HB 06-1385 (Long Bill) Issue Descriptions

FY 2006-07 salary and benefits adjustments: The appropriation includes adjustments to centrally-appropriated line items for salary survey, state contributions to health, life, and dental benefits, shift differential, short term disability, workers' compensation, and state contributions to the Public Employees' Retirement

Association (PERA) pension fund. All salary survey and performance based pay increases are funded through centrally-appropriated line items in the Executive Director's Office in the year of the award and are incorporated into base funding for each division in the subsequent year. The appropriation includes increases based on the 2005 Total Compensation Survey. These increases result in an average salary increase of 2.49 percent. The appropriation for Health, Life, and Dental includes increases between 21.5 percent and 29.2 percent, depending on the tier of coverage elected. Effective January 1, 2006, the State began to contribute an additional 0.5 percent of base salary to PERA and this is increased to 1.0 percent beginning January 1, 2007, pursuant to S.B. 04-257 (Amortization Equalization Disbursement).

Legal services: The increase reflects the higher rate for legal services provided by the Department of Law.

Annualized salary adjustments: The appropriation includes increases for salary survey that were awarded in FY 2005-06. Salary survey increases are funded through centrally-appropriated line items in the Administration and Support Division in the year of the award and are incorporated into base personal-services funding for each division in the subsequent year. The adjustment shown also includes a 0.2 percent reduction to the base personal services appropriations for the Division.

Operating adjustments: The appropriation includes adjustments to centrally-appropriated line items for Administrative Law Judge Services, Purchase of Services from Computer Center, Multiuse Network Payments, Payments to Risk Management and Property Funds, Information Technology Asset Maintenance, Capitol Complex Leased Space, and Hardware/Software Maintenance.

Vehicle lease payments: The increase reflects the higher lease rates established by common policies and provides for replacement of 9 high-mileage vehicles.

FY 2006-07 initiatives: The appropriation funds expenditures associated with the staffing increase in the Civil Rights Division and the Surplus Lines initiative in the Division of Insurance. Both are described below, under the applicable divisions.

Sunset reviews: The Department will receive increased General Fund and cash fund support from other state agencies for scheduled sunset reviews. These revenues will displace cash fund exempt support from internal indirect cost assessments.

Leased space: The reduction reflects the signing of a new lease and the consolidation of all divisions into space in the Denver Post building. The lease rate per square foot is lower than the prior lease rate.

FY 2006-07 impact of prior session bills: The reduction reflects the FY 2006-07 impact of S.B. 05-155 and H.B. 05-1130.

Additional legislation: For information on S.B. 06-20, S.B. 06-230, H.B. 06-1161, H.B. 06-1344, and H.B. 06-1395, see the "Recent Legislation" section at the end of this department.

Division of Banking

This division regulates state-chartered commercial and industrial banks, trust companies, debt adjusters, and money order companies. Staff conduct examinations and enforce compliance related to the Public Deposit

Protection Act, trust department operations, electronic funds transfers, electronic data processing, and the Uniform Consumer Credit Code. The eight-member Colorado State Banking Board is the policy and rule making authority for the Division. The Division is funded entirely through cash funds from fees and assessments paid by regulated entities.

Division of Banking						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Appropriation:						
SB 05-209	\$3,339,761	\$0	\$3,339,761	\$0	\$0	38.5
HB 06-1230	<u>(490)</u>	<u>0</u>	<u>(490)</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$3,339,271	\$0	\$3,339,271	\$0	\$0	38.5
FY 2006-07 Appropriation:						
FY 2005-06 Appropriation	\$3,339,271	\$0	\$3,339,271	\$0	\$0	38.5
Annualized salary adjustments	63,160	0	63,160	0	0	0.0
Indirect cost assessment	14,098	0	14,098	0	0	0.0
HB 06-1385	<u>\$3,416,529</u>	<u>\$0</u>	<u>\$3,416,529</u>	<u>\$0</u>	<u>\$0</u>	<u>38.5</u>
TOTAL	\$3,416,529	\$0	\$3,416,529	\$0	\$0	38.5
Increase/(Decrease)	\$77,258	\$0	\$77,258	\$0	\$0	0.0
Percentage Change	2.3%	n/a	2.3%	n/a	n/a	0.0%

HB 06-1385 (Long Bill) Issue Descriptions

Annualized salary adjustments: The appropriation includes increases for salary survey that were awarded in FY 2005-06. Salary survey increases are funded through centrally-appropriated line items in the Administration and Support Division in the year of the award and are incorporated into base personal-services funding for each division in the subsequent year. The adjustment shown also includes a 0.2 percent reduction to the base personal services appropriations for the Division.

Indirect cost assessment: The adjustment aligns the assessment with the FY 2006-07 cost of the support the Division receives from the Executive Director's Office and from other state agencies.

Civil Rights Division

The Civil Rights Division is the administrative arm of the Colorado Civil Rights Commission. It carries out state laws that prohibit discrimination in employment, housing, and public accommodations on the basis of race, sex, national origin, ancestry, physical or mental disability, religion, color, or marital status (housing and public accommodations only). The primary duties of Division personnel are the investigation and adjudication of charges related to unfair or discriminatory practices, and the supervision of hearings upon complaints issued

against a respondent pursuant to statute. The Division also provides training and education, technical assistance with fair housing laws, public information, and community intervention. Enforcement activities account for a major portion of the Division's resources. The Division receives moneys from the federal Equal Employment Opportunity Commission and the U.S. Department of Housing and Urban Development. The remainder of the Division's activities are supported by the General Fund, which is partially offset by cash funds exempt from statewide indirect cost recoveries collected from other divisions within the Department.

Civil Rights Division						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Appropriation:						
SB 05-209	\$1,821,695	\$859,157	\$0	\$179,306	\$783,232	25.0
HB 06-1230	<u>(157,892)</u>	<u>189,034</u>	<u>0</u>	<u>400</u>	<u>(347,326)</u>	<u>0.0</u>
TOTAL	\$1,663,803	\$1,048,191	\$0	\$179,706	\$435,906	25.0
FY 2006-07 Appropriation:						
FY 2005-06 Appropriation	\$1,663,803	\$1,048,191	\$0	\$179,706	\$435,906	25.0
Staffing increase	196,290	196,290	0	0	0	4.0
Federal funding	59,492	0	0	0	59,492	0.0
Annualized salary adjustments	26,432	26,432	0	0	0	0.0
General Fund offset	0	(54,641)	0	54,641	0	0.0
End of one-time FY 2005-06 funding	(189,434)	(189,434)	0	0	0	0.0
Indirect cost assessment	(18,615)	0	0	0	(18,615)	0.0
HB 06-1385	\$1,737,968	\$1,026,838	\$0	\$234,347	\$476,783	29.0
HB 06-1344	<u>24,167</u>	<u>24,167</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.5</u>
TOTAL	\$1,762,135	\$1,051,005	\$0	\$234,347	\$476,783	29.5
Increase/(Decrease)	\$98,332	\$2,814	\$0	\$54,641	\$40,877	4.5
Percentage Change	5.9%	0.3%	n/a	30.4%	9.4%	18.0%

HB 06-1385 (Long Bill) Issue Descriptions

Staffing increase: The appropriation provides an additional \$196,290 General Fund and 4.0 FTE to offset prior-year reductions in federal funding.

Federal funding: The appropriation reflects an anticipated increase in federal funding for the Division.

Annualized salary adjustments: The appropriation includes increases for salary survey that were awarded in FY 2005-06. Salary survey increases are funded through centrally-appropriated line items in the

Administration and Support Division in the year of the award and are incorporated into base personal-services funding for each division in the subsequent year. The adjustment shown also includes a 0.2 percent reduction to the base personal services appropriations for the Division.

General Fund offset: Pursuant to statewide budget policy, the Department uses its indirect cost assessments to reduce the General Fund appropriation in the Executive Director's Office and in the Division of Civil Rights. This item reflects the additional General Fund offset that will occur in the Civil Rights Division next year.

End of one-time FY 2005-06 funding: The appropriation reflects a return to base funding levels following the one year funding boost in H.B. 06-1230, the Department's FY 2005-06 supplemental.

Indirect cost assessment: The adjustment aligns the assessment with the FY 2006-07 cost of the support the Division's federally-funded programs receive from the Executive Director's Office and from other state agencies.

Additional legislation: For information on H.B. 06-1344, see the "Recent Legislation" section at the end of this department.

Office of Consumer Counsel

The Office of Consumer Counsel represents the interests of residential, agricultural, and small businesses in cases before the Public Utilities Commission (PUC). These cases involve proposed changes to electric, gas, and telecommunications utility rates, services, and policies. The Office is funded entirely through cash funds from assessments paid by entities regulated by the PUC.

Office of Consumer Counsel						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Appropriation:						
SB 05-209	\$859,971	\$0	\$859,971	\$0	\$0	7.0
HB 06-1230	<u>(89)</u>	<u>0</u>	<u>(89)</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$859,882	\$0	\$859,882	\$0	\$0	7.0
FY 2006-07 Appropriation:						
FY 2005-06 Appropriation	\$859,882	\$0	\$859,882	\$0	\$0	7.0
Annualized salary adjustments	16,958	0	16,958	0	0	0.0
Indirect cost assessment	2,563	0	2,563	0	0	0.0
HB 06-1385	<u>\$879,403</u>	<u>\$0</u>	<u>\$879,403</u>	<u>\$0</u>	<u>\$0</u>	<u>7.0</u>
TOTAL	\$879,403	\$0	\$879,403	\$0	\$0	7.0

Office of Consumer Counsel						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
Increase/(Decrease)	\$19,521	\$0	\$19,521	\$0	\$0	0.0
Percentage Change	2.3%	n/a	2.3%	n/a	n/a	0.0%

HB 06-1385 (Long Bill) Issue Descriptions

Annualized salary adjustments: The appropriation includes increases for salary survey that were awarded in FY 2005-06. Salary survey increases are funded through centrally-appropriated line items in the Administration and Support Division in the year of the award and are incorporated into base personal-services funding for each division in the subsequent year. The adjustment shown also includes a 0.2 percent reduction to the base personal services appropriations for the Division.

Indirect cost assessment: The adjustment aligns the assessment with the FY 2006-07 cost of the support the Division receives from the Executive Director's Office and from other state agencies.

Division of Financial Services

This division regulates state-chartered credit unions, savings and loans, and some of the financial activities of "life-care" institutions, which provide care for the remainder of a person's life in return for the payment of an entrance fee. It also administers the Public Deposit Protection Act, which safeguards the uninsured deposits of public moneys in savings and loan associations. On-site examinations are conducted through a risk-based program to ensure financial stability and compliance with state and federal laws. Enforcement actions are initiated as appropriate. The five-member Financial Services Board provides policy guidance to the Division. The Division is funded with cash funds from fees and assessments paid by regulated entities.

Division of Financial Services						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Appropriation:						
SB 05-209	\$997,473	\$0	\$997,473	\$0	\$0	11.0
HB 05-1230	<u>(139)</u>	<u>0</u>	<u>(139)</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$997,334	\$0	\$997,334	\$0	\$0	11.0
FY 2006-07 Appropriation:						
FY 2005-06 Appropriation	\$997,334	\$0	\$997,334	\$0	\$0	11.0
Annualized salary adjustments	15,696	0	15,696	0	0	0.0
Indirect cost assessment	4,027	0	4,027	0	0	0.0
HB 06-1385	<u>\$1,017,057</u>	<u>\$0</u>	<u>\$1,017,057</u>	<u>\$0</u>	<u>\$0</u>	<u>11.0</u>
TOTAL	\$1,017,057	\$0	\$1,017,057	\$0	\$0	11.0

Division of Financial Services						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
Increase/(Decrease)	\$19,723	\$0	\$19,723	\$0	\$0	0.0
Percentage Change	2.0%	n/a	2.0%	n/a	n/a	0.0%

HB 06-1385 (Long Bill) Issue Descriptions

Annualized salary adjustments: The appropriation includes increases for salary survey that were awarded in FY 2005-06. Salary survey increases are funded through centrally-appropriated line items in the Administration and Support Division in the year of the award and are incorporated into base personal-services funding for each division in the subsequent year. The adjustment shown also includes a 0.2 percent reduction to the base personal services appropriations for the Division.

Indirect cost assessment: The adjustment aligns the assessment with the FY 2006-07 cost of the support the Division receives from the Executive Director's Office and from other state agencies.

Division of Insurance

This division regulates insurance professionals and insurance companies, non-profit hospitals and health service corporations, health maintenance organizations, workers' compensation self-insurance pools, and pre-need funeral contracts. The cash funds are from tax assessments and license fees paid by regulated entities. The federal funds support the Senior Health Counseling Program.

Division of Insurance						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Appropriation:						
SB 05-209	\$7,210,509	\$0	\$6,755,430	\$4,036	\$451,043	79.0
SB 05-107	5,626	0	5,626	0	0	0.1
HB 05-1213	(75,000)	0	(75,000)	0	0	0.0
SB 06-208	100,000	100,000	0	0	0	0.0
HB 06-1230	(980)	0	(980)	0	0	0.0
TOTAL	\$7,240,155	\$100,000	\$6,685,076	\$4,036	\$451,043	79.1
FY 2006-07 Appropriation:						
FY 2005-06 Appropriation	\$7,240,155	\$100,000	\$6,685,076	\$4,036	\$451,043	79.1
Annualized salary adjustments	137,808	0	137,816	(8)	0	0.0

Division of Insurance						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
Surplus lines initiative	105,142	0	105,142	0	0	2.0
Senior Health Counseling Program	75,000	0	0	0	75,000	0.0
Indirect cost assessment	45,977	0	50,833	0	(4,856)	0.0
Insurance fraud prosecution	18,092	0	18,092	0	0	0.0
FY 2006-07 impact of S.B. 05-107	2,792	0	2,792	0	0	(0.1)
Mandated health insurance benefits funding	0	0	(1,000)	1,000	0	0.0
Funding for Health Care Reform Cash Fund	(100,000)	(100,000)	0	0	0	0.0
HB 06-1385	\$7,524,966	\$0	\$6,998,751	\$5,028	\$521,187	81.0
SB 06-38	379,950	0	379,950	0	0	0.0
SB 06-208	150,000	0	0	150,000	0	0.0
HB 06-1330	<u>5,243</u>	<u>0</u>	<u>5,243</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$8,060,159	\$0	\$7,383,944	\$155,028	\$521,187	81.0
Increase/(Decrease)	\$820,004	(\$100,000)	\$698,868	\$150,992	\$70,144	1.9
Percentage Change	11.3%	-100.0%	10.5%	3,741.1%	15.6%	2.4%

HB 06-1385 (Long Bill) Issue Descriptions

Annualized salary adjustments: The appropriation includes increases for salary survey that were awarded in FY 2005-06. Salary survey increases are funded through centrally-appropriated line items in the Administration and Support Division in the year of the award and are incorporated into base personal-services funding for each division in the subsequent year. The adjustment shown also includes a 0.2 percent reduction to the base personal services appropriations for the Division.

Surplus lines initiative: The appropriation provides additional funding and FTE for monitoring surplus lines insurance policies. The appropriation will bring this function into the Division of Insurance.

Senior Health Counseling Program: This federally funded program provides senior citizens with Medicare information and is included for informational purposes only. The State expects to receive additional federal funding for this program.

Indirect cost assessment: The adjustment aligns the assessment with the FY 2006-07 cost of the support the Division receives from the Executive Director's Office and from other state agencies.

Insurance fraud prosecution: The increase provides added funding for fraud prosecutions conducted by the Department of Law.

FY 2006-07 impact of S.B. 05-107: The increase reflects the FY 2006-07 impact of S.B. 05-107.

Mandated health insurance benefits funding: The adjustment reflects an anticipated increase in the use of fund balance from the Mandated Health Insurance Benefits Cash Fund.

Funding for Health Care Reform Cash Fund: The reduction reflects a return to base funding levels following a one-time FY 2005-06 appropriation to the Health Care Reform Cash Fund in S.B. 06-208.

Additional legislation: For information on S.B. 06-38, S.B. 06-208 and H.B. 06-1330, see the "Recent Legislation" section at the end of this department.

Public Utilities Commission

The three-member Public Utilities Commission (PUC) regulates the rates and services of fixed utilities and transportation utilities located in the State. It possesses quasi-legislative and quasi-judicial authority. The PUC is also responsible for administering the Colorado Telecommunications High Cost Program, the Low-Income Telephone Assistance Program, the Highway Crossing Protection Program, and the Disabled Telephone Users Program. The PUC is primarily funded with cash funds from assessments and licensing fees paid by regulated entities.

Public Utilities Commission						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Appropriation:						
SB 05-209	\$12,072,760	\$0	\$11,735,818	\$336,942	\$0	93.5
HB 06-1230	<u>(1,189)</u>	<u>0</u>	<u>(1,189)</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$12,071,571	\$0	\$11,734,629	\$336,942	\$0	93.5
FY 2006-07 Appropriation:						
FY 2005-06 Appropriation	\$12,071,571	\$0	\$11,734,629	\$336,942	\$0	93.5
Low-income telephone assistance	872,404	0	(223,786)	1,096,190	0	00.0
E-filing system initiative	188,640	0	188,640	0	0	0.0
Annualized salary adjustments	182,637	0	193,657	(11,020)	0	0.0
Indirect cost assessment	34,237	0	34,237	0	0	0.0
Reading services for the blind	10,000	0	10,000	0	0	0.0
Operating Expenses	1,438	0	1,438	0	0	0.0
Disabled Telephone Users Fund Payments	(866,350)	0	(802,014)	(64,336)	0	0.0
HB 06-1385	\$12,494,577	\$0	\$11,136,801	\$1,357,776	\$0	93.5
SB 06-218	(25,000)	0	(25,000)	0	0	0.0

Public Utilities Commission						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
HB 06-1325	44,600	0	0	44,600	0	0.0
TOTAL	\$12,514,177	\$0	\$11,111,801	\$1,402,376	\$0	93.5
Increase/(Decrease)	\$442,606	\$0	(\$622,828)	\$1,065,434	\$0	0.0
Percentage Change	3.7%	n/a	-5.3%	316.2%	n/a	0.0%

HB 06-1385 (Long Bill) Issue Descriptions

Low-income telephone assistance: This appropriation is included in the Long Bill for informational purposes only since the related program, which subsidizes phone service for certain low-income individuals, is continuously appropriated. A Public Utilities Commission (PUC) order recently required Qwest Communications to establish a fund to support this program. The increase reflects changes that must be made prior to implementation of the PUC order.

E-filing system initiative: The appropriation provides an additional \$188,640 cash funds for implementation of a system to provide electronic submission and distribution of documents, online applications, and online access to documents.

Annualized salary adjustments: The appropriation includes increases for salary survey that were awarded in FY 2005-06. Salary survey increases are funded through centrally-appropriated line items in the Administration and Support Division in the year of the award and are incorporated into base personal-services funding for each division in the subsequent year. The adjustment shown also includes a 0.2 percent reduction to the base personal services appropriations for the Division.

Indirect cost assessment: The adjustment aligns the assessment with the FY 2006-07 cost of the support the Division receives from the Executive Director's Office and from other state agencies.

Reading services for the blind: The appropriation includes an additional \$10,000 for reading services for the blind.

Operating Expenses: The appropriation provides an additional \$1,438 for fuel costs.

Disabled Telephone Users Fund Payments: This appropriation is included in the Long Bill for informational purposes since the communication relay service supported by the payments is continuously appropriated. The appropriation reports expected program expenditures and the large decrease for FY 2006-07 is largely due to the fact that the expected program expenditures that were reported in the FY 2005-06 Long Bill were too high.

Additional legislation: For information on S.B. 06-218 and H.B. 06-1325, see the "Recent Legislation" section at the end of this department.

Division of Real Estate

The Division of Real Estate licenses real estate brokers and appraisers, analyzes subdivision offerings on undeveloped land, and administers an enforcement program that responds to the needs of the industry and the consumer. The five-member Real Estate Commission and the seven-member Appraisal Board serve as the policy-making bodies of the Division. The Division is funded entirely with cash funds from fees and assessments paid by regulated entities.

Division of Real Estate						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Appropriation:						
SB 05-209	\$3,471,810	\$0	\$3,471,810	\$0	\$0	37.0
HB 05-1040	(185,255)	0	(185,255)	0	0	0.0
HB 05-1264	(11,318)	0	(11,318)	0	0	0.0
HB 06-1230	<u>(471)</u>	<u>0</u>	<u>(471)</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$3,274,766	\$0	\$3,274,766	\$0	\$0	37.0
FY 2006-07 Appropriation:						
FY 2005-06 Appropriation	\$3,274,766	\$0	\$3,274,766	\$0	\$0	37.0
Annualized salary adjustments	61,113	0	61,113	0	0	0.0
Indirect cost assessment	13,548	0	13,548	0	0	0.0
Payments from Real Estate Recovery Fund	(203,643)	0	(203,643)	0	0	0.0
CBI/FBI Record Checks	(24,095)	0	(24,095)	0	0	0.0
HB 06-1385	\$3,121,689	\$0	\$3,121,689	\$0	\$0	37.0
HB 06-1161	<u>97,373</u>	<u>0</u>	<u>97,373</u>	<u>0</u>	<u>0</u>	<u>1.5</u>
TOTAL	\$3,219,062	\$0	\$3,219,062	\$0	\$0	38.5
Increase/(Decrease)	(\$55,704)	\$0	(\$55,704)	\$0	\$0	1.5
Percentage Change	-1.7%	n/a	-1.7%	n/a	n/a	4.1%

HB 06-1385 (Long Bill) Issue Descriptions

Annualized salary adjustments: The appropriation includes increases for salary survey that were awarded in FY 2005-06. Salary survey increases are funded through centrally-appropriated line items in the Administration and Support Division in the year of the award and are incorporated into base personal-services funding for each division in the subsequent year. The adjustment shown also includes a 0.2 percent reduction to the base personal services appropriations for the Division.

Indirect cost assessment: The adjustment aligns the assessment with the FY 2006-07 cost of the support the Division receives from the Executive Director's Office and from other state agencies.

Payments from Real Estate Recovery Fund: House Bill 05-1264 eliminated the Real Estate Recovery Fund and the related program that provided limited compensation for victims of willful wrongdoing by real estate brokers. This adjustment eliminates the appropriation.

CBI/FBI Record Checks: House Bill 05-1040 eliminated the need for this appropriation. This adjustment eliminates the appropriation.

Additional legislation: For information on H.B. 06-1161, see the "Recent Legislation" section at the end of this department.

Division of Registrations

This division regulates over 265,000 licensees in more than 30 professions and occupations. Its boards and licensing programs ensure a minimum level of competency among the practitioners, facilities, programs, and equipment that it licenses. The Division also conducts inspections, investigates complaints, and restricts or revokes licenses when generally accepted standards of practice or safety have not been observed. The Division is primarily funded with cash funds from fees paid by those it licenses. The cash funds exempt are Medicaid and Medicare funds transferred from the Department of Health Care Policy and Financing and the Department of Public Health and Environment, respectively, for the nurse aide certification program.

Division of Registrations						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Appropriation:						
SB 05-209	\$14,536,457	\$0	\$12,471,637	\$2,064,820	\$0	158.2
SB 05-155	21,322	0	21,322	0	0	0.0
HB 05-1130	519,449	0	0	119,449	400,000	3.0
HB 06-1230	(4,415)	0	(4,415)	0	0	0.0
TOTAL	\$15,072,813	\$0	\$12,488,544	\$2,184,269	\$400,000	161.2
FY 2006-07 Appropriation:						
FY 2005-06 Appropriation	\$15,072,813	\$0	\$12,488,544	\$2,184,269	\$400,000	161.2
Indirect cost assessment	250,229	0	250,229	0	0	0.0
Annualized salary adjustments	245,475	0	245,475	0	0	0.0
Operating Expenses	20,512	0	20,512	0	0	0.0
Fund mix adjustments	0	0	(132,234)	132,234	0	0.0
FY 2006-07 impact of prior session bills	(491,802)	0	27,647	(119,449)	(400,000)	(1.7)

Division of Registrations						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
HB 06-1385	\$15,097,227	\$0	\$12,900,173	\$2,197,054	\$0	159.5
SB 06-20	317,149	0	317,149	0	0	2.0
SB 06-230	191,041	0	191,041	0	0	3.3
HB 06-1196	2,542	0	2,542	0	0	0.0
HB 06-1395	<u>30,075</u>	<u>0</u>	<u>30,075</u>	<u>0</u>	<u>0</u>	<u>0.4</u>
TOTAL	\$15,638,034	\$0	\$13,440,980	\$2,197,054	\$0	165.2
Increase/(Decrease)	\$565,221	\$0	\$952,436	\$12,785	(\$400,000)	4.0
Percentage Change	3.8%	n/a	7.6%	0.6%	-100.0%	2.5%

HB 06-1385 (Long Bill) Issue Descriptions

Indirect cost assessment: The adjustment aligns the assessment with the FY 2006-07 cost of the support the Division receives from the Executive Director's Office and from other state agencies.

Annualized salary adjustments: The appropriation includes increases for salary survey that were awarded in FY 2005-06. Salary survey increases are funded through centrally-appropriated line items in the Administration and Support Division in the year of the award and are incorporated into base personal-services funding for each division in the subsequent year. The adjustment shown also includes a 0.2 percent reduction to the base personal services appropriations for the Division.

Operating Expenses: The appropriation includes an increase for fuel costs.

Fund mix adjustments: The adjustment reflects increased internal indirect cost recoveries within the Division.

FY 2006-07 impact of prior session bills: The reduction reflects the FY 2006-07 impact of S.B. 05-155 and H.B. 05-1130.

Additional legislation: For information on S.B. 06-20, S.B. 06-230, H.B. 06-1196, and H.B. 06-1395, see the "Recent Legislation" section at the end of this department.

Division of Securities

The Division of Securities monitors the conduct of broker-dealers and sales representatives throughout Colorado. It also investigates citizen complaints and other indications of investment fraud. In addition to license application screening, Division personnel perform on-site examinations of broker-dealer offices. The Division enforces the Colorado Securities Act, the Colorado Commodity Code, the Colorado Municipal Bond Supervision Act, and the Local Government Investment Pool Trust Fund Administration and Enforcement Act.

Division of Securities						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Appropriation:						
SB 05-209	\$2,294,801	\$0	\$2,294,801	\$0	\$0	20.0
HB 05-1230	<u>(59)</u>	<u>0</u>	<u>(59)</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$2,294,742	\$0	\$2,294,742	\$0	\$0	20.0
FY 2006-07 Appropriation:						
FY 2005-06 Appropriation	\$2,294,742	\$0	\$2,294,742	\$0	\$0	20.0
Annualized salary adjustments	41,840	0	41,840	0	0	0.0
Securities Fraud Prosecution	23,250	0	23,250	0	0	0.0
Indirect cost assessment	7,324	0	7,324	0	0	0.0
Operating Expenses	99	0	99	0	0	0.0
HB 06-1385	<u>\$2,367,255</u>	<u>\$0</u>	<u>\$2,367,255</u>	<u>\$0</u>	<u>\$0</u>	<u>20.0</u>
TOTAL	\$2,367,255	\$0	\$2,367,255	\$0	\$0	20.0
Increase/(Decrease)	\$72,513	\$0	\$72,513	\$0	\$0	0.0
Percentage Change	3.2%	n/a	3.2%	n/a	n/a	0.0%

HB 06-1385 (Long Bill) Issue Descriptions

Annualized salary adjustments: The appropriation includes increases for salary survey that were awarded in FY 2005-06. Salary survey increases are funded through centrally-appropriated line items in the Administration and Support Division in the year of the award and are incorporated into base personal-services funding for each division in the subsequent year. The adjustment shown also includes a 0.2 percent reduction to the base personal services appropriations for the Division.

Securities Fraud Prosecution: The increase provides added funding for fraud prosecutions conducted by the Department of Law.

Indirect cost assessment: The adjustment aligns the assessment with the FY 2006-07 cost of the support the Division receives from the Executive Director's Office and from other state agencies.

Operating Expenses: The appropriation provides an increase for fuel costs.

Recent Legislation

2005 Session Bills

S.B. 05-107: Regulates viatical settlements (agreements to assign, transfer, sell or bequest the death benefit from a life insurance policy or ownership of a life insurance policy in exchange for compensation). Appropriates \$5,626 cash funds from the Viatical Settlements Cash Fund and 0.1 FTE to the Department for FY 2005-06.

S.B. 05-125: Supplemental FY 2004-05 appropriation for the Department.

S.B. 05-155: Permits certified nurse aides to become medication aides provided they have sufficient nurse-aide experience, have completed a specified program of study, and have passed an exam. Medication aides can administer oral medications in a nursing facility and are regulated by the State Board of Nursing. Appropriates \$21,322 cash funds to the Department for FY 2005-06. Of this amount, \$739 will be transferred as cash funds exempt to the Department of Law.

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

H.B. 05-1040: Under prior law, an applicant for a real estate broker's license submitted fingerprints and a fee to the Real Estate Commission, which forwarded them to the Colorado Bureau of Investigation (CBI) for a criminal history check. This act requires the applicant to submit the fingerprints and fee directly to the CBI. The CBI then forwards the results to the Real Estate Commission. Reduces the FY 2005-06 cash funds appropriation to the Department by \$185,255.

H.B. 05-1130: Requires the State Board of Pharmacy to develop a program to track controlled-substance prescriptions. The program relies upon gifts, grants and donations; if sufficient moneys for implementation are not obtained by October 1, 2006, the act will not take effect. Appropriates \$147,156 cash funds exempt, \$400,000 federal funds and 3.0 FTE to the Department for FY 2005-06. The federal funds are included for informational purposes only. Of these amounts, \$27,707 will be transferred as cash funds exempt to the Department of Law.

H.B. 05-1213: Eliminates the collection of statistics from licensed workers' compensation insurance carriers and eliminates the annual updating of the Workers' Compensation Closed Claim Study. Reduces the FY 2005-06 cash fund appropriation to the Division of Insurance by \$75,000.

H.B. 05-1264: Eliminates the Real Estate Recovery Fund and the related program that provides limited compensation for victims of willful wrongdoing by real estate brokers. Reduces the FY 2005-06 cash fund appropriation to the Division of Real Estate by \$11,318.

2006 Session Bills

S.B. 06-20: Directs the Governor to enter into a multi-state nurse licensure compact. Appropriates \$327,461 cash funds and 2.0 FTE to the Department and appropriates \$10,312 cash funds exempt to the Department of Law.

S.B. 06-38: Provides \$379,950 cash funds to the Department from insurance fraud investigation fees. For a description of this bill, see the Department of Law.

S.B. 06-61: Appropriates \$197,274 cash funds from the Disabled Telephone Users Fund to the Colorado Commission for the Deaf and Hard of Hearing Cash Fund. For more information on this bill, see the Department of Human Services section.

S.B. 06-208: Establishes the Blue Ribbon Commission for Health Care Reform for the purpose of studying and establishing health care reform models to expand health care coverage and to decrease health care costs. Appropriates \$100,000 General Fund to the Health Care Reform cash fund in FY 2005-06 and appropriates \$150,000 cash funds exempt from the Health Care Reform cash fund to the Division of Insurance for FY 2006-07. Of the FY 2006-07 appropriation, \$50,000 is from potential gifts, grants and donations.

S.B. 06-218: Provides for annual appropriations by the General Assembly from the Colorado Disabled Telephone Users Fund to replenish the Colorado Commission for the Deaf and Hard of Hearing Cash Fund. Reduces the FY 2006-07 appropriation to the Deaf and Hard of Hearing Cash Fund in the Public Utilities Commission Section of the Department's Long Bill by \$25,000 cash funds. For more information on this bill, see the Department of Human Services section of this document.

S.B. 06-230: Requires prescription drug wholesalers to become licensed with the State Board of Pharmacy. Makes the following FY 2006-07 appropriations: \$219,915 cash funds and 3.3 FTE to the Department of Regulatory Agencies; \$28,874 cash funds exempt and 0.2 FTE to the Department of Law out of the appropriation to the Department of Regulatory Agencies; \$31,183 cash funds, \$39,600 cash funds exempt, and 0.3 FTE to the Department of Public Safety.

H.B. 06-1161: Establishes regulatory requirements for mortgage brokers. Appropriates \$123,153 cash funds and 1.5 FTE to the Department of Regulatory Agencies; \$25,780 cash funds exempt and 0.2 FTE to the Department of Law; and \$46,894 cash funds, \$66,000 cash funds exempt and 0.6 FTE to the Department of Public Safety. Each of these appropriations is for FY 2006-07. The appropriation to the Department of Law is from funds transferred from the Department of Regulatory Agencies.

H.B. 06-1196: Creates the State Board for Licensure of Technical Professionals by adding the regulation of architects to the board that previously regulated professional land surveyors and professional engineers. Appropriates \$2,542 cash funds to the Department.

H.B. 06-1230: Supplemental FY 2005-06 appropriation for the Department.

H.B. 06-1325: Creates the Reliable Electricity Infrastructure Task Force to develop a comprehensive plan that addresses the state's future electric infrastructure needs. Appropriates \$44,600 cash funds exempt to the Department in FY 2006-07 out of any gifts, grants and donations the Public Utilities Commission may receive.

