

FY 2006-2007

LONG BILL NARRATIVE

JOINT BUDGET COMMITTEE

STATE OF COLORADO

REPRESENTATIVES

Tom Plant, Chairman
Bernie Buescher
Dale Hall

SENATORS

Abel Tapia, Vice-Chairman
Moe Keller
Dave Owen



STAFF DIRECTOR

John Ziegler

JOINT BUDGET COMMITTEE

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

March 27, 2006

To: Members of the Sixty-fifth General Assembly

The Joint Budget Committee (JBC) submits for your approval the FY 2006-07 Long Bill, H.B. 06-1385 and its companion document, this Long Bill Narrative. The JBC used the Legislative Council staff March 2006 revenue estimates to develop the FY 2006-07 budget.

The State's economy is projected to generate more General Fund and cash revenues than the TABOR limit allows. However, as a result of the passage of Referendum C, Legislative Council staff is projecting the State will be allowed to retain an additional \$815.1 million General Fund in FY 2005-06 and \$801.3 million General Fund in FY 2006-07 above the TABOR limit. It is anticipated that the State will exceed the allowable limit on total General Fund and cash fund revenues for FY 2007-08 and the following years in the forecast. Referendum C allows for retention of amounts above the TABOR limit through FY 2009-10, a total of five years.

The projected increase in revenues will also generate more General Fund than the statutory spending limit on operating appropriations will allow to be appropriated in FY 2006-07. This statutory limit restricts the increase in General Fund appropriations to no more than 6.0 percent over the prior year's General Fund appropriation. For FY 2006-07 that allowable General Fund appropriations increase is \$385.2 million (including a projected \$7.0 million that is exempt from the 6.0 percent limit).

The total General Fund appropriations subject to the statutory six percent General Fund limit for FY 2006-07 are \$6,680.8 million, for an increase of \$378.2 million over the adjusted FY 2005-06 appropriation level of \$6,302.6 million General Fund. \$6,641.2 million General Fund is contained in the recommendations for the Long Bill. Of this amount, the JBC anticipates that \$5.5 million will be exempt from the 6.0 percent limit on appropriations based on proposed legislation to establish psychiatric residential treatment facilities to meet new federal requirements. An additional \$3,209,268 has been included in the recommendation to provide the General Fund appropriation for H.B. 06-1028 (increase in the number of judges) which has already been signed into law. The JBC is also recommending \$31,887,429 General Fund be utilized to provide funding for appropriations included in H.B. 06-1375, the School Finance Act.

Because of the additional General Fund revenues that are estimated to be available in FY 2006-07, the JBC is recommending a General Fund transfer to the Capital Construction Fund of \$80.5 million

for capital construction/controlled maintenance projects and \$15.0 million for transportation projects. Also recommended is a transfer of \$15.0 million for H.B. 06-1373, the forensics unit at Colorado Mental Health Institute in Pueblo.

Included in the total recommendations are 3.25 percent increases in community provider rates for child welfare, child care, mental health, developmental disabilities, home and community based services, alternative care, alcohol and drug abuse, Medicaid community based services, youth services, and corrections providers. Also included is a 3.25 percent increase for county administration of public and medical assistance. The JBC recommends these increases to maintain the availability of community providers in these areas and to reduce the need for state FTE to provide these valuable services.

The proposed budget provides the following General Fund increases:

- \$116.2 million for K-12 education,
- \$92.9 million for Department of Human Services programs,
- \$60.1million for the Higher Education system,
- \$49.1 million in the Department of Corrections, and
- \$37.0 million for Health Care Policy and Financing.
- \$22.5 million in the Judicial Branch,

Respectively submitted,



Representative Tom Plant, Chairman



Senator Abel Tapia, Vice-Chairman




Representative Bernie Buescher



Senator Moe Keller



Representative Dale Hall



Senator Dave Owen

TABLE OF CONTENTS AND CROSS REFERENCE

	<u>Narrative Page</u>	<u>Long Bill Page</u>
Summary Tables	1	
General Policies	23	
Agriculture	29	18
Corrections	37	28
Education	49	60
Governor	63	82
Health Care Policy and Financing	69	97
Higher Education	92	132
Human Services	107	156
Judicial	147	227
Labor and Employment	161	249
Law	167	261
Legislative	174	274
Local Affairs	176	277
Military and Veterans Affairs	182	295
Natural Resources	187	304
Personnel and Administration	202	330
Public Health and Environment	211	360
Public Safety	225	416
Regulatory Agencies	232	445
Revenue	243	459
State	254	487
Transportation	259	493
Treasury	264	500
Capital Construction	270	509

FY 2005-06 GENERAL FUND OVERVIEW (in millions)			
<u>GENERAL FUND REVENUES AVAILABLE:</u>			
Beginning General Fund Reserve	\$	335.5	
General Fund Nonexempt Revenues		5,954.1	
General Fund Exempt Revenues		815.1	
Transfers/Paybacks		164.4	^{a/}
Transfer to Older Coloradans Fund		(2.0)	
TABOR Surplus Liability		0.0	
S.B. 97-1 Diversion		(218.5)	
Total General Fund Available	\$	7,048.6	
<u>GENERAL FUND OBLIGATIONS:</u>			
General Fund Appropriations as Adjusted by Supplementals	\$	6,238.9	^{b/}
Other General Fund Appropriations - Not Exempt from 6.0 Percent Limit		53.7	^{c/}
Other General Fund Appropriations - Exempt from 6.0 Percent Limit		10.0	^{d/}
Capital Construction Transfer		10.1	^{e/}
Transfer of Prior Year Excess Reserve to HUTF		65.4	
Transfer of Prior Year Excess Reserve to Capital Construction Fund		32.7	
Transfer to Controlled Maintenance Trust Fund		0.0	
Rebates and Expenditures		166.6	
Homestead Exemption		0.0	^{f/}
Total General Fund Obligations	\$	6,577.4	
4% STATUTORY GENERAL FUND RESERVE	\$	251.7	
EXCESS GENERAL FUND RESERVE:	\$	219.5	
^{a/} Based on March 2006 Legislative Council revenue estimate.			
^{b/} Does not include Rebates and Expenditures which are included in the Long Bill for informational purposes.			
^{c/} Includes \$23.7 million from H.B. 06-1375, \$10.0 million from H.B. 06-1374, and \$20 million from H.B. 06-1373.			
^{d/} Includes \$10.0 million from H.B. 06-1374.			
^{e/} Includes \$0.1 million for capital construction projects and \$10.0 million for transportation projects.			
^{f/} The expenditure for the Homestead Exemption in FY 2005-06 was eliminated in S.B. 03-265.			

FY 2006-07 GENERAL FUND OVERVIEW (in millions)		
<u>GENERAL FUND REVENUES AVAILABLE:</u>		
Beginning General Fund Reserve	\$	471.3
General Fund Nonexempt Revenues		6,258.1
Gross General Fund Exempt Revenues		801.3
Transfers/Paybacks		34.4 ^{a/}
Transfer to Older Coloradans Fund		(2.0)
TABOR Surplus Liability		0.0
S.B. 97-1 Diversion		(32.5)
Total General Fund Available	\$	7,530.6
<u>GENERAL FUND OBLIGATIONS:</u>		
Recommended General Fund Appropriations in the Long Bill	\$	6,610.8 ^{b/}
Other General Fund Appropriations - Not Exempt from 6 Percent Limit		60.0 ^{c/}
Other General Fund Appropriations - Exempt from 6 Percent Limit		7.0 ^{d/}
Capital Construction Transfer		110.5 ^{e/}
Transfer of Prior Year Excess Reserve to HUTF		146.4
Transfer of Prior Year Excess to Capital Construction Fund		73.2
Rebates and Expenditures		180.9
Homestead Exemption		64.6
Total General Fund Obligations	\$	7,253.4
4 % STATUTORY GENERAL FUND RESERVE	\$	266.8
EXCESS GENERAL FUND RESERVE:	\$	10.4
^{a/} Based on Legislative Council Staff March 2006 Forecast. ^{b/} Does not include Rebates and Expenditures that are in the Long Bill for informational purposes. ^{c/} Includes \$28.6 million for the Legislative appropriation bill, \$1.8 million pursuant to Sections 17-1-140 through 17-1-152, C.R.S. for Department of Corrections 5 year appropriations, \$29.6 million as a result of other bills included as part of the FY 2006-07 budget package. ^{d/} Based on JBC's assumption of fiscal impact associated with a proposed bill for Psychiatric Residential Treatment Facilities (PRTF). ^{e/} Includes \$80.5 million for capital construction projects, \$15.0 million from H.B. 06-1373 (forensics), and \$15.0 million for transportation projects.		

"REFERENDUM C" GENERAL FUND EXEMPT SUMMARY

The following table 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.:

"Referendum C" General Fund Exempt Appropriations by Programs in the 2006 Long Bill (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
HCPF	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

The Joint Budget Committee's (JBC) FY 2006-07 budget package includes the Long Bill (H.B. 06-1385) and several other bills that impact the level of General Fund appropriations for FY 2006-07. The following table identifies the bills the JBC considers part of its FY 2006-07 budget package for purposes of balancing the General Fund.

Bills with 6.0 Percent General Fund Spending Limit Impacts Included as Part of the JBC FY 2006-07 Budget Package	
Bill	FY 06-07 GF Impact
<u>Bills that Impact General Fund Operating Appropriations:</u>	
H.B. 06-1028 (Increase Judges - Already Became Law)	\$3,209,268
H.B. 06-1375 (School Finance Act)	31,887,429
JBC Proposed Legislation for Psychiatric Residential Treatment Facilities	(5,477,224)
Total Bills that Impact General Fund Operating Appropriations	<u>\$29,564,514</u>

Please note that the JBC has voted to carry legislation establishing Psychiatric Residential Treatment Facilities (PRTFs). This legislation is currently being drafted and will be introduced later in the 2006 Session. In consultation with the Office of Legislative Legal Services, the JBC has determined that the General Fund appropriation for the PRTF portion of this legislation will be exempt from the 6.0 percent General Fund spending limit (6.0 percent limit) pursuant to Section 24-75-201.1, C.R.S., because it is a new program which results from requirements of federal law. The total estimated cost at this time of the PRTF portion of the legislation is \$7.0 million which will be considered exempt from the 6.0 percent limit, but only \$5.5 million of the cost is currently included in the appropriations of the Department of Human Services as reflected in the proposed FY 2006-07 Long Bill and will be reclassified as exempt from the 6.0 percent limit. Therefore, the \$5.5 million is deducted from the calculation of the 6.0 percent limit in the JBC General Fund overviews presented within this document.

PROPOSED APPROPRIATIONS FY 2006-07					
Department	TOTAL	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds
Agriculture	30,952,121	5,204,790	10,686,121	13,286,528	1,774,682
Corrections	643,821,068	583,142,412	1,970,686	57,577,872	1,130,098
Education	3,825,205,312	2,849,871,718	15,379,219	471,914,586	488,039,789
Governor	29,793,171	10,981,474	2,445,016	4,044,045	12,322,636
Health Care Policy and Financing	3,388,909,451	1,400,755,979	690,959	365,192,504	1,622,270,009
Higher Education	2,317,853,790	688,112,156	21,444,110	1,588,217,202	20,080,322
Human Services	1,925,872,883	598,513,882	96,432,579	656,331,031	574,595,391
Judicial	333,941,818	259,513,004	63,360,875	9,901,692	1,166,247
Labor and Employment	154,467,971	0	30,367,495	20,141,876	103,958,600
Law	38,755,051	8,859,761	3,855,689	25,157,735	881,866
Legislature	2,409,830	2,409,830	0	0	0
Local Affairs	238,706,672	10,093,321	28,900,041	101,964,543	97,748,767
Military and Veterans Affairs	153,401,397	5,273,892	76,413	2,245,313	145,805,779
Natural Resources	186,527,179	28,534,012	38,820,066	102,421,351	16,751,750
Personnel and Administration	162,229,117	7,274,723	11,467,843	143,365,551	121,000
Public Health and Environment	457,704,337	21,964,041	31,812,335	193,770,940	210,157,021
Public Safety	219,347,319	65,268,870	11,091,707	107,772,020	35,214,722
Regulatory Agencies	64,074,051	1,249,785	52,713,269	8,959,333	1,151,664
Revenue	555,761,940	94,933,476	45,161,021	414,105,689	1,561,754
State	24,603,049	0	15,678,052	8,924,997	0
Transportation	1,034,323,675	0	81,341,044	537,713,409	415,269,222
Treasury	367,951,695	100,130,989	2,584,606	265,236,100	0
LONG BILL OPERATING TOTAL	16,156,612,897	6,742,088,115	566,279,146	5,098,244,317	3,750,001,319
Legislative Appropriation	29,460,019	28,580,119	90,000	789,900	0
Five-year Statutory Appropriations	1,829,356	1,829,356	0	0	0
School Finance Act (H.B. 06-1375)	31,887,429	31,887,429	0	0	0
Increase Judges (H.B. 06-1028)	3,209,268	3,209,268	0	0	0
JBC Proposed Legislation	(5,477,224)	(5,477,224)	0	0	0
TOTAL OPERATING	16,217,521,745	6,802,117,063	566,369,146	5,099,034,217	3,750,001,319
LESS:					
Amount Exempt from Statutory Limit	N/A	(131,290,288)	N/A	N/A	N/A
GRAND TOTAL SUBJECT TO STATUTORY LIMIT	N/A	6,670,826,775	N/A	N/A	N/A
<hr/>					
		Capital Construction Funds Exempt*	Cash Funds	Cash Funds Exempt	Federal Funds
Capital Construction	335,945,193	138,356,157	33,650,000	155,292,698	8,646,338

Of the amounts shown for cash fund and cash funds exempt appropriations \$1,447,369,693 contain (T) notations, which indicates that these amounts are transfers from other state agencies.

* The General Fund transfer required to support this level of appropriations is \$94,803,815, which is provided in H.B. 06-1386.

GENERAL FUND APPROPRIATION COMPARISON				
Department	FY 2005-06 Appropriation*	FY 2006-07 Appropriation	Difference	% Difference
Agriculture	4,278,434	5,204,790	926,356	21.7
Corrections	533,868,736	583,142,412	49,273,676	9.2
Education	2,765,651,563	2,849,871,718	84,220,155	3.0
Governor	16,024,911	10,981,474	(5,043,437)	(31.5)
Health Care Policy and Financing	1,363,790,096	1,400,755,979	36,965,883	2.7
Higher Education	627,985,608	688,112,156	60,126,548	9.6
Human Services	505,514,567	598,513,882	92,999,315	18.4
Judicial	236,983,530	259,513,004	22,529,474	9.5
Labor and Employment	0	0	0	N/A
Law	7,203,044	8,859,761	1,656,717	23.0
Legislature	2,365,123	2,409,830	44,707	1.9
Local Affairs	8,577,868	10,093,321	1,515,453	17.7
Military and Veterans Affairs	4,426,900	5,273,892	846,992	19.1
Natural Resources	22,843,818	28,534,012	5,690,194	24.9
Personnel and Administration	8,266,947	7,274,723	(992,224)	(12.0)
Public Health and Environment	16,570,942	21,964,041	5,393,099	32.5
Public Safety	58,901,926	65,268,870	6,366,944	10.8
Regulatory Agencies	1,283,348	1,249,785	(33,563)	(2.6)
Revenue	82,332,579	94,933,476	12,600,897	15.3
State	0	0	0	N/A
Transportation	0	0	0	N/A
Treasury	26,033,148	100,130,989	74,097,841	284.6
LONG BILL				
OPERATING TOTAL	6,292,903,088	6,742,088,115	449,185,027	7.1
Legislative Appropriation	27,321,286	28,580,119	1,258,833	4.6
Five-year Statutory Appropriations	1,971,680	1,829,356	(142,324)	(7.2)
School Finance Act (H.B. 06-1375)	0	31,887,429	31,887,429	N/A
Increase Judges (H.B. 06-1028)	0	3,209,268	3,209,268	N/A
Capital Construction (subject to 6%)	20,000,000	0	(20,000,000)	(100.0)
JBC Proposed Legislation	0	(5,477,224)	(5,477,224)	N/A
TOTAL OPERATING	6,342,196,054	6,802,117,063	459,921,009	7.3
LESS:				
Amount Exempt from Statutory Limit	(65,621,588)	(131,290,288)	(65,668,700)	100.1
GRAND TOTAL SUBJECT TO STATUTORY LIMIT	6,276,574,466	6,670,826,775	394,252,309	6.3
Capital Construction	73,218,678	138,356,157	65,137,479	89.0
GRAND TOTAL	6,349,793,144	6,809,182,932	459,389,788	7.2

* Includes supplemental appropriations.

EXPLANATION OF MAJOR GENERAL FUND DIFFERENCES

Major changes in the General Fund appropriations are summarized below. The narrative for each department provides further explanation of General Fund changes.

Department of Corrections -- The recommendation provides for increases of: (1) \$13.0 million for private prisons and local jails based on a projected increase in the inmate population; (2) \$15.2 million for increases associated with salary survey, health, life, and dental insurance, shift differential, amortization equalization disbursement, and short-term disability in FY 2006-07; (3) \$5.2 million to bring 263 female beds on-line at the La Vista Correctional Facility beginning August 2006; (4) \$3.5 million to begin double bunking 400 male inmates at four correctional facilities in February 2006; (5) \$3.8 million for additional parole and community corrections officers and additional community re-entry staff and services; (6) \$3.3 million for provider rate increases; (7) \$2.5 million for medical expenses (caseload growth and inflation) and food inflation; and (8) \$1.4 million for additional mental health treatment, sex offender treatment, and drug and alcohol treatment.

Department of Education -- The recommendation includes the following General Fund increases: (1) \$162.9 million for the State Share of Districts' Total Program Funding; (2) \$6.2 million for statutory changes included in H.B. 06-1375 (the school finance act); and (3) \$5.2 million for categorical programs. These increases are offset by the elimination of two one-time appropriations for FY 2005-06. First, the recommendation includes a financing adjustment that reduces the FY 2005-06 General Fund appropriation for the State Share of Districts' Total Program Funding by \$48.8 million, appropriates this amount to the State Education Fund, and then appropriates the same amount from the State Education Fund for the State Share of Districts' Total Program Funding. These adjustments have the effect of lowering the "maintenance of effort base", which is used for purposes of calculating the minimum General Fund appropriation constitutionally required for FY 2006-07. The recommendation for FY 2006-07 eliminates the \$48.8 million appropriation to the State Education Fund. Second, the recommendation eliminates an \$11.6 million one-time General Fund appropriation for FY 2005-06 for the Read-to-Achieve Grant Program.

Department of Health Care Policy and Financing -- The recommended General Fund increase includes an additional \$45.1 million to annualize the State contribution payment for the Medicare Modernization Act and \$24.2 million to fund caseload, cost-per-client and provider rate increases for the Medicaid medical and mental health programs and 0.5 million for administrative costs for the Department. These increases are partially offset by decreases of \$17.6 million in programs administered by the Department of Human Services, mostly attributable to the loss of a federal match for residential treatment centers, and \$15.4 million

to eliminate one-time funding in FY 2005-06 for the Indigent Care Program Division.

Department of Higher Education -- The recommended net General Fund increase includes: an increase of \$46.6 million for raising the stipend reimbursement rate by \$180 and changes in the stipend-eligible population; an increase of \$7.4 million for financial aid, primarily for students demonstrating financial need; a net increase of \$5.7 million for fee-for-service contracts between the Colorado Commission on Higher Education and the higher education institutions; an increase of \$1.1 million for the Local District Junior Colleges; an increase of \$250,000 for the Cumbres and Toltec Scenic Railroad; and a decrease of \$700,000 associated with eliminating funding for the Council on the Arts.

Department of Human Services -- The recommended General Fund increase is mainly attributable to the loss of federal Medicaid revenues available for children and juveniles placed in residential treatment centers. As a result, other fund sources, especially the General Fund must increase to maintain current service levels. This action results in an increase of \$55.1 million. Other recommended increases in the General Fund appropriation to the Department of Human Services include: (1) \$11.3 million for a 3.25 percent community provider rate increase; (2) \$6.9 million to annualize restoration of funding for mental health and alcohol and drug abuse programs; (3) \$5.6 million for Services for People with Disabilities to annualize FY 2005-06 supplemental increases; (3) \$4.8 million for salary and benefit adjustments; (4) \$3.3 million for a new state-owned and -operated youth corrections facility, increased treatment programs, and case managers for the Division of Youth Corrections; (5) \$2.1 million for County Administration; (6) \$2.1 million for population increases in the child and adolescent population (ages 0-17) and for committed youth; (7) an increase of \$1.2 million for alcohol and drug abuse programs; and (8) \$1.0 million for SB 91-94 programs.

Judicial Department -- The Judicial Branch's recommended \$22.5 million General Fund increase is primarily comprised of: (1) \$5.5 million to raise hourly court-appointed counsel rates paid by the Judicial Department, Alternate Defense Counsel (ADC), and the Office of the Child's Representative (OCR); (2) \$4.9 million to annualize salary survey and anniversary increases that were awarded in FY 2005-06; (3) \$3.7 million for FY 2006-07 adjustments to centrally-appropriated line items; (4) \$2.3 million to fund 6.0 new district court judge FTE created in H.B. 01-1075 and associated court staff and public defenders; (5) \$1.2 million for 31.0 FTE additional Trial Courts staff; (6) \$1.2 million for 20.0 additional probation staff; (7) \$912,000 to address caseload increases for the ADC and the OCR, respectively; (8) \$882,000 for 20.0 attorney, secretary, and investigator FTE in the Public Defender's Office to address caseload growth; (9) \$839,000 for 3.5 district court magistrates and associated trial court support staff; (10) \$829,000 to raise attorney travel rates, and attorney and investigator death penalty rates, for the ADC; and (11) other miscellaneous changes.

Department of Natural Resources -- The recommended increase in the General Fund is primarily attributable to the Division of Water Resources, including \$3.2 million associated with the sunset of S.B. 03-181 well permit fees and \$0.6 million associated with new staff for Divisions 1 and 3, and \$0.3 million for various other areas in this division, \$1.1 million for centrally appropriated items in the Executive Director's Office, and \$0.4 million for Parks and Outdoor Recreation to annualize FY 2005-06 salary increases.

Department of Revenue -- The recommended increase includes \$8.9 million pertaining to the sunset of H.B. 05-1196. This legislation permitted the General Assembly to refinance General Fund personal services expenses in Driver and Vehicle Services from the Highway Users Tax Fund (HUTF) 'Off-the-Top' limit. Appropriations for the Department's centrally-appropriated line items such as health, life, and dental, short-term disability, and the purchase of services from the State's computer center increased by nearly \$1.4 million. Finally, there is an additional \$1.0 million to reflect Legislative Council Staff's March 2006 estimate for Old Age Heat and Fuel and Property Tax Assistance Grants.

Treasury Department -- The recommended increase includes \$64.6 million for the resumption of the Senior Property Tax Homestead Exemption and \$9.5 million increase for the state's annual transfer to the Fire and Police Pension Association.

CASH FUNDS APPROPRIATION COMPARISON				
Department	FY 2005-06 Appropriation*	FY 2006-07 Appropriation	Difference	% Difference
Agriculture	10,503,713	10,686,121	182,408	1.7
Corrections	1,939,302	1,970,686	31,384	1.6
Education	15,292,983	15,379,219	86,236	0.6
Governor	9,447,586	2,445,016	(7,002,570)	(74.1)
Health Care Policy and Financing	741,183	690,959	(50,224)	(6.8)
Higher Education	20,657,260	21,444,110	786,850	3.8
Human Services	105,626,757	96,432,579	(9,194,178)	(8.7)
Judicial	60,507,476	63,360,875	2,853,399	4.7
Labor and Employment	30,768,769	30,367,495	(401,274)	(1.3)
Law	3,777,263	3,855,689	78,426	2.1
Legislature	0	0	0	N/A
Local Affairs	25,855,405	28,900,041	3,044,636	11.8
Military and Veterans Affairs	51,217	76,413	25,196	49.2
Natural Resources	40,704,370	38,820,066	(1,884,304)	(4.6)
Personnel and Administration	11,484,436	11,467,843	(16,593)	(0.1)
Public Health and Environment	30,975,401	31,812,335	836,934	2.7
Public Safety	10,865,049	11,091,707	226,658	2.1
Regulatory Agencies	51,921,670	52,713,269	791,599	1.5
Revenue	44,027,000	45,161,021	1,134,021	2.6
State	16,630,109	15,678,052	(952,057)	(5.7)
Transportation	54,569,770	81,341,044	26,771,274	49.1
Treasury	2,529,943	2,584,606	54,663	2.2
LONG BILL				
OPERATING TOTAL	548,876,662	566,279,146	17,402,484	3.2
Legislative Appropriation	90,000	90,000	0	0.0
TOTAL OPERATING	548,966,662	566,369,146	17,402,484	3.2
Capital Construction	1,550,000	33,650,000	32,100,000	2,071.0
GRAND TOTAL	550,516,662	600,019,146	49,502,484	9.0

* Includes supplemental appropriations.

EXPLANATION OF MAJOR CASH FUND DIFFERENCES

Major changes in the recommended cash fund appropriations are summarized below. The narrative for each department provides further explanation of all changes in cash funds.

Office of the Governor – The recommendation includes a \$7.0 million reduction for the Office of Energy Management and Conservation due to the elimination of one-time funding related to H.B. 06-1200 (Energy-Related Assistance to Low-Income Households).

Department of Human Services -- Major recommended changes include a reduction of \$17.0 million in funding for the Low-Income Energy Assistance Program provided by H.B. 06-1200. The Long Bill does not contain an appropriation related to this bill in FY 2006-07. H.B. 06-1200 does appropriate \$5,950,000 in FY 2006-07 which is not reflected in this narrative. The \$17.0 million reduction is offset by an increase of \$8.8 million to the Old Age Pension program.

Judicial Department -- The recommended increase of \$2.9 million is primarily comprised of: (1) \$1.4 million for the Attorney Regulation Committees and the Law Examiner Board; (2) \$691,000 for 15.0 additional Collections Investigators FTE; (3) \$225,000 to annualize salary survey and anniversary increases that were awarded in FY 2005-06; (4) \$192,000 for the Family-friendly Courts Program; (5) \$188,00 to allow the Department to use revenue generated from e-filing fees to increase network bandwidth; (6) \$86,000 from the Sex Offender Surcharge Fund and the Drug Offender Surcharge Fund; and (7) other miscellaneous increases.

Local Affairs -- The recommended increase in cash funds is primarily due to a projected increase in expenditures of the Mineral and Energy Impact Grant Program.

Department of Natural Resources -- The decrease in the recommended cash funds is attributable to the sunset of S.B. 03-181 which lowered well-permitting cash fund spending by \$3.4 million for the Division of Water Resources and \$1.1 million in changes in financing for the Oil and Gas Conservation Commission, which reflects greater spending from Oil and Gas Conservation and Environmental Response Fund reserves (cash funds exempt) and less from cash funds for this Fund. These decreases are partially offset by increases in other areas of the Department.

Department of Revenue -- The change in the Department's recommended cash funds is primarily attributable to a \$1.1 million increase in the Distribution to Gaming Cities and Counties line item, which is appropriated through the Limited Gaming Division. These

distributions are made according to Section 12-47.1-701 (1)(c), C.R.S.

Department of Transportation -- The changes in the Department's recommended cash funds reflect three major increases: (1) in the Division of Aeronautics, a \$5.3 million increase in funds available for formula refunds and discretionary grants distributed to local airports; (2) in the Construction, Maintenance, and Operations line item, a \$16.2 million increase in bond interest, miscellaneous revenues (fines, permit fees, etc.), and matches and reimbursements for highway projects from local governments; (3) and in the Gaming Impacts line item, a \$5.3 million increase in funds available in order to partially pay for highway construction and maintenance in the vicinity of Colorado's gaming communities.

CASH FUNDS EXEMPT APPROPRIATION COMPARISON				
Department	FY 2005-06 Appropriation*	FY 2006-07 Appropriation	Difference	% Difference
Agriculture	13,719,315	13,286,528	(432,787)	(3.2)
Corrections	52,737,807	57,577,872	4,840,065	9.2
Education	489,433,561	471,914,586	(17,518,975)	(3.6)
Governor	4,035,337	4,044,045	8,708	0.2
Health Care Policy and Financing	335,541,861	365,192,504	29,650,643	8.8
Higher Education	1,499,568,085	1,588,217,202	88,649,117	5.9
Human Services	678,662,190	656,331,031	(22,331,159)	(3.3)
Judicial	7,954,959	9,901,692	1,946,733	24.5
Labor and Employment	18,818,603	20,141,876	1,323,273	7.0
Law	24,695,099	25,157,735	462,636	1.9
Legislature	182,000	0	(182,000)	(100.0)
Local Affairs	100,171,655	101,964,543	1,792,888	1.8
Military and Veterans Affairs	2,530,529	2,245,313	(285,216)	(11.3)
Natural Resources	103,063,441	102,421,351	(642,090)	(0.6)
Personnel and Administration	139,749,830	143,365,551	3,615,721	2.6
Public Health and Environment	134,953,130	193,770,940	58,817,810	43.6
Public Safety	115,218,660	107,772,020	(7,446,640)	(6.5)
Regulatory Agencies	7,791,409	8,959,333	1,167,924	15.0
Revenue	413,318,521	414,105,689	787,168	0.2
State	15,203,349	8,924,997	(6,278,352)	(41.3)
Transportation	431,474,156	537,713,409	106,239,253	24.6
Treasury	279,615,432	265,236,100	(14,379,332)	(5.1)
LONG BILL				
OPERATING TOTAL	4,868,438,929	5,098,244,317	229,805,388	4.7
Legislative Appropriation	984,367	789,900	(194,467)	(19.8)
TOTAL OPERATING	4,869,423,296	5,099,034,217	229,610,921	4.7
Capital Construction	245,309,181	155,292,698	(90,016,483)	(36.7)
GRAND TOTAL	5,114,732,477	5,254,326,915	139,594,438	2.7

* Includes supplemental appropriations.

EXPLANATION OF MAJOR CASH FUNDS EXEMPT DIFFERENCES

Major changes in the recommended cash funds exempt appropriations are summarized below. The narrative for each department provides further explanation of all changes in cash funds exempt.

Department of Education -- The recommendation includes the following reductions in cash funds exempt appropriations: (1) the elimination of a one-time \$11.6 million appropriation from the Read-to-Achieve Cash Fund; (2) the elimination of a \$5.0 million appropriation from the State Education Fund to the School Capital Construction Expenditures Reserve, along with the associated \$5.0 million spending authority out of the Reserve; and (3) an \$8.2 million reduction in appropriations from the State Public School Fund for the State Share of Districts' Total Program Funding based on projected fund revenues. These decreases are partially offset by a \$10.2 million increase in appropriations from the State Education Fund for the State Share of Districts' Total Program Funding and categorical programs.

Department of Health Care Policy and Financing -- The recommended Cash Fund Exempt increase includes an additional \$29.7 million to fund caseload, cost-per-client increases for the Expansion Medicaid populations that became Medicaid eligible pursuant to H.B. 05-1262, \$2.6 million to appropriate monies from the Tobacco Tax Cash Fund into the Supplemental Old Age Pension State Fund, \$1.0 for the Old Age Pension State Fund, \$0.5 for programs administered by the Department of Human Services. These increases are partially offset by a net decrease of \$3.8 million to the programs in the Indigent Care Program Division.

Department of Higher Education -- The recommended net increase in cash funds exempt includes: \$46.6 million for raising the stipend reimbursement rate by \$180 and changes in the stipend-eligible population; \$33.2 million for tuition as a result of changes in enrollment and increasing tuition spending authority by 5.0 percent for the universities, 3.0 percent for the other four-year colleges, and 1.0 percent for the 2-year community colleges; a net increase of \$5.7 million for fee-for-service contracts between the Colorado Commission on Higher Education and the higher education institutions; and, \$1.6 million for a projected increase in limited gaming funds deposited in the State Historical Fund and used for preservation grants.

Department of Human Services -- The recommendation includes a decrease of federal Medicaid revenue available to children and juveniles placed in residential treatment centers (reflected as cash funds exempt because this funding is transferred from the Department of

Health Care Policy and Financing). This action results in a reduction of \$65.2 million (half of which is General Fund). This reduction is partially offset by an increase of \$29.4 million for Services for People with Disabilities, including an increase of \$25.9 million in Medicaid revenue for increases in services for people with developmental disabilities.

Department of Public Health and Environment -- The recommendation includes a \$58.8 million cash funds exempt increase that is a consequence of the implementation of Amendment 35 by H.B. 05-1262. The bill requires a large double appropriation of some of the FY 2006-07 Amendment 35 tobacco tax revenue. There is also a large re-appropriation of unexpended prior year Amendment 35 revenues.

Department of Transportation -- The changes in the Department's recommended cash funds exempt appropriation reflect three major increases: (1) in the Administration line, a \$1.8 million increases in centrally appropriated items and \$400,000 increase for salaries; (2) in the Construction, Maintenance, and Operations line, a \$102.0 million increase based on S.B. 97-1 estimated transfers to State Highway Fund; and (3) in the Statewide Tolling Enterprise line, a \$2.2 million increase for tolling projects.

Treasury Department -- The recommendation reflects: (1) a \$10.2 million reduction in the projected disbursements of Highway Users Tax Fund revenues to counties and municipalities, compared to amounts reflected in the FY 2005-06 Long Bill; and (2) 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.

FEDERAL FUNDS APPROPRIATION COMPARISON				
Department	FY 2005-06 Appropriation*	FY 2006-07 Appropriation	Difference	% Difference
Agriculture	1,725,059	1,774,682	49,623	2.9
Corrections	1,680,845	1,130,098	(550,747)	(32.8)
Education	498,761,613	488,039,789	(10,721,824)	(2.1)
Governor	14,299,827	12,322,636	(1,977,191)	(13.8)
Health Care Policy and Financing	1,576,683,156	1,622,270,009	45,586,853	2.9
Higher Education	20,362,183	20,080,322	(281,861)	(1.4)
Human Services	558,588,016	574,595,391	16,007,375	2.9
Judicial	1,158,526	1,166,247	7,721	0.7
Labor and Employment	102,906,629	103,958,600	1,051,971	1.0
Law	851,960	881,866	29,906	3.5
Legislature	0	0	0	N/A
Local Affairs	85,313,338	97,748,767	12,435,429	14.6
Military and Veterans Affairs	125,552,802	145,805,779	20,252,977	16.1
Natural Resources	15,947,364	16,751,750	804,386	5.0
Personnel and Administration	121,000	121,000	0	0.0
Public Health and Environment	201,431,922	210,157,021	8,725,099	4.3
Public Safety	35,496,685	35,214,722	(281,963)	(0.8)
Regulatory Agencies	1,396,498	1,151,664	(244,834)	(17.5)
Revenue	1,674,459	1,561,754	(112,705)	(6.7)
State	0	0	0	N/A
Transportation	334,332,742	415,269,222	80,936,480	24.2
Treasury	0	0	0	N/A
LONG BILL				
OPERATING TOTAL	3,578,284,624	3,750,001,319	171,716,695	4.8
Capital Construction	10,862,866	8,646,338	(2,216,528)	(20.4)
GRAND TOTAL	3,589,147,490	3,758,647,657	169,500,167	4.7

* Includes supplemental appropriations.

EXPLANATION OF MAJOR FEDERAL FUNDS DIFFERENCES

Major changes in the anticipated federal funds reflected are summarized below. The narrative for each department provides further explanation of all changes in federal funds.

Department of Education -- The recommendation reflects a \$10.7 million net decrease in federal funds anticipated to be available for various education-related programs, when compared to FY 2005-06 appropriations. While funding for some programs is anticipated to be eliminated or reduced (e.g., Drug-free Schools and Communities, Title IID - Technology grants, and Comprehensive School Reform Demonstration Project), funding for other programs is anticipated to increase (e.g., Title 1 funding for the education of children at risk of school failure who live in low income communities, U.S.D.A. meal reimbursements, special education for children with disabilities, and English language proficiency programs).

Department of Health Care Policy and Financing -- The recommended federal funds increase includes an additional \$68.4 million caseload, cost-per-client increases for the medical and mental health Medicaid program for both the traditional and expansion populations and \$1.2 million for administrative increases for the Department. These increases are partially offset by net decreases of \$18.1 million in the Medicaid programs administered by the Department of Human Services, mostly attributable to residential treatment centers, and \$6.1 million in the programs in the Indigent Care Program Division.

Department of Human Services -- Federal funds changes include: (1) \$18.3 million for Services for People with Disabilities, including increases in the Division of Vocational Rehabilitation for rehabilitation programs and the transfer of the special education grant for infants and toddlers from the Department of Education; (2) an increase of \$10.0 million in funding allocated to county departments of social services for the administration and provision of child welfare services; (3) a reduction of \$13.0 million distributed to counties for the Colorado Works program; and (4) a \$1.4 million reduction in the Office of Information Technology Services, primarily due to the Colorado Benefits Management System.

Department of Local Affairs -- The recommended increase includes a projected \$11.5 million additional federal funds for emergency preparedness grants and training, and a projected \$1.2 million additional federal affordable housing funds.

Department of Military Affairs -- The recommendation reflects a \$19.9 million increase in federal funding for military construction projects. Federal funds make up more than 95

percent of the Department's budget, and the major factor driving the budget continues to be the "Global War on Terror," which has resulted in unprecedented activation of Colorado Air and Army National Guard troops. 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, while 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.

Department of Transportation -- This recommendation represents the Department's estimated apportionment increase in federal funds from the Federal Highway Administration federal transportation program.

FTE APPROPRIATION COMPARISON				
Department	FY 2005-06 Appropriation*	FY 2006-07 Appropriation	Difference	% Difference
Agriculture	275.2	276.2	1.0	0.4
Corrections	5,910.4	6,093.6	183.2	3.1
Education	444.4	463.4	19.0	4.3
Governor	128.4	132.9	4.5	3.5
Health Care Policy and Financing	213.4	222.7	9.3	4.4
Higher Education	18,080.4	18,876.2	795.8	4.4
Human Services	5,205.1	5,328.2	123.1	2.4
Judicial	3,365.0	3,499.4	134.4	4.0
Labor and Employment	1,102.0	1,086.2	(15.8)	(1.4)
Law	345.5	350.4	4.9	1.4
Legislature	274.0	276.3	2.3	0.8
Local Affairs	180.1	191.7	11.6	6.4
Military and Veterans Affairs	1,184.8	1,187.8	3.0	0.3
Natural Resources	1,546.4	1,465.4	(81.0)	(5.2)
Personnel and Administration	542.3	541.3	(1.0)	(0.2)
Public Health and Environment	1,143.2	1,145.2	2.0	0.2
Public Safety	1,260.8	1,264.7	3.9	0.3
Regulatory Agencies	525.3	528.5	3.2	0.6
Revenue	1,429.9	1,424.0	(5.9)	(0.4)
State	127.0	126.5	(0.5)	(0.4)
Transportation	3,307.2	3,307.2	0.0	0.0
Treasury	26.0	26.0	0.0	0.0
LONG BILL				
OPERATING TOTAL	46,616.8	47,813.8	1,197.0	2.6
* Includes supplemental appropriations.				

EXPLANATION OF MAJOR FTE DIFFERENCES

Major changes in the recommended FTE appropriations are summarized below. The narrative for each department provides further explanation of all changes in FTE.

Department of Corrections – The recommended increase in FTE includes the following changes: (1) 78.4 FTE for bringing 263 beds on-line at the La Vista Correctional Facility; (2) 51.1 FTE for additional parole officers, community corrections officers, and community re-entry staff; (3) 43.6 FTE for double bunking 400 inmates in four correctional facilities; (4) 13.5 FTE for additional sex offender treatment staff and mental health treatment staff; (5) 14.9 FTE to annualize increases approved in FY 2005-06; (6) 1.7 FTE for miscellaneous changes. The recommendation also includes a base reduction of 20.0 vacant FTE in Correctional Industries based on historical utilization.

Department of Higher Education -- 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.

Department of Human Services -- The recommended increase of 123.1 FTE includes: (1) 68.9 FTE in the Division of Youth Corrections for the new Sol Vista Facility, enhanced treatment services, and case managers; (2) 35.7 FTE in the Services for People with Disabilities section, including 28.2 FTE in the Division of Vocational Rehabilitation and 7.5 FTE in Developmental Disability Services; and (3) a net increase of 13.1 FTE in other divisions. The increase in the Division of Vocational Rehabilitation primarily reflects annualization of FY 2005-06 increases and two new pilot programs. The increase in Developmental Disability Services reflects the transfer of the federal special education grant for infants and toddlers from the Department of Education and new quality assurance staff. Adjustments in other divisions primarily reflect support staff associated with the new Sol Vista Facility.

Judicial Department -- The Judicial Branch's recommended increase of 134.4 FTE is comprised of: (1) 6.0 new district court judge FTE created in H.B. 01-1075, 24.0 associated court staff FTE, and 3.0 public defender attorney FTE to cover the additional criminal dockets; (2) 31.0 trial court FTE; (3) 20.0 probation staff FTE; (4) 12.0 attorney FTE, 5.0 trial secretary FTE, and 3.0 investigator FTE in the Public Defender's Office; (5) 15.0 Collections Investigator FTE; (6) 3.5 district court magistrate FTE and 10.5 associated court staff FTE; (7) 5.0 information technology FTE to convert the Department's database to a different programming language; (8) 2.0 human resources FTE;

and (9) a reduction of 5.6 FTE in the Alcohol/Drug Driving Program (a technical correction to the appropriation).

Department of Natural Resources -- The primary reason for the recommended decrease in FTE is attributable to a decrease of 110.0 FTE in the Division of Wildlife, to better reflect actual utilization, and a decrease of 2.0 FTE in the Colorado Geological Survey attributable to the loss of federal funds. This decrease is partially offset by increases of 11.5 FTE in the Division of Water Resources for Water Divisions 1 and 3, 11.0 FTE in the Oil and Gas Conservation Commission to respond to drilling based workload demand, 6.5 FTE in Parks and Outdoor Recreation, and 2.0 FTE restored in the Executive Director's Office.

HIGHWAY USERS TAX FUND APPROPRIATION COMPARISON

The following table shows recommendations for FY 2006-07 "Off-the-Top" appropriations from the Highway Users Tax Fund (HUTF), which are limited to an annual growth rate of six percent over the previous year's "Off-the-Top" appropriation. These moneys are referred to as "Off-the-Top" because they are removed from available HUTF revenue before the statutory formula allocation to cities, counties, and the Department of Transportation. Pursuant to the various provisions of Section 43-4-201, C.R.S., "Off-the-Top" appropriations are limited to: the Colorado State Patrol in the Department of Public Safety; the Department of Revenue for the Ports of Entry program; and related capital projects.

HUTF "Off-the-Top" Appropriation Comparison				
Department	FY 2005-06 Appropriation	FY 2006-07 Recommendation	Change	Percent Change
Public Safety, State Patrol	\$77,072,887	\$83,395,812	\$6,322,925	8.2%
Revenue - Ports of Entry	8,586,821	8,593,426	6,605	0.1%
Capital Construction Projects	595,000	0	(595,000)	-100.0%
Total	\$86,254,708	\$91,989,238	\$5,734,530	6.6%
Allowable 6% Limit	\$86,254,708	\$91,429,990		
Amount Over/(Under) 6% limit	\$0	\$559,248		

The recommendation for the Department of Public Safety includes the following major increases: (1) \$3 million for salary survey awards; (2) \$1.7 million for annualization of FY 2005-06 pay increases for Sergeants, Technicians, and Troopers; (3) \$1 million for employee health, life and dental insurance payments; (4) \$800,000 for indirect costs; (5) \$570,000 to bring experienced communications (dispatch) officers' base salaries to the midpoint of their salary range; (6) \$425,000 for mobile computer system asset maintenance, to replace one-fourth of the mobile computer systems in state patrol vehicles each year on a four-year replacement cycle; (7) \$300,000 for vehicle lease payments, according to the recommended statewide common policy; and (8) \$230,000 for PERA amortization equalization.