H.B. 06-1330: Modifies reporting requirements for property and casualty insurers. Appropriates \$5,243 cash funds to the Department.

H.B. 06-1344: If approved by voters at the November 2006 election, will establish legal domestic partnerships in the State and will provide \$58,052 General Fund and 0.5 FTE to the Department of Regulatory Agencies and

\$33,885 cash funds exempt and 0.2 FTE to the Department of Law. The appropriation to the Department of Law will be from funds transferred from the Department of Regulatory Agencies.

H.B. 06-1385: General appropriations act for FY 2006-07.

H.B. 06-1395: Establishes the Psychiatric Residential Treatment Facility (PRTF) which will be eligible to receive federal Medicaid revenue for children placed in out-of-home settings. Provides \$58,052 General Fund and 0.5 FTE to the Department of Regulatory Agencies, and provides \$33,885 cash funds exempt and 0.2 FTE to the Department of Law. For a more complete description of this bill, see "Recent Legislation" for the Department of Human Services.

DEPARTMENT OF REVENUE

Functions performed by the Department of Revenue include collection of state and local taxes, enforcement of tax laws, administration of driver and motor vehicle laws, state liquor and tobacco law enforcement, regulation of limited-stakes gambling, oversight of greyhound/horse racing, and the operation of the Colorado Lottery. This department also operates the State's commercial ports of entry.

The Department of Revenue is organized into the following administrative groups: (1) the Executive Director's Office; (2) Central Department Operations Division; (3) Information Technology Division; (4) Taxation Business Group; (5) Division of Motor Vehicles; (6) Motor Carrier Services; (7) Enforcement Business Group; and (8) the State Lottery Division.

Department Budget: Recent Appropriations

Funding Source	FY 2003-04	FY 2004-05	FY 2005-06	FY 2006-07
General Fund	\$90,654,825	\$87,137,300	\$82,781,784	\$94,933,476
Cash Funds	44,804,075	44,545,391	44,027,000	45,321,997
Cash Funds Exempt	379,766,587	389,183,398	413,319,584	413,431,382
Federal Funds	<u>1,925,618</u>	<u>1,806,849</u>	<u>1,674,459</u>	<u>1,561,754</u>
Total Funds	\$517,151,105	\$522,672,938	\$541,802,827	\$555,248,609
Full Time Equiv. Staff	1,455.7	1,444.6	1,429.9	1,423.0

General Factors Driving the Budget

The Department of Revenue's funding for FY 2006-07 consists of 17.1 percent General Fund, 8.2 percent cash funds, 74.5 percent cash funds exempt (including 2.2 percent comprised of moneys from the Highway Users Tax Fund), and 0.3 percent federal funds. Significant factors driving the Department's overall budget are discussed below.

Revenue and Tax Collection

The improving economy means an increased workload for the Taxation Business Group and also has direct implications for Central Department Operations Division, as well as for the Information Technology Division. The creation of new companies and proprietorships translates into more audits and compliance verification, which has often been alleviated by the application of various imaging and electronic data interchange technologies. Additionally, Colorado's perpetually-changing tax structure continues to create challenges because of recent legislation that has increased both the number and complexity of special taxing districts, as well as the quantity of exemptions and modifications to the State's sales and income taxes. These factors also affect the Taxpayer Services Division, which is responsible for providing information and assistance to Colorado's taxpayers.

Taxation Business Group: Appropriations for Personal Services and Operating Expenses

	FY 2003-04		FY 2004-05		FY 2005-06		FY 2006-07	
	Dollars	FTE	Dollars	FTE	Dollars	FTE	Dollars	FTE
Taxation & Compliance	13,878,546	217.4	13,852,064	217.4	13,790,940	217.4	13,989,143	215.4
Taxpayer Services	4,364,875	74.2	4,346,702	74.2	4,638,799	79.4	4,551,576	76.1
Tax Conferee	793,082	9.0	791,526	9.0	814,502	9.0	835,769	9.0

Motor Vehicle Licensing and Registration

Programs in the Division of Motor Vehicles are managed through General Fund appropriations and fees deposited into sub-accounts of the Highway Users Tax Fund. They are heavily affected by population growth, federal mandates, and the health of Colorado's consumer economy. Since February 2002, the number of driver's license offices operated by the Motor Vehicle Division has dropped from 69 branches to 39 branches. During that time, though staffing has been reduced from 226.5 FTE to 180.5 FTE, the number of documents processed has been trending upward. This has often meant longer wait times for customers and a significant amount of overtime for remaining employees. The Division of Motor Vehicles has greatly improved license plate ordering through the implementation of an inventory system that tracks purchases to usage.

Division of Motor Vehicles: Program Appropriations

	FY 2003-04		FY 2004-05		FY 2005-06		FY 2006-07	
	Dollars	FTE	Dollars	FTE	Dollars	FTE	Dollars	FTE
Driver and Vehicle Services	14,548,273	324.6	14,209,169	324.6	14,413,690	323.3	14,622,222	321.2
Vehicle Emissions	1,062,546	15.5	1,060,730	15.5	1,016,204	15.5	1,043,152	15.5
Titles	1,647,114	38.5	1,644,215	38.5	1,634,812	34.5	1,678,331	34.5
License Documents	3,478,361	n/a	3,478,361	n/a	3,110,000	n/a	3,145,579	n/a
License Plate Ordering	3,718,973	n/a	4,909,869	n/a	5,196,788	n/a	4,952,098	n/a

Commercial Vehicle Traffic

The number of commercial vehicles crossing the state's borders affects the workload of Motor Carrier Services, which operates Colorado's seventeen ports of entry. These facilities are primarily responsible for monitoring overweight trucks, collecting the commercial vehicle registration fee, and enforcing related safety regulations. The number of commercial vehicles traveling the State's highways and other secondary roads over the last six years is summarized below. Staffing levels and funding for Motor Carrier Services has remained relatively constant over that time.

	Actual FY 00-01	Actual FY 01-02	Actual FY 02-03	Actual FY 03-04	Actual FY 04-05	Estimate FY 05-06
Number of Vehicles at Fixed Ports	4,982,004	5,265,627	5,403,807	5,134,518	5,657,834	5,855,858

Information Technology Projects

Much of the Department's workload centers around the collection of information and its frequent compilation into complex databases. The Taxation Business Group utilizes 51 separate computer systems, which are comprised of more than 4,500 programs and 2.5 million lines of code. The General Assembly approved the

Colorado Integrated Tax Architecture (CITA) Feasibility Study in FY 2004-05 to assess the most efficient and cost-effective way to upgrade the Department's primary revenue and tax systems, some of which are more than 30 years old. This study is the basis for the Department's Revenue Integrated Tax Architecture (RITA) project, which is a \$42.0 million multi-year capital construction project. The first-year appropriation is shown in the Capital Construction section of the FY 2006-07 Appropriations Report and is not part of the Department's operating budget.

This division is also responsible for providing data processing services and for supporting current applications within the Division of Motor Vehicles and the Enforcement Business Group. Such service and support are related to the maintenance of drivers license records; tracking fuel taxes; the issuance of liquor and gaming licenses; and managing case management systems for fraud investigations.

Summary of FY 2005-06 and FY 2006-07 Appropriations

Department of Revenue						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Total Appropriation:	\$541,802,827	\$82,781,784	\$44,027,000	\$413,319,584	\$1,674,459	1,429.9
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Executive Director's Office	22,423,946	13,489,448	2,563,796	6,370,702	0	43.5
Cash and Document Processing Division	11,076,313	10,291,199	287,924	497,190	0	114.5
Information Technology Division	12,753,441	5,358,486	349,614	7,045,341	0	115.0
Taxation Business Group	49,778,974	46,000,119	206,964	2,516,379	1,055,512	324.3
Motor Vehicle Business Group	27,569,710	7,302,038	5,083,620	15,184,052	0	389.3
Motor Carrier Services Division	7,931,746	167,365	248,436	6,896,998	618,947	145.2
Enforcement Business Group	37,800,421	173,129	35,286,646	2,340,646	0	172.1
State Lottery Division	372,468,276	0	0	372,468,276	0	126.0
<u>Breakdown of Total Appropriation by Bill</u>						
SB 05-209	518,113,040	91,603,561	44,171,603	380,663,417	1,674,459	1,430.2
SB 05-52	350	0	0	350	0	0.0
HB 05-1056	350	0	0	350	0	0.0
HB 05-1196	0	(8,948,375)	0	8,948,375	0	0.0
HB 05-1262	1,522,800	0	0	1,522,800	0	0.0
HB 06-1231	18,534,046	(322,607)	(144,603)	19,001,256	0	(0.3)
HB 06-1385	3,632,241	449,205	0	3,183,036	0	0.0

Department of Revenue						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Total Appropriation:	\$555,248,609	\$94,933,476	\$45,321,997	\$413,431,382	\$1,561,754	1,423.0
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Executive Director's Office	24,318,023	14,677,585	2,733,452	6,906,986	0	43.5
Central Department Operations Division	10,829,854	10,315,087	66,555	448,212	0	109.9
Information Technology Division	12,259,474	5,035,817	257,376	6,966,281	0	118.1
Taxation Business Group	50,942,126	47,398,099	93,851	2,542,761	907,415	321.0
Division of Motor Vehicles	27,094,838	16,665,675	5,046,916	5,382,247	0	383.2
Motor Carrier Services Division	8,081,808	663,660	240,470	6,523,339	654,339	144.2
Enforcement Business Group	39,791,586	177,553	36,883,377	2,730,656	0	177.1
State Lottery Division	381,930,900	0	0	381,930,900	0	126.0
<u>Breakdown of Total Appropriation by Bill</u>						
HB 06-1385	556,110,378	94,933,476	45,161,021	414,454,127	1,561,754	1,429.0
SB 06-28	1,608	0	1,608	0	0	0.0
SB 06-80	16,080	0	16,080	0	0	0.0
HB 06-1019	350	0	0	350	0	0.0
HB 06-1072	1,608	0	1,608	0	0	0.0
HB 06-1178	(1,023,445)	0	0	(1,023,445)	0	(7.0)
HB 06-1297	350	0	0	350	0	0.0
HB 06-1312	72,000	0	72,000	0	0	1.0
HB 06-1339	53,600	0	53,600	0	0	0.0
HB 06-1404	16,080	0	16,080	0	0	0.0
Increase/(Decrease)	\$13,445,782	\$12,151,692	\$1,294,997	\$111,798	(\$112,705)	(6.9)
Percentage Change	2.5%	14.7%	2.9%	0.0%	-6.7%	-0.5%

FY 2006-07 Appropriation Highlights:

1. An increase of \$13,382,000 cash funds exempt in the State Lottery Division to begin development of a new on-line game in March 2006 and estimated to launch in September 2006. These increased expenditures pertain to the following line items: Prizes, Vendor Fees, and Retailer Compensation.
2. An increase of \$1,000,000 General Fund to reflect Legislative Council Staff's March 2006 Revenue Forecast for both Old Age Heat & Fuel Assistance Grants, and Old Age Property Tax Assistance Grants.

3. The sunset of H.B. 05-1196, which offset a significant portion of General Fund personal services expenditures in Driver and Vehicle Services from the Highway Users Tax Fund (HUTF) 'Off-the-Top' moneys, requires an additional \$8.9 million General Fund to maintain current staffing levels. This is matched by an equivalent decrease of cash funds exempt spending authority.

Detail of Appropriation by Administrative Section

Executive Director's Office

The Executive Director's Office is comprised of the Administration section, the Policy Analysis and Financial Services section, the Internal Auditor, and the Human Resources section. The Executive Director's Office is supported by various sources of cash funds and cash funds exempt including indirect cost recoveries.

Executive Director's Office						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Appropriation:						
SB 05-209	\$22,232,598	\$13,425,902	\$2,590,433	\$6,216,263	\$0	43.5
HB 06-1231	(258,920)	(385,659)	(26,637)	153,376	0	0.0
HB 06-1385	<u>450,268</u>	<u>449,205</u>	<u>0</u>	<u>1,063</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$22,423,946	\$13,489,448	\$2,563,796	\$6,370,702	\$0	43.5
FY 2006-07 Appropriation:						
FY 2005-06 Appropriation	\$22,423,946	\$13,489,448	\$2,563,796	\$6,370,702	\$0	43.5
Health, Life, and Dental	1,050,349	720,364	58,449	271,536	0	0.0
Amortization Equalization Disbursement	353,706	227,023	37,595	89,088	0	0.0
Adjustments to centrally-appropriated items	326,703	228,248	(34,960)	133,415	0	0.0
Capitol Complex Leased Space	273,705	152,408	51,396	69,901	0	0.0
Salary and benefits adjustments	74,803	74,803	0	0	0	0.0
Fund mix adjustment	0	(168,425)	67,716	100,709	0	0.0
Adjustment to Department's salary survey	(113,929)	(42,339)	(9,649)	(61,941)	0	0.0
Personal Services reduction	(6,624)	(3,945)	(891)	(1,788)	0	0.0
HB 06-1385	\$24,382,659	\$14,677,585	\$2,733,452	\$6,971,622	\$0	43.5
HB 06-1178	<u>(64,636)</u>	<u>0</u>	<u>0</u>	<u>(64,636)</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$24,318,023	\$14,677,585	\$2,733,452	\$6,906,986	\$0	43.5
Increase/(Decrease)	\$1,894,077	\$1,188,137	\$169,656	\$536,284	\$0	0.0
Percentage Change	8.4%	8.8%	6.6%	8.4%	n/a	0.0%

HB 06-1385 (Long Bill) Issue Descriptions

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

Amortization Equalization Disbursement: These amounts pertain to the Department's allocation to maintain compliance with the requirements of S.B. 04-257.

Adjustments to centrally-appropriated items: These amounts summarize various changes to other centrally-appropriated line items ('POTS') through common policies approved by the JBC. Such line items include the following: short-term disability, workers' compensation, purchase of services from the computer center, payments to risk management and property funds, and vehicle lease payments.

Capitol Complex Leased Space: These amounts reflect the Department's cost to occupy building properties managed by the Department of Personnel and Administration.

Salary and benefits adjustments: This amount reflects salary survey distributed in FY 2005-06.

Fund mix adjustment: This line represents changes to the Department's indirect cost recovery plan for FY 2006-07, which fluctuates according to various cash and cash exempt sources that can be charged for work performed by the Executive Director's Office for other divisions within the Department.

Adjustment to Department's salary survey: These amounts reflect the Department's portion of the 2.63 percent increase adopted by the Joint Budget Committee for employees statewide.

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

Additional Legislation: For more information on H.B. 06-1178, see the "Recent Legislation" section at the end of the Department of Revenue. This bill restructures the Motorist Insurance Identification Database, most of which is appropriated in the Division of Motor Vehicles.

Central Department Operations Division (formerly Cash and Document Processing Division)

This division maintains documents and records transactions that enable the Department to meet its various statutory responsibilities, many of which are related to taxes, licensing and other fee payments; the deposit of tax remittances; the processing of tax documents from the receipt of returns through the issuance of applicable refunds; the processing of income tax refund warrants; and a variety of incoming and outgoing mail services. In FY 2004-05, the Central Department Operations Division handled nearly 10.9 million pieces of mail and more than 1.4 million tax refunds.

Central Department Operations Division

	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Appropriation:						
SB 05-209	<u>\$11,076,313</u>	<u>\$10,291,199</u>	<u>\$287,924</u>	<u>\$497,190</u>	<u>\$0</u>	<u>114.5</u>
TOTAL	\$11,076,313	\$10,291,199	\$287,924	\$497,190	\$0	114.5
FY 2006-07 Appropriation:						
FY 2005-06 Appropriation	\$11,076,313	\$10,291,199	\$287,924	\$497,190	\$0	114.5
Salary and benefits adjustments	147,288	147,288	0	0	0	0.0
Fund mix adjustment	0	95,094	(46,742)	(48,352)	0	0.0
Adjustment for special bills	(309,448)	(135,213)	(174,235)	0	0	(3.6)
Department realignment	(73,067)	(73,067)	0	0	0	(1.0)
Personal Services reduction	(11,232)	(10,214)	(392)	(626)	0	0.0
HB 06-1385	<u>\$10,829,854</u>	<u>\$10,315,087</u>	<u>\$66,555</u>	<u>\$448,212</u>	<u>\$0</u>	<u>109.9</u>
TOTAL	\$10,829,854	\$10,315,087	\$66,555	\$448,212	\$0	109.9
Increase/(Decrease)	(\$246,459)	\$23,888	(\$221,369)	(\$48,978)	\$0	(4.6)
Percentage Change	-2.2%	0.2%	-76.9%	-9.9%	n/a	-4.0%

HB 06-1385 (Long Bill) Issue Descriptions

Salary and benefits adjustments: This amount reflects salary survey distributed in FY 2005-06.

Fund mix adjustment: This line represents changes to the Department's indirect cost recovery plan for FY 2006-07, which fluctuates according to various cash and cash exempt sources that can be charged for work performed by the Central Department Operations Division.

Adjustment for special bills: These amounts reflect the out-year fiscal impact of legislation affecting the Central Department Operations Division. This division's appropriation was reduced by the following amounts: \$135,213 General Fund and 0.6 FTE pursuant to S.B. 03-217, and \$174,235 cash funds and 3.0 FTE pursuant to H.B. 04-1448.

Department realignment: This amount reflects the transfer of 1.0 FTE to the Taxation Business Group as a part of an internal re-organization. These changes are cost neutral.

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

Information Technology Division

This division contains two subsections: Systems Support, which provides the bulk of the Department's various information technology requirements; and the Colorado State Titling and Registration System (CSTARS), which was created in 1983 to automate the distribution of vehicle registration taxes among the State, the counties, and the Highway Users Tax Fund (HUTF).

Systems Support: This unit provides data processing services and supports existing applications within the Executive Director's Office and the Department's three business groups. Much of this support occurs in the Taxation Business Group, where the information technology staff are responsible for maintaining 51 separate programming systems and more than 4,500 computer programs. The Division of Motor Vehicles requires system and database maintenance related to drivers licenses, vehicle records, accident statistics, and fuel taxes. Support for the Enforcement Business Group - comprised of the State Lottery and the Limited Gaming Divisions as well as liquor, tobacco and racing regulation - includes maintenance of databases related to licensing, compliance, and investigation.

Colorado State Titling and Registration System: In 1983, the Colorado State Titling and Registration System (CSTARS) was created to automate the distribution of registration taxes among the State, the 64 counties, and the Highway Users Tax Fund (HUTF) through a database administered by the Department of Revenue. Over the years, the CSTARS has been expanded to provide support for the Motorist Insurance Identification Database and Enviro-test emissions compliance data. Pursuant to Section 42-1-211, C.R.S., the Department is authorized to coordinate the management of a statewide system to process title and registration documents as well as provide county clerks a means to access the master list of the State's registered voters. The CSTARS enables Colorado's 64 county clerks offices to process approximately 2.1 million vehicle titles and 4.3 million vehicle registrations every year. Appropriations made to the CSTARS program provide the necessary hardware, software, and technical support to maintain the system and ensure adequate access for the county clerks.

Information Technology Division						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Appropriation:						
SB 05-209	\$12,662,891	\$5,295,434	\$349,614	\$7,017,843	\$0	115.3
SB 05-52	350	0	0	350	0	0.0
HB 05-1056	350	0	0	350	0	0.0
HB 06-1231	<u>89,850</u>	<u>63,052</u>	<u>0</u>	<u>26,798</u>	<u>0</u>	<u>(0.3)</u>
TOTAL	\$12,753,441	\$5,358,486	\$349,614	\$7,045,341	\$0	115.0
FY 2006-07 Appropriation:						
FY 2005-06 Appropriation	\$12,753,441	\$5,358,486	\$349,614	\$7,045,341	\$0	115.0
Salary and benefits adjustments	205,452	136,548	0	68,904	0	0.0
Department realignment	178,927	178,927	0	0	0	3.0
CSTARS expansion	59,621	0	0	59,621	0	0.0
Fund mix adjustment	0	(572,976)	(74,718)	647,694	0	0.0

Information Technology Division						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
Reduction for previous FY funding	(822,422)	0	0	(822,422)	0	0.0
Programming costs adjustment	(89,850)	(63,052)	0	(26,798)	0	0.3
Personal Services reduction	(16,149)	(9,399)	(691)	(6,059)	0	0.0
Adjustment for special bills	(10,246)	7,283	(16,829)	(700)	0	(0.2)
HB 06-1385	\$12,258,774	\$5,035,817	\$257,376	\$6,965,581	\$0	118.1
HB 06-1019	350	0	0	350	0	0.0
HB 06-1297	<u>350</u>	<u>0</u>	<u>0</u>	<u>350</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$12,259,474	\$5,035,817	\$257,376	\$6,966,281	\$0	118.1
Increase/(Decrease)	(\$493,967)	(\$322,669)	(\$92,238)	(\$79,060)	\$0	3.1
Percentage Change	-3.9%	-6.0%	-26.4%	-1.1%	n/a	2.7%

HB 06-1385 (Long Bill) Issue Descriptions

Salary and benefits adjustments: This amount reflects salary survey distributed in FY 2005-06.

Department realignment: This amount reflects the transfer of \$178,927 General Fund and 3.0 FTE from the Taxation and Compliance and Motor Carrier Services Divisions as a part of an internal re-organization. These changes are cost neutral to the Department as a whole.

CSTARS expansion: Section 42-1-210 (2), C.R.S., requires the Department to provide the necessary equipment and services to support motor vehicle titling and registration services that are easily accessible to the public. This funding will be used to establish an additional branch office in Arapahoe County and to purchase new workstations for Mesa and Weld Counties.

Fund mix adjustment: This line represents changes to the Department's indirect cost recovery plan for FY 2006-07, which fluctuates according to various cash and cash exempt sources that can be charged for work performed by the Information Technology Division.

Reduction for previous FY funding: This amount reflects the elimination of funding to deploy the new CSTARS platform.

Programming costs adjustment: This adjustment resets the line item to the base appropriation of \$16,744 General Fund, \$78,951 cash funds exempt, and 2.2 FTE.

Personal Services reduction: This line represents a common policy to reduce the personal services base appropriation for all programs by 0.2 percent.

Adjustment for special bills: These amounts reflect the out-year fiscal impact of legislation pertaining to the Information Technology Division. This division's appropriation was increased by \$7,283 General Fund pursuant

to H.B. 05-1019. Conversely, this division's appropriation was reduced by the following amounts: \$16,829 cash funds and 0.2 FTE pursuant to H.B. 04-1448, \$350 cash funds exempt pursuant to H.B. 05-1056, and \$350 cash funds exempt pursuant to S.B. 05-52.

Additional legislation: For information on H.B. 06-1019 and H.B. 06-1297, see the "Recent Legislation" section at the end of the Department of Revenue. Both of these bills create new income tax checkoffs.

Taxation Business Group

This is the first of the Department's three business groups. Divisions within this Group are responsible for implementation of programs related to collecting and processing taxes; providing customer service to taxpayers; resolving tax disputes; and administering tax rebate and assistance programs. The Taxation Business Group is primarily comprised of the following programs:

- ▶ **Taxation and Compliance Division.** Responsible for auditing and compliance enforcement of Colorado tax laws, including tax collections and returns.
- ▶ **Taxpayer Services Division.** Provides tax information, issues tax licenses, collects sales tax revenues for some local governments and districts, and intercepts refunds for debts owed to other state agencies or the Internal Revenue Service. Maintains a central office in Denver, a telephone information center, and five regional service centers in Grand Junction, Fort Collins, Denver, Colorado Springs, and Pueblo.
- ▶ **Tax Conferee.** Responsible for resolving protests regarding tax adjustments made by the Department. Authorized by Section 29-2-106.1, C.R.S., to review home rule city sales taxes as well as city and county use taxes.
- ▶ **Special Purpose.** Includes the Cigarette Tax Rebate; Old Age Heat, Fuel, and Property Tax Assistance; and the Alternative Fuels Rebate.

Taxation Business Group						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Appropriation:						
SB 05-209	\$48,256,174	\$46,000,119	\$206,964	\$993,579	\$1,055,512	324.3
HB 05-1262	<u>1,522,800</u>	<u>0</u>	<u>0</u>	<u>1,522,800</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$49,778,974	\$46,000,119	\$206,964	\$2,516,379	\$1,055,512	324.3
FY 2006-07 Appropriation:						
FY 2005-06 Appropriation	\$49,778,974	\$46,000,119	\$206,964	\$2,516,379	\$1,055,512	324.3
Old Age Grants estimate adjustment	1,000,000	1,000,000	0	0	0	0.0
Salary and benefits adjustments	486,586	485,512	0	1,074	0	0.0
Amendment 35 distribution estimate	25,308	0	0	25,308	0	0.0

Taxation Business Group						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
Fund mix adjustment	0	(5,193)	4,871	322	0	0.0
Adjustment for HB 04-1448	(189,644)	0	(189,644)	0	0	(3.3)
Mineral Audit Program costs	(148,097)	0	0	0	(148,097)	0.0
Department realignment	(44,767)	(44,767)	0	0	0	(1.0)
Personal Services reduction	(38,234)	(37,572)	(340)	(322)	0	0.0
HB 06-1385	\$50,870,126	\$47,398,099	\$21,851	\$2,542,761	\$907,415	320.0
HB 06-1312	<u>72,000</u>	<u>0</u>	<u>72,000</u>	<u>0</u>	<u>0</u>	<u>1.0</u>
TOTAL	\$50,942,126	\$47,398,099	\$93,851	\$2,542,761	\$907,415	321.0
Increase/(Decrease)	\$1,163,152	\$1,397,980	(\$113,113)	\$26,382	(\$148,097)	(3.3)
Percentage Change	2.3%	3.0%	-54.7%	1.0%	-14.0%	(1.0)%

HB 06-1385 (Long Bill) Issue Descriptions

Old Age Grants estimate adjustment: This amount reflects adjustments to Legislative Council Staff's estimate for distribution of these grants from the previous fiscal year. Sections 39-31-101 and 104, C.R.S., specify the qualifications for low-income individuals and couples to receive heat, fuel and property tax assistance grants. The actual General Fund disbursement for these programs may vary because any qualified applicants must receive the grants. This appropriation is exempt from the six percent limit on General Fund appropriations as set forth in Section 24-75-201.1 (1) (a) (III) (C), C.R.S.

Amendment 35 distribution estimate: House Bill 05-1262 implemented Amendment 35, which was passed by the voters of Colorado in November 2004. Three percent of the total revenue and interest earned on proceeds deposited into the Tobacco Tax Fund are earmarked for municipal and county governments to 'compensate proportionately for tax revenue reductions attributable to lower cigarette and tobacco sales resulting from implementation of the tax.' These moneys shall be allocated to local governments according to the provisions set forth in Section 39-22-623, C.R.S.

Salary and benefits adjustments: This amount reflects salary survey distributed in FY 2005-06.

Fund mix adjustment: This line represents changes to the Department's indirect cost recovery plan for FY 2006-07, which fluctuates according to various cash and cash exempt sources that can be charged for work performed by the Taxation Business Group.

Adjustment for HB 04-1448: These amounts reflect the out-year fiscal impact of legislation pertaining to the Taxation Business Group.

Mineral Audit Program costs: This adjustment reflects a decrease to anticipated federal moneys received under the terms of the Mineral Audit Program. Pursuant to Section 24-35-115, C.R.S., this program is responsible for auditing mineral lease and royalty payments to the State on behalf of the Federal Minerals Management Service.

Department realignment: This amount reflects the transfer of \$73,067 General Fund and 1.0 FTE from the Central Department Operations Division as a part of an internal re-organization. Conversely, this amount also reflects the transfer of \$117,834 General Fund and 2.0 FTE to the Information Technology Division. These changes are cost neutral to the Department as a whole.

Personal Services reduction: This line represents a common policy to reduce the personal services base appropriation for all programs by 0.2 percent.

Additional legislation: For information on H.B. 06-1312, which pertains to private letter rulings, please refer to the "Recent Legislation" section at the end of the Department of Revenue.

Division of Motor Vehicles (formerly Motor Vehicle Business Group)

The Division of Motor Vehicles is the second of three business groups in the Department. It is responsible for the following: licensing drivers; titling and registering motor vehicles; regulating commercial driving schools; enforcing interstate trucking laws through the ports of entry system; enforcing the state's emissions program; and implementing the Motorist Insurance Identification Database program. The Division of Motor Vehicles is comprised of the following programs:

- ▶ **Driver and Vehicle Services.** Administers and enforces laws relating to all classes of drivers licenses; titling and registering motor vehicles; regulating commercial driving schools; and supports local law enforcement agencies in the prevention of identification fraud.
- ▶ **Vehicle Emissions.** Inspects vehicle emissions stations to ensure compliance with established standards under the State's Automobile Inspection and Readjustment (AIR) program. Also responsible for the prevention of fraud and abuse within the system. Receives cash fund exempt appropriations from the AIR Account, a special purpose account in the Highway Users Tax Fund (HUTF).
- ▶ **Titles.** Provides administrative support for the statewide system of motor vehicle titling and registration. Receives cash fund exempt appropriations from the Colorado State Titling and Registration (CSTARS) Account, a special purpose account in the HUTF.
- ▶ **Motorist Insurance Identification Database Program.** Manages a database that compares vehicle registrations to insured motorist records. Helps law enforcement officials enforce compliance with vehicle insurance laws by authorizing the suspension of drivers licenses belonging to uninsured motorists. Receives cash funds exempt appropriations from the Motorist Insurance Identification Database Account, a special purpose account in the HUTF.

Division of Motor Vehicles						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Appropriation:						
SB 05-209	\$27,687,676	\$16,250,413	\$5,201,586	\$6,235,677	\$0	389.3
HB 05-1196	0	(8,948,375)	0	8,948,375	0	0.0
HB 06-1231	<u>(117,966)</u>	<u>0</u>	<u>(117,966)</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$27,569,710	\$7,302,038	\$5,083,620	\$15,184,052	\$0	389.3

Division of Motor Vehicles						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Appropriation:						
FY 2005-06 Appropriation	\$27,569,710	\$7,302,038	\$5,083,620	\$15,184,052	\$0	389.3
Salary and benefits adjustments	478,825	393,585	0	85,240	0	0.0
Adjustment for special bills	102,435	9,005,786	45,024	(8,948,375)	0	0.9
Department realignment	22,111	(153,253)	0	175,364	0	0.0
Fund mix adjustment	0	143,227	1,050	(144,277)	0	0.0
License Plate Ordering	(171,748)	0	(171,748)	0	0	0.0
Personal Services reduction	(36,662)	(25,708)	(6)	(10,948)	0	0.0
HB 06-1385	\$27,964,671	\$16,665,675	\$4,957,940	\$6,341,056	\$0	390.2
SB 06-28	1,608	0	1,608	0	0	0.0
SB 06-80	16,080	0	16,080	0	0	0.0
HB 06-1072	1,608	0	1,608	0	0	0.0
HB 06-1178	(958,809)	0	0	(958,809)	0	(7.0)
HB 06-1339	53,600	0	53,600	0	0	0.0
HB 06-1404	<u>16,080</u>	<u>0</u>	<u>16,080</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$27,094,838	\$16,665,675	\$5,046,916	\$5,382,247	\$0	383.2
Increase/(Decrease)	(\$474,872)	\$9,363,637	(\$36,704)	(\$9,801,805)	\$0	(6.1)
Percentage Change	-1.7%	128.2%	-0.7%	(64.6)%	n/a	(1.6)%

HB 06-1385 (Long Bill) Issue Descriptions

Salary and benefits adjustments: This amount reflects salary survey distributed in FY 2005-06.

Adjustment for special bills: These amounts reflect the out-year fiscal impact of legislation pertaining to the Division of Motor Vehicles. The most significant change to the Division's funding is the sunset of H.B. 05-1196, which refinanced \$8,948,375 of General Fund from the Highway Users Tax Fund. Additional costs related for other legislation include the following: \$57,411 and 0.9 FTE pursuant to H.B. 04-1017, \$32,160 cash funds pursuant to H.B. 05-1247, and \$12,684 cash funds to H.B. 05-1313.

Department realignment: This amount reflects the transfer of \$12,392 General Fund, \$175,364 cash funds exempt and 3.0 FTE from the Motor Carrier Services Division as a part of an internal re-organization. Conversely, this amount also reflects the transfer of \$165,645 General Fund and 3.0 FTE to the Motor Carrier Services Division. These changes are cost neutral to the Department as a whole.

Fund mix adjustment: This line represents changes to the Department's indirect cost recovery plan for FY 2006-07, which fluctuates according to various cash and cash exempt sources that can be charged for work performed by the Division of Motor Vehicles.

License Plate Ordering: This amount represents a further decrease of \$171,748 over the Department's FY 2005-06 supplemental reduction to more accurately reflect statewide license plate demand.

Personal Services reduction: This line represents a common policy to reduce the personal services base appropriation for all programs by 0.2 percent.

Additional Legislation: For more information on special bills adopted during the 2006 session, please refer to the "Recent Legislation" section at the end of the Department of Revenue.