There were no major adjustments to the FY 2006-07 HUTF "Off-the-Top" recommendation for the Ports of Entry Program in the Department of Revenue.

Subsequent to the Joint Budget Committee closing the FY 2006-07 Long Bill, it was determined while compiling the Narrative that current recommendations for HUTF "Off-the-Top" exceed the allowable limit. This oversight will be remedied during the Long Bill process.

GENERAL POLICIES

The recommendations 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 recommended 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 recommended 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 Capital 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

The recommendation includes a 3.25 percent community provider rate increase 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 by division in the Long Bill Narrative tables.

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 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 24,600 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 are intended to offset these overhead costs from cash- and federally-funded sources 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 recommendation 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. No funds may be expended for lease purchase except those specifically appropriated for that purpose.

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. No funds may be expended for leased space unless appropriated for that purpose.

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 are recommended to recover \$9.1 million from other state agencies.

Operating Expenses

For FY 2006-07, the recommended amounts for operating expenses are funded at continuation levels, with the exception of base reductions which may have occurred. The Joint Budget Committee recommends inflationary increases for operating expenses related to food, medical, and laboratory services in departments in which these costs are not incidental. 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 recommendation 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. In previous years, the Joint Budget Committee applied a base reduction to personal services line items of between 0.2 and 2.5 percent 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 recommendation 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. For FY 2006-07, the contribution rate will be 10.15 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 recommended billing 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. Recommended 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, there is an amount (\$2.9 million) 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 \$23.3 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. The recommended amounts are based on a factor of 0.113 percent of each employee's base salary. This line item appears in each department's executive director's office and cannot be expended for any other purpose.

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 recommendation 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 recommendation 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 Joint Budget Committee approved the replacement of 687 vehicles and the acquisition of 73 additional vehicles statewide. Statewide vehicle variable costs (including fuel, maintenance, and insurance) are estimated to be \$14.6 million in FY 2006-07, for 4,843 vehicles, at an average cost of \$3,015 per vehicle.

Workers' Compensation

This line item appears in each department's executive director's office. The recommendation 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 \$31 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.

Department of Agriculture

Department Description: The Department of Agriculture regulates, promotes and supports various agriculture activities throughout Colorado. Department personnel perform a wide range of services including policy analysis, 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, Brand Board, Special Purpose, the Colorado State Fair, and the Conservation Board.

Summary Table for Department of Agriculture						
	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
FY 2005-06 Appropriation	\$30,226,521	\$4,278,434	\$10,503,713	\$13,719,315	\$1,725,059	275.2
<i>Recommended Changes from FY 2005-06 by Long Bill Division</i>						
Commissioner's Office and Administrative Services	536,761	690,857	16,285	(206,133)	35,752	1.0
Agricultural Services Division	138,386	78,457	46,058	0	13,871	0.0
Agricultural Markets Division	(509)	(509)	0	0	0	0.0
Brand Board	(266,460)	0	(8,212)	(258,248)	0	0.0
Special Purpose	128,277	0	128,277	0	0	0.0
Colorado State Fair	31,594	0	0	31,594	0	0.0
Conservation Board	157,551	157,551	0	0	0	0.0
Total FY 2006-07 JBC Recommendation	\$30,952,121	\$5,204,790	\$10,686,121	\$13,286,528	\$1,774,682	276.2
\$ Change from prior year	\$725,600	\$926,356	\$182,408	(\$432,787)	\$49,623	1.0
% Change from prior year	2.4%	21.7%	1.7%	(3.2)%	2.9%	0.4%

Recommendation Highlights:

1. The sunset of S.B. 03-169 (Elimination of Indirect Caps) will have a significant fiscal impact on the sources of funding for the Commissioner's Office, the Agricultural Services Division and the Brand Board in FY 2006-07, which translates into an increase of \$516,761 General Fund and a corresponding decrease of cash funds and cash funds exempt.
2. The recommendation includes \$150,000 to reestablish matching grants to districts for funding of local soil and water conservation projects.
3. The recommendation includes an animal ID programmer which adds \$16,365 General Fund, \$51,149 cash funds, \$54,286 and \$3,136 federal funds for the Agriculture Services Division. This 1.0 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.
4. The recommendation for the Brand Board includes \$77,063 cash funds exempt to replace seven vehicles.

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

Budget Recommendation Detail by Long Bill Division

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 the state. The Administrative Services section provides administrative and technical support for various programs within the Department, such as accounting, budgeting, human resources, and computer programming.

Commissioner's Office & Administrative Services	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
FY 2005-06 Appropriation	\$4,853,460	\$966,590	\$1,545,425	\$1,530,163	\$811,282	26.7
Recommended Changes from FY 2005-06 Appropriation						
Adjustments for central appropriations	223,099	87,854	170,977	(40,701)	4,969	0.0
Health, Life, & 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
Sunset of S.B. 03-169	0	516,761	(308,931)	(207,830)	0	0.0
Fund mix adjustments	0	(38,244)	(19,160)	57,404		
Other changes	15,548	0	(1,719)	0	17,267	0.0
Salary Survey	(26,646)	(9,864)	19,300	(40,301)	4,219	0.0
Total FY 2006-07 JBC Recommendation	\$5,390,221	\$1,657,447	\$1,561,710	\$1,324,030	\$847,034	27.7
\$ Change from prior year	\$536,761	\$690,857	\$16,285	(\$206,133)	\$35,752	1.0
% Change from prior year	11.1%	71.5%	1.1%	(13.5)%	4.4%	3.7%

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 Associated pursuant to S.B. 04-257. The recommendation 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 & Dental: The recommendation for Health, Life, and Dental includes increases as recommended in the Joint Budget Committee's common policies.

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.

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. General Fund includes the refinance 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.

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

Salary Survey: The recommendation for this line item includes a 3.0 percent salary survey increase as recommended in the Joint Budget Committee's common policies.

Agricultural Services Division: This division administers the bulk of the Department's major programs and various statutory responsibilities. Pursuant to S.B. 03-297, the major source of funding for this division is now cash funds (75.3 percent) rather than General Fund (20.5 percent). These moneys are primarily generated from fees collected for services provided by the Division. Under current law, this fee structure expires at the end of FY 2004-05.

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 2 billion pounds of fruits and vegetables each year. The Consumer and Producer Protection Program includes: 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 several aspects of statewide animal welfare issues. 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 in

FY 2002-03, 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 Fund Exempt	Federal Funds	FTE
FY 2005-06 Appropriation	\$10,915,111	\$2,236,890	\$8,224,444	\$40,000	\$413,777	145.6
<i>Recommended Changes from FY 2005-06 Appropriation</i>						
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	23,132	6,058	15,725	0	1,349	0.0
Sunset of S.B. 03-169	(207,830)	0	(207,830)	0	0	0.0
Total FY 2006-07 JBC Recommendation	\$11,053,497	\$2,315,347	\$8,270,502	\$40,000	\$427,648	145.6
\$ Change from prior year	\$138,386	\$78,457	\$46,058	\$0	\$13,871	0.0
% Change from prior year	1.3%	3.5%	0.6%	0.0%	3.4%	0.0%

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 in FY 2005-06.

Indirect cost assessment adjustment: Where applicable, 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.

Agricultural Markets Division: This division provides marketing assistance and related support to Colorado agricultural-based businesses competing in local, national, and international arenas. The Agricultural Markets Division also coordinates various market orders, promotes Colorado agricultural products, and works to assist start-up or expanding food processing companies within the state.

Agricultural Markets Division	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
FY 2005-06 Appropriation	\$597,939	\$402,765	\$75,337	\$119,837	\$0	5.2
Recommended Changes from FY 2005-06 Appropriation						
Other changes	(509)	(509)	0	0	0	0.0
Total FY 2006-07 JBC Recommendation	\$597,430	\$402,256	\$75,337	\$119,837	\$0	5.2
\$ Change from prior year	(\$509)	(\$509)	\$0	\$0	\$0	0.0
% Change from prior year	(0.1)%	(0.1)%	0.0%	0.0%	n/a	0.0%

Issue Descriptions

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

Brand Board: The Brand Board serves the livestock industry and assists the public with problems related to livestock management. This division also administers and records livestock brands. The Board also inspects cattle, horse, and alternative livestock brands (such as deer and elk) to verify ownership at the time of sale, transport, or slaughter. The source of funding is fees for service.

Brand Board	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
FY 2005-06 Appropriation	\$4,008,074	\$0	\$112,007	\$3,896,067	\$0	66.3
Recommended Changes from FY 2005-06 Appropriation						
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
Total FY 2006-07 JBC Recommendation	\$3,741,614	\$0	\$103,795	\$3,637,819	\$0	66.3
\$ Change from prior year	(\$266,460)	\$0	(\$8,212)	(\$258,248)	\$0	0.0
% Change from prior year	(6.6)%	n/a	(7.3)%	(6.6)%	n/a	0.0%

Issue Descriptions

Brand Board trucks: The recommendation includes \$77,063 cash funds exempt to replace 7 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 recommendation 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 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.

Remove FY 2005-06 one-time funding: This recommendation 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 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 Fund Exempt	Federal Funds	FTE
FY 2005-06 Appropriation	\$581,150	\$0	\$546,500	\$34,650	\$0	1.0
<i>Recommended Changes from FY 2005-06 Appropriation</i>						
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
Total FY 2006-07 JBC Recommendation	\$709,427	\$0	\$674,777	\$34,650	\$0	1.0
\$ Change from prior year	\$128,277	\$0	\$128,277	\$0	\$0	0.0
% Change from prior year	22.1%	n/a	23.5%	0.0%	n/a	0.0%

Issue Descriptions

Vaccine and services fund: The line item is continuously appropriated. The increase from FY 2005-06 is to properly reflect this appropriation based on recent actual annual expenditures.

Wine promotion board: The line item is continuously appropriated. The increase from FY 2005-06 is to properly reflect this appropriation based on recent actual annual expenditures.

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.

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 both FY 2004-05 and FY 2005-06, the State Fair will qualify 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.

Colorado State Fair	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
FY 2005-06 Appropriation	\$8,098,598	\$0	\$0	\$8,098,598	\$0	26.9
<i>Recommended Changes from FY 2005-06 Appropriation</i>						
Annualized Salary Survey in FY 2005-06	31,594	0	0	31,594	0	0.0
Total FY 2006-07						
JBC Recommendation	\$8,130,192	\$0	\$0	\$8,130,192	\$0	26.9
\$ Change from prior year	\$31,594	\$0	\$0	\$31,594	\$0	0.0
% Change from prior year	0.4%	n/a	n/a	0.4%	n/a	0.0%

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.

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 practices.

Conservation Board	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
FY 2005-06 Appropriation	\$1,172,189	\$672,189	\$0	\$0	\$500,000	3.5
<i>Recommended Changes from FY 2005-06 Appropriation</i>						
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
Total FY 2006-07 JBC Recommendation	\$1,329,740	\$829,740	\$0	\$0	\$500,000	3.5
\$ Change from prior year	\$157,551	\$157,551	\$0	\$0	\$0	0.0
% Change from prior year	13.4%	23.4%	n/a	n/a	0.0%	0.0%

Issue Descriptions

Matching grants to districts: The recommendation 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.

Department of Corrections

Department Description: The Department of Corrections is responsible for the following activities: (1) managing, supervising, and controlling the correctional facilities operated and supported by the state; (2) supervising inmates who are placed on parole or who are placed in community corrections programs; (3) developing a systematic building program providing for the projected, long-range needs of the institutions under the Department's control; and (4) developing correctional industries within the institutions, which have a rehabilitative or therapeutic value for inmates.

Summary Table for Department of Corrections						
	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
FY 2005-06 Appropriation	\$592,198,370	\$535,840,416	\$1,939,302	\$52,737,807	\$1,680,845	5,910.4
<i>Recommended Changes from FY 2005-06 by Long Bill Division</i>						
Management	28,712,128	25,970,212	0	2,741,916	0	0.3
Institutions	13,628,322	13,628,322	0	0	0	130.8
Support Services	1,814,359	1,790,820	18,023	5,516	0	6.4
Inmate Programs	2,161,497	2,377,551	13,361	(120,312)	(109,103)	13.5
Community Services	2,930,593	3,510,424	0	(138,187)	(441,644)	49.3
Parole Board	24,667	24,667	0	0	0	0.0
Correctional Industries	185,245	0	0	185,245	0	(20.0)
Canteen Operation	2,165,887	0	0	2,165,887	0	2.9
Total FY 2006-07 JBC Long Bill Recommendation	\$643,821,068	\$583,142,412	\$1,970,686	\$57,577,872	\$1,130,098	6,093.6
Statutory Appropriations	1,829,356	1,829,356	0	0	0	0.0
Total FY 2006-07 JBC Recommendation	\$645,650,424	\$584,971,768	\$1,970,686	\$57,577,872	\$1,130,098	6,093.6
\$ Change from prior year	\$53,452,054	\$49,131,352	\$31,384	\$4,840,065	(\$550,747)	183.2
% Change from prior year	9.0%	9.2%	1.6%	9.2%	(32.8)%	3.1%

Recommendation 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.

Budget Recommendation Detail by Long Bill Division

Management: The Management Division contains the main departmental management functions including the Executive Director's Office, the External Capacity Subprogram, and the Inspector General Subprogram. The Executive Director's Office provides general administrative oversight for the Department. The External Capacity Subprogram is used to reimburse private prisons, local jails, the pre-release parole revocation facility, and community programs created pursuant to S.B. 03-252. This subprogram also contains staff for the private prison monitoring unit which oversees the private prisons to determine their compliance with contractual provisions. The Inspector General Subprogram is responsible for investigating crimes in prisons.

Management	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
FY 2005-06 Appropriation	\$135,151,474	\$133,222,097	\$0	\$1,523,528	\$405,849	85.3
<i>Recommended Changes from FY 2005-06 Appropriation</i>						
External capacity caseload increases	15,319,569	12,960,862	0	2,358,707	0	0.0
FY 2005-06 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
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

Management	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
Total FY 2006-07 JBC Recommendation	\$163,863,602	\$159,192,309	\$0	\$4,265,444	\$405,849	85.6
\$ Change from prior year	\$28,712,128	\$25,970,212	\$0	\$2,741,916	\$0	0.3
% Change from prior year	21.2%	19.5%	n/a	180.0%	0.0%	0.4%

Issue Descriptions

External capacity caseload increases: The recommendation provides additional funding for private prisons to house the projected growth in inmates pursuant to the Legislative Council Staff inmate population projections. The recommendation 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 recommendation 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 recommendation 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 recommendation 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 recommendation 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 recommendation is partially offset by a recommended 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 recommendation includes \$877,288 General Fund associated with recommended decision items for additional staff. The amounts recommended include: (1) \$268,014 General Fund for 78.4 FTE at the La Vista Correctional Facility; (2) \$397,902 General Fund for 22.1 FTE for additional parole and parole ISP staff; (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 recommendation 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 recommendation 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 recommendation includes funding associated with a recommendation to begin 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 recommendation 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 recommendation 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 costs directly attributable to the operation of state-owned and operated prisons. These costs include utilities, maintenance, housing and security, food service, medical services, laundry, superintendents, the Boot Camp, the Youth Offender System, case management, mental health, inmate pay, the San Carlos Correctional Facility, and legal access.

Institutions	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
FY 2005-06 Appropriation	\$329,161,785	\$327,772,997	\$224,679	\$1,084,109	\$80,000	4,659.0
<i>Recommended Changes from FY 2005-06 Appropriation</i>						
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	436,090	436,090	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	166,750	166,750	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	(345,600)	(345,600)	0	0	0	0.0
Total FY 2006-07 JBC Recommendation	\$342,790,107	\$341,401,319	\$224,679	\$1,084,109	\$80,000	4,789.8
\$ Change from prior year	\$13,628,322	\$13,628,322	\$0	\$0	\$0	130.8
% Change from prior year	4.1%	4.2%	0.0%	0.0%	0.0%	2.8%

Issue Descriptions

Personal services adjustments: The recommendation 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 recommendation 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 recommendation includes additional funds and 41.9 FTE to begin double-bunking an additional 400 inmates beginning in February 2007.

Increased medical costs: The recommendation 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 recommendation 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 recommendation includes funds for 3.5 additional psychiatric FTE based on high caseloads for the mental health subprogram. The recommendation would reduce caseloads from 361 patients per psychiatrist to 249 per psychiatrist.

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

Miscellaneous increases: The recommendation 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 recommendation includes \$166,750 General Fund for costs associated with replacing seven commercial washers and nine commercial dryers that are more than fifteen years old. These machines are necessary to wash clothing, towels, and sheets used by inmates.

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

Eliminate one-time appropriations: The recommendation 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, communication, transportation, training, information systems, and facility services.

Support Services	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
FY 2005-06 Appropriation	\$22,301,704	\$21,740,183	\$452,746	\$108,775	\$0	283.5
<i>Recommended Changes from FY 2005-06 Appropriation</i>						
Personal services adjustments	975,047	975,047	0	0	0	0.0
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
Double bunk inmates	95,493	95,493	0	0	0	1.1
Administrative costs for various decision items	97,533	97,533	0	0	0	0.0
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	170,906	147,916	17,474	5,516	0	0.0
Total FY 2006-07 JBC Recommendation	\$24,116,063	\$23,531,003	\$470,769	\$114,291	\$0	289.9
\$ Change from prior year	\$1,814,359	\$1,790,820	\$18,023	\$5,516	\$0	6.4
% Change from prior year	8.1%	8.2%	4.0%	5.1%	n/a	2.3%

Issue Descriptions

Personal services adjustments: The recommendation 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 recommendation 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

recommendation 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 recommendation 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 recommendation 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.

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

Administrative costs for various decision items: The recommendation includes adjustments for communications, transportation, information systems, and offender services for various decision items recommended by the Joint Budget Committee. 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.

Support services adjustments: The recommendation 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 recommendation 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 inmate 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 recommendation 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 Personnel 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.

Inmate Programs: The Inmate Programs Division includes all inmate labor programs, educational programs, and recreational programs. This division is also responsible for sex offender treatment and drug and alcohol treatment.

Inmate Programs	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
FY 2005-06 Appropriation	\$33,225,256	\$27,792,854	\$1,261,877	\$3,417,173	\$753,352	403.7
<i>Recommended Changes from FY 2005-06 Appropriation</i>						
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	(249,410)	0	0	(140,307)	(109,103)	0.0
Total FY 2006-07 JBC Recommendation	\$35,386,753	\$30,170,405	\$1,275,238	\$3,296,861	\$644,249	417.2
\$ Change from prior year	\$2,161,497	\$2,377,551	\$13,361	(\$120,312)	(\$109,103)	13.5
% Change from prior year	6.5%	8.6%	1.1%	(3.5)%	(14.5)%	3.3%

Issue Descriptions

La Vista Correctional Facility: The recommendation 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 recommendation includes additional funds for contract drug and alcohol treatment services for inmates.

Personal services adjustments: The recommendation 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 recommendation 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 recommendation includes additional funds related to a recommendation to begin double-bunking an additional 400 inmates beginning in February 2007.

Drug and alcohol treatment for parolees and community corrections offenders: The recommendation 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 recommendation includes increases for expenditures eligible for 2.05 percent medical inflation pursuant to the JBC common policy.

Miscellaneous changes in federal funds: The recommendation 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.

Community Services: The Community Services Division includes the parole, parole Intensive Supervision Program (ISP), community supervision (transition), and community ISP (transition) subprograms. This section also provides funds to supervise offenders in the aftercare program for the Youthful Offender System. Finally, this section includes the Community Re-entry Subprogram to assist offenders in reintegrating to the community following their incarceration.

Community Services	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
FY 2005-06 Appropriation	\$25,237,962	\$24,185,551	\$0	\$610,767	\$441,644	269.3
<i>Recommended Changes from FY 2005-06 Appropriation</i>						
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)
Eliminate one-time expenditures in FY 2005-06	(247,277)	(247,277)	0	0	0	0.0
Total FY 2006-07 JBC Recommendation	\$28,168,555	\$27,695,975	\$0	\$472,580	\$0	318.6
\$ Change from prior year	\$2,930,593	\$3,510,424	\$0	(\$138,187)	(\$441,644)	49.3
% Change from prior year	11.6%	14.5%	n/a	(22.6)%	(100.0)%	18.3%

Issue Descriptions

Additional parole officers and parole ISP officers based on caseload increases: The recommendation 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 recommendation 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 recommendation 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 recommendation 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 supplemental appropriation (H.B. 06-1214), the Department received funding for additional parole officers for the last four months of FY 2005-06. The recommendation reflects the estimated additional cost associated with filling these positions for twelve months in FY 2006-07.

Adjustment for administrative law services: The recommendation 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 recommendation 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 recommendation 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.

Parole Board	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
FY 2005-06 Appropriation	\$1,126,734	\$1,126,734	\$0	\$0	\$0	13.5
<i>Recommended Changes from FY 2005-06 Appropriation</i>						
Personal services adjustments	24,667	24,667	0	0	0	0.0
Total FY 2006-07						
JBC Recommendation	\$1,151,401	\$1,151,401	\$0	\$0	\$0	13.5
\$ Change from prior year	\$24,667	\$24,667	\$0	\$0	\$0	0.0
% Change from prior year	2.2%	2.2%	n/a	n/a	n/a	0.0%

Issue Description

Personal services adjustments: The recommendation 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 that provide inmates with training in various job skills while generating revenue 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. Correctional Industries is an enterprise. As such, revenues to Correctional Industries do not count toward the limit on state revenues pursuant to Article X, Section 20 of the State Constitution (TABOR). Appropriations for Correctional Industries are considered to be cash funds exempt.

Correctional Industries	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
FY 2005-06 Appropriation	\$34,512,535	\$0	\$0	\$34,512,535	\$0	171.0
<i>Recommended Changes from FY 2005-06 Appropriation</i>						
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)
Total FY 2006-07 JBC Recommendation	\$34,697,780	\$0	\$0	\$34,697,780	\$0	151.0
\$ Change from prior year	\$185,245	\$0	\$0	\$185,245	\$0	(20.0)
% Change from prior year	0.5%	n/a	n/a	0.5%	n/a	(11.7)%

Issue Descriptions

Personal services adjustments: The recommendation 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 recommendation includes an increase based on higher anticipated indirect cost recoveries.

Eliminate vacant FTE: The recommendation 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. All net proceeds are required to be used to provide inmates with additional educational, recreational, and social benefits. The Canteen Operation is an enterprise. As such, canteen revenues do not count toward the limit on state revenues pursuant to Article X, Section 20 of the State Constitution (TABOR). Appropriations for the Canteen Operation are considered to be cash funds exempt.

Canteen Operation	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
FY 2005-06 Appropriation	\$11,480,920	\$0	\$0	\$11,480,920	\$0	25.1
<i>Recommended Changes from FY 2005-06 Appropriation</i>						
Canteen in private prisons	2,132,738	0	0	2,132,738	0	2.6

Canteen Operation	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
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
Total FY 2006-07 JBC Recommendation	\$13,646,807	\$0	\$0	\$13,646,807	\$0	28.0
\$ Change from prior year	\$2,165,887	\$0	\$0	\$2,165,887	\$0	2.9
% Change from prior year	18.9%	n/a	n/a	18.9%	n/a	11.6%

Issue Descriptions

Canteen in private prisons: The recommendation 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 recommendation includes additional funds to begin double-bunking an additional 400 inmates in FY 2006-07.

Personal services adjustments: The recommendation 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 recommendation includes a reduction based on lower anticipated indirect cost recoveries.

Department of Education

Department Description: The Department supports the State Board of Education in its duty to exercise general supervision over public schools, including accrediting public schools and school districts. The Department distributes state and federal funds to school districts, and it administers a variety of education-related programs, including educator licensure, education programs for children with special needs, English language proficiency programs, the Colorado Preschool Program, and a variety of grant programs. The Department develops and maintains state model content standards, administers associated assessments, and issues annual accountability reports for every public school in the state. There are also two "type 1" agencies within the Department: (1) the State Charter School Institute Board, which is responsible for authorizing and monitoring institute charter schools; and, (2) the Board of Trustees for the Colorado School for the Deaf and the Blind, a state-funded school in Colorado Springs that provides educational services to eligible children and youth under the age of 21. Finally, in addition to its responsibilities related to public schools, the Department is charged with ensuring equal access to information and encouraging resource sharing among libraries statewide.

Summary Table for Department of Education						
	Total Funds	General Fund/1	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
FY 2005-06 Appropriation	\$3,673,513,793	\$2,730,369,154	\$15,292,983	\$429,090,043	\$498,761,613	444.4
H.B. 06-1375 (School Finance Act)	23,720,000	23,720,000	0	0	0	0.0
Long Bill Supplemental	<u>71,905,927</u>	<u>11,562,409</u>	<u>0</u>	<u>60,343,518</u>	<u>0</u>	<u>0.0</u>
FY 2005-06 Adjusted Appropriation	\$3,769,139,720	\$2,765,651,563	\$15,292,983	\$489,433,561	\$498,761,613	444.4
Recommended Changes from FY 2005-06 by Long Bill Division						
Management and Administration	2,543,790	374,020	86,236	1,910,384	173,150	9.5
Assistance to Public Schools	75,779,008	106,349,371	0	(19,675,389)	(10,894,974)	7.7
Library Programs	471,023	461,023	0	10,000	0	0.0
School for the Deaf and the Blind	<u>991,771</u>	<u>755,741</u>	<u>0</u>	<u>236,030</u>	<u>0</u>	<u>1.8</u>
Subtotal	3,848,925,312	2,873,591,718	15,379,219	471,914,586	488,039,789	463.4
Continuation funding included in H.B. 06-1375 for FY 2006-07 (see below)	(23,720,000)	(23,720,000)	0	0	0	0.0
Total FY 2006-07 Long Bill Recommendation	\$3,825,205,312	\$2,849,871,718	\$15,379,219	\$471,914,586	\$488,039,789	463.4
H.B. 06-1375 (School Finance Act): Special Education - Children with Disabilities	25,708,807	25,708,807	0	0	0	0.0
H.B. 06-1375 (School Finance Act): other programs	6,178,622	6,178,622	0	0	0	0.0
Total FY 2006-07 Recommendation	\$3,857,092,741	\$2,881,759,147	\$15,379,219	\$471,914,586	\$488,039,789	463.4
\$ Change from prior year	\$87,953,021	\$116,107,584	\$86,236	(\$17,518,975)	(\$10,721,824)	19.0
% Change from prior year	2.3%	4.2%	0.6%	(3.6)%	(2.2)%	4.3%

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

Recommendation Highlights:

1. The recommendation provides for a \$205.2 million *total* increase (4.5 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); 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 \$205.2 million in FY 2006-07, it is anticipated that *local* property and specific ownership tax revenues (which are not reflected in the Long Bill) will increase by only \$41.1 million (2.4 percent). The appropriation thus reflects a \$164.1 million (5.7 percent) increase in the *State's* share of funding for districts' total program funding.

2. The recommendation includes 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 \$48.8 million General Fund to the State Education Fund.
 - 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" that is used for calculating the minimum General Fund appropriation constitutionally required for FY 2006-07.

3. The recommendation includes a \$20.0 million General Fund appropriation for public school capital construction programs for FY 2006-07, consistent with the schedule of payments set forth in Section 24-75-201.1 (4) (b) (V), C.R.S.
4. The recommendation includes a \$6.0 million increase (3.1 percent) in state funding for categorical programs as required by the State Constitution, including \$5.2 million General Fund and \$0.8 million from the State Education Fund (3.1 percent increases from each fund source).
5. The recommendation reflects the elimination of a \$11.6 million one-time General Fund appropriation for FY 2005-06 for the Read-to-Achieve Grant Program.
6. The recommendation includes a partial restoration of funding for library programs by providing an increase of \$400,000 General Fund for the statewide courier service.
7. The recommendation 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.

Budget Recommendation Detail by Long Bill Division

Management and Administration: This section provides funding and staff for the State Board of Education, the administration of a variety of education- and library-related programs, educator licensure, and 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 and for related activities, as well as appropriations related to the State Charter School Institute.

Management and Administration	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
FY 2005-06 Appropriation	\$36,722,580	\$23,194,530	\$2,632,983	\$2,902,266	\$7,992,801	118.5
Recommended Changes from FY 2005-06 Appropriation						
State Charter School Institute	1,830,251	0	0	1,830,251	0	9.5
FY 2006-07 salary and benefit adjustments	353,405	140,386	20,517	22,574	169,928	0.0
Colorado Student Assessment Program	360,483	(55,504)	0	0	415,987	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	99,556	42,856	40,022	11,843	4,835	0.0
Federal assessment funds available for other activities	(415,987)	0	0	0	(415,987)	(3.0)
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
Total FY 2006-07 JBC Recommendation	\$39,266,370	\$23,568,550	\$2,719,219	\$4,812,650	\$8,165,951	128.0
\$ Change from prior year	\$2,543,790	\$374,020	\$86,236	\$1,910,384	\$173,150	9.5
% Change from prior year	6.9%	1.6%	3.3%	65.8%	2.2%	8.0%

Issue Descriptions

State Charter School Institute: The recommendation includes four cash funds exempt appropriations totaling \$1,980,251 and 11.5 FTE related to the State Charter School Institute; these line items replace an existing cash funds exempt appropriation of \$150,000 and 2.0 FTE. The new line items 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.

FY 2006-07 salary and benefit adjustments: The recommendation 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.

Colorado Student Assessment Program (CSAP): The recommendation reflects a net increase in funding for the CSAP, including a *decrease* of \$55,504 General Fund and an increase of \$415,987 federal funds. The recommendation 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 with CTB - McGraw Hill for developing, scoring, and reporting assessments.

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

School finance unit staffing: The recommendation 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 recommendation 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 recommendation 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 recommendation 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 recommendation 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 recommendation thus reduces the amount of federal funds available for other permissible activities by \$415,987.

Transfer to Library Programs section: The recommendation 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 Department of Education Long Bill appropriation.

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

Assistance to Public Schools: This section includes all funding that is distributed to public schools or is used to directly support public schools. This section is comprised of the following four subsections: (1) Public School Finance; (2) Categorical Programs; (3) Grant Programs and Other Distributions; and, (4) Appropriated Sponsored Programs.

Assistance to Public Schools Section Summary Table	Total Funds	General Fund/1	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
FY 2005-06 Appropriation	\$3,624,165,658	\$2,697,781,449	\$12,575,000	\$423,040,397	\$490,768,812	165.8
H.B. 06-1375 (School Finance Act)	23,720,000	23,720,000	0	0	0	0.0
Long Bill Supplemental	<u>71,905,927</u>	<u>11,562,409</u>	<u>0</u>	<u>60,343,518</u>	<u>0</u>	<u>0.0</u>
FY 2005-06 Adjusted Appropriation	\$3,719,791,585	\$2,733,063,858	\$12,575,000	\$483,383,915	\$490,768,812	165.8
Recommended Changes from FY 2005-06 Appropriation						
Public School Finance	115,361,142	114,151,088	0	1,210,054	0	0.0
Categorical Programs	2,780,467	3,570,692	0	227,252	(1,017,477)	0.4
Grant Programs and Other Distributions	(32,931,037)	(11,372,409)	0	(20,839,131)	(719,497)	0.5
Appropriated Sponsored Programs	<u>(9,431,564)</u>	<u>0</u>	<u>0</u>	<u>(273,564)</u>	<u>(9,158,000)</u>	<u>6.8</u>
Subtotal	3,795,570,593	2,839,413,229	12,575,000	463,708,526	479,873,838	173.5
Continuation funding included in H.B. 06-1375 for FY 2006-07 (see below)	(23,720,000)	(23,720,000)	0	0	0	0.0
Total FY 2006-07 Long Bill Recommendation	\$3,771,850,593	\$2,815,693,229	\$12,575,000	\$463,708,526	\$479,873,838	173.5
H.B. 06-1375 (School Finance Act)	25,708,807	25,708,807	0	0	0	0.0
Total FY 2006-07 JBC Recommendation	\$3,797,559,400	\$2,841,402,036	\$12,575,000	\$463,708,526	\$479,873,838	173.5
\$ Change from prior year	\$77,767,815	\$108,338,178	\$0	(\$19,675,389)	(\$10,894,974)	7.7
% Change from prior year	2.1%	4.0%	0.0%	(4.1)%	(2.2)%	4.6%

/1 This amount includes a General Fund Exempt Appropriation. See Public School Finance Subsection Detail for information on General Fund Exempt recommended appropriations.

Subsection Detail

Public School Finance : This subsection reflects appropriations related to the state share of funding required pursuant to the School Finance Act of 1994, as amended. The local share of funding is not reflected in the appropriation to the Department. Approximately 740,000 children are currently enrolled in public schools.

Public School Finance Subsection	Total Funds	General Fund/1	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
FY 2005-06 Appropriation	\$2,871,229,276	\$2,532,130,186	\$9,527,356	\$329,571,734	\$0	0.0
Long Bill supplemental	<u>48,781,109</u>	<u>0</u>	<u>0</u>	<u>48,781,109</u>	<u>0</u>	<u>0.0</u>
FY 2005-06 Adjusted Appropriation	\$2,920,010,385	\$2,532,130,186	\$9,527,356	\$378,352,843	\$0	0.0
Recommended Changes from FY 2005-06 Appropriation						
Fund projected enrollment growth and 3.1 percent increase in base per pupil funding	164,142,251	162,932,197	0	1,210,054	0	0.0
Eliminate one-time appropriation to State Education Fund	(48,781,109)	(48,781,109)	0	0	0	0.0

Public School Finance Subsection	Total Funds	General Fund/1	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
Total FY 2006-07 JBC Recommendation	\$3,035,371,527	\$2,646,281,274	\$9,527,356	\$379,562,897	\$0	0.0
\$ Change from prior year	\$115,361,142	\$114,151,088	\$0	\$1,210,054	\$0	0.0
% Change from prior year	4.0%	4.5%	0.0%	0.3%	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	\$2,532,130,186	\$2,532,130,186	\$0
Long Bill supplemental	<u>0</u>	<u>(261,400,000)</u>	<u>261,400,000</u>
FY 2005-06 Adjusted Appropriation	\$2,532,130,186	\$2,270,730,186	\$261,400,000
Fund projected enrollment growth and 3.1 percent increase in base per pupil funding	162,932,197	162,932,197	0
Eliminate one-time appropriation to State Education Fund	(48,781,109)	(48,781,109)	0
Adjust General Fund Exempt amount based on FY 2006-07 revenue projections	<u>0</u>	<u>5,300,000</u>	<u>(5,300,000)</u>
Total FY 2006-07 Long Bill Recommendation	\$2,646,281,274	\$2,390,181,274	\$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), Colorado Revised Statutes). The above table shows the amount of General Fund Exempt that the Joint Budget Committee recommends be 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), Colorado Revised Statutes.

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 \$205.2 million (4.5 percent) based on the following:

- a 1.1 percent projected increase in the funded pupil count; 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 4.5 percent in FY 2006-07 (\$205.2 million), it is anticipated that *local* property and specific ownership tax revenues (which are not reflected in the Long Bill) will increase by only 2.4 percent (\$41.1 million). The appropriation thus reflects a 5.7 percent (\$164.1 million) increase in the *State's* share of funding for districts' total program funding to provide the total required increase of \$205.2 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 following table details the data and figures related to overall school finance funding.

School Finance: Total Program	FY 05-06 Amended Appropriation	FY 06-07 Recommendation	Change
Funded Pupil Count	741,403.3	749,327.8	7,924.5
<i>Annual Percent Change</i>	<i>1.6%</i>	<i>1.1%</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	\$6,376.05	\$208.61
<i>Annual Percent Change</i>	<i>1.5%</i>	<i>3.4%</i>	
Total Program Funding	\$4,572,554,442	\$4,777,747,775	\$205,193,333
<i>Annual Percent Change</i>	<i>3.2%</i>	<i>4.5%</i>	
<u>Local Share</u> of Districts' Total Program Funding (excluding appropriation related to BIAs)	\$1,702,465,181	\$1,743,516,263	\$41,051,082
<i>Annual Percent Change</i>	<i>0.8%</i>	<i>2.4%</i>	
<u>State Share</u> of Districts' Total Program Funding (including appropriation related to BIAs)	\$2,870,089,261	\$3,034,231,512	\$164,142,251
<i>Annual Percent Change</i>	<i>4.7%</i>	<i>5.7%</i>	
<i>State Share as % of Districts' Total Program</i>	<i>62.8%</i>	<i>63.5%</i>	

Issue Descriptions

Long Bill supplemental: 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 \$48.8 million General Fund to the State Education Fund; 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.

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 recommendation provides the required \$164.1 million (5.7 percent) increase in state funding for the School Finance Act, including:

- ▶ General Fund increases totaling \$162.9 million (6.6 percent);
- ▶ an \$8.2 million *decrease* in appropriations from the State Public School Fund; and
- ▶ State Education Fund increases of \$9.4 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, current estimates indicate that it will apply for FY 2005-06 through FY 2010-11. The recommendation for FY 2006-07, due to the financing adjustments for FY 2005-06, reflects a 6.6 percent increase in the General Fund appropriation for districts' total program funding.

The cash and cash exempt appropriations from the State Public School Fund for the State's share of districts' total program funding are reduced based on projected fund revenues and expenditures. The General Assembly appropriated a total of \$90.8 million from the State Public School Fund for FY 2005-06, including a \$12.0 million mid-year increase to cover higher than anticipated student enrollment. Thus, the recommendation reflects a decrease of \$8.2 million for FY 2006-07.

Elimination of one-time appropriation to State Education Fund: The recommendation eliminates the one-time appropriation of General Fund moneys to the State Education Fund for FY 2005-06 (described above) for FY 2006-07.

Categorical Programs: This subsection includes appropriations for all "categorical programs", which are programs designed to serve particular groups of students (e.g., students with limited proficiency in English) or particular student needs (e.g., transportation). With the passage of Amendment 23 in 2000, this group of programs is now defined in Article IX, Section 17, of the State Constitution.

Categorical Programs Subsection	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
FY 2005-06 Appropriation	\$336,636,227	\$145,341,263	\$0	\$26,486,255	\$164,808,709	59.1
H.B. 06-1375 (School Finance Act)	<u>23,720,000</u>	<u>23,720,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
FY 2005-06 Adjusted Appropriation	\$360,356,227	\$169,061,263	\$0	\$26,486,255	\$164,808,709	59.1
Recommended Changes from FY 2005-06 Appropriation						
Reflect anticipated federal funds	6,198,370	0	0	0	6,198,370	6.0
Increase state funding by 3.1 percent	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	363,136,694	172,631,955	0	26,713,507	163,791,232	59.5
Continuation funding included in H.B. 06-1375 for FY 2006-07 (see below)	(23,720,000)	(23,720,000)	0	0	0	0.0
Total FY 2006-07 Long Bill Recommendation	\$339,416,694	\$148,911,955	\$0	\$26,713,507	\$163,791,232	59.5
H.B. 06-1375 (School Finance Act)	25,708,807	25,708,807	0	0	0	0.0
Total FY 2006-07 JBC Recommendation	\$365,125,501	\$174,620,762	\$0	\$26,713,507	\$163,791,232	59.5
\$ Change from prior year	\$4,769,274	\$5,559,499	\$0	\$227,252	(\$1,017,477)	0.4
% Change from prior year	1.3%	3.3%	n/a	0.9%	(0.6)%	0.7%

Issue Descriptions

H.B. 06-1375 (School Finance Act): House Bill 06-1375 includes two adjustments to Long Bill appropriations for Special Education - Children with Disabilities. First, this bill adjusts the FY 2005-06 Long Bill to add \$23,720,000 General Fund. Second, this bill adjusts the FY 2006-07 Long Bill to continue this \$23,720,000 appropriation and add \$1,988,807 for FY 2006-07. The latter amount is allocated from the \$6.0 million constitutionally required increase in state funding for categorical programs, described below.

Reflect anticipated federal funds: The recommendation 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 by 3.1 percent: As required by Amendment 23, the FY 2006-07 recommendation includes a \$6,050,751 (3.1 percent) increase in *state funding* for categorical programs (based on the actual inflation rate for CY 2005). This increase is allocated among categorical programs as follows: \$1,988,807 for special education for children with disabilities (this increase is included in H.B. 06-1375, rather than the Long Bill); \$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 the FY 2005-06 Long Bill, the following table details the appropriation of state funds by program for fiscal years 2005-06 and 2006-07.

Increase in <i>State</i> 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	\$29,308,108	33.8%	\$115,942,133
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	\$35,469,969	21.4%	\$201,236,269

* For FY 2005-06, the General Assembly elected to increase state funding for categorical programs by a greater amount than that required by Amendment 23, adding the required \$1,823,429 for four categorical programs, plus an additional \$26,000,029 General Fund for special education services for children with disabilities, \$1,550,000 General Fund for Special Education - Gifted and Talented Children, and \$45,760 General Fund for Small Attendance Center Aid. For FY 2006-07, the recommendation includes the required increase of \$6,050,751.

Reverse temporary refinancing: The recommendation 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: Consistent with the Governor's recent Executive Order concerning the lead agency for the federal Special Education Grant for Infants, Toddlers, and Their Families ("Part C" funding), the recommendation reflects the transfer of Part C funding and staff to the Department of Human Services.

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

Grant Programs and Other Distributions: This subsection includes funding for a variety of education-related grant programs and programs that distribute funds to public schools, other than those programs that are defined as categorical programs.

Grant Programs and Other Distributions Subsection	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
FY 2005-06 Appropriation	\$98,014,562	\$20,310,000	\$2,472,644	\$63,634,196	\$11,597,722	11.9
Long Bill supplemental	<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>
FY 2005-06 Adjusted Appropriation	\$121,139,380	\$31,872,409	\$2,472,644	\$75,196,605	\$11,597,722	11.9
Recommended Changes from FY 2005-06 Appropriation						
Spending authority from cash fund reserves	961,570	0	0	961,570	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 State Education Fund appropriation to School Capital Construction Expenditures Reserve	(10,000,000)	0	0	(10,000,000)	0	0.0
Eliminate one-time increase for Read-to-Achieve	(23,124,818)	(11,562,409)	0	(11,562,409)	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
Total FY 2006-07 JBC Recommendation	\$88,208,343	\$20,500,000	\$2,472,644	\$54,357,474	\$10,878,225	12.4
\$ Change from prior year	(\$32,931,037)	(\$11,372,409)	\$0	(\$20,839,131)	(\$719,497)	0.5
% Change from prior year	(27.2)%	(35.7)%	0.0%	(27.7)%	(6.2)%	4.2%

Issue Descriptions

Long Bill supplemental: The FY 2006-07 Long Bill contains a section that adjusts FY 2005-06 appropriations in order to provide a one-time \$11.6 million General Fund increase in funding to the Read-to-Achieve Cash Fund. This adjustment includes a commensurate increase in cash funds exempt spending authority out of such cash fund to allow the Department to distribute these funds in the current fiscal year.

Spending authority from cash fund reserves: The recommendation 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.

Restore funding for school breakfast program: The recommendation completes the restoration of \$500,000 General Fund for the school breakfast program.

Reflect anticipated increase in tobacco settlement funds: The recommendation 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 State Education Fund appropriation to School Capital Construction Expenditures Reserve: The recommendation 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.

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

Change in anticipated federal funds: The recommendation 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 DHCPF: The recommendation reflects a net decrease in the transfer from the Department of Health Care Policy and Financing 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.

Appropriated Sponsored Programs: This subsection reflects the majority of federal funds available to the Department and the associated federally-funded department staff. The vast majority of these funds are distributed to local school districts. 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 associated with funds transferred to the Department from other state agencies.

Appropriated Sponsored Programs Subsection	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
FY 2005-06 Appropriation	\$318,285,593	\$0	\$575,000	\$3,348,212	\$314,362,381	94.8
<i>Recommended Changes from FY 2005-06 Appropriation</i>						
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
Total FY 2006-07 JBC Recommendation	\$308,854,029	\$0	\$575,000	\$3,074,648	\$305,204,381	101.6
\$ Change from prior year	(\$9,431,564)	\$0	\$0	(\$273,564)	(\$9,158,000)	6.8
% Change from prior year	(3.0)%	n/a	0.0%	(8.2)%	(2.9)%	7.2%

Issue Descriptions

Change in anticipated federal funds: The recommendation 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 recommendation 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 administer library programs; funding for these positions is provided through the Management and Administration section. There are approximately 330 publicly funded libraries in Colorado, including institutional libraries (e.g., nursing homes, correctional institutions, etc.), as well as libraries operated by school districts, higher education institutions, and counties and municipalities.

Library Programs	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
FY 2005-06 Appropriation	\$1,169,796	\$959,796	\$0	\$210,000	\$0	0.0
<i>Recommended Changes from FY 2005-06 Appropriation</i>						
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
Total FY 2006-07 JBC Recommendation	\$1,640,819	\$1,420,819	\$0	\$220,000	\$0	0.0
\$ Change from prior year	\$471,023	\$461,023	\$0	\$10,000	\$0	0.0
% Change from prior year	40.3%	48.0%	n/a	4.8%	n/a	n/a

Issue Descriptions

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

Reading services for the blind: The recommendation 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: The Colorado School for the Deaf and the Blind provides educational services for children throughout the state who are deaf, hearing impaired, blind, or visually impaired, and under the age of 21. In FY 2004-05, the School had a total enrollment of 543 children, including 316 infants and toddlers and 227 students (ages 3 to 21) who received services on campus.

School for the Deaf and the Blind	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
FY 2005-06 Appropriation	\$11,455,759	\$8,433,379	\$85,000	\$2,937,380	\$0	160.1
<i>Recommended Changes from FY 2005-06 Appropriation</i>						
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
Total FY 2006-07 JBC Recommendation	\$12,447,530	\$9,189,120	\$85,000	\$3,173,410	\$0	161.9
\$ Change from prior year	\$991,771	\$755,741	\$0	\$236,030	\$0	1.8
% Change from prior year	8.7%	9.0%	0.0%	8.0%	n/a	1.1%

Issue Descriptions

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

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

Federal funds transferred from school districts: The recommendation 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 recommendation 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 recommendation 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 recommendation reflects relatively small changes in funding for shift differential, communications services payments, and allocations from various categorical programs.

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

Governor- Lieutenant Governor-State Planning and Budgeting

Department Description: 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, and the Office of Innovation and Technology.

Summary Table for Department of Governor - Lieutenant Governor - State Planning and Budgeting						
	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
FY 2005-06 Appropriation	\$43,807,661	\$16,024,911	\$9,447,586	\$4,035,337	\$14,299,827	128.4
Recommended Changes from FY 2005-06 by Long Bill Division						
Office of the Governor	(1,578,440)	243,004	(2,570)	175,889	(1,994,763)	0.0
Office of Lieutenant Governor	5,699	5,699	0	0	0	0.0
Office of State Planning and Budgeting	32,595	0	0	32,595	0	0.0
Economic Development Programs	(5,293,753)	(5,313,518)	0	2,193	17,572	0.0
Office of Innovation and Technology	21,378	21,378	0	0	0	0.0
Office of Energy Management and Conservation	(7,075,000)	0	(7,000,000)	(75,000)	0	0.0
Office of Colorado Benefits Management System	(126,969)	0	0	(126,969)	0	4.5
Total FY 2006-07 JBC Recommendation	\$29,793,171	\$10,981,474	\$2,445,016	\$4,044,045	\$12,322,636	132.9
\$ Change from prior year	(\$14,014,490)	(\$5,043,437)	(\$7,002,570)	\$8,708	(\$1,977,191)	4.5
% Change from prior year	(32.0)%	(31.5)%	(74.1)%	0.2%	(13.8)%	3.5%

Recommendation Highlights:

1. The recommendation includes funding (\$2,064,462) for the Colorado Benefits Management System provided by the Department of Human Resources.
2. The recommendation reduces federal program funding in the Office of the Governor by \$2,000,000 from the FY 2005-06 appropriation, a decrease of 14.0 percent.

Budget Recommendation Detail by Long Bill Division

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, as well as maintaining a liaison with local governments and the federal government.

Office of the Governor	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
FY 2005-06 Appropriation	\$16,381,746	\$3,069,814	\$77,570	\$133,747	\$13,100,615	35.4
Recommended Changes from FY 2005-06 Appropriation						
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
Annualized Salary Survey in FY 2005-06	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
Total FY 2006-07 JBC Recommendation	\$14,803,306	\$3,312,818	\$75,000	\$309,636	\$11,105,852	35.4
\$ Change from prior year	(\$1,578,440)	\$243,004	(\$2,570)	\$175,889	(\$1,994,763)	0.0
% Change from prior year	(9.6)%	7.9%	(3.3)%	131.5%	(15.2)%	0.0%

Issue Descriptions

Health, Life and Dental: The recommendation for Health, Life, and Dental includes increases as recommended in the Joint Budget Committee's common policies.

Adjustments for central appropriations: These amounts reflect the rates approved for other centrally appropriated line items by the JBC. Such line 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 Associated pursuant to S.B. 04-257. The recommendation 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.

Annualized Salary Survey in FY 2005-06: This amount includes an additional \$55,964 that represents the salary increases allocated to the Division in FY 2005-06.

Salary Survey: The recommendation contains the increase in salary survey funding only. As in FY 2005-06, there is no recommendation for funding of performance-based pay awards. The recommendation for this line item includes salary survey increases as recommended in the Joint Budget Committee's 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 recommendation reflects a reduction in the amount of federal grants the office expects to receive.

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.

Office of the Lieutenant Governor	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
FY 2005-06 Appropriation	\$280,990	\$279,490	\$0	\$1,500	\$0	5.0
<i>Recommended Changes from FY 2005-06 Appropriation</i>						
Annualized Salary Survey in FY 2005-06	5,699	5,699	0	0	0	0.0
Total FY 2006-07 JBC Recommendation	\$286,689	\$285,189	\$0	\$1,500	\$0	5.0
\$ Change from prior year	\$5,699	\$5,699	\$0	\$0	\$0	0.0
% Change from prior year	2.0%	2.0%	n/a	0.0%	n/a	0.0%

Issue Descriptions

Annualized Salary Survey in FY 2005-06: This amount includes an additional \$5,699 that represents the salary 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.

Office of State Planning and Budgeting	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
FY 2005-06 Appropriation	\$1,323,711	\$0	\$0	\$1,323,711	\$0	19.5
<i>Recommended Changes from FY 2005-06 Appropriation</i>						
Annualized Salary Survey in FY 2005-06	32,595	0	0	32,595	0	0.0
Total FY 2005-06 JBC Recommendation	\$1,356,306	\$0	\$0	\$1,356,306	\$0	19.5
\$ Change from prior year	\$32,595	\$0	\$0	\$32,595	\$0	0.0
% Change from prior year	2.5%	n/a	n/a	2.5%	n/a	0.0%

Issue Descriptions

Annualized Salary Survey in FY 2005-06: This amount includes an additional \$32,595 that 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.

Economic Development Programs	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
FY 2005-06 Appropriation	\$15,638,973	\$11,759,797	\$2,370,016	\$309,948	\$1,199,212	37.0
<i>Recommended Changes from FY 2005-06 Appropriation</i>						
Annualized Salary Survey in FY 2005-06	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
Total FY 2006-07 JBC Recommendation	\$10,345,220	\$6,446,279	\$2,370,016	\$312,141	\$1,216,784	37.0
\$ Change from prior year	(\$5,293,753)	(\$5,313,518)	\$0	\$2,193	\$17,572	0.0
% Change from prior year	(33.9)%	(45.2)%	0.0%	0.7%	1.5%	0.0%

Issue Descriptions

Annualized Salary Survey in FY 2005-06: This amount includes an additional \$56,018 that 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 amount is an adjustment to reflect anticipated vehicle lease expense in FY 2006-07.

Colorado Promotion - Other Program Costs: This recommendation reduces funding for tourism by \$(5,369,440).

Office of Innovation and Technology: The Office of Innovation and Technology was created in 1999. Its first and foremost duty is to manage the strategic communication and information assets housed in various State agencies.

Office of Innovation and Technology	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
FY 2005-06 Appropriation	\$915,810	\$915,810	\$0	\$0	\$0	10.0
Recommended Changes from FY 2005-06 Appropriation						
Annualized Salary Survey in FY 2005-06	21,291	21,291	0	0	0	0.0
Legal Services	87	87	0	0	0	0.0
Total FY 2005-06 JBC Recommendation	\$937,188	\$937,188	\$0	\$0	\$0	10.0
\$ Change from prior year	\$21,378	\$21,378	\$0	\$0	\$0	0.0
% Change from prior year	2.3%	2.3%	n/a	n/a	n/a	0.0%

Issue Descriptions

Annualized Salary Survey in FY 2005-06: Includes an additional \$21,291 that represents the salary increases allocated to the Division in FY 2005-06.

Legal Services: The recommendation for Legal Services includes increases as recommended in the Joint Budget Committee's common policies.

Office of Energy Management and Conservation: The Office of Energy Management and Conservation is generally funded by federal funds and is not in the Long Bill. Due to two special bills, it is contained here for informational purposes only.

Office of Energy Management and Conservation	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
FY 2005-06 Appropriation	\$7,075,000	\$0	\$7,000,000	\$75,000	\$0	0.0
Recommended Changes from FY 2005-06 Appropriation						
Elimination of one-time funding	(7,075,000)	0	(7,000,000)	(75,000)	0	0.0
Total FY 2005-06 JBC Recommendation	\$0	\$0	\$0	\$0	\$0	0.0
\$ Change from prior year	(\$7,075,000)	\$0	(\$7,000,000)	(\$75,000)	\$0	0.0
% Change from prior year	(100.0)%	n/a	(100.0)%	(100.0)%	n/a	n/a

Issue Descriptions

Elimination of one-time funding: House Bill 06-1200 appropriated \$7,000,000 cash funds to the Office of the Governor for energy-related assistance to low-income households. The monies were from the operational account of the Severance Tax Trust Fund. Similarly, S.B. 05-066 appropriated \$75,000 cash funds exempt to the Office of the Governor for support of the Colorado Energy Research Institute. The monies were from the Oil and Gas Environmental Response Fund.

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.

Office of Colorado Benefits Management System	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
FY 2005-06 Appropriation	\$2,191,431	\$0	\$0	\$2,191,431	\$0	21.5
<i>Recommended Changes from FY 2005-06 Appropriation</i>						
Program cost adjustments	(126,969)	0	0	(126,969)	0	4.5
Total FY 2005-06 JBC Recommendation	\$2,064,462	\$0	\$0	\$2,064,462	\$0	26.0
\$ Change from prior year	(\$126,969)	\$0	\$0	(\$126,969)	\$0	4.5
% Change from prior year	(5.8)%	n/a	n/a	(5.8)%	n/a	20.9%

Issue Descriptions

Program cost adjustments: Includes the program costs for Colorado Benefits Management System as funded by the Department of Human Services.

Department of Health Care Policy and Financing

Department Description: The Department of Health Care Policy and Financing provides health care services to approximately 660,000 Colorado residents through six 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); (4) the Old Age Pensioner Medical program; (5) the Home Care Allowance program; and (6) the Adult Foster Care program. In addition to these programs, the Department also administers the Primary Care Fund program and the Comprehensive Primary and Preventive Care Grant program to increase access to health care services for medically under-served populations or 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 also transfers approximately 12.2 percent of its appropriation to other state agencies that administer programs eligible for Medicaid funding, the majority of which goes to the Department of Human Services.

Summary Table for Department of Health Care Policy and Financing						
	Total Funds	General Fund/1	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
FY 2005-06 Appropriation	\$3,414,290,095	\$1,397,897,306	\$741,183	\$376,552,034	\$1,639,099,572	213.9
Long Bill Supplemental	<u>(137,533,799)</u>	<u>(34,107,210)</u>	<u>0</u>	<u>(41,010,173)</u>	<u>(62,416,416)</u>	<u>(0.5)</u>
FY 2005-06 Adjusted Appropriation	\$3,276,756,296	\$1,363,790,096	\$741,183	\$335,541,861	\$1,576,683,156	213.4
<i>Recommended Changes from FY 2005-06 by Long Bill Division</i>						
Executive Director's Office	1,698,145	540,585	3,446	(86,721)	1,240,835	10.3
Medical Services Premiums	108,930,047	18,845,402	0	29,162,689	60,921,956	0.0
Medicaid Mental Health Community Programs	13,507,786	5,446,146	0	571,054	7,490,586	0.0
Indigent Care Program	(25,360,619)	(15,408,303)	(53,670)	(3,790,289)	(6,108,357)	(1.0)
Other Medical Services	48,691,504	45,114,152	0	3,344,339	233,013	0.0
Department of Human Services Medicaid-Funded Programs	(35,313,708)	(17,572,099)	0	449,571	(18,191,180)	0.0
Total FY 2006-07 JBC Recommendation	\$3,388,909,451	\$1,400,755,979	\$690,959	\$365,192,504	\$1,622,270,009	222.7
\$ Change from prior year	\$112,153,155	\$36,965,883	(\$50,224)	\$29,650,643	\$45,586,853	9.3
% Change from prior year	3.4%	2.7%	(6.8)%	8.8%	2.9%	4.4%

/1 This amount includes General Fund Exempt that is describe in the Divisions that follow.

Recommendation Highlights:

1. The recommendation 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 recommendation 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 recommendation 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 dual eligible clients no longer receive a prescription drug benefit from the Medicaid program.
4. The recommendation 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 recoupment, and \$0.2 million for compounding effects of these factors.
5. The recommendation includes a total increase of \$8.8 million to increase payments to safety net provider hospitals. Of this amount, \$0.5 is General Fund, \$3.9 million is certified public expenditures at public hospitals, and \$4.4 million is matching federal funds.
6. The recommendation 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 recommendation 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.
8. The recommendation includes a reduction of \$30.1 million total funds to eliminate one-time funding for the Children's Hospital, Clinic Based Indigent Care Program. Of this amount, \$15.1 million is General Fund and \$15.0 million is federal funds.

Budget Recommendation Detail by Long Bill Division

Executive Director's Office: This division contains the majority of administrative funding for the Department. Specifically, this division's funding supports the Department's personnel, operation of the Medicaid Management Information System, implementation of the federal 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 Fund Exempt	Federal Funds	FTE
FY 2005-06 Appropriation	\$65,625,893	\$22,281,090	\$418,929	\$1,897,323	\$41,028,551	212.9
Long Bill Supplemental	<u>44,533</u>	<u>(34,018)</u>	<u>0</u>	<u>14,092</u>	<u>64,459</u>	<u>(0.5)</u>
FY 2005-06 Adjusted Appropriation	\$65,670,426	\$22,247,072	\$418,929	\$1,911,415	\$41,093,010	212.4
<i>Recommended Changes from FY 2005-06 Appropriation</i>						
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 reprourement	412,500	81,106	0	4,331	327,063	0.0
Transfer from Department of Human Services for CBMS administrative costs	390,386	0	0	390,386	0	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
Total FY 2006-07 JBC Recommendation	\$67,368,571	\$22,787,657	\$422,375	\$1,824,694	\$42,333,845	222.7
\$ Change from prior year	\$1,698,145	\$540,585	\$3,446	(\$86,721)	\$1,240,835	10.3
% Change from prior year	2.6%	2.4%	0.8%	(4.5)%	3.0%	4.8%

Issue Descriptions

Long Bill Supplemental: The recommendation includes adjustments to FY 2005-06 appropriations. The supplemental makes the following adjustments: (1) provides a technical correction to the appropriation clause in H.B. 05-1262 to reflect all administrative costs for the Health Care Expansion programs; (2) eliminates the appropriation clause in H.B. 05-1066 due to the fact that the Department did not receive the gifts, grants, and donations to implement the obesity pilot program; (3) adjusts funding splits to reflect the Centers of Medicare and Medicaid Services (CMS) decision to pay 100 percent of some administrative costs related to implementing the federal Medicare Modernization Act of 2003; and (4) provides an increase for system costs related to

tracking new eligibility populations added by H.B. 05-1262. The system changes are necessary so that the State can verify that the Amendment 35 Tobacco Tax moneys are used according to the requirements in the Colorado Constitution.

Salary and benefits adjustments : The recommendation 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 recommendation 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 recommendation 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 Division. The transfer allows all funding for the transportation broker for the eight front range counties to be consolidated into one line item. In addition, the recommendation 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 recommendation 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 recommendation 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 recommendation 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 reprocurement: The recommendation includes \$412,500 for the second year of a consulting contract to provide technical assistance to the Department during the reprocurement 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 reprocurement process last year, CMS has granted the Department an extension to June 2007 for completing the reprocurement and selecting a fiscal agent to manage the MMIS system.

Transfer from Department of Human Services for CBMS administrative costs: The recommendation includes a total of \$390,386 for personnel and operating costs to address implementation issues for the Colorado Benefits Management System. This funding is not anticipated to continue after FY 2006-07.

Staffing adjustment: The recommendation includes a total fund 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 recommendation is a restoration of the FTE and partial restoration of the associated funding.

Nursing facility appraisals: The recommendation 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 recommendation 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 recommendation also includes an increase of \$96,699 to adjust for centrally-appropriated items that are administered by other Departments.

Inspection issues: The recommendation includes an increase of \$182,718 for the inspection and certification of facilities conducted by the Department of Public Health and Environment. The recommendation 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 recommendation includes an increase of \$76,660 to perform annual audits on each single entry point agency. Current funding levels supports 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 recommendation 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 recommendation 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 recommendation transfers \$42,316 and 0.5 FTE from the Indigent Care Program Division to the Executive Director's Office Division. This recommendation 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 appropriations: The recommendation 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 1.3 increase.

Reduce funding for medical identification cards: The recommendation includes a decrease of \$192,231 to realign funding in the Medical Identification Cards line item with actual costs. Specifically, the recommendation: 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 reduces funding by \$79,154 to reflect lower than anticipated mailing and replacement card costs.

Medical Services Premiums: This division provides the health care funding for an estimated 429,222 Medicaid clients. Clients are determined eligible based on 10 different eligibility categories. 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).

Medical Services Premiums	Total Funds	General Fund/1	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
FY 2005-06 Appropriation	\$2,141,216,270	\$1,022,090,346	\$76,512	\$52,342,850	\$1,066,706,562	0.0
Long Bill Supplemental	<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>
FY 2005-06 Adjusted Appropriation	\$1,999,646,558	\$976,750,574	\$76,512	\$26,328,894	\$996,490,578	0.0
Recommended Changes from FY 2005-06 Appropriation						
Medicaid base adjustments	68,935,137	(6,104,449)	0	40,750,761	34,288,825	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
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
Total FY 2006-07 JBC Recommendation	\$2,108,576,605	\$995,595,976	\$76,512	\$55,491,583	\$1,057,412,534	0.0
\$ Change from prior year	\$108,930,047	\$18,845,402	\$0	\$29,162,689	\$60,921,956	0.0
% Change from prior year	5.4%	1.9%	0.0%	110.8%	6.1%	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	\$1,022,090,346	\$1,022,090,346	\$0
Long Bill supplemental	<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>18,845,402</u>	<u>24,045,402</u>	<u>(5,200,000)</u>
Total FY 2006-07 Long Bill Recommendation	\$995,595,976	\$739,495,976	\$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), Colorado Revised Statutes). The above table shows the amount of General Fund Exempt that the Joint Budget Committee recommends be 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.

Issue Descriptions

FY 2005-06 Discussion

Long Bill Supplemental: The recommendation reduces FY 2005-06 appropriations for Medicaid medical services premiums by a total \$141,569,712 (\$45,339,772 is from the General Fund). The decrease includes caseload adjustments and cost-per-client assumption changes for both the traditional Medicaid caseload and the expansion Medicaid caseloads (which includes clients added pursuant to Amendment 35 and H.B. 05-1262). The recommendation also reduces FY 2005-06 funding due to the delay in the implementation of several bills that were passed by the General Assembly over the last two years. The table below summarizes the different components driving the recommended changes.

Components of JBC Recommended Final Supplemental for Medical Services Premiums					
Item/Explanation	General Fund	CF	CFE	Federal Funds	Total Funds
Current FY 2005-06 Appropriation (with H.B. 06-1217 & H.B. 06-1349)	\$1,022,090,346	\$76,512	\$52,342,850	\$1,066,706,562	\$2,141,216,270
Eliminate funding for obesity pilot program	0	0	(111,412)	(111,411)	(222,823)
Eliminate savings from redispensing prescription drugs	366,985	0	0	366,985	733,970
Eliminate savings from consumer directed care	502,207	0	0	502,208	1,004,415
Eliminate service costs for Autism Waiver Program	0	0	(313,375)	(313,375)	(626,750)
Eliminate service costs associated with outpatient substance abuse due to a delayed start date	(1,601,350)	0	0	(1,601,350)	(3,202,700)
Updated Medicare UPL calculation	33,014	0	(66,029)	(33,014)	(66,029)
New caseload and cost estimates for Expansion Medicaid	2,398,651	0	(25,018,417)	(23,093,905)	(45,713,671)
New caseload and cost estimates for Traditional Medicaid	(47,039,279)	0	(504,723)	(45,932,122)	(93,476,124)
Final Estimated FY 2005-06 Expenditures*	\$976,750,574	\$76,512	\$26,328,894	\$996,490,578	\$1,999,646,558

Components of JBC Recommended Final Supplemental for Medical Services Premiums					
Item/Explanation	General Fund	CF	CFE	Federal Funds	Total Funds
FY 2005-06 Final Supplemental Recommendation	(\$45,339,772)	\$0	(\$26,013,956)	(\$70,215,984)	(\$141,569,712)

Eliminate funding for obesity pilot program: The Department did not receive the gifts, grants, and donations to implement an Obesity Pilot program for Medicaid clients as anticipated in H.B. 05-1066. Therefore, the recommendation eliminates the FY 2005-06 appropriation clause for H.B. 05-1066.

Eliminate savings from redispensing prescription drugs: Last year the General Assembly passed H.B. 05-1131 which allowed a licensed facility to return unused, individually packaged medication to a pharmacist to be redispensed. While the Board of Pharmacy adopted rules for this program on January 19, 2006, the Department does not anticipate being able to implement this program until July 1, 2006. Therefore, the recommendation eliminates the FY 2005-06 appropriation clause for H.B. 05-1131.

Eliminate savings from consumer directed care: Last year the General Assembly passed H.B. 05-1243 which allowed Medicaid recipients in a Home- and Community-Based Service Waiver program to receive services through a consumer-directed care service model. Due to a delay in approval from the Centers for Medicare and Medicaid Services (CMS) this program will not begin until September 2006. Therefore, the recommendation eliminates the associated FY 2005-06 appropriation clause.

Eliminate service costs for Autism Waiver Program: In 2004, the General Assembly passed S.B. 04-177 to establish a Home- and Community-Based Service Waiver program for children with autism. Due to a lengthy waiver approval process with CMS, the program is not scheduled to begin until July 1, 2006. Therefore, the recommendation removes the FY 2005-06 appropriation for this program.

Eliminate service costs associated with outpatient substance abuse treatment: Last year the General Assembly passed H.B. 05-1014 which provided the Department with the authority to offer an outpatient substance abuse treatment benefit. This bill originally assumed treatment would begin in January 2006; however, the new implementation schedule assumes a start of July 1, 2006. Therefore, the recommendation eliminates the FY 2005-06 appropriations for this program.

Updated Medicare Upper Payment Limit (UPL) calculation: The recommendation updates the Medicare Upper Payment Limit calculation based on current estimates for utilization and cost patterns.

New caseload and cost estimates for Expansion Medicaid: The recommendation updates the caseload assumptions and costs associated with the Expansion Medicaid caseload from H.B. 05-1262. The majority of the caseload and cost changes relate to a delay in eliminating the Medicaid asset test. Originally, it was assumed that the asset test would be eliminated in October 2005. However, based on requirements from CMS, the Department will not eliminate the asset test until July 2006. Therefore, the FY 2005-06 appropriations associated with this program can be eliminated. The recommendation also updates all other caseload and cost assumptions for the Expansion Medicaid programs. These changes are detailed in the table on the next page.

FY 2005-06 Expansion Medicaid Caseload and Dollar Changes						
	Original Caseload Estimate	New Caseload Estimate	Difference	Original Cost	New Estimated Cost	Difference
Optional Legal Immigrants	3,512	3,512	0	\$11,596,517	\$11,596,517	\$0
Expanded Breast and Cervical Cancer Treatment	91	58	(33)	2,587,905	1,008,388	(1,579,517)
Eliminate Asset Test	17,772		(17,772)	32,857,030	0	(32,857,030)
Increase Children's Basic Health Plan marketing Medicaid impact	803	211	(592)	1,082,966	293,436	(789,530)
Eliminate wait list for CES/HCBS Waivers	527	225	(302)	11,599,362	5,053,064	(6,546,298)
Disease Management/1	n/a	n/a	n/a	3,941,296	0	(3,941,296)
Presumptive Eligibility/2	n/a	n/a	n/a	0	0	0
Total	22,705	4,006	(18,699)	\$63,665,076	\$17,951,405	(\$45,713,671)

/1 Disease Management is an additional service and does not have a caseload impact.

/2 Presumptive Eligibility is an offset to the General Fund. Originally, it was assumed that \$3.8 million General Fund could be offset with Health Care Expansion funding. The new estimate is for \$1.5 million General Fund offset.

New caseload and cost estimates for Traditional Medicaid: The recommendation updates the caseload assumptions and costs associated with the Traditional Medicaid caseload. Currently, caseload projections for the Medicaid program are significantly lower than the original projection. This is partly explained by an over inflated caseload in FY 2004-05 due to the benefit freeze ordered by the Court to remedy problems with the implementation of the Colorado Benefits Management System. The FY 2005-06 caseload estimate originally assumed a 5.6 percent increase over the FY 2004-05 caseload (please note that this was a significant reduction to the forecast based on the double digit growth in caseload from FY 2002-03 through FY 2004-05). In addition to the caseload correction to eliminate the impact from CBMS implementation, the caseload forecast is adjusted to reflect lower growth rates due to the improving economic conditions. The table on the next page shows the updated client counts and cost estimates based on the new forecast.

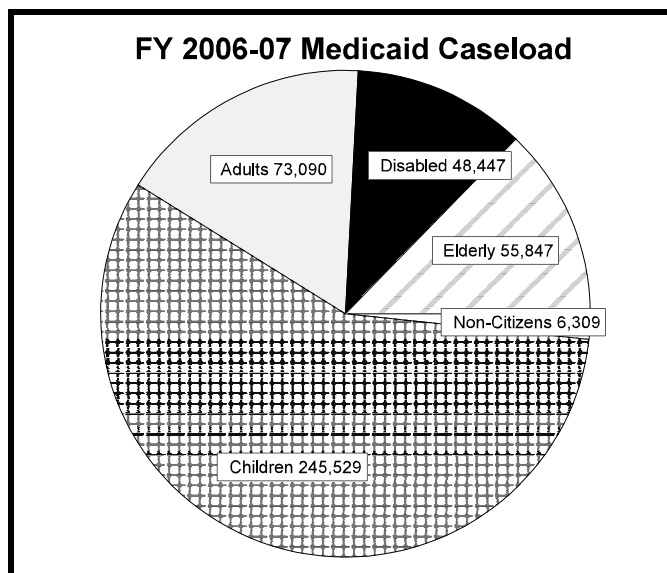
FY 2005-06 Traditional Medicaid Caseload and Dollar Changes						
	Traditional Caseload Without Legal Immigrants or CBHP Marketing			Dollar Impact of Changes for original base costs including bottom line financing but not adjusted for 2005 legislation		
	Original Caseload Estimate	New Caseload Estimate	Difference	Original Cost	New Estimated Cost	Difference
Traditional Medicaid Total Caseload and Medical Costs without 2005 legislation	423,635	395,704	(27,931)	\$2,084,423,273	\$1,990,947,149	(\$93,476,124)

FY 2006-07 Discussion

Medicaid base adjustments: The FY 2006-07 recommendation 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 breaks-out of 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 by initiatives 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 following table compares the FY 2005-06 estimated costs (including the FY 2005-06 Long Bill supplemental) with the FY 2006-07 base service cost recommendation for each service category.

Service Category	FY 2005-06	FY 2006-07	\$ Change	%
Acute Care Services/1	\$1,226,426,394	\$1,252,677,462	\$26,251,068	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	\$2,068,581,695	\$68,935,137	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 recommendation includes an increase of \$26,251,068 total funds for acute care services. This amount includes the following increases: (1) \$87,993,838 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 recommendation an increase of \$1,286,123 for community-based long term care services. This recommendation 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 recommendation includes a total increase of \$25,311,071 for institutional long-term care services and supplemental insurance. The recommendation includes the following increases: (1) \$18,561,632 for class 1 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 recommendation includes a total increase of \$6,413,824 for medical administrative costs. The recommendation 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 recommendation 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 below provides the funds splits for the base recommendation.

	FY 2005-06	FY 2006-07	Difference
<i>Expansion Medicaid</i>			
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>
<i>Subtotal Expansion Medicaid</i>	17,683,019	72,540,133	54,857,114
<i>Traditional Medicaid</i>			
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>
<i>Subtotal Traditional Medicaid</i>	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 recommendation includes a total fund increase of \$26,547,278 (including \$12,759,937 General Fund) for rate increases for acute care providers. This recommendation reflects the full-year cost for the rate increases that were approved in H.B. 06-1349 and an additional rate increases to begin on July 1, 2006. The rate adjustments are summarized in the table on the following page.

Service Category	Rate Increase Approved April 1, 2006	Additional Rate Increase Approved July 1, 2006	Total Rate Increase	Total FY 2006-07 Rate Impact
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 recommendation includes a total fund increase of \$24,951,408 (including \$12,475,704 General Fund) for community long-term care rate adjustments. This recommendation 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 recommendation 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 recommendation 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 recommendation 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 recommendation eliminates the practice of double counting the certified funds in the cash exempt funds.

Audit findings for prescription drug rebate program: The recommendation 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 recommendation 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.

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 Fund Exempt	Federal Funds	FTE
FY 2005-06 Appropriation	\$213,710,216	\$83,119,904	\$0	\$45,522,078	\$85,068,234	0.0
Long Bill Supplemental	<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>
FY 2005-06 Adjusted Appropriation	\$198,042,414	\$82,357,631	\$0	\$33,212,191	\$82,472,592	0.0
Recommended Changes from FY 2005-06 Adjusted Appropriation						
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
Total FY 2006-07 JBC Recommendation	\$211,550,200	\$87,803,777	\$0	\$33,783,245	\$89,963,178	0.0
\$ Change from prior year	\$13,507,786	\$5,446,146	\$0	\$571,054	\$7,490,586	0.0
% Change from prior year	6.8%	6.6%	n/a	1.7%	9.1%	n/a

Issue Descriptions

Long Bill Supplemental: The recommendation includes adjustments to appropriations for FY 2004-05 and FY 2005-06. For FY 2004-05 (not shown in the table on preceding page), the recommendation appropriates \$1,283,444 General Fund for the FY 2004-05 Medicaid mental health General Fund over expenditure. For FY 2005-06 the recommendation 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 recommendation 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 Projection (Recommended 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	310	(118)	(\$17.12)	(12,373)	(5,308)	2,021	(15,661)
	429,364	(46,617)		(\$8,044,095)	\$3,089,868	(\$598,867)	(\$5,553,093)

The recommendation supplemental add-on also increases the Medicaid mental health community fee-for-service appropriation by \$367,438 total funds (\$183,719 General Fund). The recommendation 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 recommendation 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 recommendation 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 recommendation reflects a 2.71 percent inflator which drives a cost of \$4.4 million. Finally, the recommendation 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 Budget Recommendation (Compared to FY 2005-06 Estimate)

	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 recommendation 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 recommendation 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 following programs:

Safety Net Provider Payment Program -- This program provides partial reimbursement to participating hospitals and clinics that serve uninsured or under-insured clients. To be eligible for this program, clients must have income or assets equal to or lower than 185 percent of the federal poverty level (FPL) and may not qualify for assistance through the Medicaid program. This program serves approximately 170,000 clients each year.

Children's Basic Health Plan -- This program provides health insurance to otherwise uninsured children from families at or below 200 percent of the FPL. The program also provides health insurance to eligible adult women between 133 percent and 200 percent of FPL. The Children's Basic Health Plan (CBHP) provides health insurance to an estimated 42,590 children and an average monthly caseload of 1,578 adult pregnant women.

Primary Care Fund Program and Comprehensive Primary and Preventive Care Grant Program -- These two programs provide funding to medical providers that serve indigent populations or provide services in a designated medically under-served area.

Indigent Care Program	Total Funds	General Fund/1	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
FY 2005-06 Appropriation	\$455,184,024	\$20,362,593	\$245,742	\$231,364,171	\$203,211,518	1.0
Long Bill Supplemental	<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>
FY 2005-06 Adjusted Appropriation	\$478,104,666	\$35,425,001	\$245,742	\$228,789,465	\$213,644,458	1.0
<i>Recommended Changes from FY 2005-06 Appropriation</i>						
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	5,254,314	0	0	1,857,370	3,396,944	0.0
Pediatric Specialty Hospital	2,279,938	623,933	0	516,036	1,139,969	0.0

Indigent Care Program	Total Funds	General Fund/1	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
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 Speciality 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
Children's Hospital, Clinic Based Indigent Care	(30,124,816)	(15,062,408)	0	0	(15,062,408)	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
Total FY 2006-07 JBC Recommendation	\$452,744,047	\$20,016,698	\$192,072	\$224,999,176	\$207,536,101	0.0
\$ Change from prior year	(\$25,360,619)	(\$15,408,303)	(\$53,670)	(\$3,790,289)	(\$6,108,357)	(1.0)
% Change from prior year	(5.3)%	(43.5)%	(21.8)%	(1.7)%	(2.9)%	(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	\$35,425,001	\$35,425,001	\$0
Appropriation from General Fund Exempt to Pediatric Speciality Hospital Fund	516,036	0	516,036
All Other Line Items	<u>(15,924,339)</u>	<u>(15,924,339)</u>	<u>0</u>
Total FY 2006-07 Long Bill Recommendation	\$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.

Issue Descriptions

Long Bill Supplemental: The recommendation includes adjustments to FY 2005-06 appropriations. These adjustments include the following:

- (1) A total fund increase of \$30,124,816 for the Clinic Based Indigent Care program. Of this amount, \$15,062,408 is from the General Fund and \$15,062,408 is matching federal funds.
- (2) A total fund decrease of \$7,204,174 for program expenditures for the Children's Basic Health Plan. Of this amount, \$2,574,706 is from the Health Care Expansion Fund and \$4,629,468 is federal funds. The decrease results from a change in caseload assumptions based on a delay in eliminating the Medicaid asset test and current enrollment trends. Because the Medicaid asset was not eliminated in FY 2005-06 as originally anticipated, the caseload for the CBHP children's population will be higher than originally assumed. However, the caseload for the adult pregnant women's program is much lower than originally assumed. The table below summarizes the impact of the caseload and capitation adjustments.

FY 2005-06 Children's Basic Health Caseload and Dollar Changes						
	Original Caseload Estimate	New Caseload Estimate	Per Capita	Original Cost	New Estimated Cost	Difference
Children Medical Clients	43,094	44,177	\$101.44	\$52,457,464	\$53,776,248	\$1,318,783
Children Dental Clients/2	37,492	38,434	\$11.82	5,317,865	5,451,525	133,659
Prenatal Adults Member Months/3	22,854	14,447	\$816.97	18,669,433	11,802,750	(6,866,683)
Network Stabilization	0	0	0	1,789,934	0	(1,789,934)
Total	n/a	n/a	n/a	\$78,234,696	\$71,030,522	(\$7,204,174)

/1 Slight rounding differences are contained in the table.

/2 Dental Caseload is 87 percent 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.

/3 There is a slight change to the per capita cost for the adult pregnant women. The current appropriation is based on a per capita cost of \$816.90. The recommended appropriation is based on a per capita cost of \$816.97.

Safety Net Provider Payments: The recommendation 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 recommendation 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 reimbursement private hospitals for the uncompensated care that they provide to indigent clients.

Children's Basic Health Plan medical and dental costs: The recommendation 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) and increase in the adult prenatal program per capita of \$88.57 or 10.8 percent. The per capita rate changes are based on an actuary 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 Medicaid Mental Health Capitation Projection (Supplemental Add-on Changes)

	Caseload		Difference	Per Capita Costs		
	FY 2005-06 Final Caseload Estimate	FY 2006-07 Recommended caseload Estimate		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 because 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 recommendation 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 federal poverty level) and by enrollment growth due to increased marketing activities for the traditional CBHP program (up to 185 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 recommendation 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 recommendation 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 Specialty Hospital Fund: The recommendation includes an appropriation of \$516,036 from the General Fund to the Pediatric Specialty 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 recommendation 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 recommendation 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.

Children's Hospital, Clinic Based Indigent Care: The recommendation includes a decrease of \$30,124,816 to eliminate one-time funding that was provided to the Children's Hospital, Clinic Based Indigent Care program in FY 2005-06 (described above).

Primary Care Fund Program: The recommendation 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 recommendation eliminates a one-time appropriation of \$2,000,000 in FY 2005-06 contained in H.B. 06-1349. The recommendation 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 recommendation 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.

Other Medical Services: This division contains the funding for the following programs: (1) Old Age Pension Health and Medical Program; (2) Home Care Allowance; (3) Adult Foster Care; (4) Primary Care Physician Reimbursement; (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); (7) Public School Health Services (administered jointly with the Department of Education); and (8) Medicare Modernization Act of 2003 State Contribution Payment.

Other Medical Services	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
FY 2005-06 Appropriation	\$92,091,708	\$42,825,410	\$0	\$31,562,419	\$17,703,879	0.0
Long Bill Supplemental	(3,057,082)	(3,057,082)	0	0	0	0.0
FY 2005-06 Adjusted Appropriation	\$89,034,626	\$39,768,328	\$0	\$31,562,419	\$17,703,879	0.0
Recommended Changes from FY 2005-06 Appropriation						
MMA State contribution payment annualization	45,050,624	45,050,624	0	0	0	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
Total FY 2006-07 JBC Recommendation	\$137,726,130	\$84,882,480	\$0	\$34,906,758	\$17,936,892	0.0
\$ Change from prior year	\$48,691,504	\$45,114,152	\$0	\$3,344,339	\$233,013	0.0
% Change from prior year	125.4%	113.4%	n/a	10.6%	1.3%	n/a

Issue Descriptions

Long Bill Supplemental: The recommendation included adjustments to FY 2005-06 appropriations, reducing the appropriation for the Medicare Modernization Act of 2003 State contribution payment by \$3,057,082 General Fund. The reduction is based on new information from the Centers for Medicare and Medicaid Services (CMS) on the per capita cost that will be assessed. In February 2006, the Department was notified that the per capita cost would be reduced from CMS's estimate of \$126.97 per month per dual eligible to \$114.71 per month per dual eligible.

MMA State contribution payment annualization: The recommendation includes an increase of \$45,050,624 General Fund to annualize the State's contribution payment required under the 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 recommendation assumes a dual eligible caseload of 50,226 clients (1.28 percent increase from FY 2005-06). In addition, the recommendation assumes a per capita rate increase of 9.76 percent. Based on these assumptions, the State contribution rate is anticipated to be \$73,493,542 in FY 2006-07 (an increase of \$45,050,624 from the final State contribution payment recommended for FY 2005-06).

Tobacco Tax Cash Fund transfer to Supplemental Old Age Pension State Medical Fund: The recommendation includes an appropriation of \$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 recommendation includes an increase of \$976,180 to appropriate all of the 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 recommendation is to use all available funds (which includes a current fund balance of \$976,180 in the Supplemental OAP Health and Medical Care Fund) in order to decrease the amount of benefits that will have to be cut 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 recommendation includes an increase of \$352,607 total funds to reflect an increase in anticipated services to Medicaid children due to the elimination of the caps for the Children's Extensive Services Waiver and for the Children's Home and Community-Based Service Waiver Program.

Family medicine residency training: The recommendation 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 had their state appropriation cut by \$788,043 (33.3 percent). The recommended 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 Colorado Autism Treatment Fund: The recommendation includes a decrease of \$395,143 to eliminate a double counted appropriation. This line item was created in FY 2005-06 to instruct the State Treasurer on 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 is a revenue transfer. Because the statute already allows the Treasurer to transfer the amount needed, the Long Bill can reflect the amount needed through letter notes describing fund sources. Therefore, this appropriation is unnecessary and creates a double count of the same funding in other program lines.

Department of Human Services Medicaid-Funded Programs: This division contains funding for programs administered by the Department of Human Services that are eligible for Medicaid funding. The funds appropriated in this division are transferred to the Department of Human Services as cash funds exempt. Detail about the programs funded with these dollars can be found in the Department of Human Services section.

Department of Human Services Medicaid-Funded Programs	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
FY 2005-06 Appropriation	\$446,461,984	\$207,217,963	\$0	\$13,863,193	\$225,380,828	0.0
Long Bill Supplemental	(204,378)	23,527	0	(125,716)	(102,189)	0.0
FY 2005-06 Adjusted Appropriation	\$446,257,606	\$207,241,490	\$0	\$13,737,477	\$225,278,639	0.0
Recommended Changes from FY 2005-06 Appropriation						
Services for People with Developmental Disabilities	25,938,876	12,726,318	0	224,525	12,988,033	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	(1,374,847)	(884,326)	0	225,035	(715,556)	0.0
Total FY 2006-07 JBC Recommendation	\$410,943,898	\$189,669,391	\$0	\$14,187,048	\$207,087,459	0.0
\$ Change from prior year	(\$35,313,708)	(\$17,572,099)	\$0	\$449,571	(\$18,191,180)	0.0
% Change from prior year	(7.9)%	(8.5)%	n/a	3.3%	(8.1)%	n/a

Issue Descriptions

Long Bill Supplemental: The recommendation includes adjustments to FY 2005-06 appropriations, including: (1) updated financing information for the mental health institutes; (2) a one-time increase for the regional centers for people with developmental disabilities to address costs associated with an exceptionally high-needs emergency placement; and (3) a one-time reduction for the Children's Extensive Support Program due to placement delays.

Services for People with Developmental Disabilities: The recommendation 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 the 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 recommendation also includes (1) \$7.5 million for a 3.25 cost of living increase; (2) \$3.1 million for 79 new adults 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: Recommendations for county administration include 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: The recommendation includes increases which 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 recommendation reflects financing changes for the mental health institutes in the Department of Human Services as well as the impact of the recommended 3.25 percent cost of living increases.

Office of Operations: The recommendation includes an increase of \$163,396 for administrative expenses in the Department of Human Services that qualify for Medicaid funding.

Division of Child Welfare: The recommended 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 recommendation does include a 3.25 percent cost-of-living adjustment, which partially offsets the loss of federal funds.

Division of Youth Corrections: The recommended 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 recommendation does include a 3.25 percent cost-of-living adjustment, which partially offsets the loss of federal funds.

Office of Information Technology Services: The recommended funding reduction results from updated information regarding the lawsuit and court order the state is currently litigating. Other changes in the recommendation 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.

Department of Higher Education

Department Description: 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. Financial aid programs also fall under the purview of CCHE.