Motor Carrier Services Division

This division is responsible for registering motor carriers; collecting fuel taxes; collecting registration fees charged to fuel distributors, petroleum storage companies, and interstate carriers; ensuring compliance with vehicle safety regulations; and enforcing laws concerning both owners and operators of motor carriers. As part of these responsibilities, the Division operates 17 port of entry buildings and ten mobile port scales. Beginning in FY 2004-05, Motor Carrier Services was designated as a 'stand-alone' unit; however, the division continues to be managed by the director of the Division of Motor Vehicles. Pursuant to the State Auditor's June 2004 Performance Audit related to distribution and collection of Highway Users Tax Fund (HUTF) revenue, the General Assembly approved the Department of Revenue's proposal to transfer this function to the Taxpayer Services Division.

Motor Carrier Services Division						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Appropriation:						
SB 05-209	<u>\$7,931,746</u>	<u>\$167,365</u>	<u>\$248,436</u>	<u>\$6,896,998</u>	<u>\$618,947</u>	<u>145.2</u>
TOTAL	\$7,931,746	\$167,365	\$248,436	\$6,896,998	\$618,947	145.2
FY 2006-07 Appropriation:						
FY 2005-06 Appropriation	\$7,931,746	\$167,365	\$248,436	\$6,896,998	\$618,947	145.2
Salary and benefits adjustments	211,816	13,693	5,602	192,521	0	0.0
Motor Carrier Safety Assistance	35,392	0	0	0	35,392	0.0
Fund mix adjustment	0	390,785	(13,061)	(377,724)	0	0.0
Department realignment	(83,205)	92,159	0	(175,364)	0	(1.0)
Personal Services reduction	(13,941)	(342)	(507)	(13,092)	0	0.0
HB 06-1385	<u>\$8,081,808</u>	<u>\$663,660</u>	<u>\$240,470</u>	<u>\$6,523,339</u>	<u>\$654,339</u>	<u>144.2</u>
TOTAL	\$8,081,808	\$663,660	\$240,470	\$6,523,339	\$654,339	144.2

Motor Carrier Services Division						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
Increase/(Decrease)	\$150,062	\$496,295	(\$7,966)	(\$373,659)	\$35,392	(1.0)
Percentage Change	1.9%	296.5%	-3.2%	-5.4%	5.7%	-0.7%

HB 06-1385 (Long Bill) Issue Descriptions

Salary and benefits adjustments: This amount reflects salary survey distributed in FY 2005-06.

Motor Carrier Safety Assistance: This amount reflects increased federal funds to administer this program.

Fund mix adjustment: This amount represents changes to the Department's indirect cost recovery plan for FY 2006-07, which fluctuates according to various cash and cash exempt sources that can be charged for work performed by the Motor Carrier Services Division. This also includes an increase of \$165,204 General Fund and a decrease of \$165,204 cash funds exempt to accurately reflect sources of FTE funding.

Department realignment: This amount is net of 4.0 FTE transferred out of Motor Carrier Services to the Divisions of Motor Vehicles and Information Technology, and 3.0 FTE transferred into this division from Driver and Vehicle Services. The entire Department re-alignment is cost neutral.

Personal Services reduction: This line represents a common policy to reduce the personal services base appropriation for all programs by 0.2 percent.

Enforcement Business Group

This is the last of the three enforcement business groups in the Department. Its broad purview of responsibilities include the regulation of limited gaming; the enforcement of the State's liquor and tobacco laws; the licensing of liquor retailers, wholesalers, and manufacturers; the regulation of horse and dog racing events; the regulation of the sale and distribution of motor vehicles; and the adjudication of hearings related to drivers licenses, liquor licenses, certain racing licenses, and some tax disputes. The Enforcement Business Group is comprised of the following programs:

- ▶ **Limited Gaming Division.** Responsible for the licensing, regulation, and supervision of devices, persons, locations, and activities related to limited gaming in Cripple Creek, Black Hawk, and Central City. Receives appropriations from the Limited Gaming Fund.
- ▶ **Liquor Enforcement Division.** Provides liquor licenses or permits to all manufacturers, importers, wholesalers, retailers. Enforces liquor laws and regulations. Receives moneys from the Liquor Enforcement Division and State Licensing Authority Cash Fund.
- ▶ **Tobacco Enforcement Program.** Enforces State laws prohibiting the sale of tobacco to minors. Receives some General Fund and a transfer of tobacco settlement moneys from the Department of Public Health and Environment.

- ▶ **Division of Racing Events.** Regulates greyhound and horse racing and also supervises pari-mutuel racing activities throughout Colorado. Allocates race dates to various racing associations. Receives appropriations from the Racing Cash Fund.
- ▶ **Hearings Division.** Conducts hearings on drivers license suspensions, revocations, probationary licenses, habitual traffic offenses, and misuse of temporary registration permits, as well as hearings related to horse and dog racing licenses. Supported by the Drivers License Revocation sub-account of the Highway Users Tax Fund (HUTF).
- ▶ **Motor Vehicle Dealer Licensing Board.** Licenses and regulates entities that manufacture, sell, and distribute motorized vehicles in Colorado. Supported by the Auto Dealers License Fund.

Enforcement Business Group						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Appropriation:						
SB 05-209	<u>\$37,800,421</u>	<u>\$173,129</u>	<u>\$35,286,646</u>	<u>\$2,340,646</u>	<u>\$0</u>	<u>172.1</u>
TOTAL	\$37,800,421	\$173,129	\$35,286,646	\$2,340,646	\$0	172.1
FY 2006-07 Appropriation:						
FY 2005-06 Appropriation	\$37,800,421	\$173,129	\$35,286,646	\$2,340,646	\$0	172.1
Distribution to Gaming Cities and Counties adjustment	1,138,135	0	1,138,135	0	0	0.0
Salary and benefits adjustments	327,273	5,132	254,402	67,739	0	0.0
Addition of investigative staff to the Motor Vehicle Dealer Licensing Board	322,365	0	0	322,365	0	5.0
Indirect Cost Assessment	226,798	0	226,798	0	0	0.0
Fund mix adjustment	0	(364)	(4,159)	4,523	0	0.0
Personal Services reduction	(23,406)	(344)	(18,445)	(4,617)	0	0.0
HB 06-1385	<u>\$39,791,586</u>	<u>\$177,553</u>	<u>\$36,883,377</u>	<u>\$2,730,656</u>	<u>\$0</u>	<u>177.1</u>
TOTAL	\$39,791,586	\$177,553	\$36,883,377	\$2,730,656	\$0	177.1
Increase/(Decrease)	\$1,991,165	\$4,424	\$1,596,731	\$390,010	\$0	5.0
Percentage Change	5.3%	2.6%	4.5%	16.7%	n/a	2.9%

HB 06-1385 (Long Bill) Issue Descriptions

Distribution to Gaming Cities and Counties adjustment: As designated by Section 12-47.1-701 (1) (c), C.R.S., this amount reflects adjustments to the FY 2005-06 estimate of distributions to the State Historical Fund; to the governing bodies of Gilpin and Teller counties; to the governing bodies for the cities of Black Hawk, Central, and Cripple Creek; and to the General Fund or other funds as determined by the General Assembly.

Salary and benefits adjustments: This amount reflects salary survey distributed in FY 2005-06.

Addition of investigative staff to the Motor Vehicle Dealer Licensing Board: These FTE were added to reduce the backlog of complaints submitted to the Motor Vehicle Dealer Licensing Board.

Indirect Cost Assessment: This amount represents a significant increase to the indirect cost assessment attributable to the Limited Gaming Division.

Fund mix adjustment: This line represents changes to the Department's indirect cost recovery plan for FY 2006-07, which fluctuates according to various cash and cash exempt sources that can be charged for work performed by the Enforcement Business Group.

Personal Services reduction: This line represents a common policy to reduce the personal services base appropriation for all programs by 0.2 percent.

State Lottery Division

The State Lottery Division is designated as an enterprise under the provisions of TABOR per Article X, Section 20 of the Colorado Constitution. Expenditures on behalf of this division are paid from the State Lottery Fund and appropriated as cash funds exempt. Since FY 2003-04, the State Lottery Division has existed as a stand-alone unit that reports directly to the Executive Director.

State Lottery Division						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Appropriation:						
SB 05-209	\$350,465,221	\$0	\$0	\$350,465,221	\$0	126.0
HB 06-1231	18,821,082	0	0	18,821,082	0	0.0
HB 06-1385	<u>3,181,973</u>	<u>0</u>	<u>0</u>	<u>3,181,973</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$372,468,276	\$0	\$0	\$372,468,276	\$0	126.0
FY 2006-07 Appropriation:						
FY 2005-06 Appropriation	\$372,468,276	\$0	\$0	\$372,468,276	\$0	126.0
Prizes	10,944,670	0	0	10,944,670	0	0.0
Vendor Fees	913,866	0	0	913,866	0	0.0
Retailer Compensation	754,460	0	0	754,460	0	0.0
Salary and benefits adjustments	221,800	0	0	221,800	0	0.0
Indirect Cost Assessment	46,316	0	0	46,316	0	0.0
Powerball Prize Variance	(3,401,973)	0	0	(3,401,973)	0	0.0
Personal Services reduction	(16,515)	0	0	(16,515)	0	0.0
HB 06-1385	<u>\$381,930,900</u>	<u>\$0</u>	<u>\$0</u>	<u>\$381,930,900</u>	<u>\$0</u>	<u>126.0</u>

State Lottery Division						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
TOTAL	\$381,930,900	\$0	\$0	\$381,930,900	\$0	126.0
Increase/(Decrease)	\$9,462,624	\$0	\$0	\$9,462,624	\$0	0.0
Percentage Change	2.5%	n/a	n/a	2.5%	n/a	0.0%

HB 06-1385 (Long Bill) Issue Descriptions

Long Bill Supplemental: This division's FY 2005-06 appropriation contains a supplemental adjustment to reflect increased 'low-tier' prize payouts related to two higher-than-average Powerball jackpots.

Prizes: This amount reflects an increase of \$11,681,600 to launch a new on-line game beginning in March 2006, and a decrease of \$736,930 to carry forward a FY 2005-06 supplemental. This appropriation represents payouts for on-line and scratch game winners. Pursuant to Section 24-35-210 (1), C.R.S., this funding is continuously appropriated. No marketing expenses are funded from these moneys.

Vendor Fees: This amount reflects an increase of \$734,000 to recognize retailer phone charge reimbursements in a manner consistent with internal accounting procedures, an increase of \$335,748 to launch a new on-line game beginning in March 2006, and a decrease of \$155,882 to carry forward a FY 2005-06 supplemental. This amount represents payments to the on-line vendor, which is currently under contract to Scientific Games International through October 31, 2012.

Retailer Compensation: This amount reflects an increase of \$1,364,160 to launch a new on-line game beginning in March 2006, and a decrease of \$609,700 to carry forward a FY 2005-06 supplemental. This line item represents commissions, cashing bonuses, and marketing agreement bonuses to compensate retailers for selling State Lottery products. Retailers are paid a seven percent commission on scratch sales, a six percent commission for on-line sales, a one percent cashing bonus on the amount of prizes claimed at their stores, and up to one half-percent of stores sales that meet specific marketing objectives.

Salary and benefits adjustments: This amount reflects salary survey distributed in FY 2005-06.

Indirect Cost Assessment: This amount represents a significant increase to the indirect cost assessment attributable to the Limited Gaming Division.

Powerball Prize Variance: This appropriation is used to reimburse the Multi-State Lottery Association (MUSL) for the State's share of the 'lower tier' prize pool, which are any prizes other than the Powerball jackpot. Statistical data indicates that 20.8 percent of Powerball sales are paid to this prize pool. Therefore, if the State's payout is greater than 20.8 percent, this line item is increased to reflect reimbursement for the difference. Conversely, if the State's payout is less than 20.8 percent, this line item is decreased. The large decrease reflects a return to usual funding levels following the FY 2005-06 supplemental add-on.

Personal Services reduction: This line represents a common policy to reduce the personal services base appropriation for all programs by 0.2 percent.

Recent Legislation

2005 Session Bills

S.B. 05-47: Makes several changes to laws regarding driver's licenses and identification cards, the most significant of which is reducing expiration periods from ten years to five years. Reduces fees that would have increased to \$30 for ten-year licenses beginning on July 1, 2006, back to \$15 for five-year licenses.

S.B. 05-52: Requires that a voluntary contribution designation line to support the Military Family Relief Fund appear on individual tax returns for a period of three years beginning on January 1, 2005. Appropriates \$350 cash funds exempt to the Department of Revenue for estimated operating expenses in FY 2005-06.

S.B. 05-153: Repeals the statutory requirement to replace all motor vehicle license plates by July 1, 2007, as originally mandated by H.B. 98-1075 and later modified by H.B. 02-1066.

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

H.B. 05-1056: Requires that a voluntary contribution designation line to support the Alzheimer's Association Fund appear on individual tax returns for a period of three years beginning on January 1, 2005. Appropriates \$350 cash funds exempt to the Department of Revenue in FY 2005-06 for estimated operating expenses.

H.B. 05-1196: Extends the statutory authority that created a refinance mechanism to support the Motor Vehicle Division with moneys from the Highway Users Tax Fund (HUTF) for one additional year. Sunsets at the close of FY 2005-06. Reduces the General Fund personal services appropriation to the Motor Vehicle Division in the FY 2005-06 Long Bill by \$8,948,375 million and increases the cash funds exempt appropriation for this line item by the same amount.

H.B. 05-1262: Appropriates \$1,522,800 cash funds exempt in FY 2005-06 to the Department of Revenue for apportionment to municipal and county governments in amounts that are consistent with Section 39-22-623, C.R.S., as described above. For additional information on this legislation, refer to the Department of Health Care Policy and Financing.

2006 Session Bills

S.B. 06-28: Creates a bronze star special license plate. Authorizes such plates for trucks less than 16,001 pounds, passenger cars, motorcycles, and recreational vehicles. Appropriates \$1,608 cash funds to the Department of Revenue in FY 2006-07.

S.B. 06-80: Creates a 'Support the Troops' special license plate. Requires that plate recipients provide a certificate demonstrating that a donation of at least \$25 was made to a qualifying non-profit organization as selected by the Adjutant General of the Department of Military and Veterans Affairs. Authorizes such plates for passenger cars, motorcycles, trucks and non-commercial or recreational vehicles that do not exceed 16,000 pounds. Appropriates \$16,080 cash funds to the Department of Revenue in FY 2006-07.

H.B. 06-1019: Requires that a voluntary contribution designation line to support the Colorado Easter Seals Fund appear on individual tax returns for a period of three years beginning on January 1, 2006. Appropriates \$350 cash funds exempt to the Department of Revenue in FY 2006-07 for estimated operating expenses.

H.B. 06-1072: Creates the Fallen Service Member special license plate to be issued to those families who have lost a family member while serving in the United States Armed Services. Authorizes such plates for trucks less than 16,001 pounds, passenger cars, motorcycles, and recreational vehicles. Appropriates \$1,608 cash funds to the Department of Revenue in FY 2006-07.

H.B. 06-1178: Restructures the Motorist Insurance Identification Database (MIIDB) by eliminating the program's previous enforcement functions. Permits the Department to contract with a vendor to perform the new functions of the MIIDB. Requires the Department to provide a report to the House Business Affairs and Labor Committee by January 1, 2008, regarding the program's effectiveness under the terms of the current legislation. Reduces the Department of Revenue's FY 2006-07 Long Bill appropriation for the MIIDB by \$1,023,445 and 7.0 FTE.

H.B. 06-1231: Supplemental appropriation for the Department of Revenue for FY 2005-06.

H.B. 06-1297: Requires that a voluntary contribution designation line to support the Multiple Sclerosis Fund appear on individual tax returns for a period of three years beginning on January 1, 2006. Appropriates \$350 cash funds exempt to the Department of Revenue in FY 2006-07 for estimated operating expenses.

H.B. 06-1312: Allows taxpayers to request in writing a private letter ruling from the Executive Director of the Department of Revenue (or his or her designee) on the tax consequences of a proposed or completed transaction under any tax administered pursuant to Title 29 or 39 of the Colorado Revised Statutes. Requires the Executive Director to establish rules pertaining to the private letter ruling process and under what circumstances such rulings are binding on the Department or may be revoked. Appropriates \$72,000 cash funds and 1.0 FTE to the Department of Revenue in FY 2006-07 for the costs of implementing this legislation.

H.B. 06-1339: Creates a Denver Broncos special license plate. Authorizes such plates for passenger cars, motorcycles, trucks and non-commercial or recreational vehicles that do not exceed 16,000 pounds. Requires that license plate recipients have made a donation to a Denver Broncos charity. Appropriates \$53,600 cash funds to the Department of Revenue to implement this legislation.

H.B. 06-1385: General appropriations act for FY 2006-07, which also includes a supplemental adjustment to the Department of Revenue for FY 2005-06.

H.B. 06-1404: Creates a 'Support Public Education' special license plate. Requires that plate recipients provide a certificate from Impact on Education, Inc., indicating that at least 20 dollars was donated to a qualifying non-profit organization. Authorizes such plates for passenger cars, motorcycles, trucks and non-commercial or recreational vehicles that do not exceed 16,000 pounds. Appropriates \$16,080 cash funds to the Department of Revenue in FY 2006-07.

DEPARTMENT OF STATE

The Department of State administers Colorado's elections laws, including voter registration laws, initiative and referendum laws, and the Help America Vote Act. It regulates charitable solicitations, charitable gaming, and notaries public, and serves as the depository for many state records. It also collects, stores and provides public access to disclosure statements filed by public officials and lobbyists and to business documents filed by for-profit and not-for-profit businesses.

Department Budget: Recent Appropriations

Funding Source	FY 2003-04	FY 2004-05	FY 2005-06	FY 2006-07
General Fund	\$0	\$0	\$0	\$0
Cash Funds	14,297,176	15,937,115	16,630,109	17,450,876
Cash Funds Exempt	879,395	9,433,366	15,203,349	8,924,997
Federal Funds	<u>36,729,252</u>	<u>31,897</u>	<u>0</u>	<u>0</u>
Total Funds	\$51,905,823	\$25,402,378	\$31,833,458	\$26,375,873
Full Time Equiv. Staff	113.6	128.3	127.0	126.5

General Factors Driving the Budget

Funding for the Department in FY 2006-07 consists of 66.2 percent cash funds and 33.8 percent cash funds exempt. Most of the cash funds derive from fees collected for business filings and document searches while the cash funds exempt represent expenditures from the Federal Elections Assistance Fund in support of the Help America Vote Act program.

Information Technology Services

Since FY 1999-2000, the General Assembly has enacted a stream of Information Technology (IT) legislation for the Department of State. As a consequence of these legislative measures, businesses, public officials, lobbyists, charitable solicitors and others can now file many reports and documents online and many of these filings can now be accessed over the Internet. In June 2004, aging floor panels in the Department's IT data center began shedding microscopic metal fibers that shorted out a large number of departmental computers. To deal with these problems the Department received supplemental appropriations that initially repaired and ultimately replaced nearly all the data center's equipment. In FY 2005-06, the Department received a \$3.6 million IT funding increase to establish a disaster recovery center for its IT operation. The center will also house backup computers for other agencies of state government.

IT Division	FY 02-03 Actual	FY 03-04 Actual	FY 04-05 Actual	FY 05-06 Appropriation	FY 06-07 Appropriation
Expenditure	\$4,375,223	\$4,206,582	\$5,740,013	\$7,788,910	\$7,641,717
FTE	22.0	23.5	22.3	27.8	32.0

Help America Vote Act Program

The federal Help America Vote Act of 2002 (HAVA) required the State to replace outdated voting systems, improve voter education and institute a statewide voter registration system. House Bill 03-1356 established the Federal Elections Assistance Fund to receive federal HAVA grants and appropriated \$1.3 million from the Department of State Cash Fund as the State's matching contribution. Expenditures from the Federal Elections Assistance Fund are continuously appropriated and are included in the Long Bill for informational purposes only. The following table shows recent actual expenditures, appropriations and FTE.

	FY 02-03 Actual	FY 03-04 Actual	FY 04-05 Actual	FY 05-06 Appropriation	FY 06-07 Appropriation
Program expenditures	n/a	\$801,394	\$5,497,564	\$14,908,166	\$8,750,000
Program FTE	n/a	4.5	8.6	15.0	11.0

Summary of FY 2005-06 and FY 2006-07 Appropriations

Department of State						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Total Appropriation:	\$31,833,458	\$0	\$16,630,109	\$15,203,349	\$0	127.0
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Administration	6,590,993	0	6,303,370	287,623	0	84.2
Special Purpose	17,453,555	0	2,545,389	14,908,166	0	15.0
Information Technology Services	7,788,910	0	7,781,350	7,560	0	27.8
<u>Breakdown of Total Appropriation by Bill</u>						
SB 05-209	31,682,830	0	16,479,481	15,203,349	0	128.7
SB 05-198	25,008	0	25,008	0	0	0.0
SB 05-205	104,317	0	104,317	0	0	0.3
SB 05-206	25,008	0	25,008	0	0	0.0
HB 06-1232	(3,705)	0	(3,705)	0	0	(2.0)
HB 06-1385	0	0	0	0	0	0.0

Department of State						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Total Appropriation:	\$26,375,873	\$0	\$17,450,876	\$8,924,997	\$0	126.5
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Administration	6,474,233	0	6,310,078	164,155	0	83.5
Special Purpose	12,259,923	0	3,509,923	8,750,000	0	11.0
Information Technology Services	7,641,717	0	7,630,875	10,842	0	32.0
<u>Breakdown of Total Appropriation by Bill</u>						
HB 06-1385	24,603,049	0	15,678,052	8,924,997	0	126.5
SB 06-170	814,534	0	814,534	0	0	0.0
SB 06-188	656,333	0	656,333	0	0	(0.5)
HB 06-1086	265,557	0	265,557	0	0	0.5
HB 06-1149	36,400	0	36,400	0	0	0.0
Increase/(Decrease)	\$0	\$0	\$0	\$0	\$0	0.0
Percentage Change	0.0%	n/a	0.0%	0.0%	n/a	0.0%

FY 2006-07 Appropriation Highlights:

1. An increase of \$818,333 cash funds and 0.3 FTE to finance (1) S.B. 06-188 and (2) a related "master list" initiative that provides funding to the Administration Division and the Information Technology Services Division. These projects will allow the Department to electronically compile and distribute master lists of effective financing statements.
2. An increase of \$814,534 cash funds to reimburse counties for the cost of conducting elections that include state measures.
3. An appropriation of \$265,557 cash funds and 0.5 FTE for implementation of H.B. 06-1086, which changes the laws governing the Department's regulation of games of chance, such as bingo and raffles.
4. A \$716,000 cash funds decrease and an increase of 2.0 FTE for the statewide Information Technology Disaster Recovery Center, which was approved last year. The reduction reflects reduced costs as the start-up phase of this initiative finishes and operations begin.
5. A \$448,000 cash funds reduction of the appropriations for information technology asset management and hardware/software maintenance.
6. A \$252,000 reduction of the Department's leased space appropriation, comprised of \$238,065 cash funds and \$14,658 cash funds exempt, the consequence of the Department's recent move to a new location.

Detail of Appropriation by Administrative Section

Administration

The Administration Division includes upper management for the Department. The Division is responsible for budgeting, accounting, human resources, and responding to inquiries from the public. The Division also arranges for administrative hearings as authorized or required by statute. Most of the Division's functions are carried out by the following sections:

Business Filings Section: The Business Filings Section has two parts: (1) Business Organizations and Entities and (2) Uniform Commercial Code (UCC). Business Organizations collects, stores and provides public access to articles of incorporation, annual reports, and a variety of other documents filed by for-profit and not-for-profit entities under Colorado's Corporation and Association laws. UCC collects, stores and provides public access to a variety of UCC documents, including security interests, liens and other items that are of vital importance to lending institutions. Business Organizations charges for many of its services, thus creating the bulk of the revenue that flows into the Department of State Cash Fund. This fund supports many of the activities of the Department.

Elections Section: This section supervises primary, general, and congressional vacancy elections; maintains the statewide voter registration file; authorizes official recounts for federal, state, and district offices; and administers the Fair Campaign Practices Act. The Elections Section also helps the Secretary of State, Colorado's chief elections officer, to supervise the 64 county clerks in the execution of their statutory responsibilities relating to voter registration and elections.

Licensing and Enforcement Section: The Licensing and Enforcement Section is responsible for the Administrative Rules Code, a body of statutes governing the rule-making authority of many state agencies. This section also regulates bingo and raffles pursuant to Article XVIII, Section 2 of the State Constitution; administers the Charitable Solicitations Act, which forbids fraudulent charitable solicitations; administers the Credit Services Organization Act, which protects the public from unfair or deceptive practices related to consumer credit; regulates lobbyists pursuant to Section 24-6-301 through 309, C.R.S.; and regulates notaries public pursuant to Section 12-55-101 through 211, C.R.S.

Administration						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Appropriation:						
SB 05-209	\$6,544,682	\$0	\$6,257,059	\$287,623	\$0	84.2
SB 05-198	25,008	0	25,008	0	0	0.0
SB 05-206	25,008	0	25,008	0	0	0.0
HB 06-1232	<u>(3,705)</u>	<u>0</u>	<u>(3,705)</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$6,590,993	\$0	\$6,303,370	\$287,623	\$0	84.2
FY 2006-07 Appropriation:						
FY 2005-06 Appropriation	\$6,590,993	\$0	\$6,303,370	\$287,623	\$0	84.2

Administration						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
Salary and benefit adjustments	126,006	0	126,186	(180)	0	0.0
Bills from the 2004 session	68,020	0	68,020	0	0	(0.5)
Master list	32,200	0	32,200	0	0	0.8
Operating adjustments	21,287	0	11,260	10,027	0	0.0
Fund mix adjustment	0	0	33,522	(33,522)	0	0.0
Leased space	(252,723)	0	(238,065)	(14,658)	0	0.0
Move HAVA expenditures into Special Purpose	(85,135)	0	0	(85,135)	0	0.0
HB 06-1385	\$6,500,648	\$0	\$6,336,493	\$164,155	\$0	84.5
SB 06-188	(26,415)	0	(26,415)	0	0	(1.0)
TOTAL	\$6,474,233	\$0	\$6,310,078	\$164,155	\$0	83.5
Increase/(Decrease)	(\$116,760)	\$0	\$6,708	(\$123,468)	\$0	(0.7)
Percentage Change	98.2%	n/a	100.1%	57.1%	n/a	99.2%

HB 06-1385 (Long Bill) Issue Descriptions

Salary and benefit adjustments: The increase reflects the FY 2005-06 distribution of salary survey increases plus increases for Health, Life, and Dental, Short Term Disability, S.B. 04-257 Amortization Equalization Disbursements, and Workers' Compensation less a 0.2 percent salary base reduction.

Bills from the 2004 session: The increase equals the net FY 2006-07 impact of the following bills: a \$147,816 and 2.0 FTE increase for H.B. 04-1448 (Regulation of Trade Names), a \$204 increase for H.B. 04-1300 (Regulation of Notaries Public), and an \$80,000, 2.5 FTE decrease for S.B. 04-231 (Electronic Filing) with the Department of State.

Master list: The Department maintains "master lists" of agricultural security interests pursuant to Section 4-9.5-102, C.R.S. Much of the work for those lists is done by an outside vendor. This initiative will allow the Department to compile and distribute master lists itself.

Operating adjustments: The appropriation includes increases for the following items that are governed by common policy: Administrative Law Judges, Purchase of Services from Computer Center, Multiuse Network Payments, Payment to Risk Management and Property Funds, Vehicle Lease Payments the statewide Indirect Cost Assessment, and a \$7,695 operating expenses reduction related to departmental indirect cost assessments.

Fund mix adjustment: The change reflects a decrease in HAVA indirect cost support for the division.

Leased space: The decrease reflects a move to a new location at reduced lease expense.

Move HAVA expenditures into Special Purpose: Moneys for the State's Help America Vote Act (HAVA) program are continuously appropriated from reserves in the Federal Elections Assistance fund. Forecasts of program expenditures are included in the Long Bill for informational purposes only. The appropriation transfers HAVA expenditures that previously appeared in the Administration Division to the Special Purpose Division so that all HAVA appropriations are consolidated into one line in the budget.

Additional legislation: For information on S.B. 06-188, see the "Recent Legislation" section at the end of this department.

Special Purpose

This division includes: (1) the State's Help America Vote Act (HAVA) program; (2) Electronic Filing Grants to County Clerk and Recorders; (3) the Master Distribution List, in which agricultural-product security interests are recorded; (4) reimbursements for certain election expenses of local governments; and (5) initiative and referendum appropriations, which fund petition-related activities such as signature verification and the Title Setting Board. The Federal Elections Assistance Fund supports the HAVA program; the Department of State Cash Fund supports other Division appropriations.

Special Purpose						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Appropriation:						
SB 05-209	\$17,453,555	\$0	\$2,545,389	\$14,908,166	\$0	15.0
HB 06-1385	<u>0</u>	<u>\$0</u>	<u>0</u>	<u>0</u>	<u>\$0</u>	<u>0.0</u>
TOTAL	\$17,453,555	\$0	\$2,545,389	\$14,908,166	\$0	15.0
FY 2006-07 Appropriation:						
FY 2005-06 Appropriation	\$17,453,555	\$0	\$2,545,389	\$14,908,166	\$0	15.0
Initiative and Referendum	150,000	0	150,000	0	0	0.0
Help America Vote Act Program	(6,158,166)	0	0	(6,158,166)	0	(4.0)
HB 06-1385	\$11,445,389	\$0	\$2,695,389	\$8,750,000	\$0	11.0
SB 06-170	<u>814,534</u>	<u>0</u>	<u>814,534</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$12,259,923	\$0	\$3,509,923	\$8,750,000	\$0	11.0
Increase/(Decrease)	(\$5,193,632)	\$0	\$964,534	(\$6,158,166)	\$0	(4.0)
Percentage Change	-29.8%	n/a	37.9%	-41.3%	n/a	-26.7%

HB 06-1385 (Long Bill) Issue Descriptions

Initiative and Referendum: This appropriation primarily funds petition verification, an expense that rises and falls with the two-year election cycle. The increase aligns the appropriation more closely with recent election-year expenditures.

Help America Vote Act Program: Moneys for the State's Help America Vote Act (HAVA) program are continuously appropriated from reserves in the Federal Elections Assistance fund. Forecasts of program expenditures are included in the Long Bill for informational purposes only. Fiscal Year 2006-07 expenditures are expected to be lower than FY 2005-06 expenditures because of large HAVA distributions to local governments during FY 2005-06.

Additional legislation: For information on S.B. 06-170, see the "Recent Legislation" section at the end of this department.

Information Technology Services

This division provides information technology support for the rest of the Department. The Department of State Cash Fund is the source of most of the Division's cash fund appropriations. The Division's cash funds exempt appropriations are from the Federal Elections Assistance Fund.

Information Technology Services						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Appropriation:						
SB 05-209	\$7,684,593	\$0	\$7,677,033	\$7,560	\$0	29.5
SB 05-205	104,317	0	104,317	0	0	0.3
HB 06-1232	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(2.0)</u>
TOTAL	\$7,788,910	\$0	\$7,781,350	\$7,560	\$0	27.8
FY 2006-07 Appropriation:						
FY 2005-06 Appropriation	\$7,788,910	\$0	\$7,781,350	\$7,560	\$0	27.8
Master list	130,047	0	130,047	0	0	0.2
Salary and benefits adjustments	44,850	0	44,850	0	0	0.0
Fund mix adjustment	0	0	(3,282)	3,282	0	0.0
Statewide disaster recovery center	(716,360)	0	(716,360)	0	0	2.0
Asset management and hardware/software maintenance	(448,308)	0	(448,308)	0	0	0.0
2004 and 2005 session bills	(142,127)	0	(142,127)	0	0	1.0
HB 06-1385	\$6,657,012	\$0	\$6,646,170	\$10,842	\$0	31.0
SB 06-188	682,748	0	682,748	0	0	0.5
HB 06-1086	265,557	0	265,557	0	0	0.5
HB 06-1149	<u>36,400</u>	<u>0</u>	<u>36,400</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$7,641,717	\$0	\$7,630,875	\$10,842	\$0	32.0

Information Technology Services						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
Increase/(Decrease)	(\$147,193)	\$0	(\$150,475)	\$3,282	\$0	4.2
Percentage Change	-1.9%	n/a	-1.9%	43.4%	n/a	15.1%

HB 06-1385 (Long Bill) Issue Descriptions

Master list: The Department maintains "master lists" of agricultural security interests pursuant to Section 4-9.5-102, C.R.S. Much of the work for those lists is done by an outside vendor. This initiative will allow the Department to compile and distribute master lists itself.

Salary and benefits adjustments: The appropriation includes increases for salary survey that were awarded in FY 2005-06. Salary survey increases are funded through centrally-appropriated line items in the Administration Division in the year of the award and are incorporated into base personal-services funding for each division in the subsequent year. The adjustment shown also includes a 0.2 percent reduction to the base personal services appropriations for the division.

Fund mix adjustment: The change reflects an increase in HAVA indirect cost support for the division.

Statewide disaster recovery center: During the 2005 session, the General Assembly approved a \$3,559,986 appropriation that allowed the Department to acquire backup computers for its own disaster recovery needs and establish a statewide disaster recovery center to host the Department's disaster recovery computers and disaster recovery computers provided by other state agencies. The reduction reflects reduced costs as the start-up phase of this initiative finishes. The extra FTE are needed to staff the new center.

Asset management and hardware/software maintenance: These line items fund replacement of computer hardware and software, assets that have multi-year lives, plus maintenance contracts for those assets. The reduction reflects replacement and maintenance costs for assets acquired to implement JBC initiatives and special bills over the last five years.

2004 and 2005 session bills: The decrease equals the FY 2006-07 impact of the following bills: an increase of \$62,747 and 1.0 FTE for H.B. 04-1448 (Regulation of Trade Names), a decrease of \$113,702 for H.B. 04-1300 (Regulation of Notaries Public), and a decrease of \$91,172 for H.B. 05-205 (Charitable Solicitations).

Additional legislation: For information on S.B. 06-188, H.B. 06-1086 and H.B. 06-1149, see the "Recent Legislation" section at the end of this department.

Recent Legislation

2005 Session Bills

S.B. 05-198 and S.B. 05-206: These identical acts require that there be a paper record of all votes cast, regulate voter registration drives, modify laws governing provisional ballots, require local election officials to be trained and certified by the Secretary of State, make changes to the election calendar, add new types of identification

that voters may show to vote, and allow emergency voter registration. Each act appropriates \$25,008 cash funds from the Department of State Cash Fund for implementation.

S.B. 05-205: Requires the Department to cooperate in a joint state and federal project that will allow charitable organizations to electronically file uniform multi-state registration statements and information returns. Allows the Department to participate in a national online charity information system. Appropriates \$104,317 cash funds from the Department of State Cash Fund for implementation.

S.B. 05-206: See the explanation for S.B. 05-198.

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

2006 Session Bills

S.B. 06-170: Increases the reimbursement to counties for the cost of conducting elections that include state measures and allows the Secretary of State to include this reimbursement when setting fees. Includes a FY 2006-07 appropriation of \$814,534 cash funds.

S.B. 06-188: Changes and clarifies rules and procedures related to effective financing statement (EFS). Requires the Department to distribute the master list of EFS filings electronically. Appropriates \$656,333 cash funds to the Department and reduces the FTE appropriation by a net of 0.5 FTE in FY 2006-07.

H.B. 06-1086: Changes the laws governing the Department's regulation of games of chance, such as bingo and raffles. Requires the Department to accept electronic filings. Includes a FY 2006-07 appropriation of \$265,557 cash funds for implementation.

H.B. 06-1149: Expands reporting requirements for lobbyists. Appropriates \$36,400 cash funds to the Department in FY 2006-07 for implementation.

H.B. 06-1232: Supplemental FY 2005-06 appropriation for the Department.

H.B. 06-1385: The General Appropriations Act for FY 2006-07. This bill also includes a supplemental FY 2005-06 appropriation for the Department that increases the Initiative and Referendum appropriation by \$59,628 and reduces the Local Election Reimbursement appropriation by an exactly offsetting amount.

DEPARTMENT OF TRANSPORTATION

The Department is responsible for operating and maintaining Colorado's 9,156-mile state highway system under the policy direction of the eleven-member Transportation Commission and maintaining the statewide aviation system plan. These responsibilities include managing highway construction projects, implementing the state's Highway Safety Plan, repairing and maintaining roads, providing technical support to local airports regarding aviation safety, and administering reimbursement of aviation fuel tax revenues and discretionary grants to local airports. The Department's section of the Long Bill is written to correspond with legislative authority over particular areas of the Department's budget and does not exactly match the Department's administrative organization.

Most policy and budget authority for the Department rests with the Transportation Commission pursuant to Section 43-1-113 (1), C.R.S. Transportation Commission funding is reflected in the Long Bill line items for Administration and Construction, Maintenance, & Operations. These two line items reflect anticipated state and federal transportation revenues flowing directly to the Commission and are said to represent the "non-appropriated" side of the Department's Long Bill operating budget because the Commission itself appropriates its own budget from these line items. The General Assembly's direct control of the Commission's budget is limited to establishing the maximum funding level for the Administration line item, with the balance of state and federal revenues appropriated to the Construction, Maintenance, & Operations line item. Other legislative authority over the Department's budget includes appropriations authority for the Division of Aeronautics and the Gaming Impacts Program. However, with the passage of H.B. 06-1244, the General Assembly will no longer appropriate the Division of Aeronautics administrative budget; instead, the Transportation Commission will budget and allocate fund revenues for the division's administrative costs. The General Assembly also has statutory oversight over revenue-raising measures and approval of the Governor's appointments to the Transportation Commission.

The Department's administrative organization includes two primary areas: Administration and the Division of Aeronautics. The FY 2006-07 Long Bill includes these two areas, with additional line items for Construction, Maintenance & Operations; the Statewide Tolling Enterprise; and Gaming Impacts.

Department Budget: Recent Appropriations

Funding Source	FY 2003-04	FY 2004-05	FY 2005-06	FY 2006-07
General Fund	\$0	\$0	\$0	\$0
Cash Funds	64,902,123	64,501,672	54,569,770	81,347,112
Cash Funds Exempt	469,487,824	551,952,803	431,474,156	537,713,409
Federal Funds	<u>312,110,611</u>	<u>299,745,225</u>	<u>334,332,742</u>	<u>415,271,865</u>
Total Funds	\$846,500,558	\$916,199,700	\$820,376,668	\$1,034,332,386
Full Time Equiv. Staff	3,297.2	3,301.2	3,307.2	3,307.2

General Factors Driving the Budget

Funding for this department in FY 2006-07 consists of 7.9 percent cash funds, 52.0 percent cash funds exempt, and 40.1 percent federal funds. Important factors driving the budget are reviewed below.

General Fund Expenditures for Highway Construction

In 1996, the Transportation Commission approved a 20-Year Transportation Plan, which estimated that projected revenues over the next 20 years would be short of the amount required to complete priority transportation projects. A Statewide Long-Range Plan was executed in 2000 to more accurately reflect the planned expenditures necessary to match expected revenues. Since 1997, the General Assembly has passed legislation to assist in the completion of priority transportation projects. This legislation has provided additional funding to the State Highway Fund in ways that reduce the General Fund. This has included legislation that provides Capital Construction Fund appropriations (which originate in the General Fund), S.B. 97-1 diversions of sales and use taxes from the General Fund to the Highway Users Tax Fund (HUTF), Limited Gaming Fund appropriations (which use cash funds that would otherwise be credited to the General Fund), and two-thirds of the year-end General Fund surplus (H.B. 02-1310).

Recent economic conditions have precluded most of the transfers of General Fund to the State Highway Fund, thus limiting the Department's budget. However, with the passage of Referendum C, the Department will be able to receive funds from the supplementary funding sources mentioned above. For example, for FY 2005-06, the Department will receive approximately \$218.5 million in S.B. 97-1 transfers, \$65.4 million pursuant to H.B. 02-1310, and a \$10 million Capital Construction transfer. For FY 2006-07, based on the March 1, 2006 Legislative Council Staff Revenue Forecast, JBC Staff has estimated that the Department could receive approximately \$68.1 million in S.B. 97-1 transfers, \$149.7 million pursuant to H.B. 02-1310, a \$15 million Capital Construction transfer, and \$5.3 million in Gaming Impacts funds.

The table below reflects JBC Staff estimates as of June 16, 2006, of Department of Transportation funding from S.B. 97-1, H.B. 02-1310, Capital Construction, and Gaming Impacts for a seven year period (FY 2004-05 through FY 2010-11). These estimates are based on the most recent information available and may change based on updates in revenue projections and actions by the General Assembly.

Estimated S.B. 97-1, H.B. 02-1310, Capital Construction and Gaming Impacts Funding*								
Funding Source	FY 05	FY 06	FY 07	FY 08	FY 09	FY 10	FY 11	Total
S.B. 97-1	0.0	218.5	68.1	58.5	83.6	74.4	74.7	577.8
H.B. 02-1310	81.2	65.4	149.7	4.4	6.4	6.9	7.2	321.2
Capital Construction	0.0	10.0	15.0	20.0	20.0	20.0	20.0	105.0
Gaming Impacts**	<u>0.0</u>	<u>5.3</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>5.3</u>
Total Funds	\$81.2	\$299.2	\$232.8	\$82.9	\$110.0	\$101.3	\$101.9	\$1,009.3

* Please Note: These amounts are estimates. They are based on the Legislative Council March 2006 Revenue Estimate and include the impacts of all bills that passed during the 2006 Legislative Session as well as the Governor's actions. These estimates can change based on updates in revenue projections and decisions by the General Assembly.

** Pursuant to Section 12-47.1-701 (1) (c) (I), C.R.S., the General Assembly shall determine and appropriate an amount as a separate line item to be transferred to the state highway fund. Staff has not included an amount for each year after FY 2005-06 because the General Assembly makes this determination on a year-by-year basis.

Summary of FY 2005-06 and FY 2006-07 Appropriations

Department of Transportation						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Total Appropriation:	\$820,376,668	\$0	\$54,569,770	\$431,474,156	\$334,332,742	3,307.2
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Division of Aeronautics	12,793,429	0	12,461,731	0	331,698	8.0
Administration	20,607,122	0	0	20,607,122	0	219.7
Construction, Maintenance, and Operations	784,976,117	0	42,108,039	408,867,034	334,001,044	3,079.5
Statewide Tolling Enterprise	2,000,000	0	0	2,000,000	0	0.0
<u>Breakdown of Total Appropriation by Bill</u>						
SB 05-209	822,320,629	0	54,570,492	433,417,395	334,332,742	3,307.2
HB 06-1233	(1,943,961)	0	(722)	(1,943,239)	0	0.0
FY 2006-07 Total Appropriation:	\$1,034,332,386	\$0	\$81,347,112	\$537,713,409	\$415,271,865	3,307.2
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Division of Aeronautics	18,049,747	0	17,774,747	0	275,000	8.0
Administration	22,855,277	0	0	22,855,277	0	219.7
Construction, Maintenance, and Operations	983,967,951	0	58,312,954	510,658,132	414,996,865	3,079.5
Statewide Tolling Enterprise	4,200,000	0	0	4,200,000	0	0.0
Gaming Impacts	5,259,411	0	5,259,411	0	0	0.0
<u>Breakdown of Total Appropriation by Bill</u>						
HB 06-1385	1,034,332,386	0	81,347,112	537,713,409	415,271,865	3,307.2
Increase/(Decrease)	\$213,955,718	\$0	\$26,777,342	\$106,239,253	\$80,939,123	0.0
Percentage Change	26.1%	n/a	49.1%	24.6%	24.2%	0.0%

FY 2006-07 Appropriation Highlights:

1. Reflects a \$199.0 million total fund increase for the Transportation Commission allocated construction, maintenance, and operations budget based on estimated revenues .
2. Reflects \$5.3 million in Gaming Impact funds for highway construction and maintenance on gaming related roads.
3. Reflects a \$5.2 million cash fund increase in grants programs and refunds to local airports.

4. Reflects a \$2.2 million state highway fund allocation increase from the Transportation Commission to the Tolling Enterprise for tolling project costs.
5. Reflects a \$2.2 million cash funds exempt increase in the state highway administration program line item for centrally allocated personal services and miscellaneous operating costs.

Detail of Appropriation by Administrative Section

Division of Aeronautics

Under the policy direction of the Colorado Aeronautical Board, this division supports the maintenance of the statewide aviation system plan. Division staff provide technical support to local airports regarding aviation safety and administer reimbursement of aviation fuel tax revenues as well as discretionary grants to local airports. The source of cash funds for the division is the Aviation Cash Fund. With the passage of H.B. 06-1244, the General Assembly will no longer appropriate the Division of Aeronautics administrative budget; instead, the Transportation Commission will budget and allocate fund revenues for the division's administrative costs.

Division of Aeronautics						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Appropriation:						
SB 05-209	\$12,794,151	\$0	\$12,462,453	\$0	\$331,698	8.0
HB 06-1233	<u>(722)</u>	<u>0</u>	<u>(722)</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$12,793,429	\$0	\$12,461,731	\$0	\$331,698	8.0
FY 2006-07 Appropriation:						
FY 2005-06 Appropriation	\$12,793,429	\$0	\$12,461,731	\$0	\$331,698	8.0
Grants and refunds	5,229,905	0	5,291,082	0	(61,177)	0.0
Annualize FY 2005-06 salary survey awards	13,886	0	9,886	0	4,000	0.0
Operating adjustments	10,914	0	10,914	0	0	0.0
Benefits adjustments	2,605	0	1,814	0	791	0.0
Base reductions	(992)	0	(680)	0	(312)	0.0
HB 06-1385	<u>\$18,049,747</u>	<u>\$0</u>	<u>\$17,774,747</u>	<u>\$0</u>	<u>\$275,000</u>	<u>8.0</u>
TOTAL	\$18,049,747	\$0	\$17,774,747	\$0	\$275,000	8.0
Increase/(Decrease)	\$5,256,318	\$0	\$5,313,016	\$0	(\$56,698)	0.0
Percentage Change	41.1%	n/a	42.6%	n/a	-17.1%	0.0%

HB 06-1385 (Long Bill) Issue Descriptions

Grants and refunds: The appropriation includes a decrease of \$61,177 in federal grants and refunds, an increase of \$2,968,094 in formula refunds, and an increase of \$2,322,988 in discretionary grants. These items are distributed to local airports.

Annualize FY 2005-06 salary survey awards: The appropriation includes annualization of the salary increases allocated to the Division in FY 2005-06.

Operating adjustments: The appropriation includes changes in funding for legal services, vehicle lease payments, leased space, communications services payments, and indirect costs.

Benefits adjustments: The appropriation reflects common policy adjustments to centrally appropriated line items for FY 2006-07.

Base reductions: The appropriation includes reductions associated with a 0.2 percent personal services base reduction.

Administration

The Administration section consists of the following: the Transportation Commission; the Office of the Executive Director; the Office of Public Information; the Office of Information Technology; the Office of Financial Management and Budget; the Highways Administration; the Division of Human Resources and Administration; the Division of Audit; the Office of Policy; and other centralized administrative costs for the Department. The appropriation is made in a lump sum as required by Section 43-1-113 (3) (a), C.R.S. This line item was created by Section 43-1-113 (2) (c) (III), C.R.S., and includes the salaries and expenses for the numerous offices and programs within the Department. This line item is a "program" line item, which gives the Department discretion to move funds from personal services to operating and also from one program within the line item to another. Statutes limit the Administration line item to 5 percent of the total Department of Transportation budget. The majority of the Administration line item is supported with cash funds exempt from the State Highway Fund, although a portion of administrative costs are billed to specific construction projects. The Department indicates the number of active construction projects was 130 in FY 1999-00, 175 in FY 2000-01, 180 during FY 2001-02, 166 during FY 2002-03, 174 during FY 2003-04, 157 during FY 2004-05, 160 during FY 2005-06, and 140 as of July 2006.

Administration						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Appropriation:						
SB 05-209	\$22,550,361	\$0	\$0	\$22,550,361	\$0	219.7
HB 06-1233	<u>(1,943,239)</u>	<u>0</u>	<u>0</u>	<u>(1,943,239)</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$20,607,122	\$0	\$0	\$20,607,122	\$0	219.7

Administration						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Appropriation:						
FY 2005-06 Appropriation	\$20,607,122	\$0	\$0	\$20,607,122	\$0	219.7
Operating adjustments	1,789,255	0	0	1,789,255	0	0.0
Annualize FY 2005-06 salary survey awards	406,837	0	0	406,837	0	0.0
Benefits adjustments	81,319	0	0	81,319	0	0.0
Base reductions	(29,256)	0	0	(29,256)	0	0.0
HB 06-1385	<u>\$22,855,277</u>	<u>\$0</u>	<u>\$0</u>	<u>\$22,855,277</u>	<u>\$0</u>	<u>219.7</u>
TOTAL	<u>\$22,855,277</u>	<u>\$0</u>	<u>\$0</u>	<u>\$22,855,277</u>	<u>\$0</u>	<u>219.7</u>
Increase/(Decrease)	\$2,248,155	\$0	\$0	\$2,248,155	\$0	0.0
Percentage Change	10.9%	n/a	n/a	10.9%	n/a	0.0%

HB 06-1385 (Long Bill) Issue Descriptions

Operating adjustments: The appropriation contains various changes in centrally appropriated items including workers' compensation, risk management and property, vehicle lease payments, and legal services. The appropriation also includes a \$65,000 spending authority increase for the Department's print shop.

Annualize FY 2005-06 salary survey awards: The appropriation includes annualization of the salary increases allocated to the Division in FY 2005-06.

Benefits adjustments: The appropriation reflects common policy adjustments to centrally appropriated line items for FY 2006-07.

Base reductions: The appropriation includes reductions associated with a 0.2 percent personal services base reduction.

Construction, Maintenance, and Operations

This division is responsible for transportation planning, inter-modal transportation programs, and all phases of highway operation including engineering, construction, and maintenance. The Transportation Commission allocates the budgets for these programs. The Construction, Maintenance, and Operations line item in the Long Bill represents the majority of the Department's total budget. Funding for this line item is intended to improve the condition of the state highway system. Past ratings of Colorado roadways are summarized below.

Colorado Roadways	1999	2000	2001	2002	2003	2004	2005
Percent Rated "Fair" or "Good"	51%	54%	56%	58%	58%	61%	65%

This line item reflects revenues that are continuously appropriated to the Department for construction, maintenance, and operations of state highways and transportation systems. Cash funds include miscellaneous permit fees, interest earnings, and local matching funds made available for federal dollars. Appropriation authority over these revenues rests with the Transportation Commission.

Construction, Maintenance, and Operations						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Appropriation:						
SB 05-209	\$784,976,117	\$0	\$42,108,039	\$408,867,034	\$334,001,044	3,079.5
TOTAL	\$784,976,117	\$0	\$42,108,039	\$408,867,034	\$334,001,044	3,079.5
FY 2006-07 Appropriation:						
FY 2005-06 Appropriation	\$784,976,117	\$0	\$42,108,039	\$408,867,034	\$334,001,044	3,079.5
State Highway Funds (HUTF)	101,791,098	0	0	101,791,098	0	0.0
Federal Funds	80,995,821	0	0	0	80,995,821	0.0
Cash funds (locals, miscellaneous, interest)	16,204,915	0	16,204,915	0	0	0.0
HB 06-1385	\$983,967,951	\$0	\$58,312,954	\$510,658,132	\$414,996,865	3,079.5
TOTAL	\$983,967,951	\$0	\$58,312,954	\$510,658,132	\$414,996,865	3,079.5
Increase/(Decrease)	\$198,991,834	\$0	\$16,204,915	\$101,791,098	\$80,995,821	0.0
Percentage Change	25.4%	n/a	38.5%	24.9%	24.3%	0.0%

HB 06-1385 (Long Bill) Issue Descriptions

State Highway Funds (HUTF): The appropriation includes the Department's anticipated increase in Senate Bill 97-1 transfers during FY 2006-07, amounting to \$101.8 million.

Federal Funds: The appropriation represents the Department's estimated apportionment increase in federal funds from the Federal Highway Administration federal transportation program.

Cash Funds (locals, miscellaneous, interest): The appropriation amount includes anticipated increases in bond interest, miscellaneous revenues (fines, permit fees, etc.), and matches and reimbursements for highway projects from local governments.

Statewide Tolling Enterprise

This section contains appropriations for the Statewide Tolling Enterprise, which was established pursuant to S.B. 02-179 and H.B. 02-1310. Under the program, the Department is authorized to create a Statewide Tolling Authority to oversee the finance, construction, operation, and maintenance of additional highway capacity. The Transportation Commission established this body on August 15, 2002, as a division within the Department that

is granted enterprise status as long as it retains the authority to issue revenue bonds and receives less than 10 percent of its total revenues from grants from state and local governments. In September 2002, the Commission authorized a \$1,000,000 transfer (subject to repayment) from the State Highway Fund to establish the Statewide Tolling Enterprise Operating Fund to be available for the start-up costs of the enterprise. For FY 2005-06, the authority requested and was granted a second transfer of \$2,000,000 from the Transportation Commission. These funds were used to begin the procurement process for converting existing High Occupancy Vehicle (HOV) lanes along highway I-25 to High Occupancy Toll (HOT) lanes. Conversion costs cover a toll collection system and construction activities. For FY 2006-07, the Tolling enterprise has requested \$4.2 million in spending authority to procure compatible toll technology and facilitate the next steps toward implementation of its first project.

Statewide Tolling Enterprise						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Appropriation:						
SB 05-209	\$2,000,000	\$0	\$0	\$2,000,000	\$0	0.0
TOTAL	\$2,000,000	\$0	\$0	\$2,000,000	\$0	0.0
FY 2006-07 Appropriation:						
FY 2005-06 Appropriation	\$2,000,000	\$0	\$0	\$2,000,000	\$0	0.0
Transportation Commission Allocation	2,200,000	0	0	2,200,000	0	0.0
HB 06-1385	<u>\$4,200,000</u>	<u>\$0</u>	<u>\$0</u>	<u>\$4,200,000</u>	<u>\$0</u>	<u>0.0</u>
TOTAL	\$4,200,000	\$0	\$0	\$4,200,000	\$0	0.0
Increase/(Decrease)	\$2,200,000	\$0	\$0	\$2,200,000	\$0	0.0
Percentage Change	110.0%	n/a	n/a	110.0%	n/a	n/a

HB 06-1385 (Long Bill) Issue Descriptions

Transportation Commission Allocation: The appropriated amount represents the increase in state highway funds allocated by the Transportation Commission to the Tolling Enterprise for tolling projects in FY 2006-07.

Gaming Impacts

This section contains appropriations for Gaming Impacts. Pursuant to Section 12-47.1-701 (1)(C)(I), C.R.S., the Department may annually request funds from the 50 percent share of the Limited Gaming Fund year-end balance that is transferred to the General Fund in order to partially pay for highway construction and maintenance in the vicinity of Colorado's gaming communities.

Gaming Impacts						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Appropriation:						
SB 05-209	\$0	\$0	\$0	\$0	\$0	0.0
TOTAL	\$0	\$0	\$0	\$0	\$0	0.0
FY 2006-07 Appropriation:						
FY 2005-06 Appropriation	\$0	\$0	\$0	\$0	\$0	0.0
HB 06-1385	<u>\$5,259,411</u>	<u>\$0</u>	<u>\$5,259,411</u>	<u>\$0</u>	<u>\$0</u>	<u>0.0</u>
TOTAL	\$5,259,411	\$0	\$5,259,411	\$0	\$0	0.0
Increase/(Decrease)	\$5,259,411	\$0	\$5,259,411	\$0	\$0	0.0
Percentage Change	n/a	n/a	n/a	n/a	n/a	n/a

Gaming Impacts: The appropriation includes \$5.3 million cash funds for highway construction and maintenance near gaming communities for FY 2006-07.

Recent Legislation

2005 Session Bills

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

H.B. 05-1122: Makes it a class A traffic infraction for a person knowingly to drink an alcoholic beverage or possess an open alcoholic beverage container in the passenger area of a motor vehicle while the vehicle is on a public highway or the right-of-way of a public highway. The bill conforms the state to the provisions of the Federal Transportation Equity Act for the 21st Century (TEA-21), which requires that states adopt an open container law or risk having federal highway construction funds redirected to safety education programs. This allows federal highway construction funds, which had been redirected by the federal government to safety programs, to be distributed for highway construction once again.

H.B. 05-1148: Establishes a separate account within the Statewide Tolling Enterprise special revenue fund for toll revenues from each toll highway corridor. Requires toll revenues to be used within the toll highway corridor in which they were collected except that some of the revenues may be used for the enterprise's general operating costs and expenses. Specifies the board of the enterprise must develop a plan for the construction of a toll highway, and each toll highway plan in a system must be separately approved by each metropolitan planning organization or regional planning commission that is located in whole or in part within the toll highway system.

H.B. 05-1194: Refers to the voters of the State a measure that authorizes the State to retain, for the 2004-05 fiscal year and each succeeding fiscal year, all state revenues greater than the limitation on state fiscal year spending but less, as a percentage of the overall state economy, than state fiscal year spending for the 1999-2000 fiscal year. If approved by the voters, the excess retained state revenues would be appropriated or transferred by the General Assembly for specific purposes, including strategic transportation projects in the Department of Transportation's strategic transportation project investment program. For more information, refer to the bill description in the Department of Revenue.

H.J.R. 05-1057: Refers to the voters of the state a ballot issue to authorize the state to issue critical needs notes of up to \$2.072 billion, with a maximum total repayment cost of up to \$3.125 billion, and with maximum annual principal and interest payments of \$55 million for FY 2005-06, \$95 million for FY 2006-07, and \$125 million for each subsequent fiscal year, of which a maximum of \$25 million per fiscal year is for notes issued for non-transportation purposes. Sets the maximum amount of notes issued for transportation purposes at \$1.7 billion, with maximum annual principal and interest payments of \$30 million for FY 2005-06, \$70 million for FY 2006-07, and \$100 million for each subsequent fiscal year, to be credited to the State Highway Fund. This measure was rejected by voters in the 2005 general election.

2006 Session Bills

H.B. 06-1003: Sets out various restrictions, requirements, and authorizations for a corporation forming a toll road company. It states that a corporation constructing a private toll road does not have the power to use eminent domain to acquire right-of-way for the toll road or highway. The bill allows a corporation to enter into a public-private initiative with the Colorado Department of Transportation (CDOT) to enable the construction of a toll road.

H.B. 06-1033: Changes the timing of the distribution of the General Fund surplus. Under current law, any revenue that is above the state's 4 percent reserve requirement, also known as the General Fund surplus, is allocated to the Highway Users Tax Fund (HUTF) and the Capital Construction Fund (CCF) at the end of the state's fiscal year. Under this bill, on September 20, the State Controller will allocate 90 percent of the General Fund surplus estimated at that time to the HUTF and the CCF. When the Comprehensive Annual Financial Report is complete, the State Controller will allocate the remainder.

H.B. 06-1233: Supplemental appropriation for the Department of Transportation for FY 2005-06.

H.B. 06-1244: Eliminates the requirement that the General Assembly appropriate revenue from the Aviation Fund for administrative costs of the Division of Aeronautics in the Colorado Department of Transportation. Instead, requires the Colorado Transportation Commission to budget and allocate fund revenues for the Division's administrative costs. The bill also requires the Colorado Aeronautical Board to recommend to the Commission the amount to be allocated.

H.B. 06-1257: Allows citizens living next to state highways to apply to the Colorado Department of Transportation for the construction of specified noise mitigation barriers along the highway if a local government in the area has adopted an ordinance to mitigate noise in future residential or other noise-sensitive developments along a highway and 75 percent of the households in the area closest to a highway sign a petition supporting noise mitigation. If a local government in an eligible area has not agreed to provide at least 50 percent of the noise mitigation funding, a homeowner may apply *only* if the area was residential before the highway was constructed or widened.

H.B. 06-1385: General appropriations act for FY 2006-07.

H.B. 06-1398: Clarifies procedures used to divert General Fund revenues to the Highway Users Tax Fund (HUTF), often referred to as the "Senate Bill 97-1 transfer". Creates the Sales and Use Tax Holding Fund ("Holding Fund") and requires 10.355 percent of net sales and use tax revenues that are currently credited directly to the HUTF to be credited to the Holding Fund. Beginning in FY 2006-07, requires the State Treasurer to make the following periodic transfers of funds from the Holding Fund to the HUTF:

- *October 15* (this transfer is to occur in FY 2006-07 only): if the September Legislative Council Staff (LCS) revenue estimate indicates that General Fund revenues for that fiscal year will be sufficient to maintain the four percent statutory reserve, transfer 25 percent of the estimated HUTF diversion for that entire fiscal year;
- *February 1*: if the December LCS revenue estimate indicates that General Fund revenues for that fiscal year will be sufficient to maintain the four percent statutory reserve, transfer an additional amount so that the cumulative amount transferred equals 50 percent of the estimated HUTF diversion for that entire fiscal year;
- *April 15*: if the March LCS revenue estimate indicates that General Fund revenues for that fiscal year will be sufficient to maintain the four percent statutory reserve, transfer an additional amount so that the cumulative amount transferred equals 75 percent of the estimated HUTF diversion for that entire fiscal year;
- *September 20*: transfer an additional amount so that the cumulative amount transferred for the previous fiscal year equals 90 percent of the amounts accrued by the State Controller to the HUTF on June 30; and
- *Close of the fiscal year* (the date on which the State Controller distributes the Comprehensive Annual Financial Report of the State for the previous fiscal year): transfer an additional amount so that the cumulative amount transferred for the previous fiscal year equals 100 percent of the amounts accrued by the State Controller on June 30 of the previous fiscal year.

DEPARTMENT OF THE TREASURY

The Department has the following duties: (1) acts as the state's banker and investment officer, providing investment, accounting, and cash management services and preparing related reports; (2) administers the unclaimed property program and transmits moneys from the Unclaimed Property Trust Fund to CoverColorado; (3) disburses senior citizen property tax exemption payments to local governments; (4) provides short-term interest-free financing to school districts by issuing tax and revenue anticipation notes; (5) assists charter schools with long-term financing by making direct bond payments; (6) transfers state moneys to the Fire and Police Pension Association for local "old hire" pension plans; (7) distributes Highway Users Tax Fund (HUTF) revenues to counties and municipalities; and (8) distributes federal mineral leasing funds received for the State's share of sales, bonuses, royalties, and rentals of public lands within Colorado.

Department Budget: Recent Appropriations

Funding Source	FY 2003-04	FY 2004-05	FY 2005-06	FY 2006-07
General Fund/1	\$4,353,913	\$749,822	\$26,033,148	\$100,130,989
Cash Funds	2,205,076	2,300,955	2,529,943	2,584,606
Cash Funds Exempt	255,213,000	261,627,000	279,615,432	265,236,100
Federal Funds	0	0	0	0
Total Funds	\$261,771,989	\$264,677,777	\$308,178,523	\$367,951,695
Full Time Equiv. Staff	25.5	25.5	26.0	26.0

/1 FY 2005-06 and FY 2006-07 appropriations include General Fund Exempt.

General Factors Driving the Budget

Funding for the Department consists of 27.2 percent General Fund (including appropriations from the General Fund Exempt account), 0.7 percent cash funds, and 72.1 percent cash funds exempt. The General Fund appropriation primarily supports the senior citizen property tax exemption and state contributions for local fire and police pension plans, with the remainder covering department administrative expenses. The Department's cash fund appropriation includes: (a) transaction fee revenue, which supports department administrative expenses; and (b) moneys in the Unclaimed Property Trust Fund, which supports the unclaimed property program. The cash funds exempt appropriation reflects transmittals to CoverColorado and distributions from the HUTF to counties and municipalities.

Senior Citizen Property Tax Exemption

Article X, Section 3.5 of the Colorado Constitution, approved by voters in November 2000 and implemented through Sections 39-3-201 to 208, C.R.S., grants a property tax exemption to qualifying senior citizens¹. This provision exempts from taxation 50 percent of the first \$200,000 of actual home value. The State Treasurer is required to reimburse local governments for the resulting lost property tax revenues. Such payments are made from the General Fund.

The constitution grants the General Assembly the power to raise or lower the maximum amount of residence value that is exempt from taxation. For tax year 2002, the first year this exemption was made available, the exemption was limited to the first \$200,000 of actual residence value. The General Assembly lowered this amount from \$200,000 to \$0 for tax years 2003, 2004, and 2005, thereby eliminating the associated state expenditures for fiscal years 2003-04, 2004-05, and 2005-06. State payments thus resume in FY 2006-07. These payments are subject to the TABOR limitation on fiscal year spending but are not subject to the statutory six percent limit on General Fund appropriations. Estimated expenditures are included in the Department of Treasury's budget for informational purposes.

Senior Citizen Property Tax Exemption					
	FY 02-03 Actual	FY 03-04 Actual	FY 04-05 Actual	FY 05-06 Approp.	FY 06-07 Approp. /a
County Reimbursement for Tax Exemption	\$61,491,764	\$0	\$0	\$0	\$64,600,000
Number of Exemptions Granted /b	123,326	134,066	137,398	138,707	not projected
Average Property Tax Exempted	\$499	\$0	\$0	\$0	not projected
Percent of Residences Granted Exemption	8.0%	8.5%	8.4%	8.4%	not projected
Actual Value Exempted	\$8,865,984,923	\$0	\$0	\$0	not projected
Assessed Value Exempted	\$811,237,620	\$0	\$0	\$0	not projected

/a The appropriation is based on estimates included in the Legislative Council staff March 2006 revenue forecast.

/b Although the statutory limit on the value that may be exempted was lowered from \$200,000 to \$0 for the last three fiscal years, county assessors have continued to receive and approve applications annually.