Summary Table for Department of Higher Education						
	Total Funds	General Fund ¹	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
FY 2005-06 Appropriation	\$2,191,478,237	\$629,044,008	\$20,657,260	\$1,521,414,786	\$20,362,183	18,080.4
Long Bill supplemental	<u>(22,905,101)</u>	<u>(1,058,400)</u>	<u>0</u>	<u>(21,846,701)</u>	<u>0</u>	<u>0.0</u>
FY 2005-06 Adjusted Appropriation	\$2,168,573,136	\$627,985,608	\$20,657,260	\$1,499,568,085	\$20,362,183	18,080.4
Recommended Changes from FY 2005-06 by Long Bill Division						
Department Administrative Office	10,432	(71,250)	(3,934)	80,485	5,131	0.0
Colorado Commission on Higher Education	421,071	0	(54,382)	125,453	350,000	3.5
Colorado Commission on Higher Education Financial Aid	7,351,975	7,351,975	0	0	0	0.0
College Opportunity Fund Program	52,355,702	52,355,702	0	0	0	0.0
Governing Boards	86,051,632	0	0	86,051,632	0	799.5
Local District Junior Colleges	1,066,117	1,066,117	0	0	0	0.0
Advisory Commission on Family Medicine	127,056	0	0	127,056	0	0.0
Division of Occupational Education	1,170,248	(125,996)	656,370	639,874	0	0.0
Auraria Higher Education Center	492,625	0	492,625	0	0	(4.7)
Council on the Arts	(1,416,000)	(700,000)	0	(16,000)	(700,000)	(2.0)
State Historical Society	1,649,796	250,000	(303,829)	1,640,617	63,008	(0.5)
Total FY 2006-07 JBC Recommendation	\$2,317,853,790	\$688,112,156	\$21,444,110	\$1,588,217,202	\$20,080,322	18,876.2
\$ Change from prior year	\$149,280,654	\$60,126,548	\$786,850	\$88,649,117	(\$281,861)	795.8
% Change from prior year	6.9%	9.6%	3.8%	5.9%	(1.4)%	4.4%

¹ This amount includes a General Fund Exempt Appropriation. See the division detail for more information on General Fund Exempt recommended appropriations.

Recommendation Highlights:

- Provides \$24.3 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 \$22.4 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, which requires a net increase of \$5.7 million General Fund and corresponding cash funds exempt spending authority for the governing boards. Included in the net fee-for-service increase is \$1.15 million for base funding for Fort Lewis College.
 4. Adjusts tuition spending authority for enrollment changes and to provide authority for a 5.0 percent increase at the universities, a 3.0 percent increase at the four-year colleges, and a 2.0 percent increase at the two-year colleges; these increases are projected to generate \$33.2 million additional cash funds exempt revenue.
 5. Provides an additional \$7.2 million General Fund, or a 16.0 percent increase, for need based financial aid.
 6. Holds harmless the higher education institutions in FY 2005-06 for the lower-than-expected stipend-eligible population by increasing fee-for-service contracts to compensate for the reduction in stipend payments.
 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 funding for the Council on the Arts, including \$700,000 General Fund, matching federal funds, and 2.0 FTE.
 9. Eliminates \$5,000 General Fund and 0.1 FTE for CCHE's failure to provide financial aid research requested by the General Assembly.
 10. Adds a net 794.3 FTE to reflect updated employee estimates by the governing boards, the Auraria Higher Education Center, and the Historical Society.
-

Budget Recommendation Detail by Long Bill Division

Department Administrative Office: This division includes funding for centrally appropriated items for the Department. These items include salary survey, risk management, leased space, health benefits, and other miscellaneous expenses.

Department Administrative Office	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
FY 2005-06 Appropriation	\$1,259,401	\$71,250	\$685,119	\$484,827	\$18,205	0.0
<i>Recommended Changes from FY 2005-06 Appropriation</i>						
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
Total FY 2006-07 JBC Recommendation	\$1,269,833	\$0	\$681,185	\$565,312	\$23,336	0.0
\$ Change from prior year	\$10,432	(\$71,250)	(\$3,934)	\$80,485	\$5,131	0.0
% Change from prior year	0.8%	(100.0)%	(0.6)%	16.6%	28.2%	n/a

Issue Descriptions

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

One-time legal services: The recommendation discontinues for FY 2006-07 the 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.

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 used to offset the need for General Fund for the Commission's staff and operating expenses, 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 Fund Exempt	Federal Funds	FTE
FY 2005-06 Appropriation	\$4,205,295	\$0	\$3,321,500	\$883,795	\$0	34.4
Recommended Changes from FY 2005-06 Appropriation						
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)
Total FY 2006-07 JBC Recommendation	\$4,626,366	\$0	\$3,267,118	\$1,009,248	\$350,000	37.9
\$ Change from prior year	\$421,071	\$0	(\$54,382)	\$125,453	\$350,000	3.5
% Change from prior year	10.0%	n/a	(1.6)%	14.2%	n/a	10.2%

Issue Descriptions

Gear-up administration: The recommendation includes \$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 recommendation 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 recommendation includes a \$4,000 increase for WICHE (Western Interstate Commission on Higher Education) membership dues.

Financial aid research: The recommendation includes a decrease of \$5,000 and 0.1 FTE associated with CCHE's failure to provide 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.

Colorado Commission on Higher Education Financial Aid	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
FY 2005-06 Appropriation	\$78,435,584	\$77,130,584	\$0	\$5,000	\$1,300,000	0.0
Long Bill supplemental	<u>2,313,600</u>	<u>2,313,600</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
FY 2005-06 Adjusted Appropriation	\$80,749,184	\$79,444,184	\$0	\$5,000	\$1,300,000	0.0
Recommended Changes from FY 2005-06 Appropriation						
Need based financial aid	7,196,275	7,196,275	0	0	0	0.0
Native American students	335,189	335,189	0	0	0	0.0

Colorado Commission on Higher Education Financial Aid	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
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
Total FY 2005-06 JBC Recommendation	\$88,101,159	\$86,796,159	\$0	\$5,000	\$1,300,000	0.0
\$ Change from prior year	\$7,351,975	\$7,351,975	\$0	\$0	\$0	0.0
% Change from prior year	9.1%	9.3%	n/a	0.0%	0.0%	n/a

Issue Descriptions

Long Bill supplemental: The recommendation includes a supplemental add-on increasing the FY 2005-06 appropriation for need based financial aid by \$2,313,600 General Fund. The increase for need based financial aid is equal to the projected General Fund savings as a result of eligible students not authorizing stipend payments through the College Opportunity Fund Program.

Need based financial aid: The recommendation includes a \$7.2 million increase for need based financial aid.

Native American students: The recommendation 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 recommendation 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 recommendation includes a decrease of \$199,479 General Fund due to a decrease in the federal matching requirements for the Perkins Student Loan Program.

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 Fund Exempt	Federal Funds	FTE
FY 2005-06 Appropriation	\$529,118,342	\$529,118,342	\$0	\$0	\$0	0.0
Long Bill supplemental	(3,372,000)	(3,372,000)	0	0	0	0.0
FY 2005-06 Adjusted Appropriation	\$525,746,342	\$525,746,342	\$0	\$0	\$0	0.0
Recommended Changes from FY 2005-06 Appropriation						
Changes in stipend-eligible population	24,273,600	24,273,600	0	0	0	0.0
Increase public stipend rate by \$180	22,374,360	22,374,360	0	0	0	0.0
Fee-for-service contracts	5,653,742	5,653,742	0	0	0	0.0
Increase private stipend rate by \$90	54,000	54,000	0	0	0	0.0

College Opportunity Fund Program	Total Funds	General Fund ¹	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
Total FY 2006-07 JBC Recommendation	\$578,102,044	\$578,102,044	\$0	\$0	\$0	0.0
\$ Change from prior year	\$52,355,702	\$52,355,702	\$0	\$0	\$0	0.0
% Change from prior year	10.0%	10.0%	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
Stipend payments	(15,825,600)	(269,225,600)	253,400,000
All other changes	<u>12,453,600</u>	<u>12,453,600</u>	<u>0</u>
FY 2005-06 Adjusted Appropriation	\$525,746,342	\$272,346,342	\$253,400,000
Stipend payments	46,701,960	64,701,960	(18,000,000)
All other changes	<u>5,653,742</u>	<u>5,653,742</u>	<u>0</u>
Total FY 2006-07 Long Bill Recommendation	\$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), Colorado Revised Statutes). The above table shows the amount of General Fund Exempt that the Joint Budget Committee recommends be 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), Colorado Revised Statutes.

Long Bill supplemental: The recommendation includes a supplemental add-on with a net decrease in the FY 2005-06 appropriation of \$3,372,000 General Fund, including: (1) a net decrease of \$14,613,600 in stipend payments for students attending state-operated institutions based on a more recent estimate of the stipend-eligible population; (2) an increase of \$12,453,600 in fee-for-service contracts to "hold harmless" the state-operated higher education institutions for the lower than expected stipend-eligible population; and (3) a decrease of \$1,212,000 for stipend payments for students attending private institutions based on a more recent estimate of the stipend-eligible population. The increase in fee-for-service contracts for the "hold harmless" is not exactly equal to the decrease in stipend payments for students attending state-operated institutions. Fee-for-service contracts were not increased for eligible students that didn't authorize stipend payments, since the institutions receive higher tuition payment from these students.

Changes in stipend-eligible population: The recommendation includes an increase of \$24.3 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 didn't 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 recommendation 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 124,302 student full-time equivalents (SFTE) the increase in the rate costs \$22,374,360 General Fund.

Fee-for-service contracts: The recommendation includes a net increase of \$5,653,742 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 in fee-for-service contracts includes \$1,150,000 in base funding for Fort Lewis College.

Increase private stipend rate by \$90: The recommendation 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.

Governing Boards: This division includes cash funds exempt spending authority for the state-operated higher education institutions from 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 Fund Exempt	Federal Funds	FTE
FY 2005-06 Appropriation	\$1,469,273,763	\$0	\$0	\$1,469,273,763	\$0	17,754.1
Long Bill Supplemental	<u>(21,846,701)</u>	<u>0</u>	<u>0</u>	<u>(21,846,701)</u>	<u>0</u>	<u>0.0</u>
FY 2005-06 Adjusted Appropriation	\$1,447,427,062	\$0	\$0	\$1,447,427,062	\$0	17,754.1
Recommended Changes from FY 2005-06 Appropriation						
Student stipend payments	46,647,960	0	0	46,647,960	0	0.0
Fee-for-service contracts	5,653,742	0	0	5,653,742	0	0.0
Tuition	33,192,758	0	0	33,192,758	0	0.0
Academic fees and facility fees	1,032,172	0	0	1,032,172	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
Total FY 2006-07 JBC Recommendation	\$1,533,478,694	\$0	\$0	\$1,533,478,694	\$0	18,553.6
\$ Change from prior year	\$86,051,632	\$0	\$0	\$86,051,632	\$0	799.5
% Change from prior year	5.9%	n/a	n/a	5.9%	n/a	4.5%

Issue Descriptions

Long Bill supplemental: The recommendation includes a supplemental add-on with a net decrease in the FY 2005-06 appropriation of \$21,846,701 cash funds exempt, including: (1) a net decrease of \$14,613,600 in stipend payments for students attending state-operated institutions based on a more recent estimate of the stipend-eligible population; (2) an increase of \$12,453,600 in fee-for-service contracts to "hold harmless" the state-operated higher education institutions for the lower than expected stipend-eligible population; and (3) a net decrease of \$19,686,701 in tuition spending authority based on a more recent revenue forecast. The increase in fee-for-service contracts for the "hold harmless" is not exactly equal to the decrease in stipend payments for students attending state-operated institutions. Fee-for-service contracts were not increased for eligible students that didn't authorize stipend payments, since the institutions receive higher tuition payment from these students.

Student stipend payments: The recommendation includes a \$46.6 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.

Fee-for-service contracts: The recommendation includes a net \$5.7 million General Fund increase 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. As noted previously, 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. The net change in fee-for-service contracts includes \$1,150,000 in base funding for Fort Lewis College.

Summary of two-year change in state support for higher education: *The following table details the two-year recommended change in state support for higher education by governing board. The "hold harmless" adjustment, changes in the stipend-eligible population, the stipend rate increase, and the fee-for-service adjustment for mandated costs have all been discussed in the Governing Boards section and College Opportunity Fund Program section. This table adds unfunded enrollment and base funding provided in H.B. 06-1370 to provide a more complete picture of all the changes recommended during the 2006 legislative session by governing board.*

Components of Two-year Change in State Support for Public Higher Education							
	FY 2005-06 Changes			FY 2006-07 Changes			Total 2-year Change
	H.B. 06-1370		Long Bill Supplemental				
	Unfunded Enrollment	Base Funding	Hold Harmless	Stipend Enrollment	Stipend Rate Inc.	Fee-for-service Contracts	
Adams	\$163,026	\$799,940	(\$33,600)	\$244,800	\$271,980	(\$365)	\$1,445,781
Mesa	802,559	1,535,130	(232,800)	751,200	784,440	(318,188)	3,322,341
Metro	2,905,836	0	(292,800)	537,600	2,581,560	(751,081)	4,981,115
Western	181,511	1,364,930	(19,200)	26,400	271,620	383,801	2,209,062
CSU System	2,972,410	500,000	(350,400)	705,600	3,458,880	6,893,711	14,180,201
Fort Lewis	75,173	1,100,000	(28,800)	204,000	464,040	1,496,219	3,310,632
CU Regents	6,545,091	0	(45,600)	4,375,200	5,084,640	11,763,220	27,722,551
Mines	1,315,140	0	105,600	384,000	486,720	563,917	2,855,377
UNC	1,003,093	0	(28,800)	307,200	1,610,100	1,466,509	4,358,102
Com. Colleges	9,036,161	0	(1,233,600)	16,737,600	7,360,380	(15,844,001)	16,056,540
TOTAL	\$25,000,000	\$5,300,000	(\$2,160,000)	\$24,273,600	\$22,374,360	\$5,653,742	\$80,441,702

Two-year Change in State Support for Public Higher Education				
	FY 2005-06 Appropriation (excluding H.B. 06-1370)	FY 2006-07 Recommendation	Difference	Percent Change
Adams	\$11,116,631	\$12,562,412	\$1,445,781	13.0%
Mesa	17,310,295	20,632,636	3,322,341	19.2%
Metro	36,184,800	41,165,915	4,981,115	13.8%
Western	8,261,718	10,470,780	2,209,062	26.7%
CSU System	109,183,992	123,364,193	14,180,201	13.0%
Fort Lewis	7,435,161	10,745,793	3,310,632	44.5%
CU Regents	150,672,841	178,395,392	27,722,551	18.4%
Mines	17,187,980	20,043,357	2,855,377	16.6%
UNC	33,590,909	37,949,011	4,358,102	13.0%
Com. Colleges	105,942,015	121,998,555	16,056,540	15.2%
TOTAL	\$496,886,342	\$577,328,044	\$80,441,702	16.2%

Tuition: The recommendation provides spending authority for an increase in tuition of 5.0 percent at the University of Colorado system, the Colorado State University system, the Colorado School of Mines, and the University of Northern Colorado. It provides for a 3.0 percent increase at the other four-year institutions, which include Adams State College, Mesa State College, Western State College, and Fort Lewis College. It provides a for a 1.0 percent increase for the two-year Community Colleges. Combined with projected enrollment changes, the increase in projected tuition revenues is \$33.2 million.

Tuition Spending Authority						
	FY 2005-06 Appropriation	Long Bill Supplemental	FY 2005-06 Adjusted Appropriation	FY 2006-07 Recommendation	Difference from Adjusted Approp.	Percent Change
Adams	\$6,370,949	(\$161,577)	\$6,209,372	\$6,368,109	\$158,737	2.6%
Mesa	17,870,984	946,468	18,817,452	19,958,072	1,140,620	6.1%
Metro	44,499,587	(1,527,962)	42,971,625	44,214,860	1,243,235	2.9%
Western	8,842,744	90,426	8,933,170	8,980,816	47,646	0.5%
CSU System	158,146,363	(2,741,804)	155,404,559	163,433,524	8,028,965	5.2%
Fort Lewis	22,900,135	(775,781)	22,124,354	22,407,865	283,511	1.3%
CU Regents	437,641,773	75,488	437,717,261	453,264,459	15,547,198	3.6%
Mines	37,817,885	(167,885)	37,650,000	40,759,486	3,109,486	8.3%
UNC	48,270,785	(131,619)	48,139,166	51,043,730	2,904,564	6.0%
Com Colleges	124,419,789	(15,292,455)	109,127,334	109,856,130	728,796	0.7%
TOTAL	\$906,780,994	(\$19,686,701)	\$887,094,293	\$920,287,051	\$33,192,758	3.7%

Academic fees and facility fees: The recommendation 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	Percent
Adams	\$70,400	\$92,096	21,696	30.8%
Mesa	150,000	150,000	0	0.0%
Metro	546,000	559,650	13,650	2.5%
Western	205,000	300,000	95,000	46.3%
CSU System	6,181,790	6,224,000	42,210	0.7%
Fort Lewis	1,150,000	1,150,000	0	0.0%
CU Regents	16,700,000	17,357,531	657,531	3.9%
Mines	139,000	142,475	3,475	2.5%
UNC	712,000	738,017	26,017	3.7%
Com Colleges	6,903,706	7,076,299	172,593	2.5%
TOTAL	\$32,757,896	\$33,790,068	1,032,172	3.2%

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 2005-06. The large percentage increase in FTE reported for the Colorado School of Mines is primarily due to an error correction in the FY 2005-06 estimate of employees.

	FY 2005-06 Long Bill	Estimate in FY 2006-07 Request	Difference	Percent
Adams	286.9	286.1	(0.8)	-0.3%
Mesa	405.5	426.6	21.1	5.2%
Metro	964.9	1,023.1	58.2	6.0%
Western	200.8	205.1	4.3	2.1%
CSU System	3,417.9	3,750.1	332.2	9.7%
Fort Lewis	413.3	425.2	11.9	2.9%
CU Regents	5,971.2	6,169.8	198.6	3.3%
Mines	465.9	591.2	125.3	26.9%
UNC	1,000.0	1,006.9	6.9	0.7%
Com. Colleges	4,627.7	4,669.5	41.8	0.9%
TOTAL	17,754.1	18,553.6	799.5	4.5%

Local District Junior Colleges: 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 SFTE, based on the Spring 2006 Census.

Local District Junior Colleges	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
FY 2005-06 Appropriation	\$12,601,934	\$12,601,934	\$0	\$0	\$0	0.0
<i>Recommended Changes from FY 2005-06 Appropriation</i>						
Increase grants	1,066,117	1,066,117	0	0	0	0.0
Total FY 2006-07 JBC Recommendation	\$13,668,051	\$13,668,051	\$0	\$0	\$0	0.0
\$ Change from prior year	\$1,066,117	\$1,066,117	\$0	\$0	\$0	0.0
% Change from prior year	8.5%	8.5%	n/a	n/a	n/a	n/a

Issue Descriptions

Increase grants: The recommendation 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 ten family medicine residency programs throughout the state and assists in the recruitment of family medicine residents.

Advisory Commission on Family Medicine	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
FY 2005-06 Appropriation	\$1,576,502	\$0	\$0	\$1,576,502	\$0	0.0
Recommended Changes from FY 2005-06 Appropriation						
Additional funding for family residency programs	127,056	0	0	127,056	0	0.0
Total FY 2006-07 JBC Recommendation	\$1,703,558	\$0	\$0	\$1,703,558	\$0	0.0
\$ Change from prior year	\$127,056	\$0	\$0	\$127,056	\$0	0.0
% Change from prior year	8.1%	n/a	n/a	8.1%	n/a	n/a

Issue Descriptions

Additional funding for family residency programs: The recommendation includes an increase of \$127,056 to increase funding for the nine 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 recommended 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: This division supervises and administers the occupational education programs of the state and approves the allocation and distribution of state and federal vocational education funds to the community colleges, local district junior colleges, area vocational schools, secondary school districts, and any other appropriate state and local educational agencies or institutions. This division also coordinates resources available for the promotion of job development, job training, and job retraining in the state.

Division of Occupational Education	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
FY 2005-06 Appropriation	\$49,664,864	\$9,161,898	\$243,630	\$22,721,070	\$17,538,266	34.2
Recommended Changes from FY 2005-06 Appropriation						
Colorado Vocational Act	639,874	0	0	639,874	0	0.0
Area Vocational Schools	530,374	530,374	0	0	0	0.0
Fund source adjustment	0	(656,370)	656,370	0	0	0.0
Total FY 2006-07 JBC Recommendation	\$50,835,112	\$9,035,902	\$900,000	\$23,360,944	\$17,538,266	34.2
\$ Change from prior year	\$1,170,248	(\$125,996)	\$656,370	\$639,874	\$0	0.0
% Change from prior year	2.4%	(1.4)%	269.4%	2.8%	0.0%	0.0%

Issue Descriptions

Colorado Vocational Act: The recommendation 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.

Area Vocational Schools: The recommendation includes a \$530,374 General Fund, or 6.2 percent, increase in support for post-secondary career and technical education programs provided by the four Area Vocational Schools.

Fund source adjustment: The recommendation includes an increase in the amount of indirect costs 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.

Auraria Higher Education Center	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
FY 2005-06 Appropriation	\$14,372,136	\$0	\$14,372,136	\$0	\$0	128.3
<i>Recommended Changes from FY 2005-06 Appropriation</i>						
Increase in campus operating budget	492,625	0	492,625	0	0	(4.7)
Total FY 2005-06 JBC Recommendation	\$14,864,761	\$0	\$14,864,761	\$0	\$0	123.6
\$ Change from prior year	\$492,625	\$0	\$492,625	\$0	\$0	(4.7)
% Change from prior year	3.4%	n/a	3.4%	n/a	n/a	(3.7)%

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 recommendation 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.

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 dollars to beautify state buildings and grounds.

Council on the Arts	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
FY 2005-06 Appropriation	\$1,416,000	\$700,000	\$0	\$16,000	\$700,000	2.0
Recommended Changes from FY 2005-06 Appropriation						
Eliminate funding	(1,416,000)	(700,000)	0	(16,000)	(700,000)	(2.0)
Total FY 2006-07 JBC Recommendation	\$0	\$0	\$0	\$0	\$0	0.0
\$ Change from prior year	(\$1,416,000)	(\$700,000)	\$0	(\$16,000)	(\$700,000)	(2.0)
% Change from prior year	(100.0)%	(100.0)%	n/a	(100.0)%	(100.0)%	(100.0)%

Eliminate funding: The recommendation eliminates funding for the Council on the Arts.

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 through a state-wide grant program for historic preservation.

State Historical Society	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
FY 2005-06 Appropriation	\$29,554,416	\$260,000	\$2,034,875	\$26,453,829	\$805,712	127.4
Recommended Changes from FY 2005-06 Appropriation						
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
Total FY 2006-07 JBC Recommendation	\$31,204,212	\$510,000	\$1,731,046	\$28,094,446	\$868,720	126.9
\$ Change from prior year	\$1,649,796	\$250,000	(\$303,829)	\$1,640,617	\$63,008	(0.5)
% Change from prior year	5.6%	96.2%	(14.9)%	6.2%	7.8%	(0.4)%

Issue Descriptions

Statewide preservation grant program: The recommendation 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 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 recommendation 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 recommendation includes an increase of \$250,000 General Fund for a total appropriation of \$510,000 for the railroad.

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

Department of Human Services

Department Description: 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 who are juvenile offenders. The Department operates two Mental Health Institutes, three Regional Centers for the developmentally disabled, and ten institutions for juvenile delinquents. The Department also provides funding for indigent mentally ill people, funds Community Centered Boards for the Developmentally Disabled, and contracts for the supervision and treatment of delinquent juveniles.

Summary Table for Department of Human Services						
	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
FY 2005-06 Appropriation	\$1,848,190,762	\$505,570,057	\$104,097,682	\$680,935,007	\$557,588,016	5,205.1
Long Bill Supplemental	<u>200,768</u>	<u>(55,490)</u>	<u>1,529,075</u>	<u>(2,272,817)</u>	<u>1,000,000</u>	<u>0.0</u>
FY 2005-06 Adjusted Appropriation	\$1,848,391,530	\$505,514,567	\$105,626,757	\$678,662,190	\$558,588,016	5,205.1
<i>Recommended Changes from FY 2005-06 by Long Bill Division</i>						
Executive Director's Office	9,003,819	6,904,704	15,521	1,679,638	403,956	3.4
Information Technology Services	(3,725,336)	(456,695)	(287,158)	(1,387,617)	(1,593,866)	(1.0)
Office of Operations	596,396	499,994	14,475	19,543	62,384	3.8
County Administration	4,701,100	(497,951)	0	4,457,657	741,394	0.0
Division of Child Welfare	10,349,763	46,416,180	0	(46,061,605)	9,995,188	1.0
Division of Child Care	3,275,675	572,228	(5,425)	522,179	2,186,693	0.2
Office of Self Sufficiency	(30,840,168)	167,883	(16,932,509)	90,952	(14,166,494)	4.0
Mental Health and ADAD Services	13,512,106	11,236,863	275,997	1,961,118	38,128	11.1
Services for People with Disabilities	53,163,251	5,557,241	(45,098)	29,363,533	18,287,575	35.7
Adult Assistance Programs	6,395,184	(1,814,659)	7,770,019	420,835	18,989	0.0
Division of Youth Corrections	11,049,563	24,413,527	0	(13,397,392)	33,428	68.9
Total FY 2006-07 JBC Recommendation	\$1,925,872,883	\$598,513,882	\$96,432,579	\$656,331,031	\$574,595,391	5,332.2
\$ Change from prior year	\$77,481,353	\$92,999,315	(\$9,194,178)	(\$22,331,159)	\$16,007,375	127.1
% Change from prior year	4.2%	18.4%	(8.7)%	(3.3)%	2.9%	2.4%

Recommendation Highlights:

1. Increases the General Fund appropriation by \$22.5 million "net" General Fund¹ to account for the loss of federal Medicaid revenue associated with residential treatment centers.
2. 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.
3. Includes 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.
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 (\$0.3 million).
6. 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.
7. 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.
8. 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.
9. 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.

¹"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 \$1.5 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.
11. Provides a \$1.0 million General Fund increase to S.B. 91-94 programs in the Division of Youth Corrections.
12. Adds a combined \$900,000 General Fund for western and also southwestern Colorado mental health crisis stabilization services, respectively.
13. 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.
14. 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.
15. Adds \$609,000, including \$386,000 "net" General Fund, for 30 new Children's Extensive Support placements.
16. Adds \$250,000 for substance abuse and alcohol treatment services to restore funding for services reduced during the General Fund downturn.
17. Adds \$545,000 "net" General Fund for medical, pharmacy, and food inflationary increases for the Department.
18. 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.

Budget Recommendation Detail by Long Bill Division

Executive Director's Office: This office is responsible for the management and administration of the Department, performing such functions as budgeting, human resources, 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) funding for the state to comply with the federal Health Insurance Portability and Accountability Act of 1996 (HIPAA); (4) the child welfare administrative review unit; and (5) functions related to maintaining records and reports of child abuse and neglect and using such records to conduct employment/background screenings.

Executive Director's Office	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
FY 2005-06 Appropriation	\$40,771,459	\$21,061,767	\$1,114,303	\$10,302,776	\$8,292,613	125.7
Recommended Changes from FY 2005-06 Appropriation						
Salary and benefits adjustments to centrally appropriated line items	7,308,827	4,821,726	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 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 recommendations	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
Total FY 2006-07 JBC Recommendation	\$49,775,278	\$27,966,471	\$1,129,824	\$11,982,414	\$8,696,569	129.1
\$ Change from prior year	\$9,003,819	\$6,904,704	\$15,521	\$1,679,638	\$403,956	3.4
% Change from prior year	22.1%	32.8%	1.4%	16.3%	4.9%	2.7%

A portion of the cash funds exempt amounts reflected in this section of the budget are Medicaid funds transferred from the Department of Health Care Policy and Financing (HCPF). Most of these funds are appropriated as 50 percent General Fund and 50 percent federal funds in HCPF.

Issue Descriptions

Salary and benefits adjustments to centrally appropriated line items: The recommendation 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 S.B. 04-257 Amortization Equalization Disbursement.

Operating adjustments: The recommendation 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 recommendation 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 recommendation 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. Of the recommended increase, approximately \$127,000 is for one-time funding for contract resources to eliminate backlog present.

Centrally appropriated line item increases due to FTE recommendations: Elsewhere in the Department of Human Services, recommendations are presented which increase the number of FTE appropriated for FY 2006-07. To account for a large increase in FTE, the recommendation includes funding 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 recommendation 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 review.

Base reduction: The recommendation contains a base reduction of 0.2 percent of base salaries. For this division, the reduction is \$17,330.

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. 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.

Office of Information Technology Services	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
FY 2005-06 Appropriation	\$50,933,139	\$18,346,273	\$2,093,965	\$10,050,175	\$20,442,726	166.3
<i>Recommended Changes from FY 2005-06 Appropriation</i>						
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 changes	(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)
Total FY 2006-07 JBC Recommendation	\$47,207,803	\$17,889,578	\$1,806,807	\$8,662,558	\$18,848,860	165.3
\$ Change from prior year	(\$3,725,336)	(\$456,695)	(\$287,158)	(\$1,387,617)	(\$1,593,866)	(1.0)
% Change from prior year	(7.3)%	(2.5)%	(13.7)%	(13.8)%	(7.8)%	(0.6)%

A portion of the cash funds exempt amounts reflected in this section of the budget are Medicaid funds transferred from the Department of Health Care Policy and Financing (HCPF). Most of these funds are appropriated as 50 percent General Fund and 50 percent federal funds in HCPF.

Issue Descriptions

CBMS contractual increase: Pursuant to Contract Amendment #2 with Electronic Data Systems (EDS), the vendor responsible for programming the Colorado Benefits Management System (CBMS), this recommendation contains an increase of \$338,000 for contractual costs in FY 2006-07; the second of four yearly funding changes to the contract.

Annualize salary and benefits adjustments: The recommendation includes an additional \$290,017 that represents salary increases allocated to the division in FY 2005-06.

Operating adjustments: The recommendation 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 recommendation includes an annualization of the cost of a CBMS audit of change management and controls first funded in FY 2005-06. The State Auditor's Office initially oversaw this audit, but will not do so for FY 2006-07. As a result, its contract oversight fee will not be required but the General Fund portion of the audit, which it funded in FY 2005-06, will be required. This results in a net increase to the cost of the audit. It is recommended that this audit be on-going.

Programming costs for Sol Vista facility: The recommendation 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 recommendation results in a decrease of \$4.2 million, which is mostly attributable to the lawsuit and court order the state is litigating. Other changes in the recommendation 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 recommendation 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 recommendation 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 including accounting, auditing, contracting, purchasing, vehicle leases, and facilities management. This includes housekeeping and maintenance for direct-service facilities such as the mental health institutes, regional centers for persons with developmental disabilities, and youth corrections facilities.

Office of Operations	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
FY 2005-06 Appropriation	\$37,150,932	\$19,426,875	\$740,400	\$12,921,155	\$4,062,502	467.0
Recommended Changes from FY 2005-06 Appropriation						
Annualize salary and benefits adjustments	580,021	288,738	14,523	234,567	42,193	0.0
Vehicle Lease Payments changes	152,285	94,210	1,084	58,443	(1,452)	0.0
Support services for Department of Corrections La Vista Facility	124,655	0	0	124,655	0	1.6
Support services for Sol Vista Division of 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
Leased space costs for Vocational Rehabilitation program expansions	9,000	0	0	1,917	7,083	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
Total FY 2006-07 JBC Recommendation	\$37,747,328	\$19,926,869	\$754,875	\$12,940,698	\$4,124,886	470.8
\$ Change from prior year	\$596,396	\$499,994	\$14,475	\$19,543	\$62,384	3.8
% Change from prior year	1.6%	2.6%	2.0%	0.2%	1.5%	0.8%

A portion of the cash funds exempt amounts reflected in this section of the budget are Medicaid funds transferred from the Department of Health Care Policy and Financing (HCPF). Most of these funds are appropriated as 50 percent General Fund and 50 percent federal funds in HCPF.

Issue Descriptions

Annualize salary and benefits adjustments: The recommendation includes common policy adjustments to personal services for salary increases awarded in FY 2005-06.

Vehicle Lease Payments changes: The recommendation 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 recommendation also includes the addition of five vehicles associated with increased staffing levels in the Division of Vocational Rehabilitation for the Business Enterprise Program (one vehicle), the Administrative Review Unit in the Executive Director's Office (two vehicles), and 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 recommendation includes funding for support services to the La Vista Department of Corrections Facility on the Pueblo campus.

Support Services for Sol Vista Division of Youth Corrections Facility: The recommendation includes funding for services to the Sol Vista Division of Youth Corrections facility, a 20 bed secure mental health facility on the Pueblo campus.

Capitol Complex Leased Space costs: The recommendation 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.

Vehicle lease costs associated with three decision items:

Leased space costs for Vocational Rehabilitation program expansions: The recommendation includes an increase in leased space associated with new vocational rehabilitation staff.

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 recommendation would eliminate the line item.

Base reduction: The recommendation includes a common policy to reduce personal services by 0.2 percent.

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. Administration for the Colorado "Works" Program, child welfare, and child care programs, however, are included in the respective sections for these programs.

County Administration	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
FY 2005-06 Appropriation	\$67,578,518	\$25,826,732	\$0	\$27,570,817	\$14,180,969	0.0
Recommended Changes from FY 2005-06 Appropriation						
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
Medicaid transportation	(485,732)	0	0	(485,732)	0	0.0
Total FY 2006-07 JBC Recommendation	\$72,279,618	\$25,328,781	\$0	\$32,028,474	\$14,922,363	0.0
\$ Change from prior year	\$4,701,100	(\$497,951)	\$0	\$4,457,657	\$741,394	0.0
% Change from prior year	7.0%	(1.9)%	n/a	16.2%	5.2%	n/a

A portion of the cash funds exempt amounts reflected in this section of the budget are Medicaid funds transferred from the Department of Health Care Policy and Financing (HCPF). In this division, funds are appropriated as 37.5 percent General Fund and 62.5 percent federal funds in HCPF.

Issue Descriptions

Increase to address county shortfall: Counties have been over-expending their county administration allocations in recent years and the recommendation begins to address the shortfall. The recommendation includes costs for county salary and operating increases since FY 1998-99, which the last year in which counties did not overspend their allocations.

Medicaid refinance: The recommendation refinances the County Administration appropriation's medicaid funding to more accurately reflect the amount of Medicaid funding earned.

Cost of living adjustment: The recommendation 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: Recommended 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.

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 is not recommended to continue.

Medicaid transportation funding: The recommendation includes a transfer of this appropriation from the Department of Human Services to 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. In FY 2003-04, county departments of social services received approximately 63,000 reports of abuse or neglect and provided child welfare services to approximately 40,000 children and their families.

Division of Child Welfare	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
FY 2005-06 Appropriation	\$385,504,451	\$146,559,999	\$0	\$141,191,369	\$97,753,083	31.0
<i>Recommended Changes from FY 2005-06 Appropriation</i>						
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
Total FY 2006-07 JBC Recommendation	\$395,854,214	\$192,976,179	\$0	\$95,129,764	\$107,748,271	32.0
\$ Change from prior year	\$10,349,763	\$46,416,180	\$0	(\$46,061,605)	\$9,995,188	1.0
% Change from prior year	2.7%	31.7%	n/a	(32.6)%	10.2%	3.2%

Most of the cash funds exempt amounts reflected in this section of the budget are Medicaid funds transferred from the Department of Health Care Policy and Financing (HCPF). Most of these funds are appropriated as 50 percent General Fund and 50 percent federal funds in HCPF.

Issue Descriptions

Cost of living adjustment: The recommendation includes an increase of 3.25 percent for cost of living adjustments.

Population increases: The child and adolescent population (ages 0-17) are projected to grow at 1.23 percent in FY 2006-07. To account for this growth, the recommendation 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 recommendation makes adjustments to several funding sources. Availability is determined by the size of a federal grant, as is the case with 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 recommendation includes an additional \$56,292 that represents the salary increases allocated to the division in FY 2005-06.

CHRP Administrator: The recommendation 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 recommendation 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 for children placed out-of-home in residential treatment centers at historical levels. 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 recommendation realizes 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 approval of 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 recommendation contains a base reduction of 0.2 percent of base salaries. For this division, the reduction is \$4,297.

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. 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. Cash funds amounts reflect fees and fines associated with the licensing of child care facilities. Cash funds exempt amounts reflect expenditures by counties and donations. There is no Medicaid funding appropriated in this section. Federal funds primarily reflect Child Care Development Funds, which the General Assembly has authority to appropriate, pursuant to federal law.

Division of Child Care	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
FY 2005-06 Appropriation	\$88,500,170	\$18,046,688	\$704,073	\$9,214,519	\$60,534,890	63.3
Long Bill Supplemental	<u>1,000,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,000,000</u>	<u>0.0</u>
FY 2005-06 Adjusted Appropriation	\$89,500,170	\$18,046,688	\$704,073	\$9,214,519	\$61,534,890	63.3
<i>Recommended Changes from FY 2005-06 Appropriation</i>						
Increase for CCAP (child care assist.)	1,728,805	0	0	278,805	1,450,000	0.0
3.25 percent cost of living adjustment	2,431,488	515,480	0	243,374	1,672,634	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

Division of Child Care	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
Annualize FY 2005-06 information technology appropriation	(245,904)	0	0	0	(245,904)	0.0
Reduction in anticipated fine receipts	(19,500)	0	(19,500)	0	0	0.0
Total FY 2006-07 JBC Recommendation	\$92,775,845	\$18,618,916	\$698,648	\$9,736,698	\$63,721,583	63.5
\$ Change from prior year	\$3,275,675	\$572,228	(\$5,425)	\$522,179	\$2,186,693	0.2
% Change from prior year	3.7%	3.2%	(0.8)%	5.7%	3.6%	0.3%

Issue Descriptions

Long Bill Supplemental: The Long Bill contains a FY 2005-06 supplemental add-on to appropriate additional federal Child Care Development Funds for the Child Care Assistance Program associated with increases included in the federal FY 2005-06 Budget Reconciliation Act. This increase continues in FY 2006-07.

Increase for CCAP (child care assistance): The recommendation 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 less than 130 percent of the federal poverty (up to 225 percent of the federal poverty level, depending on the county). The recommendation also includes continuation of a \$1 million federal funds increase appropriated as an FY 2005-06 add-on. Cash funds exempt amounts reflect associated increases in county maintenance-of-effort.

3.25 percent cost of living adjustment: The recommendation 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.

Annualize salary and benefits adjustments: The recommendation 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 authorized the Division to license agencies that facilitate inter-country adoptions for a fee. The recommendation annualizes the FY 2005-06 appropriation, consistent with the fiscal note.

Child Care Fund earmarks: The recommendation 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 recommendation reflects elimination of 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.

Reduction in anticipated fine receipts: The recommendation reflects a reduction in anticipated receipts for fines assessed against child care licenses, based on revenue trends.

Office of Self Sufficiency: This section includes 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 Fund Exempt	Federal Funds	FTE
FY 2005-06 Appropriation	\$305,219,897	\$6,614,337	\$17,616,708	\$29,138,856	\$251,849,996	265.1
Recommended Changes from FY 2005-06 Appropriation						
Administration	(1,860,810)	121,513	0	0	(1,982,323)	(10.0)
Colorado Works Program	(11,901,894)	0	0	544,620	(12,446,514)	14.0
Special Purpose Welfare Programs	(17,350,404)	13,826	(16,932,509)	(453,668)	21,947	0.0
Child Support Enforcement	95,719	32,544	0	0	63,175	0.0
Disability Determination Services	177,221	0	0	0	177,221	0.0
Total FY 2006-07 JBC Recommendation	\$274,379,729	\$6,782,220	\$684,199	\$29,229,808	\$237,683,502	269.1
\$ Change from prior year	(\$30,840,168)	\$167,883	(\$16,932,509)	\$90,952	(\$14,166,494)	4.0
% Change from prior year	(10.1)%	2.5%	(96.1)%	0.3%	(5.6)%	1.5%

Administration: This subsection of the Office of Self Sufficiency includes the State's share of administrative funding for self sufficiency programs.

Administration	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
FY 2005-06 Appropriation	\$3,470,711	\$493,094	\$0	\$0	\$2,977,617	29.0
Recommended Changes from FY 2005-06 Appropriation						
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)
Base reduction	(4,709)	(917)	0	0	(3,792)	0.0
Total FY 2006-07 JBC Recommendation	\$1,609,901	\$614,607	\$0	\$0	\$995,294	19.0
\$ Change from prior year	(\$1,860,810)	\$121,513	\$0	\$0	(\$1,982,323)	(10.0)
% Change from prior year	(53.6)%	24.6%	n/a	n/a	(66.6)%	(34.5)%

Issue Descriptions

Annualize salary and benefits adjustments: The recommendation 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 recommendation 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. Additionally, 1.0 FTE is recommended to be transferred from the CBMS program. The recommendation 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 recommendation contains a base reduction of 0.2 percent of base salaries. For this division, the reduction is \$4,709.

Colorado Works Program: This subsection of the Office of Self Sufficiency 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.

<i>Colorado Works Program</i>	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
FY 2005-06 Appropriation	\$211,488,618	\$627,726	\$0	\$25,128,413	\$185,732,479	3.0
<i>Recommended Changes from FY 2005-06 Appropriation</i>						
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 reductions	(2,200)	0	0	0	(2,200)	0.0
Total FY 2006-07 JBC Recommendation	\$199,586,724	\$627,726	\$0	\$25,673,033	\$173,285,965	17.0
\$ Change from prior year	(\$11,901,894)	\$0	\$0	\$544,620	(\$12,446,514)	14.0
% Change from prior year	(5.6)%	0.0%	n/a	2.2%	(6.7)%	466.7%

Issue Descriptions

Budget and staff realignment: The recommendation 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 recommended to be added within base resources to provide additional training and program enhancement.

Adjustment to reflect available funds: This recommended 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 recommendation 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 recommended \$15.0 million level in FY 2006-07, the recommendation for the County Block Grant line item is reduced.

Base reduction: The recommendation 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 contains funding for Systematic Alien Verification for Eligibility (SAVE) and the electronic benefits transfer service (EBTS).

<i>Special Purpose Welfare Programs</i>	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
FY 2005-06 Appropriation	\$60,824,674	\$1,099,739	\$17,471,698	\$3,728,954	\$38,524,283	36.2
<i>Recommended Changes from FY 2005-06 Appropriation</i>						
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
Total FY 2006-07 JBC Recommendation	\$43,474,270	\$1,113,565	\$539,189	\$3,275,286	\$38,546,230	36.2
\$ Change from prior year	(\$17,350,404)	\$13,826	(\$16,932,509)	(\$453,668)	\$21,947	0.0
% Change from prior year	(28.5)%	1.3%	(96.9)%	(12.2)%	0.1%	0.0%

Issue Descriptions

Annualize survey and benefits adjustments: The recommendation includes an additional \$59,717 for the salary increases allocated to the division in FY 2005-06.

Fund mix adjustment: This recommendation accounts for various changes in funding available by fund source. Included is a refinance 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 recommendation 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 next year. This funding is not reflected in the Long Bill recommendations for the Department of Human Services.

Workload adjustments: The recommendation reduces several appropriations to account for current workload (Low-income Telephone Assistance Program) and for cost savings attributable to CBMS (Income Tax Offset program).

Adjustment to reflect available funds: This recommendation reflects the anticipated distribution from Energy Outreach Colorado for the Low Income Energy Assistance Program and from the federal government for the same program.

Base reduction: The recommendation contains a base reduction of 0.2 percent of base salaries. For this division, the reduction is \$4,849.

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, track collection efforts, and several administrative programs.

<i>Child Support Enforcement</i>	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
FY 2005-06 Appropriation	\$13,349,375	\$4,393,778	\$145,010	\$281,489	\$8,529,098	62.4
<i>Recommended Changes from FY 2005-06 Appropriation</i>						
Annualize salary and benefits adjustments	116,727	39,687	0	0	77,040	0.0
Base reduction	(21,008)	(7,143)	0	0	(13,865)	0.0
Total FY 2006-07 JBC Recommendation	\$13,445,094	\$4,426,322	\$145,010	\$281,489	\$8,592,273	62.4
\$ Change from prior year	\$95,719	\$32,544	\$0	\$0	\$63,175	0.0
% Change from prior year	0.7%	0.7%	0.0%	0.0%	0.7%	0.0%

Issue Descriptions

Annualize salary and benefits adjustments: The recommendation includes an additional \$116,727 that represents the salary increases allocated to the division in FY 2005-06.