State Contributions for Local Fire and Police Pension Plans

Section 31-30.5-307, C.R.S., requires the State to pay part of the unfunded liability of retirement plans that cover police and firefighters who were hired before 1978 ("old hire" pension plans). The Department annually transfers the required amount from the General Fund to the Fire and Police Pension Association (FPPA), which administers these plans. The annual General Fund transfer is included in the Long Bill for informational purposes; this appropriation is not subject to the statutory six percent limit on General Fund appropriations.

Senate Bill 03-263 suspended the state's annual \$25.3 million FPPA contribution for FY 2003-04 and FY 2004-05 and extended state payments by two years to FY 2011-12. This bill also required the State to pay the amount of unfunded liability that accrued as a result of the suspension of the state contribution. This additional

¹ The exemption applies if (a) the property owner-occupier is sixty-five years of age or older (as of the assessment date) and has occupied the property as a primary residence for the past ten years; or (b) the owner-occupier is the spouse or surviving spouse of an owner-occupier who previously qualified for the exemption.

payment may be made at any time prior to April 30, 2012. Finally, S.B. 03-263 changed the date of the annual payment from September to April, which is more consistent with the State's General Fund cash flow.

The following table provides a summary of remaining state contributions to "old hire" pension plans using two different assumptions about the payment schedule. The first column details contributions required under current law, and the second identifies an alternative payment schedule should the FY 2006-07 appropriation level be sustained for three more fiscal years. The latter approach would allow the General Assembly to avoid the "balloon payment" otherwise scheduled for April 2012.

Fire and Police Pension Association - State-Assisted "Old Hire" Pension Plans		
Payment Date	Annual State Contribution Required Under Current Law	Alternative Contribution Schedule
April 2007	\$25,321,079	\$34,774,141
April 2008	25,321,079	34,774,141
April 2009	25,321,079	34,774,141
April 2010	25,321,079	34,774,141
April 2011	25,321,079	25,321,079
April 2012 (estimate)	75,017,180	25,321,079

Highway Users Tax Fund Disbursements

The Department of Treasury distributes revenues from the Highway Users Tax Fund (HUTF) to counties and municipalities for use on local transportation projects pursuant to statutory formulas in Sections 43-4-207 and 208, C.R.S. The amounts anticipated to be distributed to counties and municipalities are reflected as cash funds exempt appropriations within the Treasury section of the Long Bill for informational purposes. The following table details recent distributions of HUTF revenues, as well as projected distributions, for FY 2005-06 and FY 2006-07.

Highway Users Tax Fund (HUTF) /a					
	Actual Revenues and Distributions			Projections	
	FY 02-03	FY 03-04	FY 04-05	FY 05-06	FY 06-07
Total Revenues	\$736,666,507	\$751,986,557	\$763,860,847	\$748,196,000	\$764,636,700
<i>Annual Percent Change</i>	-0.4%	2.1%	1.6%	-2.1%	2.2%
<u>Treasury Distributions:</u>					
Counties	\$150,275,510	\$153,822,038	\$155,980,977	\$150,140,500	\$152,762,000
Municipalities	100,019,066	101,666,670	102,184,633	99,064,200	100,174,100

/a Actual data provided by State Treasurer's Office. Figures exclude transfers that occur at fiscal year-end pursuant to Section 24-75-218, C.R.S. ("one-third/two-thirds" transfers). Projected data provided by Legislative Council staff based on their March 2006 revenue forecast.

CoverColorado

Colorado does not require insurance companies that offer individual health coverage to accept everyone who applies, regardless of their health status. The General Assembly created CoverColorado in 1990 to offer health insurance to those "high risk" individuals who are unable to obtain health insurance except at prohibitive rates or with restrictive exclusions. Although CoverColorado premiums are currently set at 150 percent of the industry average, premium revenues cover less than sixty percent of program costs. Thus, the program requires a subsidy from one or more other sources of revenue. These other sources of revenue currently include: contributions from insurance companies provided in exchange for a 100 percent premium tax credit (a maximum of \$5.0 million total per year); interest and principal from the Unclaimed Property Trust Fund; and insurance carrier assessments.

The following table provides a summary of CoverColorado costs, premiums, and other sources of revenue. CoverColorado expenses began to exceed annual revenues in FY 2001-02. Absent the insurance carrier assessments that occurred in August 2003 and May 2004, program costs in FY 2003-04 would have exceeded program revenues by \$4.5 million.

CoverColorado: Recent Funding History						
Fiscal Year	Claims and Administrative Costs	Premiums Paid by Enrollees	Ratio: Premiums/ Total Costs	Total Subsidy Required	Other Sources of Revenue /a	Annual Surplus/ (Deficit)
1998-99	\$5,300,177	\$3,043,656	57.4%	(\$2,256,521)	\$3,685,669	\$1,429,148
1999-00	6,600,410	3,388,467	51.3%	(3,211,943)	6,191,425	2,979,482
2000-01	10,163,795	5,149,955	50.7%	(5,013,840)	6,054,890	1,041,050
2001-02	17,715,896	9,380,110	52.9%	(8,335,786)	8,144,133	(191,653)
2002-03	28,163,622	17,064,208	60.6%	(11,099,414)	3,527,552	(7,571,862)
2003-04	34,531,332	21,361,177	61.9%	(13,170,155)	40,843,100	27,672,945
2004-05	34,318,952	21,365,399	62.3%	(12,953,553)	6,268,704	(6,684,849)
<i>Projections:</i>						
2005-06 /b	38,960,938	23,848,633	61.2%	(15,112,305)	13,864,716	(1,247,589)
2006-07 /b	54,951,222	28,897,371	52.6%	(26,053,851)	18,288,972	(7,764,879)

/a Other sources of funding include: interest earned on the CoverColorado Cash Fund, moneys made available from the Unclaimed Property Program, insurance carrier assessments, federal funds, and (beginning in 2005) annual contributions from insurance carriers in exchange for a premium tax credit.

/b Projection prepared by Leif Associates, dated January 30, 2006. Reflects "most likely" actuarial scenario.

The only revenue source that is reflected in the annual Long Bill is the amount anticipated to be transferred from the Unclaimed Property Trust Fund; this amount appears in the Treasury section. CoverColorado is defined as a "special purpose authority" for purposes of TABOR, so none of CoverColorado's expenditures are subject to TABOR limits, including moneys transferred from the Unclaimed Property Trust Fund.

Summary of FY 2005-06 and FY 2006-07 Appropriations

Department of Treasury						
	Total Funds	General Fund/1	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Total Appropriation:	\$308,178,523	\$26,033,148	\$2,529,943	\$279,615,432	\$0	26.0
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Administration	1,491,800	712,069	779,731	0	0	16.0
Unclaimed Property Program	1,750,212	0	1,750,212	0	0	10.0
Special Purpose	304,936,511	25,321,079	0	279,615,432	0	0.0
<u>Breakdown of Total Appropriation by Bill</u>						
SB 05-209	308,163,652	26,071,018	2,477,202	279,615,432	0	25.5
HB 05-1044	15,286	0	15,286	0	0	0.5
HB 06-1234	(415)	(37,870)	37,455	0	0	0.0
HB 06-1385	0	0	0	0	0	0.0
FY 2006-07 Total Appropriation:	\$367,951,695	\$100,130,989	\$2,584,606	\$265,236,100	\$0	26.0
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Administration	1,568,003	756,848	811,155	0	0	16.0
Unclaimed Property Program	1,773,451	0	1,773,451	0	0	10.0
Special Purpose	364,610,241	99,374,141	0	265,236,100	0	0.0
<u>Breakdown of Total Appropriation by Bill</u>						
HB 06-1385	367,951,695	100,130,989	2,584,606	265,236,100	0	26.0
Increase/(Decrease)	\$59,773,172	\$74,097,841	\$54,663	(\$14,379,332)	\$0	0.0
Percentage Change	19.4%	284.6%	2.2%	-5.1%	n/a	0.0%

/1 Includes General Fund Exempt. See Division Detail for information on General Fund Exempt appropriations.

FY 2006-07 Appropriation Highlights:

1. Adds \$64.6 million General Fund² to reflect the projected amount of local property tax revenues that will be foregone for tax year 2006 when the senior citizen property tax exemption resumes.
2. Adds \$9.5 million General Fund² for the April 2007 transfer to the FPPA for the State's contribution to pay part of the unfunded liability of "old hire" pension plans. The increase covers a portion of the

² These amounts are not subject to the six percent statutory limit on General Fund appropriations.

unfunded liability that accrued as a result of the 30-month suspension of the state contributions pursuant to S.B. 03-263, thereby reducing the "balloon payment" otherwise scheduled for April 2012.

3. Reflects a \$10.2 million cash funds exempt reduction in the projected disbursements of HUTF revenues to counties and municipalities, compared to amounts reflected in the FY 2005-06 Long Bill.
4. Reflects a \$4.2 million reduction in the amount that is anticipated to be transferred from the Unclaimed Property Trust Fund to CoverColorado, compared to the amount reflected in the FY 2005-06 Long Bill.

Detail of Appropriation by Administrative Section

Administration

This office is responsible for the operation and oversight of the Department. The Division provides accounting, cash management, and investment services for the State. For FY 2005-06, the Treasury projects interest earned on General Fund and cash fund balances to total \$143 million. The Division's cash funds derive from the Treasury transaction fee imposed pursuant to Section 24-36-120, C.R.S.

Administration						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Appropriation:						
SB 05-209	\$1,492,215	\$749,939	\$742,276	\$0	\$0	16.0
HB 06-1234	<u>(415)</u>	<u>(37,870)</u>	<u>37,455</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$1,491,800	\$712,069	\$779,731	\$0	\$0	16.0
FY 2006-07 Appropriation:						
FY 2005-06 Appropriation	\$1,491,800	\$712,069	\$779,731	\$0	\$0	16.0
FY 2006-07 salary and benefit adjustments	33,813	14,242	19,571	0	0	0.0
Annualize salary increases	29,663	29,663	0	0	0	0.0
Controller retirement	25,049	25,049	0	0	0	0.0
Operating expenses	9,973	9,973	0	0	0	0.0
Legal services	2,376	(5,509)	7,885	0	0	0.0
Other	1,356	(2,612)	3,968	0	0	0.0
Elimination of investment accounting appropriation	(23,850)	(23,850)	0	0	0	0.0
Personal services base reduction	(2,177)	(2,177)	0	0	0	0.0
HB 06-1385	<u>\$1,568,003</u>	<u>\$756,848</u>	<u>\$811,155</u>	<u>\$0</u>	<u>\$0</u>	<u>16.0</u>
TOTAL	\$1,568,003	\$756,848	\$811,155	\$0	\$0	16.0

Administration						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
Increase/(Decrease)	\$76,203	\$44,779	\$31,424	\$0	\$0	0.0
Percentage Change	5.1%	6.3%	4.0%	n/a	n/a	0.0%

SB 06-1385 (Long Bill) Issue Descriptions

FY 2006-07 salary and benefit adjustments: The appropriation includes adjustments to centrally-appropriated line items for salary survey and benefits, including the following changes: an increase of \$29,499 for health, life, and dental benefits; an increase of \$7,977 for S.B. 04-257 Amortization Equalization Disbursement; and a decrease of \$3,663 for salary survey and senior executive service.

Annualize salary increases: The appropriation includes \$29,663 to annualize salary survey increases awarded in FY 2005-06.

Controller retirement: The appropriation includes a one-time funding increase of \$25,049 to cover the costs associated with the anticipated August 1, 2006, retirement of the Chief Financial Officer / Controller. This amount includes payment of accrued sick and annual leave as well as funding to hire a new Controller by July 1, 2006, thereby allowing for one month of transition and training.

Operating expenses: The appropriation includes three increases for operating expenses: (1) \$4,200 to allow the Treasurer to subscribe to two TradeWeb trading modules to further improve investment returns; (2) \$2,965 to purchase and maintain a bond for the Treasurer as required by state law; and (3) \$2,808 to cover an increase in the cost of leasing Bloomberg computer terminals (utilized by the Treasurer's investment officers).

Legal services: The appropriation reflects the increase in the hourly rate of legal services, a modest increase in the number of hours of legal services purchased (from 568 to 575 hours), and an adjustment in the fund sources used to purchase such services.

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

Elimination of investment accounting appropriation: The appropriation reflects the elimination of \$23,850 associated with investment accounting services. These services have been incorporated into the Treasurer's bank services contract, and are thus funded through a deduction from interest earned on state bank account balances.

Personal services base reduction: The appropriation includes a reduction of \$2,177 associated with a 0.2 percent reduction in funding for personal services.

Unclaimed Property Program

Pursuant to the Unclaimed Property Act, the State takes possession of dormant properties held by a wide range of institutions and attempts to return the properties to their rightful owners. The Department anticipates paying approximately 16,000 claims valued at \$13 million in FY 2005-06. The Department deposits recovered moneys in the Unclaimed Property Trust Fund, using the principal and interest to pay claims as well as the costs of operating the program. The remaining principal and interest earnings help support the CoverColorado health insurance program. The Department holds recovered securities for at least a year and then sells those that have not been returned, depositing sales proceeds in the Unclaimed Property Tourism Promotion Trust Fund. The State uses the interest earned on this fund to promote tourism and the State Fair. The fund source for this section is the Unclaimed Property Trust Fund.

Unclaimed Property Program						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Appropriation:						
SB 05-209	\$1,734,926	\$0	\$1,734,926	\$0	\$0	9.5
HB 05-1044	<u>15,286</u>	<u>0</u>	<u>15,286</u>	<u>0</u>	<u>0</u>	<u>0.5</u>
TOTAL	\$1,750,212	\$0	\$1,750,212	\$0	\$0	10.0
FY 2006-07 Appropriation:						
FY 2005-06 Appropriation	\$1,750,212	\$0	\$1,750,212	\$0	\$0	10.0
Program promotion	53,796	0	53,796	0	0	0.0
Annualize salary increases	15,641	0	15,641	0	0	0.0
Elimination of one-time funding	(23,745)	0	(23,745)	0	0	0.0
Leased space	(21,151)	0	(21,151)	0	0	0.0
Personal services base reduction	(1,302)	0	(1,302)	0	0	0.0
HB 06-1385	<u>\$1,773,451</u>	<u>\$0</u>	<u>\$1,773,451</u>	<u>\$0</u>	<u>\$0</u>	<u>10.0</u>
TOTAL	\$1,773,451	\$0	\$1,773,451	\$0	\$0	10.0
Increase/(Decrease)	\$23,239	\$0	\$23,239	\$0	\$0	0.0
Percentage Change	1.3%	n/a	1.3%	n/a	n/a	0.0%

SB 06-1385 (Long Bill) Issue Descriptions

Program promotion: The appropriation includes a \$53,796 increase in the amount the Treasurer is authorized to spend for promotional efforts designed to notify owners of lost and forgotten assets held in trust by the State.

Annualize salary increases: The appropriation includes \$15,641 to annualize salary survey increases awarded in FY 2005-06.

Elimination of one-time funding: The appropriation includes the elimination of one-time funding that was provided to replace the unclaimed property database (\$22,100), as well as the elimination of one-time funding that was provided to implement H.B. 05-1044 (\$1,645).

Leased space: The appropriation reflects a reduction for leased space expenses based on the Treasurer's plan to move to less expensive space when the current lease expires on June 30, 2006.

Personal services base reduction: The appropriation includes a reduction of \$1,302 associated with a 0.2 percent reduction in funding for personal services.

Special Purpose

This section reflects various disbursements and transfers the Treasurer is required to make, including the following: (1) reimbursements to local governments for property taxes lost due to the senior citizen property tax exemption; (2) transmittals from the Unclaimed Property Trust Fund to CoverColorado; (3) transfers to the FPPA for "old hire" fire and police pension plans; and (4) allocations of HUTF revenues to local governments. The General Fund and General Fund Exempt appropriations for the senior citizen property tax exemption and FPPA are not subject to the six percent statutory limit on General Fund appropriations.

Special Purpose						
	Total Funds	General Fund/1	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Appropriation:						
SB 05-209	\$304,936,511	\$25,321,079	\$0	\$279,615,432	\$0	0.0
HB 06-1385 (Long Bill supplemental)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$304,936,511	\$25,321,079	\$0	\$279,615,432	\$0	0.0
FY 2006-07 Appropriation:						
FY 2005-06 Appropriation	\$304,936,511	\$25,321,079	\$0	\$279,615,432	\$0	0.0
Senior citizen property tax exemption	64,600,000	64,600,000	0	0	0	0.0
Transfer to FPPA for "old hire" plans	9,453,062	9,453,062	0	0	0	0.0
HUTF disbursements	(10,179,332)	0	0	(10,179,332)	0	0.0
Transfer to CoverColorado	(4,200,000)	0	0	(4,200,000)	0	0.0
HB 06-1385	<u>\$364,610,241</u>	<u>\$99,374,141</u>	<u>\$0</u>	<u>\$265,236,100</u>	<u>\$0</u>	<u>0.0</u>
TOTAL	\$364,610,241	\$99,374,141	\$0	\$265,236,100	\$0	0.0
Increase/(Decrease)	\$59,673,730	\$74,053,062	\$0	(\$14,379,332)	\$0	0.0
Percentage Change	19.6%	292.5%	n/a	-5.1%	n/a	n/a

/1 Includes General Fund Exempt amounts.

General Fund Summary	Total General Fund	General Fund	General Fund Exempt
FY 2005-06 Appropriation	\$25,321,079	\$25,321,079	\$0
Long Bill supplemental (H.B. 06-1385)	<u>0</u>	<u>(25,321,079)</u>	<u>25,321,079</u>
FY 2005-06 Adjusted Appropriation	\$25,321,079	\$0	\$25,321,079
Senior citizen property tax exemption	64,600,000	64,600,000	0
Fire and Police Pension Association (FPPA) - "old hire" plans	<u>9,453,062</u>	<u>0</u>	<u>9,453,062</u>
Total FY 2006-07 Appropriation	\$99,374,141	\$64,600,000	\$34,774,141

General Fund Exempt

In November 2005, the Colorado voters passed Referendum C. Referendum C allows the State to retain all revenue that is collected above the TABOR limit for FY 2005-06 through FY 2009-10. This revenue must be placed in a General Fund Exempt Account [see Section 24-77-103.6 (2), C.R.S.]. The above table shows the amounts appropriated from the General Fund Exempt Account for purposes of funding retirement plans for firefighters and police officers pursuant to Sections 24-77-103.6 (2) and 24-77-104.5 (1) (a), C.R.S.

SB 06-1385 (Long Bill) Issue Descriptions

Senior citizen property tax exemption: The appropriation reflects \$64.6 million, the projected amount of local property tax revenues that will be foregone for tax year 2006 when the senior citizen property tax exemption resumes pursuant to S.B. 03-265.

Transfer to the Fire and Police Pension Association (FPPA) for "old hire" plans: The appropriation reflects a \$9.5 million increase in the annual transfer to the FPPA for the State's contribution to pay part of the unfunded liability of retirement plans that cover police and firefighters who were hired before 1978 ("old hire" pension plans). The increase covers a portion of the unfunded liability that accrued as a result of the 30-month suspension of the state contributions pursuant to S.B. 03-263. This funding level, if sustained through FY 2009-10, would eliminate the need for a "balloon payment" otherwise scheduled for April 2012.

Highway Users Tax Fund (HUTF) disbursements: The appropriation reflects a \$10.2 million reduction in the projected disbursements of HUTF revenues to counties and municipalities, compared to amounts reflected in the FY 2005-06 Long Bill.

Transfer to CoverColorado: The appropriation reflects a \$4.2 million reduction in the amount that is anticipated to be transferred from the Unclaimed Property Trust Fund to CoverColorado pursuant to S.B. 04-211, compared to the amount reflected in the FY 2005-06 Long Bill. The appropriated amount is based on projections of other sources of revenues available to CoverColorado, as well as projections of program costs.

Recent Legislation

2005 Session Bills

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

H.B. 05-1044: Intercepts payments in excess of \$600 to owners of unclaimed property when the owner owes delinquent fines, child support, or taxes. Uses the intercepted money to pay those obligations. Appropriates \$15,286 cash funds from the Unclaimed Property Trust Fund and 0.5 FTE to the Department to implement and administer the program.

2006 Session Bills

S.B. 06-180: Establishes a minimum and maximum *average* premium rate for coverage under CoverColorado. Specifies that the statutory premium rate range does not apply to individuals approved by the Board of Directors of CoverColorado for participation in a premium subsidy program established by the Board.

S.C.R. 06-1: Refers a measure to the voters at the November 2006 general election to allow for the senior homestead exemption to be extended to veterans who are 100 percent permanently disabled due to a service-connected disability. Specifies that the cost associated with the backfill of revenue to local governments for lost property taxes is a voter-approved revenue change, thereby allowing the State to retain the revenue necessary to backfill local governments out of surplus revenue.

H.B. 06-1234: Treasury Department supplemental appropriation for FY 2005-06.

H.B. 06-1385: General appropriations act for FY 2006-07. Includes an adjustment to the FY 2005-06 appropriation for FPPA "old hire" pension plans, identifying the source as the General Fund Exempt Account.

CAPITAL CONSTRUCTION

This section summarizes state agency capital construction and controlled maintenance projects. Many of the appropriations are from the Capital Construction Fund. The primary source of revenue to the Capital Construction Fund is transfers and appropriations from the General Fund.

Department Budget: Recent Appropriations

Appropriations for Capital Construction and Controlled Maintenance Projects (Does not include appropriations and transfers to the Capital Construction Fund/1)				
Funding Source	FY 2003-04	FY 2004-05	FY 2005-06	FY 2006-07
Capital Construction Fund Exempt	\$9,484,556	\$7,746,144	\$99,223,579	\$142,323,475
Cash Funds	19,879,208	19,400,000	1,550,000	4,850,000
Cash Funds Exempt	409,901,384	305,019,968	253,152,216	230,302,047
Federal Funds	<u>56,008,167</u>	<u>41,540,658</u>	<u>10,862,866</u>	<u>11,943,338</u>
Total Funds	\$495,273,315	\$373,706,770	\$364,788,661	\$389,418,860

/1 See the table "Appropriations and Transfers to the Capital Construction Fund" for this information.

General Factors Driving the Budget

The amount appropriated for capital construction is primarily based on the recommendations of the Capital Development Committee regarding the priority order of projects, and the most recent forecast of revenues available for capital construction given constitutional and statutory constraints on the budget. The sources of revenue to the Capital Construction Fund to support appropriations in FY 2005-06 and FY 2006-07 are as follows:

Summary of Revenue to the Capital Construction Fund Available for Appropriation		
Revenue Source	FY 2005-06	FY 2006-07
<u>Funds from Prior Years</u>		
Carry-forward from FY 2005-06	n/a	\$26,000,000
1/3 of the General Fund in excess of the 4.0 percent statutory reserve		
FY 2003-04 excess reserve identified in S.B. 05-209	40,800,000	n/a
Correction to FY 2003-04 excess reserve amount in H.B. 06-1385	(194,000)	n/a
FY 2004-05 excess reserve identified in H.B. 06-1385	1,650,635	31,021,698
Fund balance from reversions, accounting adjustments, etc. appropriated in Long Bill	1,958,576	3,026,000
Interest appropriated in Long Bill	1,500,000	2,500,000
Supplemental adjustment to prior years in Section 11 of S.B. 05-209	353,865	0

Summary of Revenue to the Capital Construction Fund Available for Appropriation

Revenue Source	FY 2005-06	FY 2006-07
Subtotal - Funds from Prior Years	\$46,069,076	\$62,547,698
<u>General Fund Transfers Exempt from the Six Percent Limit</u>		
<i>5-year Sentencing Bills:</i>		
S.B. 02-50	\$449,799	\$0
H.B. 02S-1006	0	22,924
H.B. 03-1004	0	291,761
H.B. 03-1138	138,934	125,041
H.B. 03-1213	0	69,467
H.B. 03-1317	69,467	69,467
H.B. 04-1016	0	69,467
H.B. 04-1021	76,414	90,307
H.B. 04-1412	(658,200)	0
S.B. 06-206	0	174,388
S.B. 06-207	0	174,388
H.B. 06-1011	0	523,164
H.B. 06-1092	0	435,970
H.B. 06-1145	0	87,194
H.B. 06-1151	0	87,194
H.B. 06-1326	0	610,358
<i>Other Transfers:</i>		
H.B. 00-1055	100,000,000	0
H.B. 04-1412	(100,000,000)	0
H.B. 06-1373	0	15,000,000
H.B. 06-1386 ¹	<u>10,000,000</u>	<u>61,944,687</u>
Subtotal - General Fund Transfers Exempt from the Six Percent Limit	\$10,076,414	\$79,775,777
General Fund Appropriations Subject to the Six Percent Limit		
H.B. 06-1373	\$20,000,000	\$0
H.B. 06-1385	<u>42,092,409</u>	<u>0</u>
Subtotal - General Fund Appropriations Subject to the Six Percent Limit	\$62,092,409	\$0
Tobacco Funds		
S.B. 05-209	\$7,114,756	\$0
H.B. 06-1235	(129,076)	0
H.B. 06-1385	0	7,004,644
H.B. 06-1310	<u>0</u>	<u>(7,004,644)</u>
Subtotal - Tobacco Funds	\$6,985,680	\$0
Total Revenue to the Capital Construction Fund Available for Appropriation	\$125,223,579	\$142,323,475
Total appropriations from the Capital Construction Fund	<u>(99,223,579)</u>	<u>(142,323,475)</u>
Carry-forward	26,000,000	0

¹ Includes \$10,000,000 General Fund Exempt in FY 2005-06 and \$15,000,000 in FY 2006-07

Distribution of Funds

In FY 2006-07, appropriations for capital construction and controlled maintenance consist of 36.5 percent Capital Construction Funds Exempt (CCFE), 1.2 percent cash funds, 59.1 percent cash funds exempt, and 3.1 percent federal funds. The departments with the largest percentage of Capital Construction Funds Exempt appropriations are listed in the table below.

Department	Percent of CCFE Appropriations
Higher Education	42.5%
Human Services	15.5%
Corrections/Corrections Expansion Reserve	13.2%
Transportation	10.5%

Summary of FY 2005-06 and FY 2006-07 Appropriations

Appropriations for Capital Construction and Controlled Maintenance Projects (Does not include appropriations and transfers to the Capital Construction Fund)					
	Total Funds	Capital Construction Funds Exempt	Cash Funds	Cash Funds Exempt	Federal Funds
FY 2005-06 Total Appropriation:	\$364,788,661	\$99,223,579	\$1,550,000	\$253,152,216	\$10,862,866
<u>Breakdown of Total Appropriation by Department</u>					
Agriculture	750,000	750,000	0	0	0
Corrections	4,975,752	3,434,752	0	441,000	1,100,000
Corrections Expansion Reserve Fund	76,414	76,414	0	0	0
Education	425,400	425,400	0	0	0
Higher Education	244,791,540	52,840,989	0	191,620,551	330,000
Human Services	23,679,382	23,679,382	0	0	0
Judicial Department	262,200	262,200	0	0	0
Labor and Employment	20,000,000	0	0	19,200,000	800,000
Military and Veterans' Affairs	3,574,180	1,312,402	0	1,080,000	1,181,778
Natural Resources	35,503,725	0	1,300,000	26,752,637	7,451,088
Personnel and Administration	11,745,282	6,442,040	0	5,303,242	0
Public Health and Environment	7,750,000	0	250,000	7,500,000	0
Revenue	1,254,786	0	0	1,254,786	0
Transportation	10,000,000	10,000,000	0	0	0

Appropriations for Capital Construction and Controlled Maintenance Projects
(Does not include appropriations and transfers to the Capital Construction Fund)

	Total Funds	Capital Construction Funds Exempt	Cash Funds	Cash Funds Exempt	Federal Funds
<u>Breakdown of Total Appropriation by Bill</u>					
SB 05-209	303,316,705	51,727,197	19,750,000	222,859,642	8,979,866
SB 02-50	449,799	449,799	0	0	0
HB 03-1138	138,934	138,934	0	0	0
HB 03-1317	69,467	69,467	0	0	0
HB 04-1021	76,414	76,414	0	0	0
HB 04-1412	(658,200)	(658,200)	0	0	0
HB 06-1235	7,676,682	1,544,143	(18,200,000)	22,449,539	1,883,000
HB 06-1385	33,718,860	25,875,825	0	7,843,035	0
HB 06-1373	20,000,000	20,000,000	0	0	0
FY 2006-07 Total Appropriation:	\$389,418,860	\$142,323,475	\$4,850,000	\$230,302,047	\$11,943,338
<u>Breakdown of Total Appropriation by Department</u>					
Agriculture	2,109,681	0	2,109,681	0	0
Corrections	19,110,635	15,952,529	1,090,319	2,067,787	0
Corrections Expansion Reserve Fund	2,831,090	2,831,090	0	0	0
Education	1,004,705	1,004,705	0	0	0
Higher Education	229,753,186	60,482,894	0	169,270,292	0
Human Services	22,114,571	22,114,571	0	0	0
Judicial Department	777,579	777,579	0	0	0
Labor and Employment	32,800,000	0	0	32,000,000	800,000
Military and Veterans' Affairs	8,561,806	1,900,403	0	658,000	6,003,403
Natural Resources	31,998,807	0	1,400,000	25,458,872	5,139,935
Personnel and Administration	8,546,352	7,741,138	0	805,214	0
Public Health and Environment	3,627,300	3,377,300	250,000	0	0
Public Safety	2,532,080	2,490,198	0	41,882	0
Regulatory Agencies	8,651,068	8,651,068	0	0	0
Transportation	15,000,000	15,000,000	0	0	0
<u>Breakdown of Total Appropriation by Bill</u>					
HB 06-1385	378,592,414	131,497,029	4,850,000	230,302,047	11,943,338
HB 02s-1006	22,924	22,924	0	0	0

Appropriations for Capital Construction and Controlled Maintenance Projects
(Does not include appropriations and transfers to the Capital Construction Fund)

	Total Funds	Capital Construction Funds Exempt	Cash Funds	Cash Funds Exempt	Federal Funds
HB 03-1004	291,761	291,761	0	0	0
HB 03-1138	125,041	125,041	0	0	0
HB 03-1213	69,467	69,467	0	0	0
HB 03-1317	69,467	69,467	0	0	0
HB 04-1016	69,467	69,467	0	0	0
HB 04-1021	90,307	90,307	0	0	0
SB 06-206	174,388	174,388	0	0	0
SB 06-207	174,388	174,388	0	0	0
HB 06-1011	523,164	523,164	0	0	0
HB 06-1092	435,970	435,970	0	0	0
HB 06-1145	87,194	87,194	0	0	0
HB 06-1151	87,194	87,194	0	0	0
HB 06-1310	(7,004,644)	(7,004,644)	0	0	0
HB 06-1326	610,358	610,358	0	0	0
HB 06-1373	15,000,000	15,000,000	0	0	0

FY 2006-07 Appropriation Highlights:

Highlights of the FY 2006-07 General Fund budget for capital construction include:

1. \$7.1 million for Certificates of Participation, including
 - a. \$983,356 for 1881 Pierce Street, and
 - b. \$6.1 million for the General Fund share of Fitzsimons (there is an additional \$7.0 million from tobacco funds for this project);
2. \$60.5 million in capital construction and controlled maintenance projects for higher education institutions;
3. \$22.1 million for the Department of Human Services, including
 - a. \$15.0 million for a new institute for forensic psychiatry at the Colorado Mental Health Institute at Pueblo, and
 - b. \$7.1 million for various other capital construction and controlled maintenance projects;

4. \$18.8 million for corrections-related projects, including
 - a. \$16.0 million for construction in FY 2006-07, and
 - b. \$2.8 million for the Corrections Expansion Reserve Fund for construction in future years; and
5. \$15.0 million for strategic transportation projects.

Appropriations and Transfers to the Capital Construction Fund					
	Total Funds	General Fund/1	Cash Funds	Cash Funds Exempt	Federal Funds
FY 2005-06 Total Appropriations and Transfers:	\$79,154,503	\$72,168,823	\$0	\$6,985,680	\$0
Appropriations to Capital Construction Fund	<u>69,078,089</u>	<u>62,092,409</u>	<u>0</u>	<u>6,985,680</u>	<u>0</u>
HB 06-1373	20,000,000	20,000,000	0	0	0
HB 06-1385	42,092,409	42,092,409	0	0	0
SB 05-209	7,114,756	0	0	7,114,756	0
HB 06-1235	(129,076)	0	0	(129,076)	0
General transfers to Capital Construction Fund	<u>9,341,800</u>	<u>9,341,800</u>	<u>0</u>	<u>0</u>	<u>0</u>
HB 00-1055	100,000,000	100,000,000	0	0	0
HB 04-1412	(100,658,200)	(100,658,200)	0	0	0
HB 06-1386	10,000,000	10,000,000	0	0	0
5-year sentencing bill transfers to Capital Construction Fund	<u>734,614</u>	<u>734,614</u>	<u>0</u>	<u>0</u>	<u>0</u>
SB 02-50	449,799	449,799	0	0	0
HB 03-1138	138,934	138,934	0	0	0
HB 03-1317	69,467	69,467	0	0	0
HB 04-1021	76,414	76,414	0	0	0
FY 2006-07 Total Appropriation:	\$79,775,777	79,775,777	\$0	\$0	\$0
Appropriations to Capital Construction Fund	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
HB 06-1385	7,004,644	0	0	7,004,644	0
HB 06-1310	(7,004,644)	0	0	(7,004,644)	0
General transfers to Capital Construction Fund	<u>76,944,687</u>	<u>76,944,687</u>	<u>0</u>	<u>0</u>	<u>0</u>
HB 06-1373	15,000,000	15,000,000	0	0	0
HB 06-1386	61,944,687	61,944,687	0	0	0

Appropriations and Transfers to the Capital Construction Fund

	Total Funds	General Fund/1	Cash Funds	Cash Funds Exempt	Federal Funds
5-year sentencing bill transfers to Capital Construction Fund	<u>2,831,090</u>	<u>2,831,090</u>	<u>0</u>	<u>0</u>	<u>0</u>
HB 02s-1006	22,924	22,924	0	0	0
HB 03-1004	291,761	291,761	0	0	0
HB 03-1138	125,041	125,041	0	0	0
HB 03-1213	69,467	69,467	0	0	0
HB 03-1317	69,467	69,467	0	0	0
HB 04-1016	69,467	69,467	0	0	0
HB 04-1021	90,307	90,307	0	0	0
SB 06-206	174,388	174,388	0	0	0
SB 06-207	174,388	174,388	0	0	0
HB 06-1011	523,164	523,164	0	0	0
HB 06-1092	435,970	435,970	0	0	0
HB 06-1145	87,194	87,194	0	0	0
HB 06-1151	87,194	87,194	0	0	0
HB 06-1326	610,358	610,358	0	0	0

/1 FY 2005-06 and FY 2006-07 appropriations and transfers include General Fund Exempt.

General Fund Summary	Total General Fund	General Fund	General Fund Exempt
5-year Sentencing bills	\$76,414	\$76,414	\$0
H.B. 06-1373: Build Institute for Forensic Psychiatry	20,000,000	20,000,000	0
H.B. 06-1386: Capital Construction Transfer Bill	10,000,000	0	10,000,000
H.B. 06-1385: Long Bill supplemental	<u>42,092,409</u>	<u>42,092,409</u>	<u>0</u>
FY 2005-06 General Fund Appropriations & Transfers	\$72,168,823	\$62,168,823	\$10,000,000
5-year Sentencing bills	2,831,090	2,831,090	0
H.B. 06-1373: Build Institute for Forensic Psychiatry	15,000,000	15,000,000	0
H.B. 06-1386: Capital Construction Transfer Bill	<u>61,944,687</u>	<u>46,944,687</u>	<u>15,000,000</u>
FY 2006-07 General Fund Appropriations & Transfers	\$79,775,777	\$64,775,777	\$15,000,000

General Fund Exempt

In November 2005, the Colorado voters passed Referendum C. Referendum C allowed the State to retain all revenue that is collected above the TABOR limit for FY 2005-06 through FY 2009-10. This revenue must be placed in a General Fund Exempt Account (see Section 24-77-103.6 (2), C.R.S.). The above table shows the amounts of General Fund Exempt appropriated and transferred from the General Fund Exempt Account for strategic transportation projects pursuant to Sections 24-77-103.6 (2) (d), C.R.S.

Detail of Appropriation by Department (FY 2006-07 Only)

Project	Total	CCFE	CF	CFE	FF
<u>AGRICULTURE</u>					
Biochemistry Lab Building HVAC and Roof Replacement	\$295,621	\$0	\$295,621	\$0	\$0
Installs a new rooftop HVAC unit and a new, insulated, sloped roof to replace the roof that was damaged by the old, leaking HVAC unit.					
Colorado State Fair, Repair/Replace Primary Electrical Infrastructure	714,838	0	714,838	0	0
Replaces the primary, overhead, medium-voltage electrical system with an underground, low-voltage system and installs a transition system from high to medium voltage.					
Colorado State Fair, Repair/Replace Infrastructure in Carnival Lot	1,099,222	0	1,099,222	0	0
Addresses inadequate electrical services, sanitary sewers, storm drainage, and severely cracked asphalt in the carnival lot. This phase includes engineering services, replacement of electrical services and water mains and hydrants and asphalt patching.					
TOTAL - AGRICULTURE	\$2,109,681	\$0	\$2,109,681	\$0	\$0
<u>CORRECTIONS</u>					
Administration Building, Fire Detection/Alarm System	173,355	0	173,355	0	0
Installs the manual pull stations at all exits, audible and visible notification appliances throughout, and a new signaling line circuit in the existing fire alarm control panel. The project also includes installation of emergency lighting, additional smoke detectors, duct work, and a new flow switch and tamper switch in the basement sprinkler riser.					
Arkansas Valley Correctional Facility, Domestic Water Distribution System Repairs	574,802	0	574,802	0	0
Repairs the water delivery system to reduce mineral concentrations.					
Arkansas Valley Correctional Facility, Warehouse and Housing Unit Fire Suppression Improvements	233,887	0	233,887	0	0
Provides an automatic fire sprinkler system and in-rack fire sprinkler for the Warehouse and converts the existing pre-action and deluge dry systems with automatic wet fire sprinklers in the Housing Units and replaces the heads.					
Colorado State Penitentiary, Security Electronics Replacement	1,530,782	1,422,507	108,275	0	0
Replaces the proprietary DOS-based security electronics system, which is out-dated and will not run on processors developed after the Pentium 1 and is prone to single point failures.					
Colorado Territorial Correctional Facility and Buena Vista Correctional Complex, Roof Replacements, Various Buildings	171,424	171,424	0	0	0
Provides for a structural analysis of the roof truss bearing and eave framing to help with planning for the roof replacements.					
Colorado Territorial Correctional Facility, Sanitary Sewer/Storm Sewer Distribution Improvements	547,950	547,950	0	0	0
The three-phase project corrects the cross-connection deficiencies of the storm sewer and sanitary sewer systems throughout the Colorado Territorial Correctional Facility. These cross-connections have made it difficult for the Fremont Sanitation District to fully process demand. As a result, the district is threatening to impose fines. Phase 1 addressed the cross-connection deficiencies. Phase 2, the current phase, and Phase 3 replaces sanitary lines. Assessment and some design work were completed under a previous project.					

Project	Total	CCFE	CF	CFE	FF
Colorado Territorial Correctional Facility, Upgrade Fire Detection/Alarm/Suppression Systems, Phase 2 and 3	2,226,481	2,226,481	0	0	0
Provides a facility-wide system utilizing analog addressable fire alarm control panels and peripheral devices.					
Colorado Territorial Correctional Facility, Perimeter Security Improvements	442,039	442,039	0	0	0
Provides for repointing of the limestone wall, repair/replacement of chain link and razor wire fencing, and additional perimeter lighting.					
Canteen Expansion	1,079,353	0	0	1,079,353	0
Expands the East Canon City Prison Complex canteen operations building with a warehouse and dock addition of approximately 6,000 GSF, allowing the operation to serve the increased inmate populations at La Vista Correctional Facility, Park County Jail, and all private prisons.					
Correctional Industries, Minor Construction Projects	250,000	0	0	250,000	0
This ongoing appropriation allows Correctional Industries to accommodate growth and new business opportunities and to maintain safe operations.					
Denver Reception Diagnostic Center, Expansion/Renovation	9,000,000	8,261,566	0	738,434	0
Expands the Denver Reception and Diagnostic Center to allow for more inmates to be processed through the facility on an annual basis.					
Trinidad Correctional Facility, Water Utilities	2,880,562	2,880,562	0	0	0
Replaces the existing water lines between the city of Trinidad and the Trinidad Correctional Facility. The Department states that the current line has deteriorated significantly. The water line is jointly used by the prison and the U.S. Army. Current repair costs to the water line are shared between the Army and the department. The city has conducted numerous forensic investigations, tests and reports; and has determined that much, or perhaps all, of the line will fail in the next eight years or more.					
TOTAL - CORRECTIONS	\$19,110,635	\$15,952,529	\$1,090,319	\$2,067,787	\$0
CORRECTIONS EXPANSION RESERVE FUND (CERF)					
S.B. 06-206	174,388	174,388	0	0	0
Makes smuggling of humans a class 3 felony. Creates a separate offense for each person smuggled. Allows the offenses to be tried in any county in which a person who is illegally present in the United States and who is a subject of the action is found.					
S.B. 06-207	174,388	174,388	0	0	0
Makes trafficking in adult humans a class 3 felony unless the adults who have been trafficked are illegally present in the United States, in which case trafficking in adults is a class 2 felony.					
H.B. 06-1011	523,164	523,164	0	0	0
Creates two new felonies subject to an indeterminate sentence that could reach a maximum of an offender's lifetime: (1) internet luring of a child and (2) internet sexual exploitation of a child.					
H.B. 06-1092	435,970	435,970	0	0	0
Increases the penalty for sexual exploitation of a child by possession of sexually exploitative material from a class 1 misdemeanor to a class 6 felony.					
H.B. 06-1145	87,194	87,194	0	0	0
Limits the amount of methamphetamine precursor drugs that can be sold at retail establishments and prohibits the sale of those drugs to minors. Specifies that the crime of child abuse is committed when a person brings a child to a place where methamphetamine is manufactured or attempted to be manufactured. The latter is a Class 3 felony.					
H.B. 06-1151	87,194	87,194	0	0	0
Specifies that for a second or subsequent misdemeanor child abuse offense, if the court finds that a person committed certain forms of child abuse, the offense is a Class 5 felony.					

Project	Total	CCFE	CF	CFE	FF
H.B. 06-1326	610,358	610,358	0	0	0
Repeals the following crimes: unlawful possession of personal identifying information; theft of personal identifying information; and sale or possession for sale of a financial transaction device. Reorganizes the statutes pertaining to identity theft and related offenses. Creates the following new crimes: identity theft; criminal possession of a financial device; and possession of identity theft tools. Allows a charge of identity theft to be tried in the county where an act occurred, in any county where an act in furtherance of the offense is committed, or in the county where the victim resides. Adds certain identity crimes to the list of crimes under the "Colorado Organized Crime Control Act".					
Appropriations from prior years to comply with Section 2-2-703, C.R.S.	738,434	738,434	0	0	0
These appropriations include \$22,924 pursuant to H.B. 02s-1006; \$291,761 pursuant to H.B. 03-1004; \$125,041 pursuant to H.B. 03-1138; \$69,467 pursuant to H.B. 03-1213; \$69,467 pursuant to H.B. 03-1317; \$69,467 pursuant to H.B. 04-1016; and \$90,307 pursuant to H.B. 04-1021.					
TOTAL - CORRECTIONS EXPANSION RESERVE FUND	\$2,831,090	\$2,831,090	\$0	\$0	\$0
<u>EDUCATION</u>					
School for the Deaf and Blind, Install Cross-connection Backflow Preventors on Main Water Meters	60,000	60,000	0	0	0
Adds cross-connection backflow preventors to two main water meters to avoid contamination of drinking water.					
School for the Deaf and Blind, Electrical Distribution Upgrades	469,705	469,705	0	0	0
Replaces main distribution panels, sub-distribution panels, and sub panels and conductors over three phases. This phase completes work at the Industrial Group, Student Health Center, Industrial Building, Gottlieb Building, and Argo Dining Hall.					
School for the Deaf and Blind, Steam Line Replacement	475,000	475,000	0	0	0
Replaces the failing steam line.					
TOTAL - EDUCATION	\$1,004,705	\$1,004,705	\$0	\$0	\$0
<u>HIGHER EDUCATION</u>					
Adams State College					
Roof Replacement, Various Buildings	673,116	673,116	0	0	0
The project is a three-phase project to replace the roofs on the Adams State Campus. This first phase re-roofs the portion of the roof over the gym and pool areas in Plachy Hall. Phase 2 will re-roof another portion of Plachy Hall and the folded roof area of Fine Arts. Phase 3 will re-roof the Music Building and re-coat the Planetarium. The roofs throughout the campus have reached their life expectancy and have been patched through routine maintenance.					
Plachy Hall Renovation and Addition	4,999,974	4,999,974	0	0	0
renovates and constructs an addition to Plachy Hall in two phases. Phase I will address the majority of renovations, including roof replacement; improved lighting, heating, ventilation, and insulation; and general improvements to the pool. Phase I will also construct a 13,000 GSF addition with a new weight room, men's and women's locker rooms, and space to improve the movement of spectators at sporting events. Phase II will construct a 12,000 GSF addition with a lobby, additional restrooms, and a lecture hall.					
Mesa State College					
New Residence Hall	19,200,000	0	0	19,200,000	0
Constructs an 80,600 GSF dormitory near the corners of College Place and Bunting Avenue in Grand Junction to house 288 students, and makes parking improvements to serve the dormitory.					
Business and Information Technology Center	7,000,000	7,000,000	0	0	0
Constructs a Business and Information Technology Center, which will serve as a consolidated location for business and technology-intensive programs. The project is intended to enable students to become literate in the most recent technological systems.					

Project	Total	CCFE	CF	CFE	FF
Western State College					
Rehabilitate Heat Plant Building	540,250	540,250	0	0	0
Remediates asbestos, dismantles the boilers and removes them, replaces the roof, repairs exterior walls, and demolishes a portion of the facility.					
Repair/Replace Sewer Distribution System	323,897	323,897	0	0	0
Replaces the collapsing clay tile sewer system in three phases.					
Kelley Hall Renovation	349,133	349,133	0	0	0
Renovates Kelley Hall for continued use by the Department of Behavioral and Social Sciences. The project also provides space for the Center for Environmental Studies, for the inclusion of the Psychology discipline with the rest of the Department of Behavioral and Social Sciences, and for a future location for other centers of excellence or interdisciplinary programs as they are developed by the college.					
Colorado State University					
Music Building, Replace Deteriorated Electrical, Heating, and Plumbing Systems	697,565	697,565	0	0	0
Replaces 73-year old electrical and plumbing systems.					
Replace Steam and Condensate, North Line	490,415	490,415	0	0	0
Installs new piping in the old tunnel leaving the heating plant and installs two pressure release valve stations.					
Replace Environmental Control System	267,121	267,121	0	0	0
Replaces pneumatic components with digital components that match the existing university system in several buildings. This phase addresses the Chemistry, Andrew Clark, Engineering, Gifford, and Atmospheric Science buildings.					
Forestry Building, Replace Deteriorated Electrical, Heating, and Plumbing Systems	551,876	551,876	0	0	0
This phase of the project addresses the electrical and plumbing systems.					
Replace Deteriorated Fire Alarms	400,000	400,000	0	0	0
Replaces systems in Anatomy Zoology to meet current fire code and provide more visual alarm devices.					
Atmospheric Sciences Building Construction	4,965,627	0	0	4,965,627	0
Constructs a 20,000 GSF building to accommodate the Multi-scale Modeling of Atmospheric Processes Program, which utilizes climate modeling technology to simulate and predict the effects of clouds on weather. The facility will include offices, conference rooms, seminar rooms, and a computer lab. It will be located on the foothills campus in the existing atmospheric Sciences complex.					
Diagnostic Medicine Center	3,500,000	3,500,000	0	0	0
Constructs a 90,000 GSF Diagnostic Medicine Center close to the Veterinary Teaching Hospital on the university's south campus. The project also renovates 18,523 GSF that will be vacated by the center. The new center will provide animal diagnostic and processing labs, research labs, and office and support space to relieve extreme space shortages. The university says current operations are carried out in 38 percent of the space that should be provided for the laboratory's functions. The project will also improve instructional and outreach capabilities through co-locating programs in the new building, and will enhance safety in laboratories.					
Foothills Campus, Renovation of the Center for Environmental Toxicology and Technology	6,052,619	0	0	6,052,619	0
Renovates 15,000 GSF of laboratory, office and support space at the Center for Environmental Toxicology and Technology.					
Relocate Computer Sciences Department -- Information Sciences and Technology Center Addition/Renovation	12,993,100	0	0	12,993,100	0
Provides for design work on the best way to relocate the Computer Sciences Department nearer to the Information Sciences Technology Center.					

Project	Total	CCFE	CF	CFE	FF
Veterinary Teaching Hospital, Food Animal Care Facility Construction	13,029,000	0	0	13,029,000	0
Constructs a 31, 979 GSF Food Animal Medicine and Surgery Complex on the University's South campus, near the teaching hospital. The project will demolish and replace the existing 29,476 GSF Food Animal Barn, but will not demolish the adjacent horse facilities. The complex will include an additional 32,600 square feet of external feedlot space.					
Veterinary Teaching Hospital, Mechanical and Fire Sprinklers	3,225,172	3,225,172	0	0	0
Replaces the mechanical equipment and installs a fire suppression system in the Veterinary Teaching Hospital. The project received an appropriation of \$652,599 in FY 2001-02 as a controlled maintenance project. It is now considered a capital renewal project. The capital renewal approach focuses on upgrading building systems, infrastructure, and the basic building components within existing academic buildings on a building-by-building basis, rather than project by project.					
Linear Accelerator Purchase	3,000,000	0	0	3,000,000	0
Provides cash funds exempt spending authority for the University to purchase a new linear accelerator for the school's Veterinary Teaching Hospital at the Animal Cancer Center. A linear accelerator destroys cancerous tumors in animal patients while sparing the surrounding normal tissue.					
Colorado State University at Pueblo					
Campus Structural Analysis	386,100	386,100	0	0	0
Assesses problems and solutions for problems on the campus with expansive soils, subsurface springs, pierced water tables, and irrigation and storm run-off that have contributed to the instability of the soils/bedrock under the building foundations.					
Health, Physical Education and Recreation Building Renovation, Life/Safety Upgrade	8,551,350	7,050,998	0	1,500,352	0
Renovates 61,683 GSF and adds 15,000 GSF to the Health, Physical Education and Recreation (HPER) building. The building is used by the exercise science, health promotion and recreation, and student recreation programs; intramurals; the Experiential Learning Center; and the athletic department. Phase 2 includes renovation of the gymnasium and building entrance.					
Fort Lewis College					
Electrical Distribution System Improvements	646,660	646,660	0	0	0
The two-phase project addresses needed electrical improvements to the Fort Lewis College campus. Phase 1 replaces two leaking transformers, improves safety and security lighting in various areas of the campus, replaces the outmoded and unserviceable main gear in the Aquatic Center, and provides a UL (Underwriters Laboratories) listed master lightning protection system for the Concert Hall. Phase 2 will relocate and replace a number of transformers throughout the campus. It will also establish a centralized campus metering system and replace outmoded and unserviceable main gear in Berndt Hall, Nobel Hall, and the Geology Field Lab.					
University of Colorado at Boulder					
Campus Steam Line Upgrades	658,848	658,848	0	0	0
Replaces direct-bury steam supply and condensate return mains from the north end of the Stadium feeding the Ground building, the Dal Ward Center, and the Athens Court. The project also includes zone valve and piping work at the Speech Learning and Hearing Sciences building.					
Repair/Replace Building Electrical Services	540,649	540,649	0	0	0
Replaces the transformers and main gears in the Electrical Engineering, Norlin Library, Menzinger, and Porter buildings. This phase addresses the Electrical Engineering building.					
Upgrade Fire Sprinklers and Alarms, Various Buildings	889,618	889,618	0	0	0
This phase of the project adds sprinklers in the Hellums building.					
Outdoor Recreation Facilities	5,712,500	0	0	5,712,500	0
Renovates recreation fields at Franklin, Farrand, and Kittredge halls, and constructs four new basketball courts east of the Coors Event Center.					

Project	Total	CCFE	CF	CFE	FF
Visual Arts Complex	7,168,416	2,236,422	0	4,931,994	0
Constructs a 148,075 GSF (106,614 ASF) Visual Arts Complex in the center of campus in two phases. The complex will house the Department of Fine Arts and the University Art Museum. The complex will include facilities that instruct students in traditional and new arts disciplines, contain laboratories to enable exploration of and instruction in cutting-edge visual technologies and the digital arts, and house the first university art museum in Colorado. The complex will house open classrooms, laboratories, studios, and continuing education facilities, which will be available to students working in the adjacent facility for the Alliance for Technology, Learning, and Society (ATLAS). Phase I will construct approximately one-third of the new building.					
University of Colorado at Colorado Springs					
Fine Arts Complex and Utilities Upgrade	292,018	292,018	0	0	0
Repairs and replaces roofs on the three buildings, adds new forced air gas furnaces and associated controls and dampers, and replaces all wooden stairs and ramps.					
Campus Recreation Center	12,000,000	0	0	12,000,000	0
The University will spend \$12 million cash funds exempt to build a new 54,000 square foot recreation center to replace existing facilities. The recreation center will have an indoor climbing wall, indoor swimming pool, multi-purpose gymnasium, running track, locker rooms, cafeteria, and office space.					
Dwire Hall Renovation and Technology Upgrade	7,000,000	3,500,000	0	3,500,000	0
The project renovates the utilities, equipment, and facilities in Dwire Hall. A remodeling of the building (31,986 ASF, 50,716 GSF) will provide additional classroom, research, and facility spaces.					
Science/Engineering Buildings	2,000,000	2,000,000	0	0	0
Constructs a building or buildings to accommodate the College of Engineering and Applied Science, and several departments of the College of Liberal Arts and Sciences, the Institute for BioEnergetics, the Network Information and Space Security Center (NISSC), and the Science/Health Science Learning Center. The estimated square footage requirement for the new construction is 220,000 GSF or 143,000 ASF. Where practical, classroom and laboratory space will be shared among the various disciplines. In accordance with the facilities master plan, the buildings will be sited on the Cragmor zone, east and adjacent to the Housing Village and the El Pomar Center. In accordance with the micro master plan, the proposed building will have three to four floors.					
University of Colorado at Denver and Health Sciences Center					
Building 500, Air Handling Unit Replacement	347,900	347,900	0	0	0
This phase replaces 3 of the 14 poorly performing air handling units that are at risk of failure.					
Building 500, Air Handling Unit Temperature Control Improvements	276,165	276,165	0	0	0
The project is the first phase of a three-phase project to improve the air handling units in Building 500 on the Fitzsimons campus. Building 500 is an older facility with numerous stand-alone air handling units. The units cannot adequately moderate varying temperature levels required for the building's heating, ventilation, and air conditioning needs. Phase 1 will retrofit 4 air handling units; Phase 2 will retrofit 5.					
Lease Purchase of Academic Facilities at Fitzsimons	13,143,313	6,138,669	0	7,004,644	0
Makes the annual payment for the lease purchase, including the appropriation from the Fitzsimons Trust Fund, pursuant to H.B. 03-1256.					
Fitzsimons, Infrastructure 10	1,282,093	0	0	1,282,093	0
Provides cash funds exempt spending authority for the University to continue infrastructure improvements on the Fitzsimons campus, primarily on the east side. The infrastructure improvements will support the development of Education 1B, Education Facility II, Academic Office East, Academic Office West, and the Center for Oral Health. This year's phase will accomplish the following: upsize water and storm sewer lines; connect a sanitary sewer line for the Anschutz Inpatient Pavilion to an existing sewer line; install telecommunications cables in the West Commons area of the campus; and, reimburse Children's Hospital for the Health Sciences Center's proportionate share of site infrastructure work it has done.					
Fitzsimons, PASCAL II Addition	5,695,269	0	0	5,695,269	0
Provides cash funds exempt spending authority to construct a 16,585 GSF (13,780 ASF) addition to the Preservation and Access Service Center for Colorado Academic Libraries (PASCAL) storage facility. The PASCAL facility is a collaborative effort among CU-Boulder, CU-Denver, and the CU-Health Sciences Center to provide a central repository and retrieval system for volumes that are used infrequently by these institutions. The facility was designed for high-density storage in a climate-controlled environment, with the capability of being expanded with additional storage modules, as needed, for a maximum capacity of 8 million volumes.					

Project	Total	CCFE	CF	CFE	FF
Conveyance of University of Colorado at Denver Building and the Lawrence Street Center	36,500,000	0	0	36,500,000	0
Provides cash funds exempt spending authority for the University to acquire ownership of two buildings from the Auraria Foundation. The buildings are across the street from one another, and are located adjacent to the Auraria campus, at 1380 Lawrence Street (known as the Lawrence Street Center) and at 1250 14th Street (called the CU-Denver Building).					
Colorado School of Mines					
Green Center Improvements	3,397,375	3,397,375	0	0	0
Decontaminates, repairs, and renovates the Green Center to address roof leaks, asbestos, unsafe basement facilities, and make ADA improvements.					
Recreation Center	6,904,652	0	0	6,904,652	0
Adds a swimming pool and associated infrastructure to the Recreation Center.					
University of Northern Colorado					
Butler Hancock Hall, McGee and Frasier Halls, Replace Electrical and Fire Alarm Systems	705,100	705,100	0	0	0
Upgrades main distribution panels and sub-panels throughout the buildings.					
McGee Hall, Repair/Replace HVAC	704,000	704,000	0	0	0
This is a two-phase project to repair and replace the heating, ventilation, and air conditioning (HVAC) system for McGee Hall. Phase 1 will design and replace the air handling unit coils, heat exchangers, and pumps. The system was last modified in the mid-1980's and no longer meets air quality standards, causing problems for the building's occupants. The system is not able to accommodate energy performance contract modifications without these upgrades. Phase 2 will replace the mixing boxes, relief/exhaust fans, and room air controls.					
Campus Recreation Facilities	15,798,442	0	0	15,798,442	0
Improves the Campus Recreation Center, Butler Hancock Gymnasium, Butler Hancock Fields, and Jackson Sport Complex.					
Faculty Apartment #4 Renovation	2,000,000	0	0	2,000,000	0
Renovates a 15,624 GSF building and converts it from faculty and University guest housing to housing for 54 students.					
Parking Improvements	4,000,000	0	0	4,000,000	0
Acquires property for future parking expansion near K lot and A lot, adds 160 new spaces between 22nd and 23rd Streets along 10th Avenue Court, adds 180 spaces at the Jackson Sports Complex, demolishes 3 small structures and constructs 60 additional spaces at the T lot, upgrades lighting, and makes safety improvements.					
Arapahoe Community College					
Replace HVAC Equipment, Annex	579,726	579,726	0	0	0
Replaces rooftop heating, ventilation, and air conditioning (HVAC) units on the Annex Building. The Automotive Technology Center, the Gym/Fitness Center, and the Natatorium roof top heating mechanical systems are deteriorating. The gas heat exchangers are losing efficiency and pneumatic controllers repeatedly fail. The unit's failure is also causing damage to the Natatorium due to high humidity. The units are over 25 years old and repair parts are difficult and costly to find. All four of the new units will be multi-zone units with gas fired heating and electric cooling.					
Colorado Northwestern Community College					
Rangely Campus, Hill, Studer, McLaughlin Boilers and HVAC Upgrades	705,600	705,600	0	0	0
Repairs/replaces the boilers and HVAC equipment in these three buildings that have outdated evaporative cooling systems, inadequate ventilation, and obsolete or nonexistent controls.					
Front Range Community College					
Westminster Campus, Repair/Replace Electrical Switchgear	738,403	738,403	0	0	0
Replaces the switchgear and branch circuits and adds room clearance to comply with overall safety standards.					

Project	Total	CCFE	CF	CFE	FF
Lamar Community College					
Horse Training Management Facilities Remodel	178,380	178,380	0	0	0
The project remodels and constructs an addition to facilities for the college's Horse Training and Management Program. The project involves remodeling 2,000 GSF of the outdoor arena, adding 11,000 GSF to the indoor arena, and adding 2,000 GSF of instructional space to the facility. The space includes instructional classrooms, a demonstration lab, and offices for instructors. The project will add 30 more horse stalls and boarding areas in the indoor arena, will provide a larger exercise and training area in the indoor arena, and will remodel restrooms and other public areas of both arenas. The college explains that the horse training program is currently limited because there is no instructional classroom space in the indoor arena, and the indoor arena is too small for those who use it, creating safety concerns for students, staff, and the public during use.					
Northeastern Junior College					
Hays, ES French, and Portions of Walker and Knowles Halls, Replace Roofs	380,000	380,000	0	0	0
The project replaces the roofs with a new roofing system that will incorporate tapered insulation under a membrane. The current roofs all pond water and leaks have developed. Offices within the buildings have been closed occasionally due to the leaks. The project is a two-phase project and Phase 1 replaces the most critical roofs - ES French and Walker Hall. Phase 2 will replace the Hays and Knowles roofs.					
Telecom Information Technology Upgrade	499,670	499,670	0	0	0
The project upgrades the college's telecommunications system and information technology infrastructure campus-wide.					
Otero Junior College					
Telecommunications Upgrade	483,662	483,662	0	0	0
Upgrades the technology infrastructure on campus, installs a new phone system, and merges voice and data across one communications network. Currently, voice and data are two separate systems. The college says its phone system is highly unreliable and is at the end of its useful life. Parts, and service for those parts, are difficult to find. The college believes the project will increase the level of service to faculty, staff, and students. It will also allow the college to connect to other internet protocol-based systems that are already in place throughout the community colleges system.					
Red Rocks Community College					
Replace Valves in Crawl Space	43,732	43,732	0	0	0
Replaces inoperable gate valves with ball valves and adds shutoff valves so that the entire water system does not have to be turned off to make localized repairs.					
Auraria Higher Education Center					
Science Building Addition and Renovation	2,429,100	2,429,100	0	0	0
The project renovates 143,000 GSF in the Science Building and the North Classroom Building, and constructs an additional 181,346 GSF of new space for the science programs of all three institutions on the Auraria campus, which comprises three separate institutions: the University of Colorado at Denver, Metropolitan State College of Denver, and the Community College of Denver. The newly constructed space will be located adjacent to the existing Science Building. The project will replace all equipment and furnishings in the existing building with new equipment and furnishings. Auraria cites a number of problems with the existing building, such as inefficient layout and use of space, inadequate ventilation and equipment, overcrowding, and lack of space. In addition, Auraria desires to bring the science programs from all three institutions together into one facility for more collaborative teaching and more efficient research and learning.					
Colorado Historical Society					
Pike's Stockade Environmental Remediation and Site Upgrades	305,580	305,580	0	0	0
This project will address the pit toilet that is leaking human waste into the ground water, the roads and trails that need clearing and regrading, and failures in the log sills that pose potential safety and liability risks.					
Cumbres and Toltec Scenic Railroad, Track Rehabilitation	4,000,000	1,350,000	0	2,650,000	0
Upgrades the 64-mile track and rail bed of the Cumbres and Toltec Scenic Railroad. The railroad is jointly owned and supported by the state of New Mexico, and the project is also seeking matching funds from New Mexico. This is for the first phase of a five-year program to restore the entire line to meet Federal Railroad Administration requirements. The upgrades will contribute to longer track life, a smoother ride for passengers, decreased locomotive and passenger car maintenance costs, and increased passenger and employee safety. According to Cumbres and Toltec, track improvements are critical to ensure the continued operation of the railroad.					

Project	Total	CCFE	CF	CFE	FF
Regional Museum Preservation Projects	550,000	0	0	550,000	0
The project will address a number of historic preservation issues at regional museums with money in the State Historical Fund.					
TOTAL - HIGHER EDUCATION	\$229,753,186	\$60,482,894	\$0	\$169,270,292	\$0

HUMAN SERVICES

Mental Health and Alcohol and Drug Abuse Services

Institute for Forensic Psychiatry (H.B. 06-1373)	15,000,000	15,000,000	0	0	0
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Authorizes the Department of Human Services to construct an institute for forensic psychiatry at the Colorado Mental Health Institute at Pueblo and to make auxiliary facility improvements.

Services for People with Disabilities

Grand Junction Regional Center, Repair/Replace Roofs	481,240	481,240	0	0	0
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Replaces several roofs at the center. This phase addresses the most critical roofs on the Meyer Health and Zuni buildings, and the upper roofs at Laundry and Hinds Gymnasium.

Pueblo Regional Center, Repair/Replace Roofs	334,810	334,810	0	0	0
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Replaces the 24 year old roofs on the Core A and Core B buildings that are leaking and causing interior damage, particularly the roof over the therapy pool.

Pueblo Regional Center, Group Home Remodeling	448,205	448,205	0	0	0
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Remodels 3 of the 11 group homes at the Pueblo Regional Center. The project will increase available space for therapy positioning and home leisure. The remodel will widen corridors, modify and enlarge two bathrooms, and remodel the garages for expanded storage space to handle large equipment. The project is consistent with similar projects completed at the Grand Junction and Wheat Ridge Regional Centers.

Colorado State Veterans Center at Homelake, Domiciliary Renovation	288,200	288,200	0	0	0
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Renovates 25 domiciliary cottages (1,050 GSF each, a total of 26,250 GSF) on the campus of the Colorado State Veterans Center at Homelake, which is located near Monte Vista. The renovation work will address a number of deficiencies, such as abating hazardous materials (e.g., asbestos, lead paint, and galvanized piping), improving accessibility, replacing the mechanical and electrical systems, and replacing the emergency response system. The department indicates that in both 2004 and 2005, the U.S. Department of Veterans Affairs (VA) noted the cottages' accessibility deficiencies in an annual survey report, and required the department to provide a plan for corrective action.

Office of Direct Services

Colorado Mental Health Institute at Fort Logan, Repair/Replace Mechanical Equipment	224,890	224,890	0	0	0
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Replaces steam generator equipment, heat exchanges, and a boiler.