Base reduction: The recommendation 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.

<i>Disability Determination Services</i>	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
FY 2005-06 Appropriation	\$16,086,519	\$0	\$0	\$0	\$16,086,519	134.5
<i>Recommended Changes from FY 2004-05 Appropriation</i>						
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
Total FY 2005-06 JBC Recommendation	\$16,263,740	\$0	\$0	\$0	\$16,263,740	134.5
\$ Change from prior year	\$177,221	\$0	\$0	\$0	\$177,221	0.0
% Change from prior year	1.1%	n/a	n/a	n/a	1.1%	0.0%

Issue Descriptions

Annualize salary and benefits adjustments: The recommendation includes an additional \$201,429 that represents the salary increases allocated to the division in FY 2005-06.

Base reduction: The recommendation 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, Supportive Housing and Homelessness programs, and funds for central administration of these programs. Additional detail on funding changes in Mental Health and Alcohol and Drug Abuse Services is reflected in the subsection tables and narratives below.

Mental Health and Alcohol and Drug Abuse Services	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
FY 2005-06 Appropriation	\$188,394,516	\$101,106,875	\$5,247,230	\$35,134,968	\$46,905,443	1,309.6
Long Bill Supplemental	<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>
FY 2005-06 Adjusted Appropriation	\$188,004,917	\$100,797,386	\$6,776,305	\$33,525,783	\$46,905,443	1,309.6
Recommended Changes from FY 2005-06 Appropriation						
Administration	214,183	165,041	(104)	11,118	38,128	4.0
Mental Health Community Programs	8,222,949	7,795,289	0	427,660	0	0.0
Mental Health Institutes	3,570,264	1,645,814	381,490	1,542,960	0	6.4
Alcohol and Drug Abuse Division	1,504,710	1,630,719	(105,389)	(20,620)	0	0.7
Total FY 2006-07 JBC Recommendation	\$201,517,023	\$112,034,249	\$7,052,302	\$35,486,901	\$46,943,571	1,320.7
\$ Change from prior year	\$13,512,106	\$11,236,863	\$275,997	\$1,961,118	\$38,128	11.1
% Change from prior year	7.2%	11.1%	4.1%	5.9%	0.1%	0.9%

Administration: This subsection of Mental Health and Alcohol and Drug Abuse Services contains appropriations for the central administration of mental health and alcohol and drug abuse services for adults and children. It also includes funding for traumatic brain injury programs and for federal housing programs for low income and indigent persons who require specialized care.

Administration	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
FY 2005-06 Appropriation	\$20,641,974	\$279,756	\$1,505,422	\$851,059	\$18,005,737	34.1
Recommended Changes from FY 2005-06 Appropriation						
Annualization of technical correction	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
Total FY 2006-07 JBC Recommendation	\$20,856,157	\$444,797	\$1,505,318	\$862,177	\$18,043,865	38.1
\$ Change from prior year	\$214,183	\$165,041	(\$104)	\$11,118	\$38,128	4.0
% Change from prior year	1.0%	59.0%	0.0%	1.3%	0.2%	11.7%

Issue Descriptions

Annualization of technical correction: The recommendation corrects a financing correction made in FY 2005-06 for a full year in FY 2006-07.

Annualize salary and benefit adjustments: The recommendation makes common policy adjustments to personal services to reflect salary increases awarded in FY 2005-06.

Reflect federal FTE: The recommendation reflects the increase in the FTE for 100 percent federally-funded programs.

Base reduction: The recommendation makes a common policy adjustment to reduce personal services by 0.2 percent.

Mental Health Community Programs: This subsection of Mental Health and Alcohol and Drug Abuse Services includes funding for about 9,000 indigent clients and for 1,600 clients served under the Goebel Lawsuit Settlement. [Please note, funding for the Medicaid mental health community services is reflected in the Department of Health Care Policy and Financing which administers that program.]

<i>Mental Health Community Programs</i>	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
FY 2005-06 Appropriation	\$46,565,610	\$27,171,343	\$0	\$13,411,059	\$5,983,208	2.0
Recommended Changes from FY 2005-06 Appropriation						
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
Total FY 2006-07 JBC Recommendation	\$54,788,559	\$34,966,632	\$0	\$13,838,719	\$5,983,208	2.0
\$ Change from prior year	\$8,222,949	\$7,795,289	\$0	\$427,660	\$0	0.0
% Change from prior year	17.7%	28.7%	n/a	3.2%	0.0%	0.0%

Issue Descriptions

Annualization of FY 2005-06 funding increase for mental health for indigent clients: The recommendation annualizes the \$1,450,000 funding increase provided for a partial year in FY 2005-06.

3.25 percent cost of living adjustment: The recommendation provides for a 3.25 percent cost of living adjustment.

Annualization of FY 2005-06 funding increase for early childhood mental health funding: The recommendation 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 recommendation annualizes the \$230,000 funding increase provided for a partial year in FY 2005-06. This funding 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 recommendation adds funding for mental health crisis stabilization for the western region of the state.

Southwestern Colorado mental health community services: The recommendation adds funding for mental health crisis stabilization for the southwestern region of the state.

Various adjustments: The recommendation makes 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 recommendation 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 mental health institute at Pueblo is expected to have an average daily census of 378 in FY 2005-06 and the mental health institute at Fort Logan is expected to have an average daily census of 151 in FY 2004-05. The average cost per bed for the institutes is estimated at \$160,000 in FY 2005-06, excluding the additional costs in the Office of Operations.

<i>Mental Health Institutes</i>	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
FY 2005-06 Appropriation	\$84,517,514	\$63,827,345	\$1,859,889	\$18,830,280	\$0	1,246.2
Long Bill Supplemental	<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>
FY 2005-06 Adjusted Appropriation	\$84,127,915	\$63,517,856	\$3,388,964	\$17,221,095	\$0	1,246.2
<i>Recommended Changes from FY 2005-06 Appropriation</i>						
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

<i>Mental Health Institutes</i>	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
Revenue adjustments	0	(1,279,486)	381,490	897,996	0	0.0
Base reduction	(125,356)	(125,356)	0	0	0	0.0
Total FY 2006-07 JBC Recommendation	\$87,698,179	\$65,163,670	\$3,770,454	\$18,764,055	\$0	1,252.6
\$ Change from prior year	\$3,570,264	\$1,645,814	\$381,490	\$1,542,960	\$0	6.4
% Change from prior year	4.2%	2.6%	11.3%	9.0%	n/a	0.5%

Issue Descriptions

Long Bill Supplemental: The recommendation includes a FY 2005-06 supplemental in the Long Bill. This FY 2005-06 supplemental recommendation makes adjustments to the financing based on estimated patient cash receipts.

Salary and benefits adjustments: The recommendation makes common policy adjustments to personal services to reflect salary increases awarded in FY 2005-06.

Annualization of FY 2005-06 salary increase for psychiatrists and other medical professionals: The recommendation 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 recommendation makes common policy inflationary adjustments for food, medical, pharmacy, and fuel costs.

Services for Sol Vista DYC Facility Clients: The recommendation 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 recommendation includes funding for services and FTE for the La Vista Department of Corrections Facility.

Revenue adjustments: The recommendation makes adjustments to the financing based on estimated patient cash receipts.

Base reduction: The recommendation makes a common policy adjustment to reduce personal services by 0.2 percent.

Alcohol and Drug Abuse Division: This subsection of Mental Health and Alcohol and Drug Abuse Services contains appropriations for alcohol and drug abuse prevention, intervention, and treatment services. Treatment, prevention, and detoxification services are provided primarily through six managed 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.

<i>Alcohol and Drug Abuse Division</i>	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
FY 2005-06 Appropriation	\$36,669,418	\$9,828,431	\$1,881,919	\$2,042,570	\$22,916,498	27.3
Recommended Changes from FY 2005-06 Appropriation						
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
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
Total FY 2006-07 JBC Recommendation	\$38,174,128	\$11,459,150	\$1,776,530	\$2,021,950	\$22,916,498	28.0
\$ Change from prior year	\$1,504,710	\$1,630,719	(\$105,389)	(\$20,620)	\$0	0.7
% Change from prior year	4.1%	16.6%	(5.6)%	(1.0)%	0.0%	2.7%

Issue Descriptions

Arapahoe House and ARTS Programs: The recommendation 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.

3.25 percent cost of living increase: The recommendation includes an increase of 3.25 percent for cost of living adjustments.

Annualization of FY 2005-06 STIRRT increase: The recommendation 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 recommendation restores \$250,000, including \$33,329 for prevention programs and \$216,671 for treatment and detoxification services.

Salary and benefits adjustments: The recommendation makes various adjustments to allocate FY 2005-06 salary survey and to reduce the personal services base by 0.2 percent.

New initiatives: The recommendation includes the following project funding: \$20,000 of Law Enforcement Assistance Fund contracts to offset revenue shortfalls in the Persistent Drunk Driver 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 recommendation annualizes H.B. 05-1015 funding provided for a partial year in FY 2005-06.

Discontinuation of FY 2005-06 one-time funding: The recommendation 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 reserves from the Persistent Drunk Driver Cash Fund. These initiatives funded one-time projects and helped maintain the state's federal maintenance of effort.

Services for People with Disabilities: This section includes all funding for Developmental Disability Services, the Division of Vocational Rehabilitation, and Homelake Domiciliary and State and Veterans Nursing Homes. Additional detail on funding changes in Services for People with Disabilities is reflected in the subsection tables and narratives below.

Services for People with Disabilities	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
FY 2005-06 Appropriation	\$440,003,700	\$30,710,583	\$3,452,834	\$367,273,119	\$38,567,164	1,831.6
Long Bill Supplemental	<u>(409,633)</u>	<u>253,999</u>	<u>0</u>	<u>(663,632)</u>	<u>0</u>	<u>0.0</u>
FY 2005-06 Adjusted Appropriation	\$439,594,067	\$30,964,582	\$3,452,834	\$366,609,487	\$38,567,164	1,831.6
Recommended Changes from FY 2005-06 Appropriation						
Developmental Disability Services	38,083,461	3,066,064	(73,068)	28,183,498	6,906,967	7.5
Division of Vocational Rehabilitation	10,502,008	2,194,159	27,970	465,947	7,813,932	28.2
Homelake Domiciliary and State and Veterans Nursing Homes	4,577,782	297,018	0	714,088	3,566,676	0.0
Total FY 2006-07 JBC Recommendation	\$492,757,318	\$36,521,823	\$3,407,736	\$395,973,020	\$56,854,739	1,867.3
\$ Change from prior year	\$53,163,251	\$5,557,241	(\$45,098)	\$29,363,533	\$18,287,575	35.7
% Change from prior year	12.1%	17.9%	(1.3)%	8.0%	47.4%	1.9%

Developmental Disability Services: This subsection of Services for People with Disabilities includes funding for community and institutional services for adults with developmental disabilities, services for children with developmental disabilities and their families, and the work therapy program. This last program provides supportive employment for people with developmental disabilities and mental illness who are served in state-run facilities. Overall funding changes are reflected in the table immediately below. The details of these changes are discussed in the relevant subsections that follow.

<i>Developmental Disability Services</i>	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
FY 2005-06 Appropriation	\$359,245,816	\$26,194,572	\$3,006,362	\$330,044,882	\$0	920.3
Long Bill Supplemental	<u>(409,633)</u>	<u>253,999</u>	<u>0</u>	<u>(663,632)</u>	<u>0</u>	<u>0.0</u>
FY 2005-06 Adjusted Appropriation	\$358,836,183	\$26,448,571	\$3,006,362	\$329,381,250	\$0	920.3

<i>Developmental Disability Services</i>	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
<i>Recommended Changes from FY 2005-06 Appropriation</i>						
Community Services	25,880,826	308,690	0	25,572,136	0	1.0
Regional Centers	862,862	0	(72,914)	935,776	0	0.0
Services for Children and Families	11,339,961	2,757,374	0	1,675,620	6,906,967	6.5
Work Therapy	(188)	0	(154)	(34)	0	0.0
Total FY 2006-07 JBC Recommendation	\$396,919,644	\$29,514,635	\$2,933,294	\$357,564,748	\$6,906,967	927.8
\$ Change from prior year	\$38,083,461	\$3,066,064	(\$73,068)	\$28,183,498	\$6,906,967	7.5
% Change from prior year	10.6%	11.6%	(2.4)%	8.6%	n/a	0.8%

Community Services (Subsection of Developmental Disabilities Services): 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 state-supported funding in this section, \$230.6 million is for adult residential placements. This supports 3,828 adult comprehensive residential placements (also known as "resources") at an average cost of \$60,872 per year. An additional \$59.9 million is for 3,572 adult supported living service placements at an average cost of \$16,793 per year. The balance of funding includes: \$24.3 million for developmental disability services that are funded with local moneys and a federal Medicaid match; \$3.0 million in administration and information technology system costs; \$3.0 million in case management costs for services funded in the Services for Children and Families section; and \$900,000 in various special purpose costs associated with services for adults with developmental disabilities.

<i>Community Services</i>	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
FY 2005-06 Appropriation	\$295,867,794	\$12,506,021	\$0	\$283,361,773	\$0	31.4
Long Bill Supplemental	(46,939)	0	0	(46,939)	0	0.0
FY 2005-06 Adjusted Appropriation	\$295,820,855	\$12,506,021	\$0	\$283,314,834	\$0	31.4
<i>Recommended Changes from FY 2005-06 Appropriation</i>						
3.25 percent cost of living adjustment	\$7,941,853	\$356,810	\$0	\$7,585,043	\$0	0.0
Annualize new emergency 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		

<u>Community Services</u>	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
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
Annualize FY 2005-06 reduction to H.B. 05-1263 funding	50,943	0	0	50,943	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
Total FY 2006-07 JBC Recommendation	\$321,701,681	\$12,814,711	\$0	\$308,886,970	\$0	32.4
\$ Change from prior year	\$25,880,826	\$308,690	\$0	\$25,572,136	\$0	1.0
% Change from prior year	8.7%	2.5%	n/a	9.0%	n/a	3.2%

Most of the cash funds exempt amounts reflected in this section of the budget are Medicaid funds transferred from the Department of Health Care Policy and Financing (HCPF). The overall recommendations in this section add \$11.7 million General Fund in the Department of Health Care Policy and Financing, in addition to the General Fund increase in the Department of Human Services.

Issue Descriptions

Long Bill Supplemental: The Long Bill contains a FY 2005-06 supplemental add-on to reduce new H.B. 05-1262 Children's Extensive Support funding by \$50,943 associated with one-time placement delays. The recommendation also includes a \$4,004 technical correction to more accurately reflect anticipated increases in SSI room and board payments to community centered boards in FY 2005-06.

3.25 percent cost of living adjustment: The recommendation includes a 3.25 percent community provider rate increase on payments to community centered boards for services to people with developmental disabilities.

Annualize new emergency residential and supported living placements: The recommendation 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 recommendation 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 recommendation 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 recommendation 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 recommendation 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 recommendation 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 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. 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 recommendation annualizes this amount to cover a full year of higher receipts.

Annualize case management for new early intervention placements: The recommendation 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 received for Medicaid. The recommendation 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 recommendation 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: As reflected above, the Long Bill contains a FY 2005-06 supplemental add-on to reduce new H.B. 05-1263 Children’s Extensive Support funding by \$50,943 associated with placement delays. The FY 2006-07 recommendation restores this one-time cut.

Add new quality assurance staff: The recommendation 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 recommendation adds 30 new Children’s Extensive Support placements for FY 2006-07. Funding during the first half of the year would be 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 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 recommendation annualizes the appropriation 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 recommendation 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.

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), 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. The regional centers have the capacity to serve 403 persons, including 102 on-campus intermediate care facility (ICF) beds and 301 Medicaid waiver beds. The average annual cost per bed, including costs that are charged to other parts of the department and depreciation costs,

is projected to be \$141,810 in FY 2006-07. Most of the cash funds exempt amounts reflected in this section of the budget are Medicaid funds transferred from the Department of Health Care Policy and Financing (HCPF). Most of these funds are appropriated as 50 percent General Fund and 50 percent federal funds in HCPF.

<i><u>Regional Centers</u></i>	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
FY 2005-06 Appropriation	\$42,002,750	\$0	\$2,681,362	\$39,321,388	\$0	887.4
Long Bill Supplemental	<u>131,764</u>	<u>0</u>	<u>0</u>	<u>131,764</u>	<u>0</u>	<u>0.0</u>
FY 2005-06 Adjusted Appropriation	\$42,134,514	\$0	\$2,681,362	\$39,453,152	\$0	887.4
<i>Recommended Changes from FY 2005-06 Appropriation</i>						
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
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
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
Total FY 2006-07 JBC Recommendation	\$42,997,376	\$0	\$2,608,448	\$40,388,928	\$0	887.4
\$ Change from prior year	\$862,862	\$0	(\$72,914)	\$935,776	\$0	0.0
% Change from prior year	2.0%	n/a	(2.7)%	2.4%	n/a	0.0%

Issue Descriptions

Long Bill Supplemental: The 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 on an emergency basis.

Annualize salary and benefits adjustments: The recommendation includes common policy adjustments to personal services to reflect salary increases awarded in FY 2005-06.

Medical inflation at 2.05 percent: The recommendation 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 recommendation reflects the application of a common policy inflationary increase of 2.1 percent for food.

Annualize FY 2005-06 supplemental: As reflected above, the Long Bill contains an FY 2005-06 supplemental add-on to address one-time costs to place a consumer with exceptionally high needs at a regional center. The recommendation removes these additional funds for FY 2006-07.

Base reduction: The recommendation makes a common policy adjustment to personal services base funding to reflect estimated vacancy savings.

Fund mix adjustment: The recommendation 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 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 recommendation annualizes an FY 2005-06 supplemental adjustment to cover a full year of higher receipts.

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, except for case management, which is funded in the Community Services section. Including \$3.0 million for associated case management funded in the Community Services section, the appropriation supports 395 Children's Extensive Support placements at an average cost of \$20,413; 2,072 early intervention placements at an average cost of \$6,071; and 1,176 family support placements at an average cost of \$6,090. Most of the cash funds exempt amounts reflected in this section of the budget are Medicaid funds transferred from the Department of Health Care Policy and Financing (HCPF). Most of these funds are appropriated as 50 percent General Fund and 50 percent federal funds in HCPF.

<u><i>Services for Children and Families</i></u>	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
FY 2005-06 Appropriation	\$20,910,184	\$13,688,551	\$0	\$7,221,633	\$0	0.0
Long Bill Supplemental	<u>(494,458)</u>	<u>253,999</u>		<u>(748,457)</u>	<u>0</u>	<u>0.0</u>
FY 2005-06 Adjusted Appropriation	\$20,415,726	\$13,942,550	\$0	\$6,473,176	\$0	0.0
<i>Recommended Changes from FY 2005-06 Appropriation</i>						
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
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	494,458	(253,999)	0	748,457	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
Total FY 2005-06 JBC Recommendation	\$31,755,687	\$16,699,924	\$0	\$8,148,796	\$6,906,967	6.5
\$ Change from prior year	\$11,339,961	\$2,757,374	\$0	\$1,675,620	\$6,906,967	6.5
% Change from prior year	55.5%	19.8%	n/a	25.9%	n/a	n/a

Issue Descriptions

Long Bill Supplemental: The Long Bill contains an FY 2005-06 supplemental add-on to reduce new 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.

Transfer federal grant for infants and toddlers with disabilities from Colorado Department of Education: The recommendation 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 developmental disabilities and delays and their families.

Annualize new early intervention placements: The recommendation 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 recommendation 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 recommendation adds 30 new Children's Extensive Support placements for FY 2006-07. Funding during the first half of the year would be 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: As reflected above, the Long Bill contains a FY 2005-06 supplemental add-on 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 recommendation 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 recommendation annualizes the appropriation 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 recommendation 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 section appropriates 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 work performed.

<u><i>Work Therapy Program</i></u>	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
FY 2005-06 Appropriation	\$465,088	\$0	\$325,000	\$140,088	\$0	1.5
<i>Recommended Changes from FY 2005-06 Appropriation</i>						
Base reduction	(188)	0	(154)	(34)	0	0.0
Total FY 2006-07 JBC Recommendation	\$464,900	\$0	\$324,846	\$140,054	\$0	1.5
\$ Change from prior year	(\$188)	\$0	(\$154)	(\$34)	\$0	0.0
% Change from prior year	0.0%	n/a	0.0%	0.0%	n/a	0.0%

Issue Descriptions

Base reduction: The recommendation makes a common policy adjustment to personal services base funding.

Division of Vocational Rehabilitation: This subsection of Services for People with Disabilities contains appropriations to assist persons with physical and mental disabilities in overcoming barriers to employment. Vocational counseling services are provided statewide through 16 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. Cash and cash exempt amounts are from various local and government sources. There is no Medicaid funding in this section.

<u><i>Division of Vocational Rehabilitation</i></u>	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
FY 2005-06 Appropriation	\$41,491,469	\$4,245,622	\$446,472	\$5,200,177	\$31,599,198	221.5
<i>Recommended Changes from FY 2005-06 Appropriation</i>						
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

<i>Division of Vocational Rehabilitation</i>	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
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
Commission on the Deaf and Hard of Hearing adjustment	(187,705)	0	0	(187,705)	0	0.0
Base reduction	(24,779)	(4,841)	(139)	(462)	(19,337)	0.0
Total FY 2006-07 JBC Recommendation	\$51,993,477	\$6,439,781	\$474,442	\$5,666,124	\$39,413,130	249.7
\$ Change from prior year	\$10,502,008	\$2,194,159	\$27,970	\$465,947	\$7,813,932	28.2
% Change from prior year	25.3%	51.7%	6.3%	9.0%	24.7%	12.7%

Issue Descriptions

Annualize increase for Rehabilitation Program: The recommendation 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 recommendation 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 recommendation 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 recommendation 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 recommendation includes adjustments to reflect changes in various cash and cash exempt sources to draw down federal matching funds for vocational rehabilitation services. The adjustment primarily reflects 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 recommendation 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 recommendation includes common policy adjustments to personal services to reflect salary increases awarded in FY 2005-06.

Eliminate current Rehabilitation Program waiting list: The recommendation 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 match.

Add Denver Homelessness Pilot: The recommendation 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 recommendation 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 recommendation 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 recommendation reflects an adjustment to funding for the Colorado Commission on the Deaf and Hard of Hearing. Since its inception, funding for the Commission has been based primarily 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 recommended reduction accommodates the level of remaining reserves in the Commission’s cash fund during FY 2006-07.

Base reduction: The recommendation makes a common policy adjustment to personal services base funding to reflect estimated vacancy savings.

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. Homelake Domiciliary and the State and Veterans Nursing Homes are enterprises that have been granted continuous spending authority; 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 Fund Exempt	Federal Funds	FTE
FY 2005-06 Appropriation	\$39,266,415	\$270,389	\$0	\$32,028,060	\$6,967,966	689.8
Recommended Changes from FY 2005-06 Appropriation						
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
Total FY 2006-07 JBC Recommendation	\$43,844,197	\$567,407	\$0	\$32,742,148	\$10,534,642	689.8
\$ Change from prior year	\$4,577,782	\$297,018	\$0	\$714,088	\$3,566,676	0.0
% Change from prior year	11.7%	109.8%	n/a	2.2%	51.2%	0.0%

Issue Descriptions

Reflect anticipated nursing home receipts and expenditures: The recommended increase reflects projections for nursing home receipts and expenditures for FY 2006-07.

Annualize new nursing home consulting services: The recommendation annualizes a supplemental General Fund increase to support management consulting services for the state and veterans nursing homes. The total annual recommended appropriation of \$391,253 per year is anticipated to cover 80 percent of the cost of such services.

Annualize salary and benefits adjustments: The recommendation 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 recommendation 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 Fund Exempt	Federal Funds	FTE
FY 2005-06 Appropriation	\$124,592,147	\$17,263,201	\$73,038,743	\$20,570,137	\$13,720,066	27.5
Recommended Changes from FY 2005-06 Appropriation						
Administration	11,614	903	0	2,282	8,429	0.0
Old Age Pension Program	7,770,019	0	7,770,019	0	0	0.0

Adult Assistance Programs	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
Other Grant Programs	(2,150,498)	(2,569,051)	0	418,553	0	0.0
Community Services for the Elderly	764,049	753,489	0	0	10,560	0.0
Total FY 2006-07 JBC Recommendation	\$130,987,331	\$15,448,542	\$80,808,762	\$20,990,972	\$13,739,055	27.5
\$ Change from prior year	\$6,395,184	(\$1,814,659)	\$7,770,019	\$420,835	\$18,989	0.0
% Change from prior year	5.1%	(10.5)%	10.6%	2.0%	0.1%	0.0%

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 Fund Exempt	Federal Funds	FTE
FY 2005-06 Appropriation	\$468,194	\$36,637	\$0	\$92,491	\$339,066	5.0
Recommended Changes from FY 2005-06 Appropriation						
Annualize salary and benefits adjustments	12,508	978	0	2,472	9,058	0.0
Base reduction	(894)	(75)	0	(190)	(629)	0.0
Total FY 2006-07 JBC Recommendation	\$479,808	\$37,540	\$0	\$94,773	\$347,495	5.0
\$ Change from prior year	\$11,614	\$903	\$0	\$2,282	\$8,429	0.0
% Change from prior year	2.5%	2.5%	n/a	2.5%	2.5%	0.0%

Issue Descriptions

Annualize salary and benefits adjustments: The recommendation includes an additional \$12,508 that represents the salary increases allocated to the division in FY 2005-06.

Base reduction: The recommendation contains a base reduction of 0.2 percent of base salaries. For this division, the reduction is \$894.

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 Fund Exempt	Federal Funds	FTE
FY 2005-06 Appropriation	\$71,627,105	\$0	\$71,038,743	\$588,362	\$0	14.0
Recommended Changes from FY 2005-06 Appropriation						
Caseload increase	8,788,990	0	8,788,990	0	0	0.0
Cost-of-living adjustment	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
Total FY 2006-07 JBC Recommendation	\$79,397,124	\$0	\$78,808,762	\$588,362	\$0	14.0
\$ Change from prior year	\$7,770,019	\$0	\$7,770,019	\$0	\$0	0.0
% Change from prior year	10.8%	n/a	10.9%	0.0%	n/a	0.0%

Issue Descriptions

Caseload increases: The recommendation 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 recommendation 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 recommendation reflects this action.

Annualize salary and benefits adjustments: The recommendation includes an additional \$23,503 that represents the salary increases allocated to the division in FY 2005-06.

Workload reduction: The recommendation includes a reduction to the County Administration line item for the Old Age Pension program to align it with historical expenditures.

Base reduction: The recommendation 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 Fund Exempt	Federal Funds	FTE
FY 2005-06 Appropriation	\$31,646,572	\$15,098,913	\$0	\$16,547,659	\$0	0.0
<i>Recommended Changes from FY 2005-06 Appropriation</i>						
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
Total FY 2006-07 JBC Recommendation	\$29,496,074	\$12,529,862	\$0	\$16,966,212	\$0	0.0
\$ Change from prior year	(\$2,150,498)	(\$2,569,051)	\$0	\$418,553	\$0	0.0
% Change from prior year	(6.8)%	(17.0)%	n/a	2.5%	n/a	n/a

Issue Descriptions

Adjustment to local share: The recommendation properly reflects the local share required of several appropriations 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.

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.

<i>Community Services for the Elderly</i>	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
FY 2005-06 Appropriation	\$20,850,276	\$2,127,651	\$2,000,000	\$3,341,625	\$13,381,000	8.5
<i>Recommended Changes from FY 2005-06 Appropriation</i>						
Annualize FY 2005-06 funding decision	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
Total FY 2006-07 JBC Recommendation	\$21,614,325	\$2,881,140	\$2,000,000	\$3,341,625	\$13,391,560	8.5
\$ Change from prior year	\$764,049	\$753,489	\$0	\$0	\$10,560	0.0
% Change from prior year	3.7%	35.4%	0.0%	0.0%	0.1%	0.0%

Issue Descriptions

Annualize FY 2005-06 funding decision: This recommendation 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 recommendation includes an additional \$14,300 that represents the salary increases allocated to the division in FY 2005-06.

Other changes: The recommendation includes minor adjustments in reflected federal funds.

Base reduction: The recommendation contains a base reduction of 0.2 percent of base salaries. For this division, the reduction is \$1,056.

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 Fund Exempt	Federal Funds	FTE
FY 2005-06 Appropriation	\$119,541,833	\$100,606,727	\$89,426	\$17,567,116	\$1,278,564	918.0
Recommended Changes from FY 2005-06 Appropriation						
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
Total FY 2006-07 JBC Recommendation	\$130,591,396	\$125,020,254	\$89,426	\$4,169,724	\$1,311,992	986.9
\$ Change from prior year	\$11,049,563	\$24,413,527	\$0	(\$13,397,392)	\$33,428	68.9
% Change from prior year	9.2%	24.3%	0.0%	(76.3)%	2.6%	7.5%

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 recommendation realizes 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 recommendation includes an increase of 3.25 percent for cost of living adjustments.

S.B. 91-94 programs: The recommendation 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.

Treatment services: Funding recommendations for treatment services are based on providing services sufficient to treat 100.0 percent of juveniles committed to state facilities: (1) for mental health 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 recommendation 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 recommendation 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 recommended.

Population increases: December 2005 Legislative Council Staff forecasts an increase of 39.1 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. Recommendations for this population increase are included to provide resources to contract for one bed per committed youth.

Case management and parole services: NYC provides case management services for committed youths and juvenile parolees. The December 2005 Legislative Council Staff population projections for committed youths and juvenile parolees is anticipated to increase the workload for the Division in FY 2006-07. The funding will reduce the ratio of youths per case managers from 25.0 youths per case manager, which is the historic range.

Food and medical increases: Funding recommendations include increases of 2.1 percent and 2.05 percent for food and medical expenses, respectively, which are not incidental.

Adjustment for additional funds: The recommendation includes an increase of \$12,000 to reflect anticipated funding transferred from the Department of Education.

Annualize prior year decision item: The recommendation contains an annualization of funding first provided in FY 2005-06 for case management and parole staff in the Division.

Base reduction: The recommendation contains a base reduction of 0.2 percent of base salaries. For this division, the reduction is \$98,484.

Judicial Department

Department Description: The Judicial Department is comprised of the state court system, which includes the Supreme Court, the Court of Appeals, district courts in 22 judicial districts, and 64 county courts (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. Additionally, the Judicial Department houses three independent agencies, the Colorado State Public Defender's Office, the Office of Alternate Defense Counsel, and the Office of the Child's Representative.

Summary Table for Judicial Department						
	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
FY 2005-06 Appropriation	\$306,604,491	\$236,983,530	\$60,507,476	\$7,954,959	\$1,158,526	3,365.0
<i>Recommended Changes from FY 2005-06 by Long Bill Division</i>						
Supreme Court/Court of Appeals	1,596,956	296,956	1,400,000	(100,000)	0	0.0
Courts Administration	5,208,581	4,046,484	1,223,981	(69,605)	7,721	22.0
Trial Courts	8,814,847	8,814,847	0	0	0	75.0
Probation and Related Services	3,345,502	1,009,461	224,418	2,111,623	0	14.4
Public Defender	2,253,419	2,248,704	0	4,715	0	23.0
Alternate Defense Counsel	3,544,383	3,539,383	5,000	0	0	0.0
Office of the Child's Representative	2,573,639	2,573,639	0	0	0	0.0
Total FY 2006-07 JBC Recommendation	\$333,941,818	\$259,513,004	\$63,360,875	\$9,901,692	\$1,166,247	3,499.4
\$ Change from prior year	\$27,337,327	\$22,529,474	\$2,853,399	\$1,946,733	\$7,721	134.4
% Change from prior year	8.9%	9.5%	4.7%	24.5%	0.7%	4.0%

Recommendation Highlights:

- Increases totaling \$5.5 million General Fund (\$1.8 million for the Judicial Department, \$1.8 million for the ADC, and \$1.9 million for the OCR) to raise court-appointed counsel hourly rates.
- An increase of \$4.9 million General Fund and \$225,000 cash funds to annualize salary survey and performance-based pay that were awarded in FY 2005-06.
- Increases of \$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.
- An increase of \$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.
- An increase of \$1.2 million General Fund for 31.0 FTE additional Trial Courts staff.

6. An increase of \$1.2 million General Fund for 20.0 additional probation officer, supervisor, and secretary FTE.
7. Increases of \$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. An increase of \$882,000 General Fund for 20.0 attorney, secretary, and investigator FTE in the Public Defender's Office to address caseload growth.
9. An increase of \$839,000 General Fund and 14.0 FTE for 3.5 district court magistrates and associated trial court support staff.
10. An increase of \$1.5 million cash funds exempt from reserves in the Offender Services Cash Fund for treatment and support services for probationers.

Budget Recommendation Detail by Long Bill Division

Supreme Court/Court of Appeals: This division is comprised of the Supreme Court and the Court of Appeals. The Supreme Court is the highest court in the State and general supervisory control over the lower courts. The Supreme Court provides appellate review of final judgements of lower courts and has original jurisdiction over cases relating to the constitutionality of law; 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 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 Fund Exempt	Federal Funds	FTE
FY 2005-06 Appropriation	\$13,150,727	\$8,192,727	\$4,653,000	\$305,000	\$0	166.7
Recommended Changes from FY 2005-06 Appropriation						
Anticipated changes in continuous appropriations cash funds	1,300,000	0	1,400,000	(100,000)	0	0.0
Annualize salary and benefits adjustments	296,956	296,956	0	0	0	0.0
Total FY 2006-07 JBC Recommendation	\$14,747,683	\$8,489,683	\$6,053,000	\$205,000	\$0	166.7
\$ Change from prior year	\$1,596,956	\$296,956	\$1,400,000	(\$100,000)	\$0	0.0
% Change from prior year	12.1%	3.6%	30.1%	(32.8)%	n/a	0.0%

Issue Descriptions

Anticipated changes in continuous appropriations 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 recommendation 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 and benefits adjustments: The recommendation includes increases for salary survey and performance-based pay that were awarded in FY 2005-06. Salary survey and performance-based pay increases are funded through centrally-appropriated line items in Administrative Special Purpose subdivision in the year of the award and are incorporated into base funding for each division in the subsequent year. The adjustment shown also includes a 0.2 base reduction to the personal services appropriations for the division.

Courts Administration: This division contains appropriations for the administration of Colorado's courts and probation department. It also includes several specialized programs. The division contains the following subdivisions: (1) Administration (State Court Administrator's Office); (2) Administrative Special Purpose; (3) Judicial/Heritage Program; (4) Judicial Performance; and (5) Integrated Information Services.

Courts Administration	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
FY 2005-06 Appropriation	\$35,402,872	\$26,244,816	\$6,856,195	\$2,299,247	\$2,614	172.5
Recommended Changes from FY 2005-06 Appropriation						
Administration (State Court Administrator's Office)	247,903	(48,260)	358,047	(69,605)	7,721	3.0
Administrative Special Purpose	4,389,819	3,714,674	675,145	0	0	14.0
Judicial Performance	2,477	0	2,477	0	0	0.0
Integrated Information Services	568,382	380,070	188,312	0	0	5.0
Total FY 2006-07 JBC Recommendation	\$40,611,453	\$30,291,300	\$8,080,176	\$2,229,642	\$10,335	194.5
\$ Change from prior year	\$5,208,581	\$4,046,484	\$1,223,981	(\$69,605)	\$7,721	22.0
% Change from prior year	14.7%	15.4%	17.9%	(3.0)%	295.4%	12.8%

Subdivision Detail

Administration (State Court Administrator's Office): Responsibilities of the State Court Administrator's Office include: (1) coordination and control of budgeting, human resources, data processing, and management services for the entire Judicial Department; (2) internal audits, training, and technical assistance for court programs, judicial districts, and probation offices; and (3) support for the probation offices.

Administration (State Court Administrator's Office)	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
FY 2005-06 Appropriation	\$7,954,584	\$5,527,327	\$925,625	\$1,499,018	\$2,614	58.5
Recommended Changes from FY 2005-06 Appropriation						
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

Administration (State Court Administrator's Office)	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
Transfer FTE from Collections Investigators	112,720	0	0	112,720	0	1.0
Annualize salary and benefits adjustments	56,136	56,136	0	0	0	0.0
Other	33,161	(69,254)	192,200	(89,785)	0	0.0
Annualization of prior year funding	(229,596)	(164,056)	0	(65,540)	0	0.0
Total FY 2006-07 JBC Recommendation	\$8,202,487	\$5,479,067	\$1,283,672	\$1,429,413	\$10,335	61.5
\$ Change from prior year	\$247,903	(\$48,260)	\$358,047	(\$69,605)	\$7,721	3.0
% Change from prior year	3.1%	(0.9)%	38.7%	(4.6)%	295.4%	5.1%

Issue Descriptions

Indirect cost assessment adjustments: The recommended appropriation is adjusted so that the Department can collect the appropriate amount of indirect costs from cash- and federally-funded programs based on the recommended FY 2006-07 appropriation.

Human Resources staff increase: The recommendation includes a base increase of an additional 2.0 Human Resources FTE.

Transfer FTE from Collections Investigators: The recommendation 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 will be funded with cash funds exempt from indirect cost recoveries.

Annualize salary and benefits adjustments: The recommendation includes increases for salary survey and performance-based pay that were awarded in FY 2005-06. Salary survey and performance-based pay increases are funded through centrally-appropriated line items in the Administrative Special Purpose subdivision in the year of the award and are incorporated into base funding for each division in the subsequent year. The adjustment shown also includes a 0.2 base reduction to the personal services appropriations for the division.

Other: The recommendation 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.

Annualization of prior year funding: The recommendation includes annualizing a FY 2005-06 supplemental appropriation that allows for the Colorado State Patrol to take over security at the Supreme Court Building.

Administrative Special Purpose: This subdivision includes several programs within the Judicial Department, such as the Office of Dispute Resolution, 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.

Administrative Special Purpose	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
FY 2005-06 Appropriation	\$20,195,638	\$15,982,359	\$3,632,050	\$581,229	\$0	70.2
Recommended Changes from FY 2005-06 Appropriation						
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 and benefits adjustments	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
Other	343,627	343,627	0	0	0	0.0
Transfer FTE to Administration	(112,720)	0	(112,720)	0	0	(1.0)
Total FY 2006-07 JBC Recommendation	\$24,585,457	\$19,697,033	\$4,307,195	\$581,229	\$0	84.2
\$ Change from prior year	\$4,389,819	\$3,714,674	\$675,145	\$0	\$0	14.0
% Change from prior year	21.7%	23.2%	18.6%	0.0%	n/a	19.9%

Issue Descriptions

FY 2006-07 salary and benefits adjustments: The recommendation 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 recommendation includes cash funds spending authority for 15.0 additional Collections Investigators FTE.

Benefits for H.B. 01-1075 judges: The recommendation 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 recommendation 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 recommendation includes state contributions to health, life, and dental benefits, and short-term disability, for the additional 31.2 Probation staff being recommended.

Annualize salary and benefits adjustments: The recommendation includes increases for salary survey and performance-based pay that were awarded in FY 2005-06. Salary survey and performance-based pay increases are funded through centrally-appropriated line items in the Administrative Special Purpose subdivision in the year of the award and are incorporated into base funding for each division in the subsequent year.

Leased Space for additional Human Resources staff: The recommendation includes funding for leased space for the 2.0 Human Resources FTE recommended.

Other: The recommendation 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.

Transfer FTE to Administration: The recommendation 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 will be funded with cash funds exempt from indirect cost recoveries.

Judicial Performance: This program 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.

Judicial Performance	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
FY 2005-06 Appropriation	\$563,520	\$0	\$563,520	\$0	\$0	1.0
Recommended Changes from FY 2005-06 Appropriation						
Annualize salary and benefits adjustments	2,477	0	2,477	0	0	0.0
Total FY 2006-07 JBC Recommendation	\$565,997	\$0	\$565,997	\$0	\$0	1.0
\$ Change from prior year	\$2,477	\$0	\$2,477	\$0	\$0	0.0
% Change from prior year	0.4%	n/a	0.4%	n/a	n/a	0.0%

Issue Descriptions

Annualize salary and benefits adjustments: The recommendation includes increases for salary survey and performance-based pay that were awarded in FY 2005-06. Salary survey and performance-based pay increases are funded through centrally-appropriated line items in the Administrative Special Purpose subdivision in the year of the award and are incorporated into base funding for each division in the subsequent year.

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.

Integrated Information Services	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
FY 2005-06 Appropriation	\$6,689,130	\$4,735,130	\$1,735,000	\$219,000	\$0	42.8
Recommended Changes from FY 2005-06 Appropriation						
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 and benefits adjustments	80,240	80,240	0	0	0	0.0
Other	(703)	(703)	0	0	0	0.0
Total FY 2006-07 JBC Recommendation	\$7,257,512	\$5,115,200	\$1,923,312	\$219,000	\$0	47.8
\$ Change from prior year	\$568,382	\$380,070	\$188,312	\$0	\$0	5.0
% Change from prior year	8.5%	8.0%	10.9%	0.0%	n/a	11.7%

Issue Descriptions

JAVA programmers and technical staff: The recommendation includes funding for 3.0 computer programmer FTE to convert Judicial's case management system from the RPG programming language to JAVA. The recommendation 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 recommendation includes cash funds spending authority to allow the Department to use revenue generated from e-filing fees to increase network bandwidth at 17 probation or courthouse facilities experiencing unacceptable user response times.

Annualize salary and benefits adjustments: The recommendation includes increases for salary survey and performance-based pay that were awarded in FY 2005-06. Salary survey and performance-based pay increases are funded through centrally-appropriated line items in the Administrative Special Purpose subdivision in the

year of the award and are incorporated into base funding for each division in the subsequent year. The adjustment shown also includes a 0.2 base reduction to the personal services appropriations for the division.

Other: The recommendation 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: 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 judgments 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.

Trial Courts	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
FY 2005-06 Appropriation	\$133,236,871	\$96,494,658	\$35,072,586	\$1,274,469	\$395,158	1,630.5
Recommended Changes from FY 2005-06 Appropriation						
Annualize salary and benefits adjustments	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
Total FY 2006-07 JBC Recommendation	\$142,051,718	\$105,309,505	\$35,072,586	\$1,274,469	\$395,158	1,705.5
\$ Change from prior year	\$8,814,847	\$8,814,847	\$0	\$0	\$0	75.0
% Change from prior year	6.6%	9.1%	0.0%	0.0%	0.0%	4.6%

Issue Descriptions

Annualize salary and benefits adjustments: The recommendation includes increases for salary survey and performance-based pay that were awarded in FY 2005-06. Salary survey and performance-based pay increases are funded through centrally-appropriated line items in the Administrative Special Purpose subdivision in the year of the award and are incorporated into base funding for each division in the subsequent year. The adjustment shown also includes a 0.2 base reduction to the personal services appropriations for the division.

H.B. 01-1075 judges and staff: The increase 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 recommendation 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 to provide rate increases for attorneys contracted by the Alternate Defense Counsel and the Office of the Child's Representative.

Additional trial courts staff: The recommendation includes funding for an additional 31.0 Trial Courts staff FTE.

Additional magistrates: The recommendation includes funding for an additional 3.5 magistrate FTE and associated trial court support staff.

Other: The recommendation 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.

Probation and Related Services: This division administers the court probation and related service programs. 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. In addition, probation officers are responsible for investigating the background of persons brought before the court for sentencing.

Probation and Related Services	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
FY 2005-06 Appropriation	\$65,366,160	\$46,695,831	\$13,843,555	\$4,066,020	\$760,754	1,028.4
<i>Recommended Changes from FY 2005-06 Appropriation</i>						
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 and benefits adjustments	372,804	234,958	137,846	0	0	0.0
Other	356,711	(341,484)	86,572	611,623	0	(5.6)
Total FY 2006-07 JBC Recommendation	\$68,711,662	\$47,705,292	\$14,067,973	\$6,177,643	\$760,754	1,042.8
\$ Change from prior year	\$3,345,502	\$1,009,461	\$224,418	\$2,111,623	\$0	14.4
% Change from prior year	5.1%	2.2%	1.6%	51.9%	0.0%	1.4%

Issue Descriptions

Offender Services and Treatment funding: The recommendation 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 - such as drug and alcohol treatment, domestic violence programs, mental health services, and educational and vocational services - for probationers.

Additional Probation staff: The recommendation provides funding for 20.0 additional probation officers, supervisors, and administrative staff.

Annualize salary and benefits adjustments: The recommendation includes increases for salary survey and performance-based pay that were awarded in FY 2005-06. Salary survey and performance-based pay increases are funded through centrally-appropriated line items in the Administrative Special Purpose subdivision in the year of the award and are incorporated into base funding for each division in the subsequent year. The adjustment shown also includes a 0.2 base reduction to the personal services appropriations for the division.

Other: The recommendation 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 \$67,764 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.

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 trial offices and an appellate division. The Public Defender is appointed by an independent Public Defender Commission.

Public Defender	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
FY 2005-06 Appropriation	\$34,917,861	\$34,828,498	\$79,140	\$10,223	\$0	357.9
Recommended Changes from FY 2005-06 Appropriation						
Staff increase due to caseload growth	882,019	882,019	0	0	0	20.0
Annualize salary and benefits adjustments	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
Total FY 2006-07 JBC Recommendation	\$37,171,280	\$37,077,202	\$79,140	\$14,938	\$0	380.9
\$ Change from prior year	\$2,253,419	\$2,248,704	\$0	\$4,715	\$0	23.0
% Change from prior year	6.5%	6.5%	0.0%	46.1%	n/a	6.4%

Issue Descriptions

Staff increase due to caseload growth: The recommendation includes funding for 12.0 attorney FTE, 5.0 secretary FTE, and 3.0 investigator FTE to address very high caseloads.

Annualize salary and benefits adjustments: The recommendation includes increases for salary survey and performance-based pay that were awarded in FY 2005-06. Salary survey and performance-based pay increases are funded through centrally-appropriated line items in the year of the award and are incorporated into base funding in the subsequent year.

FY 2006-07 salary and benefits adjustments: The recommendation 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 recommendation 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.

Alternate Defense Counsel: The Office of Alternate Defense Counsel is an independent agency that 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 Office. 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.

Alternate Defense Counsel	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
FY 2005-06 Appropriation	\$14,746,841	\$14,743,841	\$3,000	\$0	\$0	5.0
Recommended Changes from FY 2005-06 Appropriation						
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 and benefits adjustments	12,604	12,604	0	0	0	0.0

Alternate Defense Counsel	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
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
Total FY 2006-07 JBC Recommendation	\$18,291,224	\$18,283,224	\$8,000	\$0	\$0	5.0
\$ Change from prior year	\$3,544,383	\$3,539,383	\$5,000	\$0	\$0	0.0
% Change from prior year	24.0%	24.0%	166.7%	n/a	n/a	0.0%

Issue Descriptions

Court-appointed counsel rate increase: The recommendation 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 was also included to provide rate increases for attorneys contracted by the Judicial Department and the Office of the Child's Representative.

Increase due to caseload growth: The recommendation 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 to 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 recommendation 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 recommendation 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 recommendation includes a base increase in the Personal Services appropriation to address a historic shortfall in the appropriation.

Annualize salary and benefits adjustments: The recommendation includes increases for salary survey and performance-based pay that were awarded in FY 2005-06. Salary survey and performance-based pay increases are funded through centrally-appropriated line items in the year of the award and are incorporated into base funding in the subsequent year.

FY 2006-07 salary and benefits adjustments: The recommendation 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 recommendation 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 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, or delinquency.

Office of the Child's Representative	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
FY 2005-06 Appropriation	\$9,783,159	\$9,783,159	\$0	\$0	\$0	4.0
<i>Recommended Changes from FY 2005-06 Appropriation</i>						
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 and benefits adjustments	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
Total FY 2006-07 JBC Recommendation	\$12,356,798	\$12,356,798	\$0	\$0	\$0	4.0
\$ Change from prior year	\$2,573,639	\$2,573,639	\$0	\$0	\$0	0.0
% Change from prior year	26.3%	26.3%	n/a	n/a	n/a	0.0%

Issue Descriptions

Court-appointed counsel rate increase: The recommendation 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 was also included to provide rate increases for attorneys contracted by the Judicial Department and the Alternate Defense Counsel.

Increase due to caseload growth: The recommendation 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 and benefits adjustments: The recommendation includes increases for salary survey and performance-based pay that were awarded in FY 2005-06. Salary survey and performance-based pay increases are funded through centrally-appropriated line items in the year of the award and are incorporated into base funding in the subsequent year.

FY 2006-07 salary and benefits adjustments: The recommendation 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 recommendation 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.

Department of Labor and Employment

Department Description: The Department is responsible for: administering state and federal employment and training programs; enforcing state and federal labor laws; operating state regulatory programs for the petroleum industry, school construction boilers; and administering the workers' compensation program.

Summary Table for Department of Labor and Employment						
	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
FY 2005-06 Appropriation	\$149,384,627	\$0	\$27,659,395	\$18,818,603	\$102,906,629	1,102.0
Long Bill Supplemental	<u>3,109,374</u>	<u>0</u>	<u>3,109,374</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
FY 2005-06 Adjusted Appropriation	\$152,494,001	\$0	\$30,768,769	\$18,818,603	\$102,906,629	1,102.0
<i>Recommended Changes from FY 2005-06 by Long Bill Division</i>						
Executive Director's Office	1,734,592	0	480,870	559,120	694,602	(0.2)
Employment and Training	(814,215)	0	(1,162,914)	(8,670)	357,369	(2.3)
Labor	21,699	0	21,699	0	0	0.0
Oil and Public Safety	(90,555)	0	(172,885)	82,330	0	(3.0)
Workers' Compensation	1,122,449	0	431,956	690,493	0	(10.3)
Total FY 2006-07 JBC Recommendation	\$154,467,971	\$0	\$30,367,495	\$20,141,876	\$103,958,600	1,086.2
\$ Change from prior year	\$1,973,970	\$0	(\$401,274)	\$1,323,273	\$1,051,971	(15.8)
% Change from prior year	1.3%	n/a	(1.3)%	7.0%	1.0%	(1.4)%

Recommendation Highlights:

1. The recommendation includes a supplemental increase of \$3.1 million cash funds (Employment Support Fund) in FY 2005-06 for additional costs in the Unemployment Insurance Program related to the *Genesis* computer project. Of the funds recommended, \$1.6 million is for ongoing costs, and \$1.5 million is for one-time expenses that are not anticipated to occur in FY 2006-07.
2. The recommendation includes an increase of \$2.0 million (from various funds) for adjustments to line items used to provide employee benefits to state employees.
3. The recommendation includes an increase of \$1.0 million for the Major Medical Program based on expenditures in prior years. This amount is partially offset by recommended reductions of \$265,000 and 10.3 FTE (vacant FTE) based on reversions from other line items in the Workers' Compensation Division.
4. The recommendation includes an increase of \$507,000 (various fund sources) for higher anticipated state-wide indirect cost recoveries.
5. The recommendation 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.

6. The recommendation includes a reduction of \$208,000 federal funds and 2.3 FTE based on the anticipated level of federal funds for employment and training programs.

Budget Recommendation Detail by Long Bill Division

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 the Industrial Claims Appeal Panel, which adjudicates appeals relating to unemployment insurance and workers' compensation issues, the Public Employees' Social Security Program, which administers the federal-state agreement with the U.S. Social Security Administration, and Investigations and Criminal Enforcement, which investigates potential fraud in the Workers' Compensation programs.

Executive Director's Office	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
FY 2005-06 Appropriation	\$25,470,997	\$0	\$9,370,387	\$1,338,426	\$14,762,184	165.2
Recommended Changes from FY 2005-06 Appropriation						
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)
Total FY 2006-07 JBC Recommendation	\$27,205,589	\$0	\$9,851,257	\$1,897,546	\$15,456,786	165.0
\$ Change from prior year	\$1,734,592	\$0	\$480,870	\$559,120	\$694,602	(0.2)
% Change from prior year	6.8%	n/a	5.1%	41.8%	4.7%	(0.1)%

Issue Descriptions

Employee benefits: The recommendation includes adjustment for centrally appropriated items including adjustments for (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 recommendation reflects an increase in the state-wide indirect cost plan. These funds are used to support the General Fund.

Personal services adjustments: The recommendation 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.

Leased space escalator: The recommendation includes additional funds based on anticipated increases in the rates for the Department's leased space.

Payments to other agencies: The recommendation includes adjustments 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 recommendation reflects an adjustment for the bottom-line funding for the Executive Director's Office based on anticipated federal funds.

Eliminate one-time appropriation: The recommendation 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 recommendation reflects a base reduction for administrative costs associated with program reductions recommended for the Division of Oil and Public Safety.

Employment and Training: The Division administers the following programs: (1) unemployment insurance, 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.

Employment and Training	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
FY 2005-06 Appropriation	\$95,970,839	\$0	\$7,653,875	\$723,906	\$87,593,058	743.2
Long Bill Supplemental	<u>3,109,374</u>	<u>0</u>	<u>3,109,374</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
FY 2005-06 Adjusted Appropriation	\$99,080,213	\$0	\$10,763,249	\$723,906	\$87,593,058	743.2
<i>Recommended Changes from FY 2005-06 Appropriation</i>						
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	(1,554,347)	0	(1,554,347)	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
Total FY 2006-07 JBC Recommendation	\$98,265,998	\$0	\$9,600,335	\$715,236	\$87,950,427	740.9
\$ Change from prior year	(\$814,215)	\$0	(\$1,162,914)	(\$8,670)	\$357,369	(2.3)
% Change from prior year	(0.8)%	n/a	(15.2)%	(1.2)%	0.4%	(0.3)%

Issue Descriptions

FY 2005-06 Long Bill Supplemental: The recommendation reflects increased costs associated with administering the Unemployment Insurance Program due to the delay in the completion of the *Genesis* project. The recommendation is intended to cover the following costs: (1) project support to the contractor through December 2005; (2) transition costs following the termination of the contract; (3) costs associated with maintaining legacy computer systems coupled with costs associated with maintaining systems brought on-line as a result of the *Genesis* project; (4) on-going costs for services from the General Government Computing Center in the Department of Personnel and Administration; and (5) costs associated with developing a test environment to correct problems associated with dropped calls to the programs' call center.

Personal services adjustments: The recommendation 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 recommendation reflects refinancing personal services line items based on declining federal fund sources.

Adjustments for costs associated with the *Genesis* project. The recommendation reflects a reduction of \$1,554,347 associated with one-time costs in FY 2005-06 for the *Genesis* project. Of the \$3,109,374 recommended as a supplemental appropriation for *Genesis* in FY 2005-06, \$1,555,027 are ongoing costs. The difference reflects one-time costs that are not needed in FY 2006-07.

Miscellaneous federal reductions: The recommendation 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 (Rep. Marshall / Sen. Veiga) contained a one-time appropriation for FY 2005-06 that is not needed in FY 2006-07. The recommendation reflects the elimination of these funds.

Division of Labor: The Division ensures compliance with wage, youth employment, and labor practice laws. This division also administers labor relations programs in the public and private sectors.

Division of Labor	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
FY 2005-06 Appropriation	\$835,444	\$0	\$835,444	\$0	\$0	12.0
Recommended Changes from FY 2005-06 Appropriation						
Personal services adjustments	21,699	0	21,699	0	0	0.0
Total FY 2006-07 JBC Recommendation	\$857,143	\$0	\$857,143	\$0	\$0	12.0
\$ Change from prior year	\$21,699	\$0	\$21,699	\$0	\$0	0.0
% Change from prior year	2.6%	n/a	2.6%	n/a	n/a	0.0%

Issue Descriptions

Personal services adjustments: The recommendation 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: This division is comprised of the public safety unit and the Office of the State Oil Inspector. The public safety unit conducts annual inspections of all boilers and pressure vessels in commercial and multi-unity 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.

Division of Oil and Public Safety	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
FY 2005-06 Appropriation	\$5,157,941	\$0	\$1,182,838	\$3,423,716	\$551,387	53.3
<i>Recommended Changes from FY 2005-06 Appropriation</i>						
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)
Total FY 2006-07 JBC Recommendation	\$5,067,386	\$0	\$1,009,953	\$3,506,046	\$551,387	50.3
\$ Change from prior year	(\$90,555)	\$0	(\$172,885)	\$82,330	\$0	(3.0)
% Change from prior year	(1.8)%	n/a	(14.6)%	2.4%	0.0%	(5.6)%

Issue Descriptions

Personal services adjustments: The recommendation 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 recommendation reflects two reductions requested by the Department: (1) a request to eliminate two boiler inspector positions by inspecting low pressure boilers every two years instead of annually; and (2) a request to eliminate a state-funded inspector in the public safety program because of increased federal inspections of facilities used to store explosives.

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.

Division of Workers' Compensation	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
FY 2005-06 Appropriation	\$21,949,406	\$0	\$8,616,851	\$13,332,555	\$0	128.3
Recommended Changes from FY 2005-06 Appropriation						
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	157,602	0	143,883	13,719	0	0.0
Total FY 2006-07 JBC Recommendation	\$23,071,855	\$0	\$9,048,807	\$14,023,048	\$0	118.0
\$ Change from prior year	\$1,122,449	\$0	\$431,956	\$690,493	\$0	(10.3)
% Change from prior year	5.1%	n/a	5.0%	5.2%	n/a	(8.0)%

Issue Descriptions

Base adjustments for Workers' Compensation programs: The recommendation reflects a number of adjustments based on historical expenses, reversions, and under utilization of prior appropriations. Specifically, the recommendation includes an increase of \$1.0 million for payments to beneficiaries from the Major Medical Program. This increase is partially offset by the following recommended 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 recommendation 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 recommendation 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.

Department of Law

Department Description: The Attorney General's Office serves as the chief legal counsel for the State's various agencies and departments. The Department represents the State 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.

Summary Table for Department of Law						
	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
FY 2005-06 Appropriation	\$36,527,366	\$7,203,044	\$3,777,263	\$24,695,099	\$851,960	345.5
<i>Recommended Changes from FY 2005-06 by Long Bill Division</i>						
Administration	687,907	384,184	25,665	269,205	8,853	0.0
Legal Services to State Agencies	250,604	0	(55,000)	305,604	0	(1.5)
Criminal Justice and Appellate	177,644	164,611	17,121	(25,141)	21,053	0.7
Water and Natural Resources	1,190,544	1,302,802	0	(112,258)	0	4.7
Consumer Protection	147,449	31,583	90,640	25,226	0	1.0
Special Purpose	(226,463)	(226,463)	0	0	0	0.0
Total FY 2006-07 JBC Recommendation	\$38,755,051	\$8,859,761	\$3,855,689	\$25,157,735	\$881,866	350.4
\$ Change from prior year	\$2,227,685	\$1,656,717	\$78,426	\$462,636	\$29,906	4.9
% Change from prior year	6.1%	23.0%	2.1%	1.9%	3.5%	1.4%

Recommendation Highlights:

1. The addition of 2.0 FTE and \$742,000 General Fund 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 current interpretation of 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 pertaining 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 surcharge to offset General Fund expenditures in these programs.
5. The elimination of \$225,000 General Fund to prepare for litigation with participating tobacco manufacturers related to the Master Settlement Agreement. As of March 15, 2006, it was not clear whether such preparation costs are still necessary for FY 2006-07.

Budget Recommendation Detail by Long Bill Division

Administration: This division includes overhead costs for the entire Department as well as personal services and operating costs that include: the Attorney General's staff, human resources, accounting and budgeting, information technology services, and text management.

Administration	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
FY 2005-06 Appropriation	\$6,184,476	\$1,005,946	\$220,347	\$4,884,578	\$73,605	38.7
Recommended Changes from FY 2005-06 Appropriation						
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
Other 'POTS' adjustments	69,271	64,407	7,156	(1,824)	(468)	0.0
Operating Expenses adjustment	0	150,087	0	(150,087)	0	0.0
JBC Personal Services reduction	(4,958)	0	0	(4,958)	0	0.0
Total FY 2006-07 JBC Recommendation	\$6,872,383	\$1,390,130	\$246,012	\$5,153,783	\$82,458	38.7
\$ Change from prior year	\$687,907	\$384,184	\$25,665	\$269,205	\$8,853	0.0
% Change from prior year	11.1%	38.2%	11.6%	5.5%	12.0%	0.0%

Issue Descriptions

Health, Life, and Dental: These amounts reflect the common policy approved by the JBC 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 recommendation 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 recommendation.

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 reflect salary survey distributed in FY 2005-06.

Other 'POTS' adjustments: 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 offset with indirect cost recoveries has decreased by \$150,087 cash funds exempt from FY 2005-06.

JBC Personal Services reduction: This line represents a common policy approved by the Joint Budget Committee to reduce the personal services base appropriation for all programs by 0.2 percent.

Legal Services to State Agencies: This division employs attorneys, paralegals, and other personnel who support the Legal Services to State Agencies (LSSA) program, as well as enterprises and non-State agencies such as the Public Employees Retirement Association, Correctional Industries, the State Lottery, the Colorado Student Obligation Bonding Authority, and the Auraria Higher Education Center.

Legal Services to State Agencies	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
FY 2005-06 Appropriation	\$17,719,855	\$0	\$1,000,000	\$16,719,855	\$0	197.4
<i>Recommended Changes from FY 2005-06 Appropriation</i>						
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)
JBC Personal Services reduction	(29,798)	0	0	(29,798)	0	0.0
Total FY 2006-07 JBC Recommendation	\$17,970,459	\$0	\$945,000	\$17,025,459	\$0	195.9
\$ Change from prior year	\$250,604	\$0	(\$55,000)	\$305,604	\$0	(1.5)
% Change from prior year	1.4%	n/a	(5.5)%	1.8%	n/a	(0.8)%

Issue Descriptions

Salary and benefits adjustments: This amount reflects salary survey of \$648,833 cash funds exempt 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: The recommendation 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').

JBC Personal Services reduction: This line represents a common policy approved by the Joint Budget Committee to reduce the personal services base appropriation for all programs by 0.2 percent.

Criminal Justice and Appellate: This division includes the Special Prosecutions unit, the Insurance and Securities Fraud units, the Appellate unit, Medicaid fraud, Capital Crimes Prosecution, and the Peace Officers Standards and Training (P.O.S.T.) Board.

Criminal Justice and Appellate	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
FY 2005-06 Appropriation	\$6,361,404	\$3,422,945	\$1,425,389	\$734,715	\$778,355	68.3
<i>Recommended Changes from FY 2005-06 Appropriation</i>						
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
JBC Personal Services reduction	(6,639)	(3,006)	(1,058)	(1,088)	(1,487)	0.0
Total FY 2006-07 JBC Recommendation	\$6,539,048	\$3,587,556	\$1,442,510	\$709,574	\$799,408	69.0
\$ Change from prior year	\$177,644	\$164,611	\$17,121	(\$25,141)	\$21,053	0.7
% Change from prior year	2.8%	4.8%	1.2%	(3.4)%	2.7%	1.0%

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 Support.

JBC Personal Services reduction: This amount represents a common policy approved by the Joint Budget Committee to reduce the personal services base appropriation for all programs by 0.2 percent.

Water and Natural Resources: This division contains the Federal and Interstate Water Unit which 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. This division also include appropriations for litigation and remediation contracts at sites contaminated by hazardous substances under the federal Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA).

Water and Natural Resources	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
FY 2005-06 Appropriation	\$1,912,379	\$518,908	\$0	\$1,393,471	\$0	11.1
Recommended Changes from FY 2005-06 Appropriation						
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
JBC Personal Services reduction	(1,636)	(1,636)	0	0	0	0.0
Total FY 2006-07						
JBC Recommendation	\$3,102,923	\$1,821,710	\$0	\$1,281,213	\$0	15.8
\$ Change from prior year	\$1,190,544	\$1,302,802	\$0	(\$112,258)	\$0	4.7
% Change from prior year	62.3%	251.1%	n/a	(8.1)%	n/a	42.3%

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.

JBC Personal Services reduction: This amount represents a common policy approved by the Joint Budget Committee to reduce the personal services base appropriation for all programs by 0.2 percent.

Consumer Protection: This division includes the State's anti-trust program, consumer protection, the Collection Agency Board, and enforcement of the Uniform Consumer Credit Code (UCCC).

Consumer Protection	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
FY 2005-06 Appropriation	\$2,466,777	\$697,770	\$1,131,527	\$637,480	\$0	30.0
<i>Recommended Changes from FY 2005-06 Appropriation</i>						
Salary and benefits adjustment	81,678	32,917	34,586	14,175	0	0.0
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
JBC 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
Total FY 2006-07 JBC Recommendation	\$2,614,226	\$729,353	\$1,222,167	\$662,706	\$0	31.0
\$ Change from prior year	\$147,449	\$31,583	\$90,640	\$25,226	\$0	1.0
% Change from prior year	6.0%	4.5%	8.0%	4.0%	n/a	3.3%

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 line 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.

JBC Personal Services reduction: This amount represents a common policy approved by the Joint Budget Committee 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 division contains the 'pass-through' appropriation to subsidize Colorado's twenty-two district attorneys' salaries, as well as separate line items to fund large dollar lawsuits.

Special Purpose	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
FY 2005-06 Appropriation	\$1,882,475	\$1,557,475	\$0	\$325,000	\$0	0.0
<i>Recommended Changes from FY 2005-06 Appropriation</i>						
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
Total FY 2006-07 JBC Recommendation	\$1,656,012	\$1,331,012	\$0	\$325,000	\$0	0.0
\$ Change from prior year	(\$226,463)	(\$226,463)	\$0	\$0	\$0	0.0
% Change from prior year	(12.0)%	(14.5)%	n/a	0.0%	n/a	n/a

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.

Legislative Branch

Department Description: 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 majority of the legislative appropriation is contained in a separate legislative appropriation bill. However, several specific lines are contained in the Long Bill. This narrative only addresses the lines contained in the Long Bill.

Summary Table for Legislative Branch						
	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
FY 2005-06 Appropriation	\$2,547,123	\$2,365,123	\$0	\$182,000	\$0	0.0
<i>Recommended Changes from FY 2005-06 by Long Bill Division</i>						
Legislative Council	(182,322)	(322)	0	(182,000)	0	0.0
General Assembly	45,029	45,029	0	0	0	0.0
Total FY 2006-07 JBC Recommendation	\$2,409,830	\$2,409,830	\$0	\$0	\$0	0.0
\$ Change from prior year	(\$137,293)	\$44,707	\$0	(\$182,000)	\$0	0.0
% Change from prior year	(5.4)%	1.9%	n/a	(100.0)%	n/a	n/a

Recommendation Highlights:

1. The recommendation contains various changes in centrally appropriated line items that resulted in and increase of \$45,000 General Fund.
2. The recommendation contains a decrease of \$182,000 cash funds exempt for the cost of living analysis.

Budget Recommendation Detail by Long Bill Division

Legislative Council: This section contains line items the Legislative Branch is required by statute or the Constitution to fund.

Legislative Council	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
FY 2005-06 Appropriation	\$1,312,822	\$1,130,822	\$0	\$182,000	\$0	0.0
<i>Recommended Changes from FY 2005-06 Appropriation</i>						
Cost of living analysis	(182,000)	0	0	(182,000)	0	0.0
Ballot analysis	(322)	(322)	0	0	0	0.0
Total FY 2006-07 JBC Recommendation	\$1,130,500	\$1,130,500	\$0	\$0	\$0	0.0

Legislative Council	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
\$ Change from prior year	(\$182,322)	(\$322)	\$0	(\$182,000)	\$0	0.0
% Change from prior year	(13.9)%	0.0%	n/a	(100.0)%	n/a	n/a

Issue Descriptions

Cost of living analysis: The recommendation contains 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 in FY 2006-07.

Ballot analysis: The recommendation contains a decrease of \$322 for ballot analysis. The constitution requires the nonpartisan research staff of the General Assembly publish an analysis of any initiated or referred constitutional amendment legislation. The recommended amount reflects Legislative Council staff's estimate of the required expenditures for this purpose.

General Assembly: This section contains line items associated with statewide appropriations, such as, workers' compensation, legal services, purchase of services from the computer center, risk management, and capitol complex leased space.

General Assembly	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
FY 2005-06 Appropriation	\$1,234,301	\$1,234,301	\$0	\$0	\$0	0.0
<i>Recommended Changes from FY 2005-06 Appropriation</i>						
Operating adjustments	45,029	45,029	0	0	0	0.0
Total FY 2006-07 JBC Recommendation	\$1,279,330	\$1,279,330	\$0	\$0	\$0	0.0
\$ Change from prior year	\$45,029	\$45,029	\$0	\$0	\$0	0.0
% Change from prior year	3.6%	3.6%	n/a	n/a	n/a	n/a

Issue Descriptions

Operating adjustments: The recommendation contains various changes in centrally appropriated line items. These centrally appropriated line 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.

Department of Local Affairs

Department Description: 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.

Summary Table for Department of Local Affairs						
	Total Funds	General Fund ¹	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
FY 2005-06 Appropriation	\$219,918,266	\$8,577,868	\$25,855,405	\$100,171,655	\$85,313,338	180.1
Recommended Changes from FY 2005-06 by Long Bill Division						
Executive Director's Office	435,341	122,655	18,336	191,836	102,514	0.0
Property Taxation	85,897	100,433	8,875	(23,411)	0	0.0
Division of Housing	2,245,152	1,006,018	48,027	17,917	1,173,190	2.6
Division of Local Government	16,022,016	286,347	2,969,398	1,606,546	11,159,725	9.0
Total FY 2006-07 JBC Recommendation	\$238,706,672	\$10,093,321	\$28,900,041	\$101,964,543	\$97,748,767	191.7
\$ Change from prior year	\$18,788,406	\$1,515,453	\$3,044,636	\$1,792,888	\$12,435,429	11.6
% Change from prior year	8.5%	17.7%	11.8%	1.8%	14.6%	6.4%

¹ This amount includes a General Fund Exempt appropriation.

Recommendation 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.

Budget Recommendation Detail by Long Bill Division

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 federally funded Workforce Development Council.

Executive Director's Office	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
FY 2005-06 Appropriation	\$3,911,456	\$1,005,192	\$185,986	\$1,877,071	\$843,207	19.0
<i>Recommended Changes from FY 2005-06 Appropriation</i>						
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
Total FY 2006-07 JBC Recommendation	\$4,346,797	\$1,127,847	\$204,322	\$2,068,907	\$945,721	19.0
\$ Change from prior year	\$435,341	\$122,655	\$18,336	\$191,836	\$102,514	0.0
% Change from prior year	11.1%	12.2%	9.9%	10.2%	12.2%	0.0%

Issue Descriptions

Salary and benefit increases: The recommendation 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 recommendation 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 recommendation includes a net \$51,005 increase for operating expenses such as legal services, leased space, risk management, and technology services.

Annualize salary increases: The recommendation 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.

Property Taxation: This division supervises property tax collection by local governments to ensure property tax laws are administered consistently and fairly throughout the State. This includes 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 Fund Exempt	Federal Funds	FTE
FY 2005-06 Appropriation	\$3,271,398	\$1,532,714	\$635,713	\$1,102,971	\$0	53.5
<i>Recommended Changes from FY 2005-06 Appropriation</i>						
Annualize salary increases	74,396	56,880	8,875	8,641	0	0.0

Property Taxation	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
Indirect cost assessment	11,501	0	0	11,501	0	0.0
Fund source adjustment	0	43,553	0	(43,553)	0	0.0
Total FY 2006-07 JBC Recommendation	\$3,357,295	\$1,633,147	\$644,588	\$1,079,560	\$0	53.5
\$ Change from prior year	\$85,897	\$100,433	\$8,875	(\$23,411)	\$0	0.0
% Change from prior year	2.6%	6.6%	1.4%	(2.1)%	n/a	0.0%

Issue Descriptions

Annualize salary increases: The recommendation 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 recommendation includes an \$11,501 increase in the indirect cost assessment against this division.

Fund source adjustment: The recommendation 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 meet their goal of providing 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.

Division of Housing	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
FY 2005-06 Appropriation	\$28,117,835	\$419,035	\$905,116	\$160,451	\$26,633,233	28.4
Recommended Changes from FY 2005-06 Appropriation						
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
Total FY 2006-07 JBC Recommendation	\$30,362,987	\$1,425,053	\$953,143	\$178,368	\$27,806,423	31.0
\$ Change from prior year	\$2,245,152	\$1,006,018	\$48,027	\$17,917	\$1,173,190	2.6
% Change from prior year	8.0%	240.1%	5.3%	11.2%	4.4%	9.2%

Issue Descriptions

Federal housing funds: The recommendation 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 recommendation includes a \$1.0 million General Fund increase for grants and loans to construct affordable housing.

Annualize salary increases: The recommendation 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 recommendation includes an \$28,218 increase in the indirect cost assessment against this division.

Division of Local Government: This division includes programs to assist local governments in identifying and responding to financial issues, problem-solving, administrative, and leadership developments needs. To provide this assistance to local governments, the Division operates eight field offices.

Division of Local Government	Total Funds	General Fund ¹	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
FY 2005-06 Appropriation	\$184,617,577	\$5,620,927	\$24,128,590	\$97,031,162	\$57,836,898	79.2
Long Bill Supplemental	\$0	\$0	\$0	\$0	\$0	0.0
FY 2005-06 Adjusted Appropriation	\$184,617,577	\$5,620,927	\$24,128,590	\$97,031,162	\$57,836,898	79.2
Recommended Changes from FY 2005-06 Appropriation						
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	99,491	99,491	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
Total FY 2005-06 JBC Recommendation	\$200,639,593	\$5,907,274	\$27,097,988	\$98,637,708	\$68,996,623	88.2
\$ Change from prior year	\$16,022,016	\$286,347	\$2,969,398	\$1,606,546	\$11,159,725	9.0

Division of Local Government	Total Funds	General Fund ¹	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
% Change from prior year	8.7%	5.1%	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	\$5,620,927	\$5,620,927	\$0
Long Bill supplemental	<u>0</u>	<u>(3,778,921)</u>	<u>3,778,921</u>
FY 2005-06 Adjusted Appropriation	\$5,620,927	\$1,842,006	\$3,778,921
Volunteer Firefighter Retirement Plans, and Death and Disability Insurance	99,491	52,553	46,938
All other changes	<u>186,856</u>	<u>186,856</u>	<u>0</u>
Total FY 2006-07 Long Bill Recommendation	\$5,907,274	\$2,081,415	\$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), Colorado Revised Statutes). The above table shows the amount of General Fund Exempt that the Joint Budget Committee recommends be 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), Colorado Revised Statutes.

Issue Descriptions

Preparedness grants and training: The recommendation includes a projected increase in federal funds for preparedness grants and training, primarily through the homeland security program.

Mineral and energy impact program: The recommendation 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 recommendation includes expected federal funds to provide employment and training services to people with disabilities.

Smart growth grants: The recommendation 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 recommendation includes a projected increase in the formula allocation of gaming funds to the gaming communities.

Emergency management administration: The recommendation 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 recommendation 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 recommendation 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 recommendation includes an increase of \$99,491 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 recommendation 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 recommendation 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 recommendation includes an adjustment to the indirect cost assessment based on the statewide and departmental indirect cost plans.

Waste tire recycling funds: The recommendation includes a decrease of \$80,000 in the projected waste tire funds available for grants to local governments.

Sales of demographic/cartographic data: The recommendation 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 recommendation includes a reduction of \$1,008 General Fund based on the Department's expected expenditures on operating expenses.

Department of Military and Veterans Affairs

Department Description: The Department provides more than 3,000 trained and ready military forces for the U.S. active armed services, with 700-800 expected to be deployed to Iraq by summer 2006, and for preserving life and property during natural disasters and civil emergencies in Colorado; supports federal and state homeland security missions; maintains equipment and facilities for 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.

Summary Table for Department of Military and Veterans Affairs						
	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
FY 2005-06 Appropriation	\$132,561,448	\$4,426,900	\$51,217	\$2,530,529	\$125,552,802	1,184.8
<i>Recommended Changes from FY 2005-06 by Long Bill Division</i>						
Executive Director and Army National Guard	815,977	621,538	196	(109,418)	303,661	1.0
Division of Veterans Affairs	108,660	259,458	25,000	(175,798)	0	2.0
Air National Guard	55,661	6,345	0	0	49,316	0.0
Federal Funded Programs	19,900,000	0	0	0	19,900,000	0.0
Civil Air Patrol	(40,349)	(40,349)	0	0	0	0.0
Total FY 2006-07 JBC Recommendation	\$153,401,397	\$5,273,892	\$76,413	\$2,245,313	\$145,805,779	1,187.8
\$ Change from prior year	\$20,839,949	\$846,992	\$25,196	(\$285,216)	\$20,252,977	3.0
% Change from prior year	15.7%	19.1%	49.2%	(11.3)%	16.1%	0.3%

Recommendation Highlights:

1. Increase General Fund for armory maintenance by \$409,000, including \$185,000 for ongoing annual maintenance costs, plus one-time funding to address about 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.

Budget Recommendation Detail by Long Bill Division

Executive Director and Army National Guard: The federal government fully funds National Guard training and provides most of the funding for construction of armories and other military facilities. 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. Most of Department's General Fund personnel 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 Fund Exempt	Federal Funds	FTE
FY 2005-06 Appropriation	\$7,574,579	\$3,332,487	\$51,217	\$604,769	\$3,586,106	50.2
<i>Recommended Changes from FY 2005-06 Appropriation</i>						
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	19,990	0	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	(20,106)	20,483	22,913	0.0
Total FY 2006-07 JBC Recommendation	\$8,390,556	\$3,954,025	\$51,413	\$495,351	\$3,889,767	51.2
\$ Change from prior year	\$815,977	\$621,538	\$196	(\$109,418)	\$303,661	1.0
% Change from prior year	10.8%	18.7%	0.4%	(18.1)%	8.5%	2.0%

Issue Descriptions

Army National Guard Cooperative Agreement: The recommendation reflects an anticipated increase in federal funding.

Operating Expenses: The recommendation increases General Fund for armory maintenance.

Health, Life, and Dental: The recommended increase reflects the recommended statewide common policy.

National Guard Tuition Fund: The recommended increase is from Department of Higher Education financial aid funds.

Utilities: The recommendation reflects a decrease in federal funds that may be applied to utilities.

Personal Services: The recommendation reflects a decrease from moving 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 recommended statewide common policy.

Other: The recommendation includes General Fund 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.

Division of Veterans Affairs	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
FY 2005-06 Appropriation	\$2,482,832	\$506,072	\$0	\$1,925,760	\$51,000	10.5
<i>Recommended Changes from FY 2005-06 Appropriation</i>						
Western Slope Veterans' Cemetery	91,202	1,964	0	89,238	0	2.0
Veterans Service Operations & 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
Total FY 2006-07 JBC Recommendation	\$2,591,492	\$765,530	\$25,000	\$1,749,962	\$51,000	12.5
\$ Change from prior year	\$108,660	\$259,458	\$25,000	(\$175,798)	\$0	2.0
% Change from prior year	4.4%	51.3%	n/a	(9.1)%	0.0%	19.0%

Issue Descriptions

Western Slope Veterans' Cemetery: The recommendation moves two positions funded by Colorado Veterans' Cemetery Fund from the Executive Director's Office budget to the Western Slope Veterans Cemetery program budget.

Veterans Service Operations and County Veterans Service Officer Payments: The recommendation 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 recommendation includes cash funds from estimated interest on the Veterans Trust Fund balance.

Air National Guard: This division provides funding for personal services, operating expenses, and utilities for 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 Fund Exempt	Federal Funds	FTE
FY 2005-06 Appropriation	\$3,050,434	\$435,665	\$0	\$0	\$2,614,769	46.1
Recommended Changes from FY 2005-06 Appropriation						
Cooperative Agreements for Buckley and Greeley	55,661	6,345	0	0	49,316	0.0
Total FY 2006-07 JBC Recommendation	\$3,106,095	\$442,010	\$0	\$0	\$2,664,085	46.1
\$ Change from prior year	\$55,661	\$6,345	\$0	\$0	\$49,316	0.0
% Change from prior year	1.8%	1.5%	n/a	n/a	1.9%	0.0%

Issue Descriptions

Cooperative Agreements for Buckley and Greeley: The recommendation 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 information 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. These programs provide training each weekend and two weeks per year for members of the Colorado National Guard. The requested level of federal funding reflects estimates of the federal appropriation for federal fiscal year 2007.

Federal Funded Programs	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
FY 2005-06 Appropriation	\$119,300,927	\$0	\$0	\$0	\$119,300,927	1,077.0
Recommended Changes from FY 2005-06 Appropriation						
Federal Funded Programs	19,900,000	0	0	0	19,900,000	0.0
Total FY 2006-07 JBC Recommendation	\$139,200,927	\$0	\$0	\$0	\$139,200,927	1,077.0
\$ Change from prior year	\$19,900,000	\$0	\$0	\$0	\$19,900,000	0.0
% Change from prior year	16.7%	n/a	n/a	n/a	16.7%	0.0%

Issue Descriptions

Federal Funded Programs: The recommendation reflects an anticipated increase of \$19.9 million federal funds for military construction projects.

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 Fund Exempt	Federal Funds	FTE
FY 2005-06 Appropriation	\$152,676	\$152,676	\$0	\$0	\$0	1.0
<i>Recommended Changes from FY 2005-06 Appropriation</i>						
Repeater Upgrade	(40,349)	(40,349)	0	0	0	0.0
Total FY 2006-07 JBC Recommendation	\$112,327	\$112,327	\$0	\$0	\$0	1.0
\$ Change from prior year	(\$40,349)	(\$40,349)	\$0	\$0	\$0	0.0
% Change from prior year	(26.4)%	(26.4)%	n/a	n/a	n/a	0.0%

Issue Descriptions

Repeater Upgrade: The recommendation eliminates FY 2005-06 one-time funding for radio repeater equipment.

Department of Natural Resources

Department Description: The Department is responsible for developing, protecting and enhancing Colorado's natural resources. The Department is comprised of the following agencies and 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 the Division of Wildlife.

Summary Table for Department of Natural Resources						
	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
FY 2005-06 Appropriation	\$182,538,993	\$22,823,818	\$40,704,370	\$103,063,441	\$15,947,364	1,546.4
Long Bill Supplemental	<u>20,000</u>	<u>20,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
FY 2005-06 Adjusted Appropriation	\$182,558,993	\$22,843,818	\$40,704,370	\$103,063,441	\$15,947,364	1,546.4
<i>Recommended Changes from FY 2005-06 by Long Bill Division</i>						
Executive Director's Office	2,352,335	1,158,817	539,428	662,977	(8,887)	2.0
Minerals and Geology	486,624	0	386,313	32,292	68,019	0.0
Geological Survey	16,941	0	203,489	16,492	(203,040)	(2.0)
Oil and Gas Conservation Commission	2,176,815	0	(1,107,988)	3,293,237	(8,434)	11.0
State Board of Land Commissioners	69,473	0	779,846	(710,373)	0	0.0
Parks and Outdoor Recreation	1,885,688	402,525	662,388	863,902	(43,127)	6.5
Colorado Water Conservation Board	(2,997,307)	0	(9,600)	(2,936,873)	(50,834)	0.0
Water Resources (State Engineer's Office)	399,908	4,128,852	(3,338,180)	(352,291)	(38,473)	11.5
Division of Wildlife	(422,291)	0	0	(1,511,453)	1,089,162	(110.0)
Total FY 2006-07 JBC Recommendation	\$186,527,179	\$28,534,012	\$38,820,066	\$102,421,351	\$16,751,750	1,465.4
\$ Change from prior year	\$3,968,186	\$5,690,194	(\$1,884,304)	(\$642,090)	\$804,386	(81.0)
% Change from prior year	2.2%	24.9%	(4.6)%	(0.6)%	5.0%	(5.2)%

Recommendation Highlights:

1. 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.
2. 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.
3. 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.

4. 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).
5. Adds \$0.5 million cash funds and 4.0 FTE for Parks and Outdoor Recreation to provide additional maintenance needs and staffing for new facilities at five state parks.
6. 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.
7. 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.
8. Discontinues \$3.9 million cash funds exempt associated with S.B. 05-84 (annual water projects bill) for the Colorado Water Conservation Board and the Division of Water Resources.
9. Decreases total GOCO funding reflected in the Long Bill for informational purposes by \$2.5 million.
10. Decreases cash funds exempt spending authority to the Division of Wildlife by \$1.0 million as part of a line item consolidation.

Budget Recommendation Detail by Long Bill Division

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 Fund Exempt	Federal Funds	FTE
FY 2005-06 Appropriation	\$25,009,760	\$6,057,890	\$5,760,709	\$12,018,253	\$1,172,908	56.6
<i>Recommended Changes from FY 2005-06 Appropriation</i>						
Health, Life, and Dental	1,178,316	468,946	139,048	474,730	95,592	0.0
Other 'POTS' adjustments	952,724	682,697	223,086	52,975	(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 FTE	52,212	0	29,239	22,973	0	1.0
Human resources FTE	49,667	0	27,814	21,853	0	1.0
Fund mix adjustment	0	0	9,041	(9,041)	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 Fund 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
Total FY 2006-07 JBC Recommendation	\$27,362,095	\$7,216,707	\$6,300,137	\$12,681,230	\$1,164,021	58.6
\$ Change from prior year	\$2,352,335	\$1,158,817	\$539,428	\$662,977	(\$8,887)	2.0
% Change from prior year	9.4%	19.1%	9.4%	5.5%	(0.8)%	3.5%

Issue Descriptions

Health, Life, and Dental: These amounts reflect the common policy approved by the JBC to increase contributions between 6.2 percent and 9.6 percent depending on the tier of elected coverage.

Other 'POTS' adjustments: 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, 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 FTE will enable the Department to better address information technology needs for personnel at 1313 Sherman Street.

Human resources FTE: The addition of this FTE 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.

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 recommendation reflects the common policy approved by the Joint Budget Committee to reduce the personal services base appropriation for all programs by 0.2 percent.

Minerals and Geology: This division includes the following 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 Fund Exempt	Federal Funds	FTE
FY 2005-06 Appropriation	\$6,368,304	\$0	\$3,046,941	\$596,084	\$2,725,279	65.7
Recommended Changes from FY 2005-06 Appropriation						
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
Personal services base reductions	(7,959)	0	(4,812)	(192)	(2,955)	0.0
Total FY 2006-07 JBC Recommendation	\$6,854,928	\$0	\$3,433,254	\$628,376	\$2,793,298	65.7
\$ Change from prior year	\$486,624	\$0	\$386,313	\$32,292	\$68,019	0.0
% Change from prior year	7.6%	n/a	12.7%	5.4%	2.5%	0.0%

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 recommendation reflects the common policy approved by the Joint Budget Committee to reduce the personal services base appropriation for all programs by 0.2 percent.

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 Fund Exempt	Federal Funds	FTE
FY 2005-06 Appropriation	\$4,660,743	\$0	\$2,327,250	\$1,160,093	\$1,173,400	37.0
<i>Recommended Changes from FY 2005-06 Appropriation</i>						
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
Total FY 2006-07 JBC Recommendation	\$4,677,684	\$0	\$2,530,739	\$1,176,585	\$970,360	35.0
\$ Change from prior year	\$16,941	\$0	\$203,489	\$16,492	(\$203,040)	(2.0)
% Change from prior year	0.4%	n/a	8.7%	1.4%	(17.3)%	(5.4)%

Issue Descriptions

Coalbed methane stream depletion study: The recommendation 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 recommendation includes funding for the annualization of FY 2005-06 salary survey increases.

Indirect cost assessment: The recommendation makes an adjustment in indirect cost assessment for the Division.