Colorado Mental Health Institute at Fort Logan, Repair/Replace Emergency Generator and Auto Transfer Switches	461,538	461,538	0	0	0
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Adds load shedding capability, auto start and transfer schemes, and control of heating pumps and systems. The project will also evaluate existing emergency power requirements and modifications needed to meet building code and accreditation standards.

Colorado Mental Health Institute at Fort Logan, Replace Deteriorated Campus Infrastructure System	1,309,195	1,309,195	0	0	0
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The six-phase project replaces the domestic water, sanitary sewer, storm sewer, and fire mains and hydrants at the Colorado Mental Health Institute at Fort Logan. Phase 1, the current phase, replaces sewer and water lines and paves Oxford Avenue and South Knox Court. Some design work was conducted under a previous project.

Colorado Mental Health Institute at Fort Logan, Replace Panic/Duress and Fire Alarm Systems	439,450	439,450	0	0	0
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Installs panic and fire alarm systems in residential buildings and in buildings providing program and support services to patients.

Project	Total	CCFE	CF	CFE	FF
Colorado Mental Health Institute at Pueblo, Repair/Replace Campus Tunnel and Utility Infrastructure System	1,695,276	1,695,276	0	0	0
Phased repair and replacement of the pipes in the utility tunnel.					
Colorado Mental Health Institute at Pueblo, Critical Heat Plant Repairs	483,290	483,290	0	0	0
Replaces controls in the bag house as well as field devices, and the six-year-old bags.					
Colorado Mental Health Institutes at Fort Logan and Pueblo, Equipment Replacement	807,977	807,977	0	0	0
Replaces broken and outdated medical and nutritional services equipment and patient furniture at the Colorado Mental Health Institutes. The institutes serve patients from around the state at the Pueblo and Fort Logan locations, and serve inmates from the Department of Corrections at the Mental Health Institute in Pueblo. The project is phased, with this year's appropriation reflecting the most urgent needs. The following equipment will be replaced in FY 2006-07: ice dispenser; refrigeration equipment; convection oven and cooking equipment; food transport carts; radiology equipment; electroconvulsive therapy (ECT) machine; patient examination tables; chairs, couches, beds, mattresses; and personal storage units for patients.					
Division of Youth Corrections					
Colorado Mental Health Institute, 20-Bed Mental Health Unit	140,500	140,500	0	0	0
Completes construction of a 20-bed secure residential mental health unit for juveniles who are committed to the Division of Youth Corrections for violent offenses, including sexual assaults. The project is a collaborative partnership between the DYC and the Colorado Mental Health Institutes.					
TOTAL - HUMAN SERVICES	\$22,114,571	\$22,114,571	\$0	\$0	\$0
<u>JUDICIAL DEPARTMENT</u>					
Judicial Heritage Complex, Colorado History Museum, Fire Suppression System	509,079	509,079	0	0	0
Adds a fire suppression system.					
Judicial Space Needs Assessment	268,500	268,500	0	0	0
Provides for an updated space planning and needs assessment study. A previous study completed in 1999 indicated that, at that time, the Supreme Court, the Court of Appeals, and the State Court Administrator's Office were 34 percent short of space. According to the Department, the State Judicial Building, now 30 years old, does not support standard court operations due to a lack of space, security and life/safety/ADA concerns. Judicial agencies have communicated that they have similar functional and programmatic deficiencies. Currently, state-level judicial functions are being housed at leased space in various office buildings throughout the Denver metropolitan area. An updated study will allow the Department to identify current space deficiencies and their operational consequences; quantify and describe the necessary space requirements to provide proper functional space through the year 2025; and provide various conceptual design options of a new Judicial facility.					
TOTAL - JUDICIAL	\$777,579	\$777,579	\$0	\$0	\$0
<u>LABOR AND EMPLOYMENT</u>					
Petroleum Storage Tank Site Cleanup	32,800,000	0	0	32,000,000	800,000
The ongoing project reimburses the cost of remediating storage sites contaminated by leaking petroleum products.					
TOTAL - LABOR & EMPLOYMENT	\$32,800,000	\$0	\$0	\$32,000,000	\$800,000
<u>MILITARY AFFAIRS</u>					
Building System Revitalization	544,000	544,000	0	0	0
Performs a number of system upgrades and replacements to the Sudan Building at the Grand Junction Regional Center. The project replaces the mechanical steam distribution system, rooftop swamp coolers, and fire alarm system. The project also brings the building's lighting and electrical systems into code compliance, and mitigates unsanitary conditions and plumbing deficiencies.					

Project	Total	CCFE	CF	CFE	FF
Englewood STARC Headquarters, HVAC Modifications	1,043,350	521,675	0	0	521,675
Replaces the rooftop mechanical equipment, variable air volume boxes and ductwork in building #268 to address poor function and code violations of the air handling, heating, and cooling systems.					
Joint Forces Headquarters, Window Wall Replacement	1,669,456	834,728	0	0	834,728
Replaces leaking window walls and addresses glass walls security issues.					
New Field Maintenance Shop Grand Junction	5,305,000	0	0	658,000	4,647,000
Replaces leaking window walls and addresses glass walls security issues.					
TOTAL - MILITARY AFFAIRS	\$8,561,806	\$1,900,403	\$0	\$658,000	\$6,003,403

NATURAL RESOURCES

Division of Parks and Outdoor Recreation

Cheyenne Mountain State Park	3,080,000	0	0	2,505,000	575,000
Develops the first state park in El Paso County, the Cheyenne Mountain State Park. The park opened for limited day use in September 2005.					
Continental Divide Trail	375,000	0	0	375,000	0
Constructs and rehabilitates more than 70 miles of back country trails in partnership with the Continental Divide Trail Alliance, Great Outdoors Colorado, the U.S. Forest Service, and several counties.					
Corps Cost Share Improvements Phase III	3,850,000	0	0	1,850,000	2,000,000
Makes improvements to the Chatfield, Cherry Creek, and Trinidad State Parks. The project is a Corps of Engineers cost share project.					
Front Range Trail	150,000	0	0	150,000	0
The project creates a continuous trail to link the Colorado Front Range's communities and landscapes with a multi-use trail from New Mexico to Wyoming. The Colorado Front Range Trail (CFRT) will link existing and planned trail systems with new trail corridors.					
Improvements to Lake Pueblo State Park	500,000	0	0	125,000	375,000
Rehabilitates several aging facilities at Lake Pueblo State Park through a cost share agreement with the federal Bureau of Reclamation.					
Lone Mesa State Park	100,000	0	0	100,000	0
Allows the division to undertake conceptual planning for the development of the park, and to complete resource protection projects at the park.					
Major Repairs, Minor Recreation Improvements	4,461,000	0	0	4,461,000	0
Provides various repairs, replacements, and improvements, such as picnic and campsite renovations, water, sewer and electrical system improvements, toilets, docks, and ramps.					
Off-Highway Vehicle Program Grants and Minor New Construction and Renovation	1,510,000	0	1,400,000	0	110,000
Provides grants for project sponsors, which include local governments, federal agencies, and not-for-profit organizations.					
Park Improvements and Buffer Acquisitions	540,000	0	0	540,000	0
Acquire adjacent lands and in-fills to preserve the integrity of the parks, improve public access, address visitor safety and trespass issues, and to address boundary disputes, right-of-way problems, and easements.					
Reservoir Enhancements	355,000	0	0	167,000	188,000
Allows the division to preserve and enhance reservoirs through various projects.					
Revenue Enhancements	730,000	0	0	730,000	0
Updates cabins at Golden Gate State Park, expands the marina at Navajo State Park, and increases event facilities for campsites at Trinidad Lake State Park.					

Project	Total	CCFE	CF	CFE	FF
Saint Vrain Corridor	400,000	0	0	400,000	0
The project allows the division to acquire land and water along the Saint Vrain River Corridor.					
State Trails Grant Program	1,600,000	0	0	600,000	1,000,000
Provides grant assistance for planning, design and construction of trails.					
Staunton State Park	100,000	0	0	100,000	0
Allows the Division to develop a park master plan.					
Water Acquisitions/Lease Options and Dam Repairs	600,000	0	0	600,000	0
Provides lottery funds to secure water for selected existing parks and planned parks, and repair dams that protect downstream residents and property owners from the failure of state-owned dams.					
Wildfire Prevention	600,000	0	0	200,000	400,000
The project proposes to prevent wildfires and improve the ability of state park areas to recover from the effects of wildfire.					
Division of Wildlife					
Cooperative Habitat Improvements	500,000	0	0	500,000	0
Increases the quality and quantity of game habitats on private property and improves small game hunting opportunities.					
Dam Maintenance, Repair, and Improvement	105,000	0	0	105,000	0
This is an annual appropriation for ongoing maintenance, repair, and improvements to dams located on division-owned or leased property.					
Employee Housing Repairs	337,575	0	0	337,575	0
Repairs, maintains, and modernizes employee housing located on properties owned or managed by the Division of Wildlife.					
Fish Unit Maintenance and Improvement	1,055,618	0	0	1,055,618	0
The project is for emergency repairs and improvements at five fish hatcheries, including water diversion, structural repair, building repair, major hatchery equipment purchases, and pollution control.					
Motorboat Access on Lakes and Streams	655,914	0	0	163,979	491,935
The project will address nine motorboat access facilities, including boat ramps, docks, roads, parking lots, comfort stations, and other facilities authorized for funding under the federal Aid Program. Seventy-five percent of each project is supported by moneys from the U.S. Fish and Wildlife Service. At least 10 percent of each state's apportionment is earmarked to improve motorboat access to fishing waters.					
Property Acquisition	7,500,000	0	0	7,500,000	0
Allows the division to acquire fee title to property through a competitive bidding process. When the division identifies specific parcels to acquire, it provides a more detailed justification to the Capital Development Committee pursuant to Section 33-1-105 (3) (a), C.R.S.					
Property Maintenance, Improvement, and Development	1,068,900	0	0	1,068,900	0
Funds facility and habitat projects on new and existing division-owned or leased property, in addition to habitat improvement projects on other public lands.					
Service Centers Improvements	717,150	0	0	717,150	0
Upgrades and renovates the Division of Wildlife's service centers.					
Small Maintenance and Improvement Projects	105,000	0	0	105,000	0
Pays for emergency repairs and minor maintenance and improvements, including roof work, HVAC maintenance, fence installation, and comfort station improvements.					
Stream and Lake Improvements	202,650	0	0	202,650	0
Funds habitat projects for selected streams and lakes such as replacing boulders in stream channels, seeding eroded banks, and fencing to keep livestock away.					

Project	Total	CCFE	CF	CFE	FF
Wetlands Improvement Projects	800,000	0	0	800,000	0
Funds the Colorado Wetlands Initiative, a joint project with other private and government partners.					
TOTAL - NATURAL RESOURCES	\$31,998,807	\$0	\$1,400,000	\$25,458,872	\$5,139,935
<u>PERSONNEL</u>					
Lease Purchase of 1881 Pierce Street Building	1,788,570	983,356	0	805,214	0
Makes the annual payment for this building, which is occupied by the Department of Revenue.					
Emergency Controlled Maintenance	2,000,000	2,000,000	0	0	0
Provides a pool of funds for emergency controlled maintenance needs.					
Capitol Complex, Fire System Assessment and Immediate Repairs	110,000	110,000	0	0	0
Provides for planning of system replacement and minor immediate repairs as necessary.					
Centennial Building and Annex, Repair Passenger and Freight Elevators	1,744,515	1,744,515	0	0	0
Installs a new controller and drive equipment, new door operators on each elevator, electrical power connections, circuit breakers, switches, a cooling system, new car doors, and interiors.					
Capitol Building, Repair Capitol Exterior Stairs at Four Entrances	272,900	272,900	0	0	0
Repairs the stairs to prevent further corrosion of the underpinning structural steel beams, which are over critical electrical, steam, water, fire suppression, and communication systems.					
Grand Junction Office Building, Replace Fire Alarm System	295,000	295,000	0	0	0
The existing fire alarm system will be replaced with a new efficient and code compliant system.					
Remote Public Safety Radio Transmission Buildings, Repair/Replace Critical Lightning Surge Protection/Power Condition Equipment	118,000	118,000	0	0	0
Replaces surge protectors/conditioners at remote radio transmitter buildings to avoid loss of public safety radio service in the event of a power surge.					
Replace Microwave Site Rectifier/Chargers	57,000	57,000	0	0	0
Replaces electrical rectifying/charger systems in remote radio transmitting sites.					
Power Plant Building, Replace Roof	189,300	189,300	0	0	0
Replaces the 10,000 square foot, 24-year-old roof over equipment owned and operated by Xcel Energy to prevent liability if the roof leaks and damages Xcel Energy's equipment.					
Life/Safety Upgrade for the State Capitol Building	271,067	271,067	0	0	0
Provides for the short-term lease and moving costs associated with the temporary move of select State Capitol building tenants and contents during the completion of the various construction phases of the life safety upgrade project. The project adds exit stairs, fire alarms, smoke detection devices, and fire sprinkler systems to the existing building.					
New Office Building, 1555 Sherman Street	1,700,000	1,700,000	0	0	0
Constructs a new office building with retail and parking space (313,212 GSF) at 1555 Sherman Street in Denver. The 10-story building will provide 188,608 GSF of office space for state employees and will include a maintenance penthouse. The project will also provide 14,700 GSF of retail space at street level along Lincoln Avenue, and 109,834 GSF of space for 264 parking stalls.					
TOTAL - PERSONNEL	\$8,546,352	\$7,741,138	\$0	\$805,214	\$0

Project	Total	CCFE	CF	CFE	FF
<u>PUBLIC HEALTH AND ENVIRONMENT</u>					
Laboratory Building, Roof Top Unit #1 Exhaust System Improvements	118,800	118,800	0	0	0
Improves the fume hood, duct work, and corroded parts.					
Laboratory Building, Direct Digital Control System Replacement	258,500	258,500	0	0	0
Installs new trunk lines and lab controllers that are served by rooftop unit #1 to replace obsolete and failing electrical equipment.					
Contaminated Sites Redevelopment Pursuant to H.B. 00-1306	250,000	0	250,000	0	0
House Bill 00-1306 authorized the Department to use moneys in the Hazardous Substance Response Fund to clean up contaminated sites in the state that are not being addressed through any other state or federal cleanup program.					
Small Community Drinking Water Treatment Facilities Construction	1,500,000	1,500,000	0	0	0
Funds the distribution of grants to small local governments and not-for-profit drinking water systems serving populations of less than 5,000 through the Drinking Water Grant program. Grant moneys are used to plan, design, construct, upgrade, or consolidate water systems. The department anticipates awarding 12 to 15 grants for public water system projects in FY 2006-07.					
Small Community Domestic Wastewater Treatment Grants	1,500,000	1,500,000	0	0	0
Funds the distribution grant funds to small communities (not more than 5,000 people) to construct or upgrade wastewater treatment facilities under the Domestic Wastewater Treatment Grant Program. The Water Quality Control Division anticipates awarding between 10 and 15 grants in this cycle.					
TOTAL - PUBLIC HEALTH & ENVIRONMENT	\$3,627,300	\$3,377,300	\$250,000	\$0	\$0
<u>PUBLIC SAFETY</u>					
Camp George West, Track and Driver Training Area Repairs	393,596	393,596	0	0	0
Repairs the driving track, makes safety improvements to the shoulder, and improves perimeter security.					
Alamosa Troop Office, Regional Communications Center	1,938,484	1,896,602	0	41,882	0
Renovates 4,800 GSF and builds a 3,200 GSF addition to the Colorado State Patrol's Alamosa troop office and regional communication center. The project is expected to be completed by October 1, 2007.					
Colorado Crime Information Center, Message Switch Replacement	200,000	200,000	0	0	0
Replaces the message switch hardware for the Colorado Bureau of Investigation. The message switch is a computer-based system that connects law enforcement and other criminal justice system users to all state, national, and international criminal databases. The switch functions as the backbone of the Colorado Crime Information System (CCIC).					
TOTAL - PUBLIC SAFETY	\$2,532,080	\$2,490,198	\$0	\$41,882	\$0
<u>REVENUE</u>					
Pierce Street, Replace Deteriorated Roof	573,580	573,580	0	0	0
Replaces the leaking roof and adds insulation.					

Project	Total	CCFE	CF	CFE	FF
Revenue Integrated Tax Architecture	8,077,488	8,077,488	0	0	0
Develops a new integrated tax system for the state in a six-phase project called "Revenue Integrated Tax Architecture" (RITA). The information technology project will replace the Department's current tax system with a single, integrated, "off-the-shelf" system modified to meet the Department's specific requirements. The ready-made system will be provided by a vendor contracted through the request for proposal process. The project will include the following: hiring of consultants and contractors; installation of hardware and software; independent verification and validation; department staff training; data conversion from the existing system; and hiring of a project manager and team for project oversight.					
TOTAL - REVENUE	\$8,651,068	\$8,651,068	\$0	\$0	\$0
TRANSPORTATION					
Highway Construction Projects	15,000,000	15,000,000	0	0	0
This amount is from moneys in the General Fund Exempt Account transferred to the Capital Construction Fund and appropriated for transportation projects to comply with Section 24-77-103.6 (2), C.R.S.					
TOTAL - TRANSPORTATION	\$15,000,000	\$15,000,000	\$0	\$0	\$0
TOTAL - CAPITAL CONSTRUCTION	\$389,418,860	\$142,323,475	\$4,850,000	\$230,302,047	\$11,943,338

Recent Legislation

2005 Session Bills

S.B. 05-130: Supplemental appropriation to modify capital construction appropriations from FY 2000-01 through FY 2004-05.

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

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

S.B. 05-209: General appropriations act for FY 2005-06. Includes an appropriation of \$7.1 million from tobacco funds to the Capital Construction Fund for the lease purchase of academic buildings pursuant to H.B. 03-1256, contingent on a final court order allowing lease purchase agreements and a payment due to a lessor. Also includes supplemental adjustments to appropriations in prior years.

S.B. 05-210: Appropriates \$130,627,801 and transfers \$55,000,000 from the General Fund to the Controlled Maintenance Trust Fund in FY 2004-05. The appropriation is subject to the six percent statutory limit on annual growth of General Fund appropriations while the transfer is exempt from said limit. Transfers \$185,627,801 from the Controlled Maintenance Trust Fund to the General Fund on June 1, 2006.

H.B. 05-1194 (Referendum C): Refers a measure to the voters asking for permission to: spend all revenue collected for the next five years, thereby eliminating TABOR refunds during this period; reduce TABOR refunds after five years by establishing a new spending base equal to the maximum revenue collected during the initial five year period; allow the new spending base to increase annually by inflation and population; specify that revenue retained be used to fund health care, public education, transportation projects, and firefighter and police pension plans; and require an annual report that identifies the amount of additional revenue retained by the state and describes how it was spent.

H.B. 05-1330: Authorizes the Governor to sell a legal interest in one or more state facilities, if the revenue forecast by the Office of State Planning and Budgeting indicates that the General Fund reserve will drop below two percent. Proceeds from the sale are deposited in the General Fund to maintain the reserve. The proceeds may not exceed the amount necessary to achieve a four percent reserve. The proceeds must be received before June 30, 2006. Any sale of a legal interest pursuant to this bill must include a provision for the state to lease back the facility under a lease purchase agreement of up to 30 years.

H.B. 05-1333 and H.J.R. 05-1057 (Referendum D): Refers a measure to the voters for permission to borrow up to \$2.1 billion with a maximum repayment cost of \$3.2 billion, including interest, for transportation projects, construction and maintenance projects for public education, and local fire and police pension obligations. The measure can only take effect if voters also approve Referendum C. Increases the revenue that Referendum C allows the state to keep beginning in budget year 2010-11 by up to \$100 million per year.

H.B. 05-1341: Authorizes state departments and institutions of higher education to enter into lease agreements for up to 30 years for rental of an approved building project subject to approval by the Office of State Planning and Budgeting, the Colorado Commission on Higher Education, the Capital Development Committee, and the Joint Budget Committee.

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

H.B. 05-1350: If Referendum C passes, allocates a portion of the additional revenue for health care, pre-school through 12th grade education, and higher education. If Referendum D also passes, allocates a portion of the revenue for bond payments. Referendum D did not pass.

2006 Session Bills

S.B. 06-56: If the Joint Budget Committee changes the priority of capital construction projects established by the Capital Development Committee, requires the JBC to notify the CDC and allow for a joint meeting of the two committees. Specifies that, if the article authorizing the CDC is repealed, the JBC shall make determinations of priority with regard to capital construction projects.

S.B. 06-206: Makes smuggling of humans a class 3 felony. Creates a separate offense for each person smuggled. Allows the offenses to be tried in any county in which a person who is illegally present in the United States and who is a subject of the action is found. Includes a five-year statutory appropriation pursuant to Section 2-2-703, C.R.S. to appropriate General Fund to the Department of Corrections for operating expenses. The five-year statutory appropriation further includes transfers from the General Fund to the Capital Construction Fund that are then appropriated to the Corrections Expansion Reserve Fund for construction costs.

Fiscal Year	Department of Corrections	Corrections Expansion Reserve Fund
2006-07		\$174,388
2007-08	\$53,626	\$209,266
2008-09	\$111,977	\$392,373
2009-10	\$238,636	\$523,164
2010-11	\$399,514	\$523,164

S.B. 06-207: Makes trafficking in adult humans a class 3 felony unless the adults who have been trafficked are illegally present in the United States, in which case trafficking in adults is a class 2 felony. Includes a five-year statutory appropriation pursuant to Section 2-2-703, C.R.S. to appropriate General Fund to the Department of Corrections for operating expenses. The five-year statutory appropriation further includes transfers from the General Fund to the Capital Construction Fund that are then appropriated to the Corrections Expansion Reserve Fund for construction costs.

Fiscal Year	Department of Corrections	Corrections Expansion Reserve Fund
2006-07		\$174,388
2007-08	\$53,626	\$209,266
2008-09	\$117,977	\$392,373
2009-10	\$238,636	\$523,164
2010-11	\$399,514	\$523,164

H.B. 06-1011: Creates two new felonies subject to an indeterminate sentence that could reach a maximum of an offender's lifetime: (1) internet luring of a child and (2) internet sexual exploitation of a child. The first felony is committed if a person communicates with a child through a computer network, whom they believe is less than 15 years old, for the purpose of enticing or luring the child to meet without the consent of the child's parent or guardian. Enticing a child to meet is a Class 5 felony, except it is Class 4 felony if the intent of the meeting is for sexual contact or sexual exploitation. The second felony is committed if a person uses a computer network to entice a child, who is under 15 years old, to expose or touch the child's own or another

person's intimate parts while communicating via a computer network, or to observe the person's intimate parts while communicating via a computer network. This form of child sexual exploitation is a Class 4 felony. The bill also makes the possession of more than 20 different items of sexual exploitative material depicting children (photographs, videotapes, slides, etc.) a Class 4 felony for a first offense.

Includes a five-year statutory appropriation pursuant to Section 2-2-703, C.R.S. to appropriate General Fund to the Department of Corrections for operating expenses. The five-year statutory appropriation further includes transfers from the General Fund to the Capital Construction Fund that are then appropriated to the Corrections Expansion Reserve Fund for construction costs.

Fiscal Year	Department of Corrections	Corrections Expansion Reserve Fund
2006-07		\$523,164
2007-08	\$160,878	\$523,164
2008-09	\$321,756	\$523,164
2009-10	\$482,634	\$523,164
2010-11	\$643,512	\$523,164

H.B. 06-1092: Increases the penalty for sexual exploitation of a child by possession of sexually exploitative material from a class 1 misdemeanor to a class 6 felony. Includes a five-year statutory appropriation pursuant to Section 2-2-703, C.R.S. to appropriate General Fund to the Department of Corrections for operating expenses. The five-year statutory appropriation further includes transfers from the General Fund to the Capital Construction Fund that are then appropriated to the Corrections Expansion Reserve Fund for construction costs.

Fiscal Year	Department of Corrections	Corrections Expansion Reserve Fund
2006-07		\$435,970
2007-08	\$134,065	
2008-09	\$134,065	
2009-10	\$134,065	
2010-11	\$134,065	

H.B. 06-1145: Creates a State Methamphetamine Task Force to study the best practices for the prevention, intervention, and treatment of methamphetamine abuse, including changes in state laws to accomplish those objectives. The task force is funded from gifts, grants, and donations that are deposited into the Methamphetamine Abuse Prevention, Intervention, and Treatment (MAPIT) Cash Fund. Limits the amount of methamphetamine precursor drugs that can be sold at retail establishments and prohibits the sale of those drugs to minors. Specifies that the crime of child abuse is committed when a person brings a child to a place where methamphetamine is manufactured or attempted to be manufactured. The latter is a Class 3 felony. Includes a five-year statutory appropriation pursuant to Section 2-2-703, C.R.S. to appropriate General Fund to the Department of Corrections for operating expenses. The five-year statutory appropriation further includes transfers from the General Fund to the Capital Construction Fund that are then appropriated to the Corrections Expansion Reserve Fund for construction costs.

Fiscal Year	Department of Corrections	Corrections Expansion Reserve Fund
2006-07		\$87,194
2007-08	\$26,813	
2008-09	\$26,813	\$26,158
2009-10	\$34,857	\$43,597
2010-11	\$48,263	\$43,597

H.B. 06-1151: Specifies that for a second or subsequent misdemeanor child abuse offense, if the court finds that a person committed any of the following forms of child abuse, the offense is a Class 5 felony:

- cruel punishment or unreasonable isolation of a child;
- threats of harm to a child or other significant people in a child's life;
- acts of domestic violence in the presence of a child;
- malnourishment or a lack of proper medical care for a child; or
- extreme deprivation of hygienic or sanitary living conditions.

Includes a five-year statutory appropriation pursuant to Section 2-2-703, C.R.S. to appropriate General Fund to the Department of Corrections for operating expenses. The five-year statutory appropriation further includes transfers from the General Fund to the Capital Construction Fund that are then appropriated to the Corrections Expansion Reserve Fund for construction costs.

Fiscal Year	Department of Corrections	Corrections Expansion Reserve Fund
2006-07		\$87,194
2007-08	\$26,813	\$69,755
2008-09	\$48,263	
2009-10	\$48,263	
2010-11	\$48,263	

H.B. 06-1235: Supplemental appropriation to modify capital construction appropriations in prior years. In addition to modifying capital construction projects, the bill reduces appropriations from tobacco funds to the Capital Construction Fund by \$129,076 in FY 2005-06.

H.B. 06-1310: Alters the rules governing the distribution of tobacco settlement moneys so as to reduce the number of supplemental appropriations for tobacco-settlement-supported programs. Adjusts appropriations in the Long Bill (H.B. 06-1385) accordingly, including a reduction of \$7,004,644 in the appropriation from tobacco funds to the Capital Construction Fund. For more details about all of the provisions in the bill, see the description under the Department of Public Health and Environment.

H.B. 06-1326: Repeals the following crimes: unlawful possession of personal identifying information; theft of personal identifying information; and sale or possession for sale of a financial transaction device. Reorganizes the statutes pertaining to identity theft and related offenses. Creates the following new crimes: identity theft; criminal possession of a financial device; and possession of identity theft tools. Allows a charge

of identity theft to be tried in the county where an act occurred, in any county where an act in furtherance of the offense is committed, or in the county where the victim resides. Adds certain identity crimes to the list of crimes under the "Colorado Organized Crime Control Act". Includes a five-year statutory appropriation pursuant to Section 2-2-703, C.R.S. to appropriate General Fund to the Department of Corrections for operating expenses. The five-year statutory appropriation further includes transfers from the General Fund to the Capital Construction Fund that are then appropriated to the Corrections Expansion Reserve Fund for construction costs.

Fiscal Year	Department of Corrections	Corrections Expansion Reserve Fund
2006-07		\$610,358
2007-08	\$187,691	\$610,358
2008-09	\$375,382	\$462,128
2009-10	\$517,491	
2010-11	\$517,491	

H.B. 06-1373: Authorizes the Department of Human Services to expend \$53,537,527 on the construction of an institute for forensic psychiatry at the Colorado Mental Health Institute at Pueblo and to expend \$4,347,859 on auxiliary facility improvements (\$57,885,386 for the entire project). Appropriates \$20,000,000 General Fund to the Capital Construction Fund in FY 2005-06 and furthermore appropriates the \$20,000,000 Capital Construction Fund to the Department of Human Services in FY 2005-06. Transfers \$15,000,000 General Fund to the Capital Construction Fund in FY 2006-07 and furthermore appropriates the \$15,000,000 Capital Construction Fund to the Department of Human Services in FY 2006-07. Finally, transfers \$22,885,386 General Fund to the Capital Construction Fund on July 1, 2007.

H.B. 06-1381: Requires the department of corrections to notify the capital development committee before it issues requests for proposals relating to construction of new private prisons.

H.B. 06-1385: General appropriations act for FY 2006-07. Also includes supplemental adjustments to modify prior year capital appropriations. In addition to making appropriations for capital projects, the bill appropriates \$42,092,409 from the General Fund to the Capital Construction Fund in FY 2005-06. Also, the bill appropriates \$7,004,644 from tobacco funds to the Capital Construction Fund.

H.B. 06-1386: Transfers \$10,000,000 from the General Fund Exempt account to the Capital Construction Fund in FY 2005-06 and \$15,000,000 from the General Fund Exempt account to the Capital Construction Fund in FY 2006-07. Transfers an additional \$44,687 General Fund (not from the General Fund Exempt account) to the Capital Construction Fund in FY 2006-07.

H.B. 06-1405: Amends the 2003 general appropriation act to add a footnote to the university of Colorado health sciences center, in the department of higher education, to specify that moneys for the center for bioethics and humanities remain available until June 30, 2008. Also adds a footnote specifying that moneys for the research complex II at Fitzsimons remain available until June 30, 2009.

APPENDICES

A. GLOSSARY OF TERMS

Capital Construction Fund: A fund into which General Fund and Lottery Fund transfers for capital construction purposes are deposited. This fund is used to build, renovate, and repair state buildings, to purchase major equipment, and to acquire land.

Capital Construction Funds Exempt: Appropriations of General Fund dollars that are transferred to the Capital Construction Fund per Section 24-75-302, C.R.S. These appropriations are exempt from the six percent General Fund statutory appropriations limit.

Cash Funds: Separate funds set up to receive earmarked revenues, such as fees and fines. These funds typically pay for the programs for which the revenues are collected. Examples are the Wildlife Cash Fund and the Disabled Telephone Users Fund.

Cash Funds Exempt: A category added in the FY 1993-94 Long Bill for cash funds appropriations that are exempt from the provisions of Article X, Section 20 of the Colorado Constitution (the Taxpayer's Bill of Rights or TABOR). Appropriations paid by gifts, grants, donations, or reserves in a cash fund are exempt. Similarly, appropriations providing spending authority for funds transferred from another department are also reflected as cash funds exempt. One example is Medicaid funds appropriated to the Department of Health Care Policy and Financing which are then transferred for use by another department. These funds are reflected as cash funds exempt in the recipient department. Funds received by the Department of Law from other agencies, for the provision of legal services to those agencies, are also reflected as cash funds exempt.

Common Policies: Policies adopted by the General Assembly that are applicable to all departments, unless specifically exempted. Examples of common policies are the rates paid by agencies to the Department of Personnel for vehicle leases, capitol complex leased space, and information technology services. These rates are used to calculate appropriations for those line items for all departments, unless exempted.

Federal Funds: Funds from the federal government. Some federal funds are grants for identified, limited purposes. Other federal funds support ongoing state-federal programs and may require state matching funds. Examples of programs requiring a state match are Medicaid and highway construction. Federal funds are exempt from the provisions of Article X, Section 20 of the Colorado Constitution.

FTE: Full time equivalent (one position filled all year).

General Fund: A fund into which general tax revenues, such as state sales and income taxes, are deposited. The General Fund is used to pay, in whole or in part, for state programs which benefit the majority of state citizens. Examples are education and corrections.

General Fund Exempt: General Fund appropriations that are exempt from the provisions of Article X, Section 20 of the Colorado Constitution. This category includes two types of funding:

1. In November 2004, Colorado voters passed Amendment 35, which imposed new taxes on tobacco products. Consistent with the amendment, the General Assembly appropriates these moneys to the Department of Health Care Policy and Financing and the Department of Public Health and Environment for health-related purposes.
2. In November 2005, Colorado voters passed Referendum C. Referendum C allows the State to retain all revenue that is collected above the TABOR limit for FY 2005-06 through FY 2009-10. This revenue must be placed in the newly created General Fund Exempt Account. Consistent with the referendum, the General Assembly appropriates these moneys to several departments for the following purposes: health care, education, retirement plans for firefighters and police officers, and strategic transportation projects.

Long Bill: Colorado's annual general appropriations act.

B. COMMON POLICIES

The appropriations for many line items are determined by general policies applied consistently to State agencies. A brief explanation for each of these line items and policies is provided below.