Federal funds reduction: The recommendation 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 recommendation reflects the common policy approved by the Joint Budget Committee 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.

The appropriation reflects the workload attributable to the increase in active wells statewide. Colorado natural gas production is 3.1 billion cubic feet per day, increasing at 5.0 percent a year, according to the Oil and Gas Conservation Commission. Drilling permits requests are topping record numbers: 5,500 currently estimated compared to 3,847 in the record year of FY 2004-05 (43 percent increase). The active well count is estimated at 34,000 for 2007, about 9,511 (40 percent) more than in 2003. Drilling operations will be continuing at a substantial level in Colorado for many years to come. The following changes are estimated for FY 2006-07 compared to the FY 2002-03 baseline: a 164 percent increase in oil and gas permits sought; a 39 percent increase in active wells; and a 200 percent increase in the number of drilling rigs.

The bulk of the funding for the Oil and Gas Conservation Commission is from the Oil and Gas Conservation and Environmental Response Fund and its associated reserves, and secondarily from the Operational Account of the Severance Tax Trust Fund.

Oil and Gas Conservation Commission	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
FY 2005-06 Appropriation	\$5,148,376	\$0	\$4,267,658	\$775,725	\$104,993	38.0
Recommended Changes from FY 2005-06 Appropriation						
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
Environmental assistance and complaint resolution	57,033	0	312,033	(255,000)	0	0.0

Oil and Gas Conservation Commission	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
Indirect cost assessment	26,548	0	26,548		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
Total FY 2006-07 JBC Recommendation	\$7,325,191	\$0	\$3,159,670	\$4,068,962	\$96,559	49.0
\$ Change from prior year	\$2,176,815	\$0	(\$1,107,988)	\$3,293,237	(\$8,434)	11.0
% Change from prior year	42.3%	n/a	(26.0)%	424.5%	(8.0)%	28.9%

Issue Descriptions

Emergency response funding: The recommendation 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 a 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 recommended increase provides 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 funded 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 recommendation 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: a gas seep mitigation study in La Plata County and also in Raton Basin, soil gas surveys for where orphaned wells were plugged (to prevent another La Plata County, Bondad explosion), baseline water quality study in Yuma county, another Piceance Basin DJ Basin analysis, Piceance basin water sampling followup, and La Plata County follow-up water sampling.

Phase II Raton Basin gas seep investigation: The recommendation 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 recommended 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 recommendation includes funding for the annualization of FY 2005-06 salary survey increases.

Environmental assistance and complaint resolution: The recommendation provides funding to respond to the increase in oil and gas related complaints and need for greater environmental assistance.

Indirect cost assessment: The recommendation makes an adjustment in indirect cost assessment for the Division.

Financing adjustment: The recommendation makes a financing adjustment to the Commission's base funding to reflect that 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 recommendation 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 recommendation 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 recommendation discontinues the funding associated with one-time capital start-up related expenditures for new positions (FTE) which were added in FY 2005-06.

Federal grant decrease: The recommendation reflects the anticipated funding adjustment from the U.S. Environmental Protection Agency (EPA).

Personal services base reductions: The recommendation reflects the common policy approved by the Joint Budget Committee 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 almost three 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 fund 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 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 Fund Exempt	Federal Funds	FTE
FY 2005-06 Appropriation	\$3,435,843	\$0	\$115,000	\$3,320,843	\$0	34.0
Recommended Changes from FY 2005-06 Appropriation						
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
Total FY 2006-07 JBC Recommendation	\$3,505,316	\$0	\$894,846	\$2,610,470	\$0	34.0
\$ Change from prior year	\$69,473	\$0	\$779,846	(\$710,373)	\$0	0.0
% Change from prior year	2.0%	n/a	678.1%	(21.4)%	n/a	0.0%

Issue Descriptions

Salary and benefits adjustments: The recommendation includes funding for the annualization of FY 2005-06 salary survey increases.

Indirect cost assessment: The recommendation makes an adjustment in indirect cost assessment for the Division.

Financing adjustment to reflect revenue base: The recommendation 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 recommendation reflects the common policy approved by the Joint Budget Committee to reduce the personal services base appropriation for all programs by 0.2 percent.

Parks and Outdoor Recreation: This division manages approximately 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 11,869,897 visitors in FY 2006-07, an increase of approximately 3.4 percent over FY 2005-06. As of 2004, Colorado's Parks were among the most self-sufficient in the nation based on a national comparison. Self-sufficiency is defined as the degree to which division cash fund sources cover the costs of the program. 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 Fund Exempt	Federal Funds	FTE
FY 2005-06 Appropriation	\$29,157,739	\$2,323,472	\$19,297,051	\$6,484,060	\$1,053,156	255.1
<i>Recommended Changes from FY 2005-06 Appropriation</i>						
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
Total FY 2006-07 JBC Recommendation	\$31,043,427	\$2,725,997	\$19,959,439	\$7,347,962	\$1,010,029	261.6
\$ Change from prior year	\$1,885,688	\$402,525	\$662,388	\$863,902	(\$43,127)	6.5
% Change from prior year	6.5%	17.3%	3.4%	13.3%	(4.1)%	2.5%

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 to moneys that are received directly from the Great Outdoors Colorado 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 to 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 recommendation reflects the common policy approved by the Joint Budget Committee to reduce the personal services base appropriation 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. The bulk of the funding for the Division is from reserves in the Colorado Water Conservation Board Construction Fund.

Colorado Water Conservation Board	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
FY 2005-06 Appropriation	\$9,806,390	\$0	\$1,451,821	\$8,156,392	\$198,177	41.0
<i>Recommended Changes from FY 2005-06 Appropriation</i>						
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
Indirect cost assessment	(2,008)	0	0	20,098	(22,106)	0.0
Personal services base reductions	(6,146)	0	0	(6,146)	0	0.0
Total FY 2006-07 JBC Recommendation	\$6,809,083	\$0	\$1,442,221	\$5,219,519	\$147,343	41.0
\$ Change from prior year	(\$2,997,307)	\$0	(\$9,600)	(\$2,936,873)	(\$50,834)	0.0
% Change from prior year	(30.6)%	n/a	(0.7)%	(36.0)%	(25.7)%	0.0%

Issue Descriptions

Water supply management, development, and implementation assistance: The recommendation adds funding for the Colorado Water Conservation Board to provide for on-going basin by basin analysis 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 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 recommended 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 recommended 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 and hydrologist (\$362,500).

Salary and benefits adjustments: The recommendation includes funding for the annualization of FY 2005-06 salary survey increases.

S.B. 02-87 Colorado Watershed Protection Fund: The recommendation 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 recommendation 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 recommendation eliminates the one-time funding provided in FY 2005-06 associated with start-up costs for new FTE, particularly in the Federal Emergency Management Assistance line item which provides funding for flood mapping staff.

Indirect cost assessment: The recommendation makes an adjustment in indirect cost assessment for the Division.

Personal services base reductions: The recommendation reflects the common policy approved by the Joint Budget Committee to reduce the personal services base appropriation for all programs by 0.2 percent.

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.

Water Resources Division	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
FY 2005-06 Appropriation	\$19,888,456	\$14,442,456	\$4,437,940	\$913,919	\$94,141	256.6
Long Bill Supplemental	<u>20,000</u>	<u>20,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
FY 2005-06 Adjusted Appropriation	\$19,908,456	\$14,462,456	\$4,437,940	\$913,919	\$94,141	256.6
Recommended Changes from FY 2005-06 Appropriation						
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
Total FY 2006-07 JBC Recommendation	\$20,308,364	\$18,591,308	\$1,099,760	\$561,628	\$55,668	268.1
\$ Change from prior year	\$399,908	\$4,128,852	(\$3,338,180)	(\$352,291)	(\$38,473)	11.5
% Change from prior year	2.0%	28.5%	(75.2)%	(38.5)%	(40.9)%	4.5%

Issue Descriptions

Long Bill Supplemental: The recommendation reflects a FY 2005-06 supplemental add-on to add funding for the Division to respond to a Department of Personnel statewide fuel increase. The recommendation is made to ensure that Division field staff are not affected by mileage cost increases.

Increases for Water Divisions 1 and 3: The recommendation 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 legislation 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 do 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 legal costs.

Salary and benefits adjustments: The recommendation includes funding for the annualization of FY 2005-06 salary survey increases.

Increase for mileage: The recommendation provides funding for the Division in response to Department of Personnel statewide fuel increases. The recommendation ensures that Division field staff (including water commissioners) are unaffected by the fuel increase.

Leased space adjustment: The recommendation provides funding for a lease 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 lease 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 recommendation 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 recommendation 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: The recommendation makes an adjustment in indirect cost assessment for the Division.

Elimination of one-time FY 2005-06 funding associated with S.B. 04-222 related litigation: The recommendation eliminates one-time funding in FY 2005-06 for trial related expenses associated with litigation on S.B. 04-222.

Federal funds decrease: The recommendation reflects the reduction in funds estimated from the federal government (FEMA).

Personal services base reductions: The recommendation reflects the common policy approved by the Joint Budget Committee to reduce the personal services base appropriation for all programs by 0.2 percent.

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.

Division of Wildlife	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
FY 2005-06 Appropriation	\$79,063,382	\$0	\$0	\$69,638,072	\$9,425,310	762.4
Recommended Changes from FY 2005-06 Appropriation						
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
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
Total FY 2006-07 JBC Recommendation	\$78,641,091	\$0	\$0	\$68,126,619	\$10,514,472	652.4
\$ Change from prior year	(\$422,291)	\$0	\$0	(\$1,511,453)	\$1,089,162	(110.0)
% Change from prior year	(0.5)%	n/a	n/a	(2.2)%	11.6%	(14.4)%

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 amount represents a recommendation to fund 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: The recommendation 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 recommendation includes consolidating the Division's FY 2005-06 Long Bill structure from 25 line items to 9 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 recommendation reflects the common policy approved by the Joint Budget Committee to reduce the personal services base appropriation for all programs by 0.2 percent.

Department of Personnel and Administration

Department Description: The Department of Personnel is responsible for administering the state personnel system, which includes approximately 28,496 full time equivalent (FTE) staff, excluding the Department of Higher Education. In addition, the Department provides general support services for state agencies. These functions include: control of the state's purchasing activities; 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; 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 of state agencies; and oversight of the state's liability, property, and workers' compensation insurance program.

Summary Table for Department of Personnel and Administration						
	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
FY 2005-06 Appropriation	\$159,622,213	\$8,266,947	\$11,484,436	\$139,749,830	\$121,000	542.3
<i>Recommended Changes from FY 2005-06 by Long Bill Division</i>						
Executive Office	911,843	239,387	7,798	664,658	0	0.0
Human Resources	175,491	0	(27,080)	202,571	0	(1.0)
Personnel Board	26,232	(239,393)	(2)	265,627	0	0.0
Central Services	1,418,135	0	0	1,418,135	0	0.0
Finance and Procurement	182,450	(1,077,631)	3,648	1,256,433	0	0.0
Information Technology	(226,049)	85,413	(900)	(310,562)	0	0.0
Administrative Courts	118,802	0	(57)	118,859	0	0.0
Total FY 2006-07 JBC Recommendation	\$162,229,117	\$7,274,723	\$11,467,843	\$143,365,551	\$121,000	541.3
\$ Change from prior year	\$2,606,904	(\$992,224)	(\$16,593)	\$3,615,721	\$0	(1.0)
% Change from prior year	1.6%	(12.0)%	(0.1)%	2.6%	0.0%	(0.2)%

Recommendation Highlights:

1. The recommendation includes an increase of \$909,000 (all fund sources) to annualize salary and performance awards granted in FY 2005-06.
2. The recommendation includes an increase of \$815,000 (all fund sources) for salary, benefits, and common operating adjustments.
3. The recommendation includes \$2.2 million 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.

4. The recommendation includes \$1.7 million for the replacement of 687 of the existing state fleet vehicles and the purchase of 73 additional vehicles. The recommendation 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.

Budget Recommendation Detail by Long Bill Division

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. The Division also provides centralized accounting, personnel, and budgeting services for the department. The executive director has administrative responsibility for the Total Compensation Advisory Council, the Deferred Compensation Committee, and the Short-term Disability Fund.

Executive Office	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
FY 2005-06 Appropriation	\$8,843,096	\$3,244,393	\$37,473	\$5,561,230	\$0	23.5
Recommended Changes from FY 2005-06 Appropriation						
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
Total FY 2006-07 JBC Recommendation	\$9,754,939	\$3,483,780	\$45,271	\$6,225,888	\$0	23.5
\$ Change from prior year	\$911,843	\$239,387	\$7,798	\$664,658	\$0	0.0
% Change from prior year	10.3%	7.4%	20.8%	12.0%	n/a	0.0%

Issue Descriptions

Salary and benefits adjustments: The recommendation 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 recommendation 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 recommendation also includes an addition 7.7 percent built on top of the salary survey to be used for increasing base salaries at the lower end of the salary range. The recommendation 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 recommendation 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 recommendation 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 recommendation includes annualization of the salary increases allocated to the Division in FY 2005-06.

HIPAA - Security Remediation: The Department submitted a budget amendment for the Health Insurance Portability and Accountability Act of 1996 (HIPAA) regarding the increase in costs in relation to 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 recommendation 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 recommendation 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. 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.

Division of Human Resources	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
FY 2005-06 Appropriation	\$49,251,613	\$0	\$4,582,346	\$44,669,267	\$0	54.7
<i>Recommended Changes from FY 2005-06 Appropriation</i>						
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

Division of Human Resources	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
Workload reductions and FTE accounting	(72,443)	0	(29,821)	(42,622)	0	(1.0)
Base reductions	(18,924)			(18,924)		
Total FY 2006-07 JBC Recommendation	\$49,427,104	\$0	\$4,555,266	\$44,871,838	\$0	53.7
\$ Change from prior year	\$175,491	\$0	(\$27,080)	\$202,571	\$0	(1.0)
% Change from prior year	0.4%	n/a	(0.6)%	0.5%	n/a	(1.8)%

Issue Descriptions

Legal services: The recommendation 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 recommendation 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 Statewide Indirect Cost Allocation Plan. The recommendation 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 recommendation of liability and property premiums. The premiums recommendations are based on actuarial estimates of prospective losses in FY 2006-07 relative to FY 2005-06.

Workload reductions and FTE accounting: The recommendation 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 recommendation 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, Sections 13 through 15, of the Colorado Constitution. 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.

Personnel Board	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
FY 2005-06 Appropriation	\$430,611	\$259,979	\$1,200	\$169,432	\$0	4.8
Recommended Changes from FY 2005-06 Appropriation						
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
Total FY 2006-07 JBC Recommendation	\$456,843	\$20,586	\$1,198	\$435,059	\$0	4.8
\$ Change from prior year	\$26,232	(\$239,393)	(\$2)	\$265,627	\$0	0.0
% Change from prior year	6.1%	(92.1)%	(0.2)%	156.8%	n/a	0.0%

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 recommendation includes annualization of the salary increases allocated to the Division in FY 2005-06.

Base reductions: The recommendation 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.

Central Services	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
FY 2005-06 Appropriation	\$55,191,766	\$0	\$2,983,311	\$52,208,455	\$0	183.5
Recommended Changes from FY 2005-06 Appropriation						
Fleet Management costs	533,423	0	0	533,423	0	0.0
Utility costs	300,000			300,000		
Indirect cost assessment	275,879	0	0	275,879	0	0.0

Central Services	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
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
Noxious weed mitigation at Camp George West	2,096	0	0	2,096	0	0.0
Total FY 2006-07 JBC Recommendation	\$56,609,901	\$0	\$2,983,311	\$53,626,590	\$0	183.5
\$ Change from prior year	\$1,418,135	\$0	\$0	\$1,418,135	\$0	0.0
% Change from prior year	2.6%	n/a	0.0%	2.7%	n/a	0.0%

Issue Descriptions

Fleet Management costs: The recommendation includes funding for the replacement of 687 fleet vehicles and purchase of 73 additional vehicles. The recommendation also reflects a funding decrease for the operating expenses line. This recommendation was made in order to encourage the Department to seek ways to increase the fuel efficiency of the State Fleet.

Utility costs: The recommended 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 Statewide Indirect Cost Allocation Plan. The recommendation makes the appropriate adjustments to the Division's appropriation in order to properly offset General Fund elsewhere in the Department.

Annualize FY 2005-06 salary survey awards: The recommendation includes annualization of the salary increases allocated to the Division in FY 2005-06.

Mail services workload: This recommendation 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 recommendation 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 recommendation 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.

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.

This division manages the financial affairs of all departments through the State Controller's Office by using the Colorado Financial Reporting System (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 Fund Exempt	Federal Funds	FTE
FY 2005-06 Appropriation	\$5,790,931	\$1,397,376	\$1,344,467	\$3,049,088	\$0	61.5
<i>Recommended Changes from FY 2005-06 Appropriation</i>						
Annualize FY 2005-06 salary survey awards	114,105	0	3,648	110,457	0	0.0
Fund mix adjustments	53,455	(1,080,316)	0	1,133,771	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
Total FY 2006-07 JBC Recommendation	\$5,973,381	\$319,745	\$1,348,115	\$4,305,521	\$0	61.5
\$ Change from prior year	\$182,450	(\$1,077,631)	\$3,648	\$1,256,433	\$0	0.0
% Change from prior year	3.2%	(77.1)%	0.3%	41.2%	n/a	0.0%

Issue Descriptions

Annualize FY 2005-06 salary survey awards: The recommendation includes annualization of the salary increases allocated to the Division in FY 2005-06.

Fund mix adjustments: The recommendation 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 increase in cash funds exempt.

Base reductions: The recommendation 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 Statewide Indirect Cost Allocation Plan. The recommendation makes the appropriate adjustments to the Division's appropriation 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; (3) developing data sharing technologies; (4) archiving historical records; and (5) supporting all statewide applications.

Division of Information Technology	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
FY 2005-06 Appropriation	\$36,859,767	\$3,365,199	\$2,506,893	\$30,866,675	\$121,000	175.3
Recommended Changes from FY 2005-06 Appropriation						
Annualize FY 2005-06 salary survey awards	342,904	91,868	0	251,036	0	0.0
Fund mix adjustments	2,999		(900)	3,899		
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
Total FY 2006-07 JBC Recommendation	\$36,633,718	\$3,450,612	\$2,505,993	\$30,556,113	\$121,000	175.3
\$ Change from prior year	(\$226,049)	\$85,413	(\$900)	(\$310,562)	\$0	0.0
% Change from prior year	(0.6)%	2.5%	0.0%	(1.0)%	0.0%	0.0%

Issue Descriptions

Annualize FY 2005-06 salary survey awards: The recommendation includes annualization of the salary increases allocated to the Division in FY 2005-06.

Fund mix adjustments: The recommendation 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 Statewide Indirect Cost Allocation Plan. The recommendation makes the appropriate adjustments to the Division's appropriation in order to properly offset General Fund elsewhere in the Department.

Base reductions: The recommendation contains a 0.2 percent personal services base reduction.

Snocat replacements: The recommendation includes replacing 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: This division provides an independent administrative law adjudication system for state agencies in order to resolve cases that deal with workers' compensation, human services, and regulatory law. The Division offers a full range of alternative dispute resolution options, including evidentiary hearings, settlement conferences, and mediation. Approximately one-half of all hearings are related to workers' compensation cases.

Administrative Courts	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
FY 2005-06 Appropriation	\$3,254,429	\$0	\$28,746	\$3,225,683	\$0	39.0
<i>Recommended Changes from FY 2005-06 Appropriation</i>						
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
Base reductions	(5,903)	0	(57)	(5,846)	0	0.0
Total FY 2006-07 JBC Recommendation	\$3,373,231	\$0	\$28,689	\$3,344,542	\$0	39.0
\$ Change from prior year	\$118,802	\$0	(\$57)	\$118,859	\$0	0.0
% Change from prior year	3.7%	n/a	(0.2)%	3.7%	n/a	0.0%

Issue Descriptions

Annualize FY 2005-06 salary survey awards: The recommendation 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 recommendation makes the appropriate adjustments to the Division's appropriation in order to properly offset General Fund elsewhere in the department.

Operating expenses reductions: The recommendation for a reduction to operating expenses is consistent with the Department's request.

Base reductions: The recommendation contains a 0.2 percent personal services base reduction.

Department of Public Health and Environment

Department Description: The Department of Public Health and Environment is responsible for administering programs intended to protect and improve the health of the people of Colorado, maintain the quality of Colorado's environment, and assure the availability of health and medical care services to individuals and families.

Summary Table for Department of Public Health and Environment						
	Total Funds	General Fund /1	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
FY 2005-06 Appropriation	\$383,931,395	\$16,552,867	\$30,975,401	\$134,971,205	\$201,431,922	1,142.3
Long Bill Supplemental	0	18,075	0	(18,075)	0	0.9
FY 2005-06 Adjusted Appropriation	\$383,931,395	\$16,570,942	\$30,975,401	\$134,953,130	\$201,431,922	1,143.2
Recommended Changes from FY 2005-06 by Long Bill Division						
Administration and Support	109,577	(70,494)	235,045	(575,570)	520,596	1.5
Center for Health and Environmental Information and Statistics	119,822	0	60,174	61,762	(2,114)	(0.1)
Laboratory Services	366,918	2,519	496,148	(144,571)	12,822	0.2
Local Health Services	3,759,186	3,753,490	0	0	5,696	0.0
Air Quality Control Division	237,198	0	138,629	83,897	14,672	0.6
Water Quality Control Division	852,416	803,337	90,409	(70,542)	29,212	8.5
Hazardous Materials and Waste Management Division	(1,544,521)	0	(521,207)	(45,750)	(977,564)	(15.7)
Consumer Protection	(3,154)	90,135	37,314	(123,517)	(7,086)	0.1
Disease Control and Environmental Epidemiology Division	2,139,972	754,681	2,097	(38,185)	1,421,379	0.0
Prevention Services Division	67,441,044	58,761	290,742	59,403,986	7,687,555	4.7
Health Facilities and Emergency Medical Services Division	294,484	670	7,583	266,300	19,931	3.1
Total FY 2006-07 Long Bill Recommendation	\$457,704,337	\$21,964,041	\$31,812,335	\$193,770,940	\$210,157,021	1,145.2
\$ Change from prior year	\$73,772,942	\$5,393,099	\$836,934	\$58,817,810	\$8,725,099	2.0
% Change from prior year	19.2%	32.5%	2.7%	43.6%	4.3%	0.2%

/1 The Total FY 2006-07 Long Bill recommendation for this column includes a \$516,147 General Fund Exempt Appropriation.

Recommendation Highlights:

1. Includes a \$3,750,000 General Fund increase for "per capita" Local, District and Regional Health Department distributions.
2. Provides a base increase of \$760,000 General Fund, \$56,000 cash funds, and 10.0 FTE for the Water Quality Control Division.
3. Includes a \$690,000 General Fund increase for immunizations.

4. Provides an extra \$500,000 General Fund and 6.7 FTE for health facilities licensing, inspection, and regulation.
5. Reduces 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.

Budget Recommendation Detail by Long Bill Division

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, the Office of Health Disparities, 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.

Administration and Support	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
FY 2005-06 Appropriation	\$25,458,327	\$500,149	\$1,628,314	\$19,368,994	\$3,960,870	63.0
Long Bill Supplemental, Health Disparities Program FTE	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.2</u>
FY 2005-06 Adjusted Appropriation	\$25,458,327	\$500,149	\$1,628,314	\$19,368,994	\$3,960,870	63.2
Recommended Changes from FY 2005-06 Appropriation						
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
Total FY 2006-07 JBC Recommendation	\$25,567,904	\$429,655	\$1,863,359	\$18,793,424	\$4,481,466	64.5
\$ Change from prior year	\$109,577	(\$70,494)	\$235,045	(\$575,570)	\$520,596	1.5
% Change from prior year	0.4%	(14.1)%	14.4%	(3.0)%	13.1%	2.4%

Issue Descriptions

Long Bill Supplemental, Health Disparities Program FTE: The Long Bill contains a recommended FY 2005-06 supplemental add-on that provides 0.2 FTE for the Health Disparities Grant Program.

Central appropriations: The recommendation 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 recommendation 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 recommended 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 recommendation also includes an increased departmental indirect cost assessment.

Legal Services: The recommendation provides 21,047 hours of legal services to the Department, the same number as last year. The recommended appropriation increase reflects the higher blended legal services rate.

Health Disparities FTE: The recommendation provides 0.3 more FTE for the Health Disparities Grant Program, an annualization of the recommended FY 2005-06 supplemental Health Disparities FTE add-on contained in the Long Bill.

Administration FTE: The recommendation provides 1.0 more FTE to the Administration Division to help handle 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 recommendation reflects changes in projected tax revenues.

Center for Health and Environmental Information and Statistics: The Center for Health and Environmental Information and Statistics division 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. 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.

Center for Health and Environmental Information and Statistics	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
FY 2005-06 Appropriation	\$6,407,831	\$0	\$2,250,876	\$2,681,772	\$1,475,183	71.5
<i>Recommended Changes from FY 2005-06 Appropriation</i>						
Annualize salary and benefits adjustments	121,375	0	62,425	60,936	(1,986)	0.0
FY 2006-07 Impact of H.B. 05-1287	(4,629)	0	(4,629)	0	0	(0.1)
Operating adjustments	3,076	0	2,378	826	(128)	0.0

Center for Health and Environmental Information and Statistics	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
Total FY 2006-07 JBC Recommendation	\$6,527,653	\$0	\$2,311,050	\$2,743,534	\$1,473,069	71.4
\$ Change from prior year	\$119,822	\$0	\$60,174	\$61,762	(\$2,114)	(0.1)
% Change from prior year	1.9%	n/a	2.7%	2.3%	(0.1)%	(0.1)%

Issue Descriptions

Annualize salary and benefits adjustments: The recommendation 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.

FY 2006-07 Impact of H.B. 05-1287: The recommended decrease reflects the second year impact of H.B. 05-1287 (Access to Adoptee Records).

Operating adjustments: The recommended appropriation includes changes for the following items, which are governed by common policy: \$2,338 for Purchase of Services from Computer Center, (\$1,262) for Multiuse Network Payments. Also included is an extra \$2,000 for indirect cost assessments.

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 provides operator training and certification for breath alcohol testing equipment.

Laboratory Services	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
FY 2005-06 Appropriation	\$8,175,034	\$167,218	\$5,761,577	\$711,584	\$1,534,655	73.7
Recommended Changes from FY 2005-06 Appropriation						
Annualize salary and benefits adjustments	105,868	2,170	106,318	(435)	(2,185)	0.0
Newborn Screening	142,438	0	341,112	(198,674)	0	0.2
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
Total FY 2006-07 JBC Recommendation	\$8,541,952	\$169,737	\$6,257,725	\$567,013	\$1,547,477	73.9
\$ Change from prior year	\$366,918	\$2,519	\$496,148	(\$144,571)	\$12,822	0.2
% Change from prior year	4.5%	1.5%	8.6%	(20.3)%	0.8%	0.3%

Issue Descriptions

Annualize salary and benefits adjustments: The recommendation 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 recommended increase reflects the second year impact of the Newborn Screening initiative approved last year.

Water Quality: The recommendation provides \$50,000 of laboratory services for the Water Quality base increase in the Water Quality Control Division.

Indirect cost assessment adjustments: The recommended 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 recommended FY 2006-07 appropriation.

Medical inflation: The recommendation provides 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 Fund Exempt	Federal Funds	FTE
FY 2005-06 Appropriation	\$2,943,875	\$2,699,203	\$0	\$0	\$244,672	5.4
<i>Recommended Changes from FY 2005-06 Appropriation</i>						
Annualize salary and benefits adjustments	9,186	3,490	0	0	5,696	0.0
Per capita local health payments	3,750,000	3,750,000	0	0	0	0.0
Total FY 2006-07 JBC Recommendation	\$6,703,061	\$6,452,693	\$0	\$0	\$250,368	5.4
\$ Change from prior year	\$3,759,186	\$3,753,490	\$0	\$0	\$5,696	0.0
% Change from prior year	127.7%	139.1%	n/a	n/a	2.3%	0.0%

Issue Descriptions

Annualize salary and benefits adjustments: The recommendation 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 recommendation 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.

Air Quality Control Division	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
FY 2005-06 Appropriation	\$15,717,498	\$0	\$6,560,713	\$5,556,801	\$3,599,984	151.7
<i>Recommended Changes from FY 2005-06 Appropriation</i>						
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
Indirect cost assessment adjustments	(89,511)	0	(109,511)	0	20,000	0.0
FTE reductions	0	0	0	0	0	(1.5)
Total FY 2006-07 JBC Recommendation	\$15,954,696	\$0	\$6,699,342	\$5,640,698	\$3,614,656	152.3
\$ Change from prior year	\$237,198	\$0	\$138,629	\$83,897	\$14,672	0.6
% Change from prior year	1.5%	n/a	2.1%	1.5%	0.4%	0.4%

Issue Descriptions

Annualize salary and benefits adjustments: The recommendation 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 recommendation annualizes a FY 2005-06 supplemental to provide more resources to conduct oil and gas well drilling inspections.

Indirect cost assessment adjustments: The recommended 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 recommended FY 2006-07 appropriation.

FTE reductions: The recommendation 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).

Water Quality Control Division: This division enforces the water quality regulations under the direction 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.

Water Quality Control Division	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
FY 2005-06 Appropriation	\$13,372,924	\$1,668,672	\$3,160,253	\$327,518	\$8,216,481	122.1
Long Bill Supplemental	<u>0</u>	<u>18,075</u>	<u>0</u>	<u>(18,075)</u>	<u>0</u>	<u>0.0</u>
FY 2005-06 Adjusted Appropriation	\$13,372,924	\$1,686,747	\$3,160,253	\$309,443	\$8,216,481	122.1
Recommended Changes from FY 2005-06 Appropriation						
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
Total FY 2006-07 JBC Recommendation	\$14,225,340	\$2,490,084	\$3,250,662	\$238,901	\$8,245,693	130.6
\$ Change from prior year	\$852,416	\$803,337	\$90,409	(\$70,542)	\$29,212	8.5
% Change from prior year	6.4%	48.1%	2.9%	(21.5)%	0.4%	7.0%

Issue Descriptions

Long Bill Supplemental: The Long Bill contains a supplemental that amends the Division's FY 2005-06 appropriation. This technical correction eliminates a cash funds exempt appropriation from a cash fund for which the statutory citation was repealed in July 2005 (leaving the fund balance inaccessible without special legislation), and replaces it with a General Fund appropriation.

Increase base funding: The recommendation 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 recommendation 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 recommendation 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 recommended 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 recommended FY 2006-07 appropriation.

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. 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.

Hazardous Materials and Waste Management Division	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
FY 2005-06 Appropriation	\$19,891,531	\$0	\$8,033,879	\$374,539	\$11,483,113	143.2
Recommended Changes from FY 2005-06 Appropriation						
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
Total FY 2006-07 JBC Recommendation	\$18,347,010	\$0	\$7,512,672	\$328,789	\$10,505,549	127.5
\$ Change from prior year	(\$1,544,521)	\$0	(\$521,207)	(\$45,750)	(\$977,564)	(15.7)
% Change from prior year	(7.8)%	n/a	(6.5)%	(12.2)%	(8.5)%	(11.0)%

Issue Descriptions

Annualize salary and benefits adjustments: The recommendation 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 recommended 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 recommended 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 recommendation 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 recommendation 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.

Consumer Protection	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
FY 2005-06 Appropriation	\$2,366,197	\$991,400	\$773,936	\$211,031	\$389,830	27.7
<i>Recommended Changes from FY 2004-05 Appropriation</i>						
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
Annualization of prior year funding	(44,900)	0	18,000	(56,387)	(6,513)	0.0
Refinance cash fund for Retail Food Program	0	66,985	0	(66,985)	0	0.0
Total FY 2006-07 JBC Recommendation	\$2,363,043	\$1,081,535	\$811,250	\$87,514	\$382,744	27.8
\$ Change from prior year	(\$3,154)	\$90,135	\$37,314	(\$123,517)	(\$7,086)	0.1
% Change from prior year	(0.1)%	9.1%	4.8%	(58.5)%	(1.8)%	0.4%

Issue Descriptions

Annualize salary and benefits adjustments: The recommendation 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 recommendation includes a base increase for the Retail Food Program to enable it to conduct all statutorily required inspections.

Annualization of prior year funding: The recommendation 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 recommendation includes refinancing that cash funds exempt appropriation with General Fund.

Disease Control and Environment 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 Fund Exempt	Federal Funds	FTE
FY 2005-06 Appropriation	\$62,718,141	\$3,762,191	\$6,441	\$3,399,224	\$55,550,285	183.8
Recommended Changes from FY 2005-06 Appropriation						
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
Total FY 2006-07 JBC Recommendation	\$64,858,113	\$4,516,872	\$8,538	\$3,361,039	\$56,971,664	183.8
\$ Change from prior year	\$2,139,972	\$754,681	\$2,097	(\$38,185)	\$1,421,379	0.0
% Change from prior year	3.4%	20.1%	32.6%	(1.1)%	2.6%	0.0%

/1 The total FY 2006-07 General Fund recommendation 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>
FY 2006-07 Recommendation	\$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.

Issue Descriptions

Annualize salary and benefits adjustments: The recommendation 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.

Federal funding adjustments: The recommendation increases federal funds for the Environmental Epidemiology Long Bill group to better reflect anticipated federal funding.

Immunization: The recommended 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.

Indirect cost assessment adjustments: The recommended 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 recommended FY 2006-07 appropriation.

Tobacco settlement payments: The Ryan White HIV/AIDS Drug program, located in this division, is partially funded from tobacco settlement payments. The higher recommended appropriation reflects a small increase in expected settlement payments.

Prevention Services Division: This division contains the following subdivisions: (A) Prevention Programs, (B) Women's Health - Family Planning, (C) Rural - Primary Care, (D) Prevention Partnerships, (E) Family and Community Health, and (F) Nutrition Services. The Prevention Programs subdivision includes the state's cancer registry, chronic disease and cancer prevention grants, suicide prevention, and the tobacco cessation, education and prevention program. The Women's Health - Family Planning subdivision includes the breast and cervical cancer screening program. The Rural - Primary Care subdivision includes dental programs and federal grants for rural health care. Prevention partnerships includes the Tony Grampsas Youth Services Grant Program and the Colorado Children's Trust. The Family and Community 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.

Prevention Services Division	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
FY 2005-06 Appropriation	\$211,631,904	\$5,565,197	\$1,304,008	\$93,449,919	\$111,312,780	177.2
Long Bill Supplemental, Breast and Cervical Cancer Screening Program FTE	0	0	0	0	0	0.7
FY 2005-06 Adjusted Appropriation	211,631,904	5,565,197	1,304,008	93,449,919	111,312,780	177.9
Recommended Changes from FY 2005-06 Appropriation						
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 Gramscas Youth Services Program FTE	0	0	0	0	0	1.0
Breast and Cervical Cancer Screening Program FTE	0	0	0	0	0	1.3
Indirect cost assessment adjustments	(55,400)	0	7,600	0	(63,000)	0.0
Total FY 2006-07 JBC Recommendation	\$279,072,948	\$5,623,958	\$1,594,750	\$152,853,905	\$119,000,335	181.9
\$ Change from prior year	\$67,441,044	\$58,761	\$290,742	\$59,403,986	\$7,687,555	4.7
% Change from prior year	31.9%	1.1%	22.3%	63.6%	6.9%	2.7%

Issue Descriptions

Long Bill Supplemental, Breast and Cervical Cancer Screening Program FTE's: The Long Bill contains a recommended FY 2005-06 supplemental add-on that provides 0.7 FTE for the Breast and Cervical Cancer Screening Program.

H.B. 05-1262 (Implementation of Amendment 35): House Bill 05-1262, which implemented Amendment 35, directs 16 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 recommendation 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 recommendation 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 Grampas Youth Services, and Dental Loan Repayment programs. The higher recommended appropriation reflects an increase in expected settlement payments.

Genetics Counseling: The recommendation increases the appropriation to the Genetics Counseling Program so that more clinics can be held in areas outside of Denver.

Newborn Screening: The recommended increase reflects the second year impact of the Newborn Screening initiative approved last year.

Annualize salary and benefits adjustments: The recommendation 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 recommendation provides a 2.05 percent medical inflation increase.

Tony Grampas Youth Services Program FTE: The recommendation provides 1.0 more FTE for the Tony Grampas Youth Services Program.

Breast and Cervical Cancer Screening Program FTE: The recommendation provides 1.3 more FTE for the Health Disparities Grant Program, an annualization of the recommended FY 2005-06 supplemental Health Disparities FTE add-on contained in the Long Bill.

Indirect cost assessment adjustments: The recommended 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 recommended FY 2006-07 appropriation.

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 Fund Exempt	Federal Funds	FTE
FY 2005-06 Appropriation	\$15,248,133	\$1,198,837	\$1,495,404	\$8,889,823	\$3,664,069	123.0
<i>Recommended Changes from FY 2005-06 Appropriation</i>						
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
Total FY 2006-07 JBC Recommendation	\$15,542,617	\$1,199,507	\$1,502,987	\$9,156,123	\$3,684,000	126.1
\$ Change from prior year	\$294,484	\$670	\$7,583	\$266,300	\$19,931	3.1
% Change from prior year	1.9%	0.1%	0.5%	3.0%	0.5%	2.5%

Issue Descriptions

Medicaid / Medicare facilities certification: The Department inspects and certifies a variety of facilities that serve Medicaid and Medicare patients. The recommendation 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 recommendation 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 recommended 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 recommended FY 2006-07 appropriation.

Medical inflation: The recommendation includes a 2.05 percent medical inflation increase.

Department of Public Safety

Department Description: The Department promotes safety and protects human life by enforcing traffic laws, reporting a 12 percent decrease in fatal crashes on State Patrol-supervised highways from 2004 to 2005 and a 45 percent decrease in child passenger deaths since 1995; operates the law enforcement training academy; assists state and local law enforcement in investigating crime and in enforcing criminal laws; 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, utilizing existing facilities and services wherever feasible; assists in solving fire safety problems, administers a uniform statewide fire reporting system, and trains firefighters and first responders; coordinates the state's response to the threat of terrorism; investigates organized crime; and administers adult and youth community corrections programs.

Summary Table for Department of Public Safety						
	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
FY 2005-06 Appropriation	\$220,419,116	\$58,879,092	\$10,865,049	\$115,178,290	\$35,496,685	1,260.8
Long Bill Supplemental	<u>63,204</u>	<u>22,834</u>	<u>0</u>	<u>40,370</u>	<u>0</u>	<u>0.0</u>
FY 2005-06 Adjusted Appropriation	\$220,482,320	\$58,901,926	\$10,865,049	\$115,218,660	\$35,496,685	1,260.8
<i>Recommended Changes from FY 2005-06 by Long Bill Division</i>						
Executive Director's Office	3,772,456	588,838	108,408	3,045,728	29,482	0.0
Colorado State Patrol	(10,500,569)	(31,586)	68,663	(10,504,826)	(32,820)	(0.5)
Office of Preparedness, Security, and Fire Safety	(268,046)	2,422	6,078	4,692	(281,238)	0.0
Division of Criminal Justice	4,968,391	4,849,778	54,586	47,554	16,473	0.0
Colorado Bureau of Investigation	892,767	957,492	(11,077)	(39,788)	(13,860)	4.4
Total FY 2006-07 JBC Recommendation	\$219,347,319	\$65,268,870	\$11,091,707	\$107,772,020	\$35,214,722	1,264.7
\$ Change from prior year	(\$1,135,001)	\$6,366,944	\$226,658	(\$7,446,640)	(\$281,963)	3.9
% Change from prior year	(0.5)%	10.8%	2.1%	(6.5)%	(0.8)%	0.3%

Recommendation Highlights:

1. The recommendation 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 recommendation includes \$1.5 million General Fund for a 3.5 percent increase to community corrections providers.
3. The recommendation provides \$1.2 million General Fund to restore 50.0 percent of the appropriation for juvenile diversion programs that were eliminated in the 2002 session as a result of line item vetoes in the 2002 Long Bill (H.B. 02-1420).

4. The recommendation includes \$853,500 one-time General Fund for the Colorado Bureau of Investigation, for architectural and design and other costs of construction for a new Western Slope facility.
5. The recommendation includes \$590,000 General Fund for the Colorado Bureau of Investigation to add 5.0 FTE new chemists, and supporting equipment.
6. The recommendation includes \$235,000 General Fund for 20 community corrections beds that specialize in mental health treatment for inmates transitioning out of prison.
7. The recommendation includes \$50,000 General Fund to replenish the Witness Protection Fund.

Budget Recommendation Detail by Long Bill Division

Executive Director's Office: This office manages the following five divisions: Colorado State Patrol; Law Enforcement Training Academy; Colorado Bureau of Investigation; Division of Criminal Justice; and Office of Preparedness, Security, and Fire Safety; and one special program, the Witness Protection Program. In addition, the office administers the Colorado Integrated Criminal Justice Information System (CICJIS).

Executive Director's Office	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
FY 2005-06 Appropriation	\$16,981,951	\$1,902,328	\$484,990	\$14,005,536	\$589,097	40.5
Long Bill Supplemental	<u>63,204</u>	<u>22,834</u>	<u>0</u>	<u>40,370</u>	<u>0</u>	<u>0.0</u>
FY 2005-06 Adjusted Appropriation	\$17,045,155	\$1,925,162	\$484,990	\$14,045,906	\$589,097	40.5
Recommended Changes from FY 2004-05 Appropriation						
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
Salary Survey	739,321	(18,864)	30,733	715,630	11,822	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
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
Other	75,249	(77,502)	(7,896)	165,322	(4,675)	0.0
Total FY 2006-07 JBC Recommendation	\$20,817,611	\$2,514,000	\$593,398	\$17,091,634	\$618,579	40.5
\$ Change from prior year	\$3,772,456	\$588,838	\$108,408	\$3,045,728	\$29,482	0.0
% Change from prior year	22.1%	30.6%	22.4%	21.7%	5.0%	0.0%

Issue Descriptions

Long Bill Supplemental: The recommendation replenishes the Witness Protection Fund and increases spending authority from the Fund.

Health, Life and Dental: The increase reflects the recommended statewide common policy.

Leased Space: The recommended increase provides one-time funding for architectural and design costs of construction for a new Colorado Bureau of Investigation Western Slope facility.

Salary Survey: The increase reflects the recommended statewide common policy.

PERA Amortization Equalization: The increase reflects the recommended statewide common policy.

Risk Management and Property Funds: The increase reflects the recommended statewide common policy.

Workers' Compensation: The increase reflects the recommended statewide common policy.

Administration Personal Services: The recommended increase annualizes FY 2005-06 pay increases.

Witness Protection Fund: The recommended increase replenishes the Fund, so as to allow continuation of spending authority from the Fund at \$50,000 per year.

Multiuse Network Payments: The recommended change replaces General Fund with indirect cost recoveries.

Other: The recommendation includes changes in common policy items, such as shift differential, vehicle lease payments, and capitol complex leased space.

Colorado State Patrol: 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 patrol is in the third year of a five-phase traffic safety improvement plan, which includes using saturation patrols on the most dangerous highway segments, targeting the most hazardous traffic violations, and increasing trooper visibility statewide. The Alive-at-25 and other safety training programs support the traffic safety improvement plan. The budget is driven largely by state highway supervision needs, which are funded from the Highway Users Tax Fund.

Colorado State Patrol	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
FY 2005-06 Appropriation	\$104,691,113	\$1,428,184	\$3,049,470	\$96,358,617	\$3,854,842	940.5
<i>Recommended Changes from FY 2005-06 Appropriation</i>						
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

Colorado State Patrol	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
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
Total FY 2006-07 JBC Recommendation	\$94,190,544	\$1,396,598	\$3,118,133	\$85,853,791	\$3,822,022	940.0
\$ Change from prior year	(\$10,500,569)	(\$31,586)	\$68,663	(\$10,504,826)	(\$32,820)	(0.5)
% Change from prior year	(10.0)%	(2.2)%	2.3%	(10.9)%	(0.9)%	(0.1)%

Issue Descriptions

Sergeants, Technicians, and Troopers: The recommended increase annualizes FY 2005-06 pay increases.