Administrative Law Judge Services

Funds for Administrative Law Judge (ALJ) services are included for the eleven departments that use such services. The recommended billing is calculated by applying each department's percentage of actual ALJ use in FY 2004-05 to the Administrative Courts' overhead (personal services, centrally appropriated items such as salary survey and short-term disability insurance, operating expenses, and indirect costs). In FY 2006-07, spending authority for the Administrative Courts totals approximately \$4.1 million.

ADP Capital Outlay and Information Technology Asset Maintenance

These line items fund the replacement or addition of automated data processing equipment. Automated Data Processing (ADP) Capital Outlay is the common title for one-time, incidental information technology appropriations. The Information Technology Asset Maintenance line item is used by departments to fund network maintenance, hardware and software maintenance contracts, and anti-virus software. Requests for these items are reviewed by the Commission on Information Management (IMC).

Capitol Complex Leased Space

This line item is for departments occupying space in the Capitol Complex, the North Campus facility, the Pierce Street Building, the Grand Junction State Office Building, and Camp George West, which is located in Golden. This line item appears in each department's executive director's office. The funding level is based on a rate of \$10.92 per square foot for the Capitol Complex, \$6.63 per square foot for the North Campus, \$7.75 per square foot for the Pierce Street Building, \$6.87 per square foot for the Grand Junction State Office Building, and \$1.12 per square foot for Camp George West. Tenants of Camp George West are also appropriated funds in the Capitol Complex Leased Space line item for utility payments that are not included in that campus's square footage rate. The appropriated funds may not be used for leased space outside of these facilities, which are administered by the Department of Personnel and Administration, Division of Central Services. A matching amount of transfer spending authority, \$10.4 million for FY 2006-07, is appropriated to the Department of Personnel and Administration to pay all costs associated with maintenance and upkeep for 755,441 square feet of space in the Capitol Complex, 42,871 square feet of space in the North Campus, 116,448 square feet for the Pierce Street Building, 34,499 square feet in the Grand Junction State Office Building, and 285,755 square feet at Camp George West.

Communications Services Payments

This line item appears in each department's executive director's office, with some exceptions, and represents each department's share of the overhead related to the state's public safety communications infrastructure. For FY 2006-07, billings are sufficient to fund personal services, operating expenses, and indirect costs for the Communications Services program in the Division of Information Technology. This amounts to recoverable costs of \$4.2 million.

Community Provider Rates

For FY 2006-07, provider rates will increase 3.25 percent applied to selected programs in the Departments of Human Services, Health Care Policy and Financing, Corrections, and Public Safety. In general, community provider rate increases apply to programs and services which, if not provided by contracted provider organizations or county staff, would need to be provided by state staff. Details on the programs affected are reflected in the sections for the specific departments.

Health, Life, and Dental

This line item appears in each department's executive director's office. For FY 2006-07, the total statewide cost of health, life, and dental benefits for all employees except higher education faculty and administration is expected to be approximately \$81.6 million, including approximately \$49.7 million from the General Fund. For FY 2006-07, the state contribution rate for employee medical benefits is \$271.04 per month for a single employee, \$421.24 per month for an employee and one or more children, \$448.58 per month for an employee and spouse, and \$616.86 per month for an employee and family. State employees make payroll contributions to pay for the difference between the state contribution level and the premiums for the plans and coverages selected during the open enrollment period each year. Approximately 17,000 employees participate in the state's medical insurance plans, not including institutions of higher education.

Indirect Costs

Indirect costs are the overhead costs associated with the operation of general government functions and departmental administrative duties. Indirect cost recoveries from cash- and federally-funded sources offset overhead costs that otherwise would have been supported by the General Fund. Recoveries from cash and federally-funded programs are calculated for statewide and departmental overhead costs. Statewide indirect cost recoveries are designed to offset costs of operating general government functions that support the activities of all departments but for which no fee is charged. These costs are calculated by the State Controller's Office and approved by the Joint Budget Committee.

Departmental indirect cost recoveries are specific to the general administrative functions of each department, typically located in the executive director's office. These costs are calculated and assessed based upon an allocation methodology adopted by the Joint Budget Committee. Generally, indirect cost recoveries are appropriated as cash funds exempt in an executive director's office, where

they offset General Fund, and are appropriated as cash funds, cash funds exempt, or federal funds at the division in which they are earned. In FY 2006-07, the statewide indirect cost recovery plan is estimated to recover \$3.95 million more than was recovered in FY 2005-06 from cash and federally-funded sources. Due to changes in the allocation of costs, departments may have an increase or a decrease in indirect costs assessed against them.

Lease Purchase

The appropriation is for a continuation of existing lease purchase agreements. Requests for additional lease purchase funds are examined on an individual basis and funded where appropriate.

Leased Space

This line item appears in each department's executive director's office, with some exceptions. The intent is to ensure that each executive director reviews and manages a department's use of leased space.

Legal Services

This line item appears in each department's executive director's office, with some exceptions. Funding is recommended so each department can purchase necessary legal services from the Department of Law. For FY 2006-07, agencies will pay a blended rate of \$67.77 per hour, which provides for the purchase of services from both attorneys and paralegals. The appropriation to the Department of Law is sufficient to fund personal services and associated expenses, operating expenses, litigation expenses, and indirect costs for a projected 303,181 hours of statewide legal service totaling \$20.5 million in FY 2006-07.

Multiuse Network Payments

This line item appears in each department's executive director's office, with a few exceptions. The multiuse network aggregates the State's telecommunications infrastructure onto one medium of transport. The network carries the State's voice, video, text, and graphics communications needs, and it also serves as the internet service provider for the State. Additionally, local governments and other governmental agencies can access the network through the State, rather than through its private sector partner, which is a consortium of several telecommunications providers. Costs for the multiuse network include Department of Personnel and Administration overhead, Internet access, and contractual obligations that provide the state with a reserved amount of bandwidth at each network access point. In FY 2006-07, billings will recover \$9.1 million from other state agencies.

Operating Expenses

For FY 2006-07, the appropriated amounts for operating expenses are funded at continuation levels, with exceptions on a case by case basis. The General Assembly approved common policy inflationary increases for operating expenses related to food, medical, and laboratory services in

departments in which these costs are not incidental. For FY 2006-07, inflation rates are 2.1 percent for food and 2.05 percent for medical costs. The following five departments are generally affected by food and medical inflation: Corrections, Education, Human Services, Public Health and Environment, and Public Safety.

Payment to Risk Management and Property Funds

This line item appears in each department's executive director's office. The appropriation represents each department's share of the statewide cost of property and liability insurance coverage, based on a three-year average loss history as verified by an independent actuarial firm. A matching amount of spending authority is provided to the Department of Personnel and Administration to pay administration, legal, and claims costs for the state's liability self-insurance and to pay premiums and the aggregate deductible of \$500,000 for the state's property insurance policies of \$500.0 million in total coverage. In FY 2006-07, the risk management and property program will cost \$13.7 million.

Personal Services

In FY 2006-07, the Joint Budget Committee adopted a common policy for calculating personal services costs which decreased all line items by 0.2 percent of the previous year's base to account for vacancies and turnovers. This policy saves approximately \$3.0 million General Fund in FY 2006-07.

Public Employees' Retirement Association (PERA)

Each personal services and salary survey appropriation includes the designated state retirement contribution to PERA for all eligible employees. Pursuant to Section 24-51-408.5 (6) (a), C.R.S., the contribution rate is adjusted based on any over- or under-funding of the PERA trust funds that may exist. Beginning January 1, 2007, the State contribution rate will be 11.15 percent of base salaries for most state employees. However, the rates for state troopers and judges are 12.85 percent and 13.66 percent of base salary, respectively. In general, state employees also contribute 8.0 percent of base salary to this defined benefit plan.

Purchase of Services from Computer Center

Funds for the General Government Computer Center (GGCC) services are included for all departments that use such services. The billing rate is calculated by applying each department's percentage of actual GGCC use in FY 2004-05 to the Computer Services programs' overhead (personal services, centrally appropriated items such as salary survey and short-term disability insurance, operating expenses, and indirect costs). In FY 2006-07, spending authority for the computer services program totals approximately \$11.8 million.

S.B. 04-257 Amortization Equalization Disbursement (AED)

Pursuant to S.B. 04-257, the State must contribute additional funds to assist in the amortization of the Public Employees' Retirement Association's (PERA) unfunded liability. The current amortization period is infinite. Beginning on January 1, 2006, the State provided an additional 0.5 percent of base salaries to the PERA trust fund. Beginning January 1, 2007, the State will provide an additional 0.5 percent of base salaries to the PERA trust fund, this will bring the total AED state contribution to 1.0 percent of base salaries.

Salary Survey and Senior Executive Service

This line item appears in each department's executive director's office, with the exception of the Department of Transportation, Administration Division. The Long Bill funding for salary survey adjustments is based on the "2005 Total Compensation Survey" published on August 1, 2005, and submitted by the State Personnel Director pursuant to Section 24-50-104 (4) (c), C.R.S., and updated on December 19, 2005. This survey uses 17 third-party surveys to measure wages for the ten occupational groups in the State's classified personnel system. These increases are effective on July 1, 2006. The survey recommended wage increases for all ten occupational groups ranging from 1.2 percent to 7.2 percent, with an average salary survey increase of 2.49 percent plus an additional 0.14 percent for system maintenance. In FY 2006-07, these percentages will be applied to salary ranges of the various occupational groups. In addition, \$2.9 million is to be used for salary increases at the lower range of a salary group.

The total cost of salary survey increases for all classified and exempt state employees, excluding those in the Department of Higher Education, is approximately \$40.3 million, including approximately \$23.2 million from the General Fund.

Shift Differential

This line item appears in each applicable department's executive director's office. Shift differential payments provide higher wages for evening, night, and weekend shifts. In FY 2006-07, shift differential payments for all state employees total approximately \$9.1 million, including approximately \$6.4 million from the General Fund.

Short-term Disability

All state employees are eligible for employer-paid short-term disability insurance. Appropriations for these line items were established at 0.113 percent of each employee's base salary. The short-term disability line item appears in each department's executive director's office.

Utilities

In general, departments pay for utility costs from either the base operating expenses appropriation or a separate utilities line item, which typically supports the cost of maintaining a state-owned

facility. The appropriation for FY 2006-07 is dependant on specific circumstances regarding utilities in each department.

Vehicle Lease Payments

This line item appears in each department's executive director's office. Motor vehicles can only be purchased through the Fleet Management Program in the Department of Personnel and Administration pursuant to Section 24-30-1117, C.R.S. The appropriation is based on the amount necessary for each department to make vehicle lease payments to the Fleet Management Program, which charges lease rates that vary by vehicle model and type. The lease payments are sufficient to recover the annual costs of program administration and the lease purchase installment payments for replacement and additional vehicles, which are financed by a private company. For FY 2006-07, the General Assembly approved the replacement of 687 vehicles and the acquisition of 73 additional vehicles. Statewide vehicle variable costs (including fuel, maintenance, and insurance) are estimated to be \$15.6 million in FY 2006-07, for 4,843 vehicles, at an average cost of \$3,222 per vehicle.

Workers' Compensation

This line item appears in each department's executive director's office. The appropriation represents each department's share of the statewide cost of workers' compensation coverage, based on a three-year average loss history as verified by an independent actuarial firm. This self-insured program is administered by Pinnacle Assurance (formerly Colorado Compensation Insurance Authority) and covers employees in all departments (except the University of Colorado and the Colorado State University, which operate separate, self-insured programs). A matching amount of spending authority is provided to the Department of Personnel and Administration to pay administration, legal, and claims costs. In FY 2006-07, this coverage will cost \$30.1 million. Note that these figures include the institutions of the Department of Higher Education that have not exempted themselves from this program under the provisions of H.B. 04-1009.

**C. 2006 SESSION SUPPLEMENTAL ADJUSTMENTS TO APPROPRIATIONS
FOR FY 2004-05 AND PRIOR YEARS**

DEPARTMENT / DIVISION	TOTAL	GENERAL FUND*	CASH FUNDS	CASH FUNDS EXEMPT	FEDERAL FUNDS	FTE
OPERATING BUDGET						
Adjustments to FY 2004-05 Appropriations:						
DEPARTMENT OF CORRECTIONS:						
H.B. 06-1214:						
Management	(\$592,055)	\$0	\$0	(\$592,055)	\$0	0.0
TOTAL - Corrections	(\$592,055)	\$0	\$0	(\$592,055)	\$0	0.0
DEPARTMENT OF HEALTH CARE POLICY AND FINANCING:						
H.B. 06-1217:						
Department of Human Services Medicaid-funded Programs	\$2,321,749	\$0	\$0	\$1,160,874	\$1,160,875	0.0
H.B. 06-1385:						
Medicaid Mental Health Community Programs	1,283,444	1,283,444	0	0	0	0.0
TOTAL - Health Care Policy	\$3,605,193	\$1,283,444	\$0	\$1,160,874	\$1,160,875	0.0
DEPARTMENT OF HUMAN SERVICES:						
H.B.06-1219:						
Services for People with Disabilities	\$2,321,749	\$0	\$0	\$2,321,749	\$0	0.0
TOTAL - Human Services	\$2,321,749	\$0	\$0	\$2,321,749	\$0	0.0
TOTAL - OPERATING BUDGET FY 2004-05	\$5,334,887	\$1,283,444	\$0	\$2,890,568	\$1,160,875	0.0

DEPARTMENT / DIVISION	TOTAL	GENERAL FUND*	CASH FUNDS	CASH FUNDS EXEMPT	FEDERAL FUNDS	FTE
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CAPITAL CONSTRUCTION

Adjustments to FY 2000-01 Appropriations:

H.B. 06-1235:

Public Health and Environment	\$14,600,000	\$0	\$0	\$1,460,000	\$13,140,000	0.0
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TOTAL - CAPITAL CONSTRUCTION - FY 2000-01	\$14,600,000	\$0	\$0	\$1,460,000	\$13,140,000	0.0
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Adjustments to FY 2003-04 Appropriations:

H.B. 06-1235

Higher Education	\$8,590,950	\$0	\$0	\$4,481,000	\$4,109,950	0.0
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H.B. 06-1405:

Higher Education	0	0	0	0	0	0.0
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TOTAL - CAPITAL CONSTRUCTION - FY 2003-04	\$8,590,950	\$0	\$0	\$4,481,000	\$4,109,950	0.0
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Adjustments to FY 2004-05 Appropriations:

H.B. 06-1235:

Higher Education	\$10,744,399	\$0	\$0	\$5,386,858	\$5,357,541	0.0
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TOTAL - CAPITAL CONSTRUCTION - FY 2004-05	\$10,744,399	\$0	\$0	\$5,386,858	\$5,357,541	0.0
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*The General Fund column for the Capital Construction section reflects appropriations from the Capital Construction Fund.

D. SUMMARY OF STATE EDUCATION FUND APPROPRIATIONS

In November 2000, Colorado voters approved Amendment 23, which added Section 17 to Article IX of the Colorado Constitution. This provision requires the General Assembly to provide annual inflationary increases for kindergarten through twelfth grade education. This provision also creates the State Education Fund, consisting of one-third of one percent of income tax revenues and any interest earned on the fund balance. State Education Fund revenues are not subject to the constitutional Taxpayer Bill of Rights (TABOR) limitation on fiscal year spending, and any appropriation from the State Education Fund is not subject to the six percent statutory limitation on state General Fund appropriations. The General Assembly may annually appropriate moneys from the State Education Fund for the following education-related purposes:

- to comply with the requirement to annually increase base per pupil funding for public school finance, as long as it is in addition to the required increases in General Fund appropriations;
- to comply with the requirement to annually increase funding for categorical programs;
- for accountable education reform;
- for accountable programs to meet state academic standards;
- for class size reduction;
- for expanding technology education;
- for improving student safety;
- for expanding the availability of preschool and kindergarten programs;
- for performance incentives for teachers;
- for accountability reporting; or
- for public school building capital construction.

Table 1, which begins on the following page, provides a summary of appropriations from the State Education Fund for FY 2001-02 through FY 2006-07. To date, \$1.6 billion has been appropriated from the State Education Fund for public school finance, representing 87.7 percent of all appropriations from the Fund. Appropriations for categorical programs (\$118.8 million to date) and capital construction programs (\$71.1 million to date) comprise another 10.2 percent of Fund appropriations. Annual State Education Fund appropriations increased significantly in FY 2002-03, when the General Assembly increased State Education Fund appropriations by \$122.7 million mid-year to: (a) fund a higher than anticipated student enrollment and a higher than anticipated increase in the proportion of at-risk students; (b) offset lower than anticipated local property tax revenues; and (c) offset a \$90.2 million reduction in General Fund appropriations required due to a two-year decline in General Fund revenues. Appropriations from the Fund have remained fairly consistent in subsequent fiscal years, ranging from \$330 million to \$352 million.

As detailed in Table 2, which provides a comparison of annual State Education Fund revenues to annual expenditures, the Fund balance declined from FY 2001-02 through FY 2004-05 because annual expenditures exceeded annual revenues. Although the Fund balance is projected to increase in both FY 2005-06 and FY 2006-07, the projected balance represents less than half of annual appropriations (48.3 percent for FY 2006-07).

TABLE 1

History of Appropriations from the State Education Fund

Description	FY 01-02	FY 02-03	FY 03-04	FY 04-05	FY 05-06	FY 06-07
Public School Finance, State Share of Districts' Total Program Funding:						
Partial funding for required inflationary increases, and funding changes associated with statutory changes (e.g., adding or full-day kindergarten or preschool slots, changing the at-risk factor, increasing minimum per pupil funding, etc.)	\$70,507,812	\$174,204,086	\$305,711,812	\$308,438,356	\$237,849,107	\$308,628,360
Mid-year appropriation adjustments	<u>31,086,493</u>	<u>122,727,527</u>	<u>10,742,837</u>	<u>5,000,000</u>	<u>59,181,158</u>	n/a
Subtotal: School Finance	101,594,305	296,931,613	316,454,649	313,438,356	297,030,265	308,628,360
<i>*Percent of Total Appropriations</i>	65.8%	89.8%	90.0%	90.3%	89.2%	89.3%
Annual Required Increases for Categorical Programs (and continued funding of prior year increases)	7,207,141	15,715,680	20,291,334	23,700,826	25,524,255	26,315,507
<i>*Percent of Total Appropriations</i>	4.7%	4.8%	5.8%	6.8%	7.7%	7.6%
School Capital Construction:						
Charter school capital construction	6,471,052	7,813,943	5,000,000	5,000,000	5,000,000	7,800,000
School Capital Construction Expenditures Reserve	6,471,052	6,500,060	5,000,000	2,500,000	5,000,000	0
School Construction and Renovation Fund	0	0	5,000,000	2,500,000	0	0
Charter School Debt Reserve Fund	n/a	<u>1,000,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Subtotal: Capital Construction	12,942,104	15,314,003	15,000,000	10,000,000	10,000,000	7,800,000
<i>*Percent of Total Appropriations</i>	8.4%	4.6%	4.3%	2.9%	3.0%	2.3%

TABLE 1

History of Appropriations from the State Education Fund

Description	FY 01-02	FY 02-03	FY 03-04	FY 04-05	FY 05-06	FY 06-07
Various Grant Programs:						
Summer School Grant Program	945,800	0	0	0	0	1,000,000
Facility Summer School Grant Program	0	0	0	0	0	500,000
Family Literacy Education Grant Program	n/a	0	0	0	0	200,000
National Credential Fee Assistance	n/a	60,000	0	0	83,000	100,000
Colorado History Day	n/a	n/a	n/a	10,000	10,000	10,000
Teacher Pay Incentive Program	12,630,000	0	0	0	0	0
School Improvement Grant Program	2,675,000	2,675,000	0	0	0	0
Science and Technology Education Center Grant Program	<u>1,400,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Subtotal: Various Grant Programs	17,650,800	2,735,000	0	10,000	93,000	1,810,000
<i>*Percent of Total Appropriations</i>	<i>11.4%</i>	<i>0.8%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.5%</i>
Funding for New Textbooks	14,144,066	0	0	0	0	0
<i>*Percent of Total Appropriations</i>	<i>9.2%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>
State Model Content Standards/ Student Assessments / State Accountability Reports:						
Annual review and update of non-English assessments	411,953	0	0	0	0	0
Longitudinal assessment data analyses	388,000	0	0	0	0	0
Modifications to accountability reports	75,000	0	0	0	0	0

TABLE 1						
History of Appropriations from the State Education Fund						
Description	FY 01-02	FY 02-03	FY 03-04	FY 04-05	FY 05-06	FY 06-07
Study non-English assessments	50,000	0	0	0	0	0
Study administration of ACT	<u>50,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Subtotal: Standards/ CSAPs / SARs	974,953	0	0	0	0	0
<i>*Percent of Total Appropriations</i>	<i>0.6%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>
Other:						
Aid for declining enrollment districts with new charter schools	n/a	n/a	n/a	n/a	n/a	1,000,000
Civic education	n/a	n/a	n/a	n/a	200,000	200,000
Financial literacy	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>	<u>39,114</u>	<u>39,114</u>	<u>40,000</u>
Subtotal: Other	0	0	0	39,114	239,114	1,240,000
<i>*Percent of Total Appropriations</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.1%</i>	<i>0.4%</i>
TOTAL	\$154,513,369	\$330,696,296	\$351,745,983	\$347,188,296	\$332,886,634	\$345,793,867

* Figures may not sum to 100 percent due to rounding.

TABLE 2							
Comparison of State Education Fund Revenues and Expenditures/Appropriations (\$ millions)							
Description	FY 00-01	FY 01-02	FY 02-03	FY 03-04	FY 04-05	FY 05-06	FY 06-07
Beginning Fund Balance	\$0.0	\$166.2	\$298.5	\$202.4	\$142.6	\$118.4	\$141.9
Actual/Proj. Revenues*	166.2	286.4	235.9	293.4	323.1	356.4	370.9
Actual Expend./ Approp.**	<u>0.0</u>	<u>(154.1)</u>	<u>(331.9)</u>	<u>(353.3)</u>	<u>(347.3)</u>	<u>(332.9)</u>	<u>(345.8)</u>
Ending Fund Balance	\$166.2	\$298.5	\$202.4	\$142.6	\$118.4	\$141.9	\$167.0

*Projected State Education Fund revenues for FY 2005-06 and FY 2006-07 are based on the amount of General Fund revenues anticipated to be directed to the Fund in the March 2006 Legislative Council Staff forecast, as well as projections of interest earnings based on the State Education Fund model utilized by Legislative Council and Joint Budget Committee staff.

** Actual expenditures are reflected for FY 2000-01 through FY 2004-05; appropriations are reflected for FY 2005-06 and FY 2006-07.

E. HIGHWAY USERS TAX FUND OFF-THE-TOP APPROPRIATION

The Highway Users Tax Fund (HUTF) includes revenues from gas and special-fuel taxes, fines, license plate fees, driver's license fees, motor vehicle title and registration fees, and passenger-mile taxes. For FY 2004-05, revenues to the HUTF totaled \$848.2 million.

Article X, Section 18, of the Colorado Constitution limits expenditures from gas taxes and license and registrations fees exclusively to the construction, maintenance, and supervision of state highways. HUTF "off-the-top" refers to the portion of the HUTF that is spent for highway supervision.

The Colorado State Patrol, along with the Ports of Entry, receives HUTF revenues for highway supervision, before any other distributions are made. The appropriations for the State Patrol and the Ports of Entry are taken "off-the-top," before the formula allocation of HUTF to the state highway fund, counties, and cities. Section 43-4-201, C.R.S., limits the off-the-top expenditures for highway supervision to 6 percent annual growth, regardless of any increase or decrease in overall highway-related revenues. The off-the-top growth limit is calculated based on the previous year's off-the-top expenditure. It is not a proportion of revenues to, or distributions from, the HUTF, nor is there a specific monetary cap.

Table E shows the "off-the-top" appropriations from the Highway Users Tax Fund:

Table E Statutory HUTF Off-the-Top Appropriations Limit Section 43-4-201, C.R.S.	
FY 2005-06 HUTF Off-the-Top Appropriations Base	\$86,254,708
x Allowable growth of 6%	<u>1.06</u>
FY 2006-07 HUTF Off-the-Top Appropriations Limit	\$91,429,990
FY 2006-07 HUTF Off-the-Top Appropriations:	
Department of Public Safety, State Patrol	\$82,794,682
Department of Revenue, Ports of Entry	8,593,426
Capital Construction (Department of Public Safety, State Patrol)	<u>41,882</u>
Total FY 2006-07 HUTF Off-the-Top Appropriations	\$91,429,990
Over / (Under) FY 2006-07 HUTF Off-the-Top Appropriations Limit	\$0

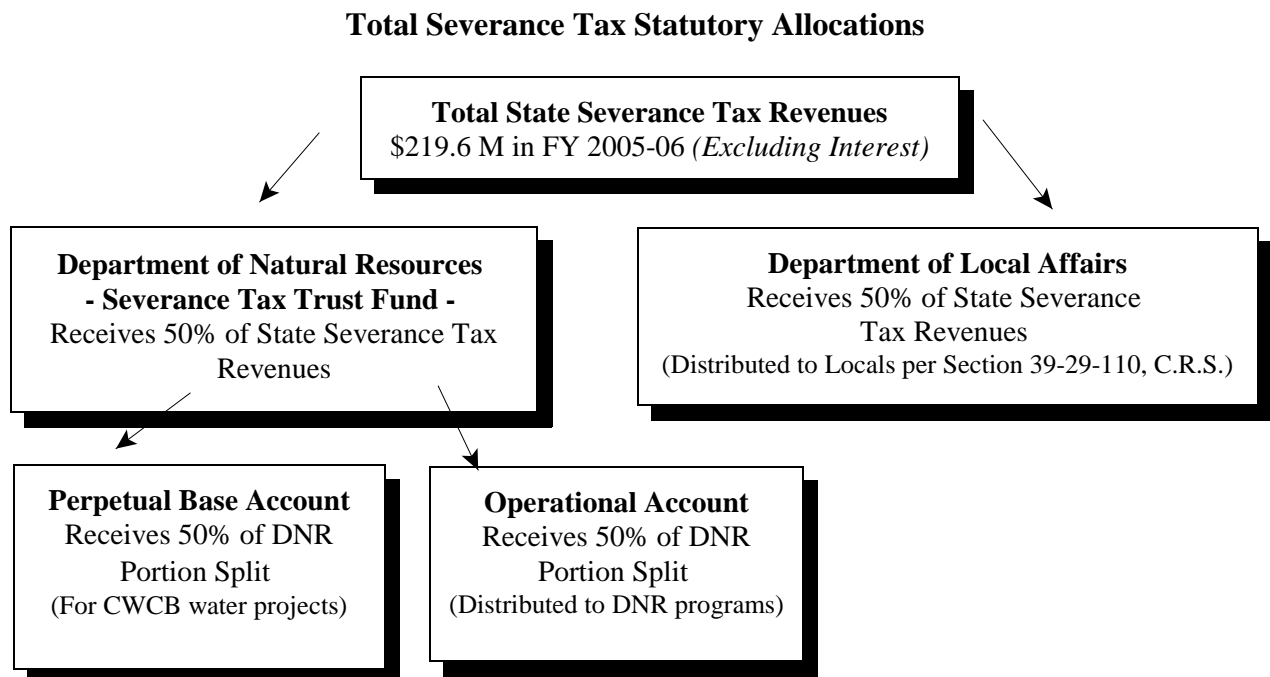
F. SEVERANCE TAX TRUST FUND - OPERATIONAL ACCOUNT FUNDS OVERVIEW

Section 39-29-108 (2), C.R.S., provides that 50 percent of severance tax revenues are deposited into the Severance Tax Trust Fund, for the Department of Natural Resources, and 50 percent of the revenues are used by the Department of Local Affairs for grants and distributions to local governments affected by mining activities.

With respect to the Severance Tax Trust Fund:

- Section 39-29-109 (1) (a) (I), C.R.S., provides that 50 percent of revenues deposited into the Severance Tax Trust Fund shall be allocated to the Perpetual Base Account of the Severance Tax Trust Fund (or 25 percent of total severance tax revenues), which is used by the Colorado Water Conservation Board for water construction projects.
- Pursuant to Section 39-29-109 (1) (a) (II), C.R.S., the other 50 percent of Severance Tax Trust Fund revenues (or 25 percent of total severance tax revenues) are allocated to the Operational Account to fund programs that "promote and encourage sound natural resource planning, management, and development related to minerals, energy, geology, and water".

The following table illustrates the State's distribution of severance tax revenues.



Section 39-29-109 (1) (a), C.R.S., provides that the Severance Tax Trust Fund is to be "perpetual and held in trust as a replacement for depleted natural resources" and other specific purposes. The

Operational Account of the Severance Tax Trust Fund was created as a trust to fund programs within the Department that promote responsible resource development, offset the environmental impacts of mineral and mineral fuel development, and encourage sound management of natural resources. Pursuant to S.B. 96-170, the distribution of funds among the divisions in the Department of Natural Resources is established by statute. The following table highlights the state expenditures from the Operational Account of the Severance Tax Trust Fund:

Operational Account of the Severance Tax Trust Fund						
	FY 01-02	FY 02-03	FY 03-04	FY 04-05	FY 05-06	FY 06-07
Total State Severance Tax Revenues ^{<1>}	\$57,481,000	\$32,600,000	\$125,100,000	\$152,000,000	\$231,728,000	\$171,415,000
Severance Tax Operational Account Revenues	14,370,250	8,150,000	29,923,659	36,555,003	55,178,500	39,995,750
Base DNR Operational Account Expenditures as % of Fund Revenues	47.2%	78.4%	21.0%	17.0%	14.4%	23.0%
Base (S.B. 96-170) Department of Natural Resources Expenditures						
Colorado Geological Survey	\$1,843,747	\$918,003	\$1,983,289	\$2,028,490	\$2,104,546	\$2,329,618
Colorado Oil and Gas Conservation Commission	2,139,326	2,119,508	1,395,526	912,863	1,478,698	2,160,935
Division of Reclamation, Mining, and Safety	2,165,890	2,738,548	2,298,330	2,635,116	3,234,098	3,601,026
Colorado Water Conservation Board	<u>627,963</u>	<u>614,330</u>	<u>621,087</u>	<u>628,827</u>	<u>1,130,794</u>	<u>1,121,194</u>
TOTAL ^{<2>}	6,776,926	6,390,389	6,298,232	6,205,296	7,948,136	9,212,773
Annual % Change	0.0%	-5.7%	-1.4%	-1.5%	28.1%	15.9%
Water Project-Based Uses of the Operational Account of the Severance Tax Trust Fund:						
H.B. 05-1254 (Water Efficiency Grants)	\$0	\$0	\$0	\$0	\$1,580,000	\$0
H.B. 06-1313 (Litigation Fund)	0	0	0	0	0	2,000,000
H.B. 06-1400 (Water Roundtables)	0	0	0	0	0	931,318
S.B. 06-179 (Water Projects)	0	0	0	0	0	10,000,000
Other DNR Related Expenditures						
H.B. 06-1311 (Species Conservation)	\$0	\$0	\$0	\$0	\$4,000,000	\$8,800,000

Operational Account of the Severance Tax Trust Fund						
	FY 01-02	FY 02-03	FY 03-04	FY 04-05	FY 05-06	FY 06-07
Transfers/Other Non-S.B. 96-170 Expenditures <3>						
Emergency Fire Fighting	\$4,000,000	\$0	\$0	\$0	\$0	\$0
H.B. 02-1391 (Transfer to the General Fund)	20,200,000	0	0	0	0	0
S.B. 03-191 (Transfer to the General Fund)	0	6,877,394	0	0	0	0
S.B. 03-271 (Transfer to the General Fund)	0	0	4,600,000	0	0	0
H.B. 04-1402 (Division of Water Resources One-time appropriation) <4>	0	0	1,518,546	0	0	0
S.B. 05-201 (Low-Income Energy Assistance)	0	0	0	7,600,000	0	0
S.B. 05-226 (Payment of Kansas Damages)	0	0	0	15,500,000	4,000,000	0
H.B. 06-1200 (Low-Income Energy Assistance)	0	0	0	0	24,000,000	11,000,000
H.B. 06-1322 (Clean Energy Development Fund)	0	0	0	0	0	2,635,000
H.B. 06-1393 (Soil Conservation Programs)	0	0	0	0	450,000	450,000
S.B. 06-183 (Colorado Water Resources Research Institute)	0	0	0	0	0	500,000
S.B. 06-193 (Develop Underground Water Storage)	0	0	0	0	0	146,000

<1> Reflects the June 2006 Legislative Council Staff Severance Tax Forecast. *Includes* interest earnings.

<2> Senate Bill 96-170 authorized division and related expenditures only; does not reflect transfers to the General Fund or expenditures for purposes not specified in S.B. 96-170.

<3> Transfers or expenditures on non-S.B. 96-170 based programs total \$103,476,740 from FY 2001-02 to FY 2006-07.

<4> In FY 2003-04, H.B. 04-1402 provided a one-time appropriation to the State Engineer's Office (Division of Water Resources) of \$1,527,449 for FY 2003-04, in lieu of General Fund which was reestablished in FY 2004-05. This Severance Tax Operational Account expenditure was not part of the original S.B. 96-170 expenditure authorization and hence is not contained in the Long Bill appropriation reflected above.

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