Indirect cost assessment: The recommended increase includes \$794,964 from the Highway Users Tax Fund.

Communications Program: The recommended increase brings experienced communications officers' salaries to the midpoint of their salary range.

MDC Asset Maintenance and Operating Expenses: The recommendation 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 recommended statewide common policy.

Civilians: The recommended increase annualizes FY 2005-06 pay increases.

Counter-drug Program: The recommendation 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 recommendation annualizes 3.0 FTE from a FY 2005-06 emergency supplemental for the Judicial Department.

Office of Preparedness, Security, and Fire Safety: The Office of Preparedness, Security, and Fire Safety consists of the Division of Fire Safety and the Office of Anti-terrorism Planning and Training. The Division of Fire Safety provides technical assistance to local governments, maintains a state-wide reporting system, administers various voluntary certification and training programs, and oversees fireworks and fire suppression system regulation. The Office of Anti-terrorism Planning and Training is responsible for coordinating the State's response to the threat of terrorism. There are three units within it: Colorado Intelligence Analysis Center, Critical Infrastructure Protection and Planning, and Colorado State Patrol Homeland Security Unit.

Office of Preparedness, Security, and Fire Safety	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
FY 2005-06 Appropriation	\$1,351,873	\$91,367	\$340,161	\$139,719	\$780,626	11.5
<i>Recommended Changes from FY 2005-06 Appropriation</i>						
Federal Grants	(268,046)	2,422	6,078	4,692	(281,238)	0.0
Total FY 2006-07 JBC Recommendation	\$1,083,827	\$93,789	\$346,239	\$144,411	\$499,388	11.5
\$ Change from prior year	(\$268,046)	\$2,422	\$6,078	\$4,692	(\$281,238)	0.0
% Change from prior year	(19.8)%	2.7%	1.8%	3.4%	(36.0)%	0.0%

Issue Descriptions

Federal Grants: The recommendation reflects an anticipated decrease in federal homeland security subgrants from the Department of Local Affairs, Division of Emergency Management.

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.

Division of Criminal Justice	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
FY 2005-06 Appropriation	\$73,906,215	\$41,405,503	\$2,110,359	\$965,123	\$29,425,230	60.2
<i>Recommended Changes from FY 2005-06 Appropriation</i>						
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	9,505	0	9,505	0	0	0.0

Division of Criminal Justice	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
Total FY 2006-07 JBC Recommendation	\$78,874,606	\$46,255,281	\$2,164,945	\$1,012,677	\$29,441,703	60.2
\$ Change from prior year	\$4,968,391	\$4,849,778	\$54,586	\$47,554	\$16,473	0.0
% Change from prior year	6.7%	11.7%	2.6%	4.9%	0.1%	0.0%

Issue Descriptions

Caseload increase for community corrections transition programs: The recommendation 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 recommendation assumes 6.75 percent of the inmate population is placed in a community corrections program.

3.5 percent provider rate increase: The recommendation includes funding for a 3.5 percent increase to community corrections providers.

Provides funding for juvenile diversion programs. The recommendation restores 50.0 percent of the appropriation for juvenile diversion programs that were eliminated in the 2002 session as a result of line item vetoes in the 2002 Long Bill (H.B. 02-1420).

Provides funding for 20 mental health transition beds. The recommendation adds funding to pay for 20 community corrections beds that specialize in mental health treatment for transition offenders.

Personal services adjustments: The recommendation 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 recommendation 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 made to other programs.

Allow Office of Research Statistics to spend gifts, grants, and donations: The recommendation allows the Department to spend gifts, grants, and donations.

Change in indirect cost assessment: The recommendation 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 recommendation increases the funding from the Sex Offender Surcharge Fund by \$9,505 based on increased revenues to the Sex Offender Surcharge Fund. The recommendation partially restores a \$27,662 reduction approved in 2005 to prevent a negative fund balance from occurring.

Colorado Bureau of Investigation: The bureau provides information technology, laboratory, and investigative services to local, state, and federal law enforcement agencies upon request. The Colorado Crime Information Center provides information around the clock to law enforcement agencies on wants, warrants, case

status, stolen property, vehicle registration, known offenders, and drivers licenses. The bureau operates the state's "instacheck" criminal background check program for the firearms industry, checking on approximately 150,000 firearms transfers per year. 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.

Colorado Bureau of Investigation	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
FY 2005-06 Appropriation	\$23,487,964	\$14,051,710	\$4,880,069	\$3,709,295	\$846,890	208.1
<i>Recommended Changes from FY 2005-06 Appropriation</i>						
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)
Total FY 2006-07 JBC Recommendation	\$24,380,731	\$15,009,202	\$4,868,992	\$3,669,507	\$833,030	212.5
\$ Change from prior year	\$892,767	\$957,492	(\$11,077)	(\$39,788)	(\$13,860)	4.4
% Change from prior year	3.8%	6.8%	(0.2)%	(1.1)%	(1.6)%	

Issue Descriptions

Laboratory costs: The recommendation 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 recommendation 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 recommended increase 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 recommendation includes an increase in indirect cost assessments.

Department of Regulatory Agencies

Department Description: The Department of Regulatory Agencies protects the citizens of Colorado from fraudulent or dangerous businesses and professionals by regulating the following industries: (1) state-chartered financial institutions such as banks, trust companies, credit unions and money transmitters; (2) public utilities such as electricity, gas and telecommunications; (3) providers of automobile, homeowners, life, health and other types of insurance; and (4) professionals in more than thirty occupations. The Department also administers and enforces Colorado's civil rights laws.

Summary Table for Department of Regulatory Agencies						
	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
FY 2005-06 Appropriation	\$62,392,925	\$1,283,348	\$51,921,670	\$7,791,409	\$1,396,498	525.3
<i>Recommended Changes from FY 2005-06 by Long Bill Division</i>						
Executive Director's Office and Administrative Services	818,807	40,098	628,185	106,379	44,145	0.0
Division of Banking	77,258	0	77,258	0	0	0.0
Civil Rights Division	21,857	(73,661)	0	54,641	40,877	3.0
Office of Consumer Counsel	19,521	0	19,521	0	0	0.0
Division of Financial Services	19,723	0	19,723	0	0	0.0
Division of Insurance	384,811	0	313,675	992	70,144	1.9
Public Utilities Commission	423,006	0	(597,828)	1,020,834	0	0.0
Division of Real Estate	(153,077)	0	(153,077)	0	0	0.0
Division of Registrations	(3,293)	0	411,629	(14,922)	(400,000)	(1.7)
Division of Securities	72,513	0	72,513	0	0	0.0
Total FY 2006-07 JBC Recommendation	\$64,074,051	\$1,249,785	\$52,713,269	\$8,959,333	\$1,151,664	528.5
\$ Change from prior year	\$1,681,126	(\$33,563)	\$791,599	\$1,167,924	(\$244,834)	3.2
% Change from prior year	2.7%	(2.6)%	1.5%	15.0%	(17.5)%	0.6%

Recommendation Highlights:

- The recommendation includes no funding for the Pharmacy Drug Monitoring Program in the Division of Registrations. This is a reduction of \$547,156 from FY 2005-06, consisting of \$147,156 cash funds and \$400,000 federal funds. House Bill 05-1130 created this program and stipulated that it would not be implemented unless \$400,000 was received from gifts, grants and donations by October 1, 2006. The Department has applied for a grant from the Federal Department of Justice and expects that this application will be approved in spring or summer of 2006. If this is the case, the program can commence with the federal funding and the Department can request supplemental funding as necessary for FY 2006-07.

2. The recommendation allows for an increase of \$188,640 cash funds to implement an E-filing system for the Public Utilities Commission to provide electronic submission and distribution of documents, online applications, and online access to documents.
3. The recommendation reflects an increase of \$156,925 General Fund and 3.0 FTE for the Colorado Civil Rights Division in the area of civil rights complaint investigations in order to meet increasing workload requirements and preserve federal funding.
4. The recommendation allows for an increase of \$111,718 cash funds and 2.0 FTE in the Division of Insurance for monitoring of surplus lines insurance policies. A recent audit highlighted deficiencies in the current process of allowing this monitoring to be done by the Surplus Lines Association of Colorado. This recommendation will bring this function into the Division of Insurance and is expected to enhance surplus lines revenue for the state.

Budget Recommendation Detail by Long Bill Division

Executive Director's Office and Administrative Services: This Division 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. This division also includes the Office of Policy and Research, which conducts sunrise and sunset evaluations for state agencies.

Executive Director's Office and Administrative Services	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
FY 2005-06 Appropriation	\$15,650,881	\$235,157	\$10,247,426	\$5,058,749	\$109,549	53.0
<i>Recommended Changes from FY 2005-06 Appropriation</i>						
Health, Life and Dental	373,614	21,319	275,264	77,031	0	0.0
Legal Services	347,928	5,816	268,217	23,500	50,395	0.0
Adjustments for central appropriations	212,590	13,045	158,289	40,469	787	0.0
Personal Services	90,323	10,000	43,000	37,323	0	0.0
Vehicle Lease Payments	45,444	0	45,444	0	0	0.0
Operating Expenses	12,126	6,063	6,063	0	0	0.0
Leased Space	(209,761)	(17,285)	(86,982)	(98,457)	(7,037)	0.0
Salary Survey	(53,457)	1,140	(81,110)	26,513	0	0.0
Total FY 2006-07 JBC Recommendation	\$16,469,688	\$275,255	\$10,875,611	\$5,165,128	\$153,694	53.0
\$ Change from prior year	\$818,807	\$40,098	\$628,185	\$106,379	\$44,145	0.0
% Change from prior year	5.2%	17.1%	6.1%	2.1%	40.3%	0.0%

Issue Descriptions

Health, Life and Dental: The recommendation for Health, Life, and Dental includes increases as recommended in the Joint Budget Committee's common policies.

Legal Services: The recommendation for Legal Services includes increases as recommended in the Joint Budget Committee's common policies.

Adjustments for central appropriations: These amounts reflect the rates approved by the Joint Budget Committee for other centrally appropriated line items. Such line 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 recommendation 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.

Personal Services: This recommendation includes a change in the manner in which sunset review transfers are reflected in the Long Bill. This adjustment was requested by the State Controller.

Vehicle Lease Payments: The recommendation for Vehicle Lease Payments includes increases as recommended in the Joint Budget Committee's common policies and provides for replacement of 9 high-mileage vehicles.

Operating Expenses: This recommendation allows an increase of \$12,126 for various expenses in this line item. The overall increase is 5.7 percent.

Leased Space: This change includes lease savings due to the consolidation of all divisions into space in the Denver Post building. Consolidations will be staggered throughout FY 2006-07. Lease savings are due to lower per square foot rates over the life of the ten year contract.

Salary Survey: The recommendation contains the increase in salary survey funding only. As in FY 2005-06, there is no recommendation for funding of performance-based pay awards. The recommendation for this line item includes a 3% salary survey increase as recommended in the Joint Budget Committee's common policies.

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.

Division of Banking	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
FY 2005-06 Appropriation	\$3,339,271	\$0	\$3,339,271	\$0	\$0	38.5
Recommended Changes from FY 2005-06 Appropriation						
Annualized Salary Survey from FY 2005-06	63,160	0	63,160	0	0	0.0
Indirect cost assessments	14,098	0	14,098	0	0	0.0
Total FY 2006-07 JBC Recommendation	\$3,416,529	\$0	\$3,416,529	\$0	\$0	38.5
\$ Change from prior year	\$77,258	\$0	\$77,258	\$0	\$0	0.0
% Change from prior year	2.3%	n/a	2.3%	n/a	n/a	0.0%

Issue Descriptions

Annualized Salary Survey from FY 2005-06: This amount of \$63,160 represents the salary increases allocated to the Division in FY 2005-06.

Indirect cost assessments: This amount of \$14,098 represents the increase for this line item.

Civil Rights Division: The Division of Civil Rights is the administrative arm of the Colorado Civil Rights Commission. It carries out state laws that prohibit discrimination in employment, housing, and public accommodations on the basis of race, sex, national origin, ancestry, physical or mental disability, religion, color, or marital status. The primary duties of Division personnel are to investigate and adjudicate charges related to unfair or discriminatory practices and to supervise hearings upon complaints issued against a respondent according to statute. The Division also provides training and education, technical assistance with fair housing laws, public information, and community intervention.

Civil Rights Division	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
FY 2005-06 Appropriation	\$1,663,803	\$1,048,191	\$0	\$179,706	\$435,906	25.0
Recommended Changes from FY 2005-06 Appropriation						
Staffing increase	143,982	143,982	0	0	0	3.0
Annualized Salary Survey from FY 2005-06	28,471	28,471	0	0	0	0.0
Commission meetings	1,145	0	0	0	1,145	0.0
Fund mix adjustments	0	(112,988)	0	54,641	58,347	0.0
Removal of one-time funding in FY 2005-06	(133,126)	(133,126)	0	0	0	0.0
Indirect cost assessments	(18,615)	0	0	0	(18,615)	0.0
Total FY 2006-07 JBC Recommendation	\$1,685,660	\$974,530	\$0	\$234,347	\$476,783	28.0
\$ Change from prior year	\$21,857	(\$73,661)	\$0	\$54,641	\$40,877	3.0
% Change from prior year	1.3%	(7.0)%	n/a	30.4%	9.4%	12.0%

Issue Descriptions

Staffing increase: This recommendation reflects the addition of \$143,982 General Fund and 3.0 FTE in the area of civil rights complaint investigations in order to meet increasing workload requirements and preserve federal funding.

Annualized Salary Survey from FY 2005-06: This amount of \$28,471 represents the salary increases allocated to the Division in FY 2005-06.

Commission meetings: This line item pays for meetings that the Colorado Civil Rights Commission holds at various locations around the state.

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

Removal of one-time funding in FY 2005-06: This adjustment reflects the one-time funding in the supplemental for FY 2005-06 for the Colorado Civil Rights Division.

Indirect cost assessments: This amount of \$(18,615) represents the decrease for this line item.

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 rates, services, and policies.

Office of Consumer Counsel	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
FY 2005-06 Appropriation	\$859,882	\$0	\$859,882	\$0	\$0	7.0
<i>Recommended Changes from FY 2005-06 Appropriation</i>						
Annualized Salary Survey from FY 2005-06	16,958	0	16,958	0	0	0.0
Indirect cost assessments	2,563	0	2,563	0	0	0.0
Total FY 2006-07 JBC Recommendation	\$879,403	\$0	\$879,403	\$0	\$0	7.0
\$ Change from prior year	\$19,521	\$0	\$19,521	\$0	\$0	0.0
% Change from prior year	2.3%	n/a	2.3%	n/a	n/a	0.0%

Issue Descriptions

Annualized Salary Survey from FY 2005-06: This amount of \$16,958 represents the salary increases allocated to the Division in FY 2005-06.

Indirect cost assessments: This amount of \$2,563 represents the increase for this line item.

Division of Financial Services: This division regulates state-chartered credit unions, saving and loans, and life care institutions. It also administers the federal Public Deposit Protection Act, which safeguards the uninsured deposits of public moneys in state and federal 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.

Division of Financial Services	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
FY 2005-06 Appropriation	\$997,334	\$0	\$997,334	\$0	\$0	11.0
Recommended Changes from FY 2005-06 Appropriation						
Annualized Salary Survey from FY 2005-06	15,696	0	15,696	0	0	0.0
Indirect cost assessments	4,027	0	4,027	0	0	0.0
Total FY 2006-07 JBC Recommendation	\$1,017,057	\$0	\$1,017,057	\$0	\$0	11.0
\$ Change from prior year	\$19,723	\$0	\$19,723	\$0	\$0	0.0
% Change from prior year	2.0%	n/a	2.0%	n/a	n/a	0.0%

Issue Descriptions

Annualized Salary Survey from FY 2005-06: This amount of \$15,696 represents the salary increases allocated to the Division in FY 2005-06.

Indirect cost assessments: This amount of \$4,027 represents the increase for this line item.

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.

Division of Insurance	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
FY 2005-06 Appropriation	\$7,140,155	\$0	\$6,685,076	\$4,036	\$451,043	79.1
Recommended Changes from FY 2005-06 Appropriation						
Annualized Salary Survey from FY 2005-06	148,470	0	148,470	0	0	0.0
Tax FTE - Surplus lines	102,694	0	102,694	0	0	2.0
Senior Health Counseling Program	75,000	0	0	0	75,000	0.0
Indirect cost assessments	45,977	0	50,833	0	(4,856)	0.0
Insurance Fraud Prosecution	18,092	0	18,092	0	0	0.0
Other changes	(5,422)	0	(6,414)	992	0	(0.1)
Total FY 2006-07 JBC Recommendation	\$7,524,966	\$0	\$6,998,751	\$5,028	\$521,187	81.0
\$ Change from prior year	\$384,811	\$0	\$313,675	\$992	\$70,144	1.9
% Change from prior year	5.4%	n/a	4.7%	24.6%	15.6%	2.4%

Issue Descriptions

Annualized Salary Survey from FY 2005-06: This amount of \$148,470 represents the salary increases allocated to the Division in FY 2005-06.

Tax FTE - Surplus lines: This recommendation allows for the addition of \$102,694 cash funds and 2.0 FTE for monitoring of surplus lines insurance policies. A recent audit highlighted deficiencies in the current process of allowing this monitoring to be done by the Surplus Lines Association of Colorado. This recommendation will bring this function into the Division of Insurance and is expected to enhance surplus lines revenue for the state.

Senior Health Counseling Program: This recommendation is for information only. It reflects the recognition of additional federal funds availability for this program.

Indirect cost assessments: This amount of \$45,977 represents the increase for this line item.

Insurance Fraud Prosecution: This recommendation includes increases for legal services as recommended in the Joint Budget Committee's common policies.

Other changes: This change includes numerous items of insignificant nature.

Public Utilities Commission: The Public Utilities Commission (PUC) regulates the rates and services of fixed utilities and transportation utilities located in the state and administers the Colorado Telecommunications High Cost Program, the Low-Income Telephone Assistance Program, the Highway Crossing Protection Program, and the Disabled Telephone Users Program.

Public Utilities Commission	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
FY 2005-06 Appropriation	\$12,071,571	\$0	\$11,734,629	\$336,942	\$0	93.5
Recommended Changes from FY 2005-06 Appropriation						
Low Income Telephone Assistance	872,404	0	(223,786)	1,096,190	0	0.0
Annualized Salary Survey from FY 2005-06	197,468	0	197,468	0	0	0.0
E-Filing System initiative	188,640	0	188,640	0	0	0.0
Indirect cost assessments	34,237	0	34,237	0	0	0.0
Reading Services for the Blind	10,000	0	10,000	0	0	0.0
Disabled Telephone Users Payments	(866,350)	0	(802,014)	(64,336)	0	0.0
Other changes	(13,393)	0	(2,373)	(11,020)	0	0.0
Total FY 2006-07 JBC Recommendation	\$12,494,577	\$0	\$11,136,801	\$1,357,776	\$0	93.5
\$ Change from prior year	\$423,006	\$0	(\$597,828)	\$1,020,834	\$0	0.0
% Change from prior year	3.5%	n/a	(5.1)%	303.0%	n/a	0.0%

Issue Descriptions

Low Income Telephone Assistance: This recommendation reflects a change in this program. A Public Utilities Commission (PUC) order recently required Qwest Communications to fund this program for a period of two to two and one half years. This recommendation reflects reducing the fund balance prior to the implementation of the PUC order.

Annualized Salary Survey from FY 2005-06: This amount of \$197,468 represents the salary increases allocated to the Division in FY 2005-06.

E-Filing System initiative: This recommendation allows \$188,640 cash funds for implementation of a system to provide electronic submission and distribution of documents, online applications, and online access to documents

Indirect cost assessments: This amount of \$34,237 represents the increase for this line item.

Reading Services for the Blind: This recommendation provides additional funding for this program.

Disabled Telephone Users Payments: This continuously appropriated line item reflects the costs of a contract with Sprint that provides telecommunications relay services for disabled individuals.

Other changes: This change includes numerous items of insignificant nature.

Division of Real Estate: The Division of Real Estate licenses real estate brokers and appraisal professionals, analyzes subdivision offerings on undeveloped land, and administers an enforcement program that is responsive to the needs of the industry and the consumer. Additional protection is offered to the public through the Real Estate Recovery Fund and errors and omissions insurance for all real estate licensees.

Division of Real Estate	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
FY 2005-06 Appropriation	\$3,274,766	\$0	\$3,274,766	\$0	\$0	37.0
Recommended Changes from FY 2005-06 Appropriation						
Annualized Salary Survey from FY 2005-06	61,113	0	61,113	0	0	0.0
Indirect cost assessments	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
Total FY 2006-07 JBC Recommendation	\$3,121,689	\$0	\$3,121,689	\$0	\$0	37.0
\$ Change from prior year	(\$153,077)	\$0	(\$153,077)	\$0	\$0	0.0
% Change from prior year	(4.7)%	n/a	(4.7)%	n/a	n/a	0.0%

Issue Descriptions

Annualized Salary Survey from FY 2005-06: This amount of \$61,113 represents the salary increases allocated to the Division in FY 2005-06.

Indirect cost assessments: This amount of \$13,548 represents the increase for this line item.

Payments from Real Estate Recovery Fund: Legislation in the prior year rendered this line item obsolete. This decrease brings FY 2006-07 to zero.

CBI/FBI Record Checks: Legislation in the prior year rendered this line item obsolete. This decrease brings FY 2006-07 to zero.

Division of Registrations: This division regulates over 221,000 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.

Division of Registrations	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
FY 2005-06 Appropriation	\$15,100,520	\$0	\$12,488,544	\$2,211,976	\$400,000	161.2
<i>Recommended Changes from FY 2005-06 Appropriation</i>						
Annualized Salary Survey from FY 2005-06	265,110	0	265,110	0	0	1.3
Indirect cost assessments	250,229	0	250,229	0	0	0.0
Operating Expenses	21,886	0	26,836	(4,950)	0	0.0
Nurse aide medication authority	21,322	0	21,322	0	0	0.0
Fund mix adjustments	0	0	(4,712)	4,712	0	0.0
Pharmacy Drug Monitoring Program	(547,156)	0	(147,156)	0	(400,000)	(3.0)
Other changes	(14,684)	0	0	(14,684)	0	0.0
Total FY 2006-07 JBC Recommendation	\$15,097,227	\$0	\$12,900,173	\$2,197,054	\$0	159.5
\$ Change from prior year	(\$3,293)	\$0	\$411,629	(\$14,922)	(\$400,000)	(1.7)
% Change from prior year	0.0%	n/a	3.3%	(0.7)%	(100.0)%	(1.1)%

Issue Descriptions

Annualized Salary Survey from FY 2005-06: This amount of \$265,110 represents the salary increases allocated to the Division in FY 2005-06.

Indirect cost assessments: This amount of \$250,229 represents the increase for this line item.

Operating Expenses: This recommendation allows an increase of \$21,886 for various expenses in this line item. The overall increase is 1.9 percent.

Nurse aide medication authority: This recommendation includes increases for common policy related items as well as the additional use of investigations facilities in Division Director's office.

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

Pharmacy Drug Monitoring Program: The recommendation is for no funding for this line item. This is a reduction of \$547,156 from FY 2005-06, consisting of \$147,156 cash funds and \$400,000 federal funds. House Bill 05-1130 created this program and stipulated that it would not be implemented unless \$400,000 was received from gifts, grants and donations by October 1, 2006. The Department has applied for a grant from the Federal Department of Justice and expects that this application will be approved in Spring or Summer of 2006. If this is the case, the program can commence with the federal funding and the Department can request supplemental funding as necessary for FY 2006-07.

Other changes: This change includes numerous items of insignificant nature.

Division of Securities This division 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.

Division of Securities	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
FY 2005-06 Appropriation	\$2,294,742	\$0	\$2,294,742	\$0	\$0	20.0
<i>Recommended Changes from FY 2005-06 Appropriation</i>						
Annualized Salary Survey from FY 2005-06	41,840	0	41,840	0	0	0.0
Securities Fraud Prosecution	23,250	0	23,250	0	0	0.0
Indirect cost assessments	7,324	0	7,324	0	0	0.0
Operating Expenses	99	0	99	0	0	0.0
Total FY 2006-07 JBC Recommendation	\$2,367,255	\$0	\$2,367,255	\$0	\$0	20.0
\$ Change from prior year	\$72,513	\$0	\$72,513	\$0	\$0	0.0
% Change from prior year	3.2%	n/a	3.2%	n/a	n/a	0.0%

Issue Descriptions

Annualized Salary Survey from FY 2005-06: This amount of \$41,840 represents the salary increases allocated to the Division in FY 2005-06.

Securities Fraud Prosecution: This recommendation includes increases for legal services as recommended in the Joint Budget Committee's common policies.

Indirect cost assessments: This amount of \$7,324 represents the increase for this line item.

Operating Expenses: This recommendation allows an increase of \$99 for various expenses in this line item. The overall increase is 0.2 percent.

Department of Revenue

Department Description: The Department of Revenue performs various revenue collection and regulatory activities related to taxation, motor vehicles, ports of entry, limited gaming, racing, and the Colorado Lottery. The Department is organized into the Executive Director's Office, the Cash and Document Processing Division, the Information Technology Division, Taxation Business Group, the Motor Vehicle Business Group, Motor Carrier Services, Enforcement Business Group, and the State Lottery Division.

Summary Table for Department of Revenue						
	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
FY 2005-06 Appropriation	\$538,170,586	\$82,332,579	\$44,027,000	\$410,136,548	\$1,674,459	1,429.9
Long Bill Supplemental	<u>3,181,973</u>	<u>0</u>	<u>0</u>	<u>3,181,973</u>	<u>0</u>	<u>0.0</u>
FY 2005-06 Adjusted Appropriation	\$541,352,559	\$82,332,579	\$44,027,000	\$413,318,521	\$1,674,459	1,429.9
<i>Recommended Changes from FY 2005-06 by Long Bill Division</i>						
Executive Director's Office	2,382,908	1,637,342	169,656	575,910	0	0.0
Cash and Document Processing	(246,459)	23,888	(221,369)	(48,978)	0	(4.6)
Information Technology Division	(494,667)	(322,669)	(92,238)	(79,760)	0	3.1
Taxation Business Group	1,091,152	1,397,980	(185,113)	26,382	(148,097)	(4.3)
Motor Vehicle Business Group	394,961	9,363,637	(125,680)	(8,842,996)	0	0.9
Motor Carrier Services	150,062	496,295	(7,966)	(373,659)	35,392	(1.0)
Enforcement Business Group	1,668,800	4,424	1,596,731	67,645	0	0.0
State Lottery Division	9,462,624	0	0	9,462,624	0	0.0
Total FY 2006-07 Long Bill Recommendation	\$555,761,940	\$94,933,476	\$45,161,021	\$414,105,689	\$1,561,754	1,424.0
<i>JBC Budget Package Legislation</i>						
S.B. 06-133	0	9,087,017	0	(9,087,017)	0	0.0
Total FY 2006-07 JBC Recommendation	\$555,761,940	\$104,020,493	\$45,161,021	\$405,018,672	\$1,561,754	1,424.0
\$ Change from prior year	\$14,409,381	\$21,687,914	\$1,134,021	(\$8,299,849)	(\$112,705)	(5.9)
% Change from prior year	2.7%	26.3%	2.6%	(2.0)%	(6.7)%	(0.4)%

Recommendation 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.

JBC Budget Package Legislation Summary:

S.B. 06-133: The proposed legislation seeks to eliminate the Ports of Entry program from the Highway Users Tax Fund (HUTF) 'Off-the-Top' appropriation. This change would also include the fuel tracking system since these moneys also reduce funding for the State Highway Fund. To maintain the Ports of Entry program at its current staffing levels, based on current Long Bill figures, an additional \$9.2 million General Fund would have to be appropriated to the Department of Revenue in FY 2006-07.

Budget Recommendation Detail by Long Bill Division

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.

Executive Director's Office	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
FY 2005-06 Appropriation	\$21,973,678	\$13,040,243	\$2,563,796	\$6,369,639	\$0	43.5
<i>Recommended Changes from FY 2005-06 Appropriation</i>						
Health, Life, and Dental	1,050,349	720,364	58,449	271,536	0	0.0
Purchase of Services from Computer Center	500,785	499,642	0	1,143	0	0.0
Amortization Equalization Disbursement	351,633	227,023	37,595	87,015	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
Other 'POTS' adjustments	252,186	177,811	(34,960)	109,335	0	0.0
Fund mix adjustment	0	(168,425)	67,716	100,709	0	0.0
Decrease to Department's salary survey	(113,929)	(42,339)	(9,649)	(61,941)	0	0.0
JBC Personal Services reduction	(6,624)	(3,945)	(891)	(1,788)	0	0.0
Total FY 2006-07 JBC Recommendation	\$24,356,586	\$14,677,585	\$2,733,452	\$6,945,549	\$0	43.5
\$ Change from prior year	\$2,382,908	\$1,637,342	\$169,656	\$575,910	\$0	0.0
% Change from prior year	10.8%	12.6%	6.6%	9.0%	n/a	0.0%

Issue Descriptions

Health, Life, and Dental: These amounts reflect the common policy approved by the JBC to increase contributions between 6.2 percent and 9.6 percent depending on the tier of elected coverage.

Purchase of Services from Computer Center: These amounts pertain to the Department's anticipated usage of centralized computer services administered by the Department of Personnel and Administration.

Amortization Equalization Disbursement: These amounts pertain to the Department's allocation to maintain compliance with the requirements of S.B. 04-257.

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.

Other 'POTS' adjustments: 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, workers' compensation, purchase of services from the computer center, payments to risk management and property funds, and vehicle lease payments.

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.

JBC Personal Services reduction: This line represents a common policy approved by the Joint Budget Committee to reduce the personal services base appropriation for all programs by 0.2 percent.

Central Department Operation Division (formerly Cash and Document Processing): This division records and maintains transactions that enable the Department to meet various statutory responsibilities, many of which are related to taxes, licensing and various other fee payments. Such transactions also include the deposit of tax remittances; the processing of tax documents from the receipt of returns through the issuance of applicable refunds; and the processing of income tax refund warrants. This division also performs a variety of incoming and outgoing mail services.

Central Department Operations Division	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
FY 2005-06 Appropriation	\$11,076,313	\$10,291,199	\$287,924	\$497,190	\$0	114.5
<i>Recommended Changes from FY 2005-06 Appropriation</i>						
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)

Central Department Operations Division	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
Department realignment	(73,067)	(73,067)	0	0	0	(1.0)
JBC Personal Services reduction	(11,232)	(10,214)	(392)	(626)	0	0.0
Total FY 2006-07 JBC Recommendation	\$10,829,854	\$10,315,087	\$66,555	\$448,212	\$0	109.9
\$ Change from prior year	(\$246,459)	\$23,888	(\$221,369)	(\$48,978)	\$0	(4.6)
% Change from prior year	(2.2)%	0.2%	(76.9)%	(9.9)%	n/a	(4.0)%

Issue Descriptions

Salary and benefits adjustments: This amount reflects salary survey of \$147,288 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 pertaining to 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.

JBC Personal Services reduction: This line represents a common policy approved by the Joint Budget Committee to reduce the personal services base appropriation for all programs by 0.2 percent.

Information Technology Division: This division is divided between 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).

Information Technology Division	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
FY 2005-06 Appropriation	\$12,753,441	\$5,358,486	\$349,614	\$7,045,341	\$0	115.0
Recommended Changes from FY 2004-05 Appropriation						
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
Reduction for previous FY requests	(822,422)	0	0	(822,422)	0	0.0
Programming costs adjustment	(89,850)	(63,052)	0	(26,798)	0	0.3

Information Technology Division	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
JBC 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)
Total FY 2006-07 JBC Recommendation	\$12,258,774	\$5,035,817	\$257,376	\$6,965,581	\$0	118.1
\$ Change from prior year	(\$494,667)	(\$322,669)	(\$92,238)	(\$79,760)	\$0	3.1
% Change from prior year	(3.9)%	(6.0)%	(26.4)%	(1.1)%	n/a	2.7%

Issue Descriptions

Salary and benefits adjustments: This amount reflects salary survey of \$136,548 General Fund and \$68,904 cash funds exempt 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.

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 requests: This amount reflects the elimination of a one-time decision item 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.

JBC Personal Services reduction: This line represents a common policy approved by the Joint Budget Committee 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.

Taxation Business Group: This division is responsible for implementing programs related to the collection of taxes; the provision of customer service to taxpayers; the resolution of tax disputes; and the administration of certain tax rebate and assistance programs.

Taxation Business Group	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
FY 2005-06 Appropriation	\$49,778,974	\$46,000,119	\$206,964	\$2,516,379	\$1,055,512	324.3
<i>Recommended Changes from FY 2005-06 Appropriation</i>						
Old Age Grants estimate adjustment	1,000,000	1,000,000	0	0	0	0.0
Amendment 35 distribution estimate	25,308	0	0	25,308	0	0.0
Salary and benefits adjustments	486,586	485,512	0	1,074	0	0.0
Fund mix adjustment	0	(5,193)	4,871	322	0	0.0
Adjustment for special bills	(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)
JBC Personal Services reduction	(38,234)	(37,572)	(340)	(322)	0	0.0
Total FY 2006-07 JBC Recommendation	\$50,870,126	\$47,398,099	\$21,851	\$2,542,761	\$907,415	320.0
\$ Change from prior year	\$1,091,152	\$1,397,980	(\$185,113)	\$26,382	(\$148,097)	(4.3)
% Change from prior year	2.2%	3.0%	(89.4)%	1.0%	(14.0)%	(1.3)%

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 of \$485,512 General Fund and \$1,074 cash funds exempt 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 special bills: These amounts reflect the out-year fiscal impact of legislation pertaining to the Taxation Business Group. This division's appropriation was reduced by \$189,644 cash funds and 3.3 FTE pursuant to H.B. 04-1448.

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 240-35-115, 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.

JBC Personal Services reduction: This line represents a common policy approved by the Joint Budget Committee to reduce the personal services base appropriation for all programs by 0.2 percent.

Division of Motor Vehicles (formerly Motor Vehicle Business Group): This division is responsible for licensing drivers; titling and registering motor vehicles; regulating commercial driving schools; enforcing the state's emissions program; and administering the Motorist Insurance Identification Database program.

Division of Motor Vehicles	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
FY 2005-06 Appropriation	\$27,569,710	\$7,302,038	\$5,083,620	\$15,184,052	\$0	389.3
<i>Recommended Changes from FY 2005-06 Appropriation</i>						
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
JBC Personal Services reduction	(36,662)	(25,708)	(6)	(10,948)	0	0.0
Total FY 2006-07						
JBC Recommendation	\$27,964,671	\$16,665,675	\$4,957,940	\$6,341,056	\$0	390.2
\$ Change from prior year	\$394,961	\$9,363,637	(\$125,680)	(\$8,842,996)	\$0	0.9
% Change from prior year	1.4%	128.2%	(2.5)%	(58.2)%	n/a	0.2%

Issue Descriptions

Salary and benefits adjustments: This amount reflects salary survey of \$393,585 General Fund and \$85,240 cash funds exempt 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.

JBC Personal Services reduction: This line represents a common policy approved by the Joint Budget Committee to reduce the personal services base appropriation for all programs by 0.2 percent.

Motor Carrier Services: This division is responsible for registering motor carriers; 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.

Motor Carrier Services	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
FY 2005-06 Appropriation	\$7,931,746	\$167,365	\$248,436	\$6,896,998	\$618,947	145.2
<i>Recommended Changes from FY 2005-06 Appropriation</i>						
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)
JBC Personal Services reduction	(13,941)	(342)	(507)	(13,092)	0	0.0
Total FY 2006-07						
JBC Recommendation	\$8,081,808	\$663,660	\$240,470	\$6,523,339	\$654,339	144.2
\$ Change from prior year	\$150,062	\$496,295	(\$7,966)	(\$373,659)	\$35,392	(1.0)
% Change from prior year	1.9%	296.5%	(3.2)%	(5.4)%	5.7%	(0.7)%

Issue Descriptions

Salary and benefits adjustments: This amount reflects salary survey of \$13,693 General Fund, \$5,602 cash funds, and \$192,521 cash funds exempt 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 was cost neutral.

JBC Personal Services reduction: This line represents a common policy approved by the Joint Budget Committee to reduce the personal services base appropriation for all programs by 0.2 percent.

Enforcement Business Group: This division is responsible for the regulation of the limited gaming industry; enforcement of the State's liquor and tobacco laws; and the licensing of liquor retailers, wholesalers, and manufacturers. Programs within this section also oversee the regulation of horse and dog racing events, the distribution of motor vehicles, as well as manage adjudication hearings related to drivers licenses, certain racing licenses, and some tax disputes.

Enforcement Business Group	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
FY 2005-06 Appropriation	\$37,800,421	\$173,129	\$35,286,646	\$2,340,646	\$0	172.1
<i>Recommended Changes from FY 2005-06 Appropriation</i>						
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
Indirect Cost Assessment	226,798	0	226,798	0	0	0.0
Fund mix adjustment	0	(364)	(4,159)	4,523	0	0.0
JBC Personal Services reduction	(23,406)	(344)	(18,445)	(4,617)	0	0.0
Total FY 2006-07						
JBC Recommendation	\$39,469,221	\$177,553	\$36,883,377	\$2,408,291	\$0	172.1
\$ Change from prior year	\$1,668,800	\$4,424	\$1,596,731	\$67,645	\$0	0.0
% Change from prior year	4.4%	2.6%	4.5%	2.9%	n/a	0.0%

Issue Descriptions

Distribution to Gaming Cities and Counties adjustment: As designated by Section 12-47.1-701 (1) (c), C.R.S., this line 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 such other funds as determined by the General Assembly.

Salary and benefits adjustments: This amount reflects salary survey of \$5,132 General Fund, \$254,402 cash funds, and \$67,739 cash funds exempt 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.

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.

JBC Personal Services reduction: This line represents a common policy approved by the Joint Budget Committee to reduce the personal services base appropriation for all programs by 0.2 percent.

State Lottery Division: This division regulates and administers the State Lottery. The State Lottery Division is designated as an enterprise under the provisions of TABOR per Article X, Section 20 of the Colorado Constitution.

State Lottery Division	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
FY 2005-06 Appropriation	\$369,286,303	\$0	\$0	\$369,286,303	\$0	126.0
Long Bill Supplemental	<u>3,181,973</u>	<u>0</u>	<u>0</u>	<u>3,181,973</u>	<u>0</u>	<u>0.0</u>
FY 2005-06 Adjusted Appropriation	\$372,468,276	\$0	\$0	\$372,468,276	\$0	126.0
<i>Recommended Changes from FY 2005-06 Appropriation</i>						
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
JBC Personal Services reduction	(16,515)	0	0	(16,515)	0	0.0
Total FY 2006-07						
JBC Recommendation	\$381,930,900	\$0	\$0	\$381,930,900	\$0	126.0
\$ Change from prior year	\$9,462,624	\$0	\$0	\$9,462,624	\$0	0.0
% Change from prior year	2.6%	n/a	n/a	2.6%	n/a	0.0%

Issue Descriptions

Long Bill Supplemental: This division's FY 2005-06 appropriation contains a supplemental add-on 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 line item 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 line item 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 of \$221,800 cash funds exempt 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.

JBC Personal Services reduction: This line represents a common policy approved by the Joint Budget Committee to reduce the personal services base appropriation for all programs by 0.2 percent.

Department of State

Department Description: The Department of State administers Colorado's election laws, including voter registration laws, initiative and referendum laws, and the Help America Vote Act (HAVA). It collects, stores and provides public access to disclosure statements filed by public officials and lobbyists under Colorado's Sunshine Law and Fair Campaign Practices Act. It collects, stores and provides public access to annual reports, articles of incorporation, liens and other documents filed by for-profit and not-for-profit businesses under the Corporation and Association laws and the Uniform Commercial Code. The Department collects, stores and provides public access to reports and other documents filed under the Bingo and Raffles charitable gaming laws and the Charitable Solicitations Act. It licenses entities that engage in charitable gaming and enforces related laws. It serves as the depository for many official state government records and documents and regulates notaries public while administering related laws.

Summary Table for Department of State						
	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
FY 2005-06 Appropriation	\$31,833,458	\$0	\$16,630,109	\$15,203,349	\$0	127.0
Long Bill Supplemental	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
FY 2005-06 Adjusted Appropriation	\$31,833,458	\$0	\$16,630,109	\$15,203,349	\$0	127.0
Recommended Changes from FY 2005-06 by Long Bill Division						
Administration	(90,345)	0	33,123	(123,468)	0	0.3
Special Purpose	(6,008,166)	0	150,000	(6,158,166)	0	(4.0)
Information Technology Services	(1,131,898)	0	(1,135,180)	3,282	0	3.2
Total FY 2006-07 JBC Recommendation	\$24,603,049	\$0	\$15,678,052	\$8,924,997	\$0	126.5
\$ Change from prior year	(\$7,230,409)	\$0	(\$952,057)	(\$6,278,352)	\$0	(0.5)
% Change from prior year	(22.7)%	n/a	(5.7)%	(41.3)%	n/a	(0.4)%

Recommendation Highlights:

1. Provides an increase of \$162,000 cash funds that will allow the Department to prepare "master lists" of agricultural security interests at an estimated future savings of at least \$40,000 annually, as compared with the cost of the vendor who currently prepares the lists.
2. Includes a \$716,000 cash funds decrease 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.
3. Reduces the appropriation for information technology asset management and hardware/software maintenance by \$448,000 cash funds.
4. Includes a reduction of \$252,000 (primarily cash funds) for leased space expense, the consequence of the Department's recent move to a new location.

Budget Recommendation Detail by Long Bill Division

Administration: The Administration Division provides general management supervision for the entire Department, including budgeting, accounting, and human resources services. Most of the Department's functions are carried out by sections within this division, including Business Filings, Elections, and Licensing and Enforcement.

Administration	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
FY 2005-06 Appropriation	\$6,590,993	\$0	\$6,303,370	\$287,623	\$0	84.2
Recommended Changes from FY 2005-06 Appropriation						
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
Total FY 2006-07 JBC Recommendation	\$6,500,648	\$0	\$6,336,493	\$164,155	\$0	84.5
\$ Change from prior year	(\$90,345)	\$0	\$33,123	(\$123,468)	\$0	0.3
% Change from prior year	-1.4%	n/a	0.5%	(42.9)%	n/a	0.4%

Issue Descriptions

Salary and benefit adjustments: The recommended 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 recommended increase equals the net FY 2006-07 impact, as foreseen in Legislative Council Staff Fiscal Notes, 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 whose work has proved unsatisfactory. This initiative allows the Department to extend its contract with that vendor for one year and develop its own software during that year so it can compile and distribute master lists itself at an estimated future savings of at least \$40,000 annually. The recommended increase reflects the extra costs during the transition period. The 0.8 extra FTE are needed to staff the program.

Operating adjustments: The recommended 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 recommended change reflects a decrease in HAVA indirect cost support for the division.

Leased Space: The Department moved to a new location at 1700 Broadway in June 2005. The Department is occupying the new site rent free during FY 2005-06 and subsequently will pay less rent annually than it paid at its old location. The move was related to the June 2004 "zinc whiskers" disaster that forced the Department to abandon its former computer data center. In addition, the Department will exercise an option to lease another 3,100 square feet of space at its new location starting in FY 2005-06. The Department's old lease does not expire until the end of FY 2005-06, so the Department is continuing to pay rent on its old location during the current fiscal year, but will not pay rent for the old location in FY 2006-07. The recommended decrease reflects the net effect of these changes.

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 inclusion of some of these HAVA appropriations in the Administration division has caused minor budgetary confusion in the past. The recommendation shifts a number of small HAVA expenditures to the "Help America Vote Act Program" line in Special Purpose.

Special Purpose: This division includes the following: (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 filed; (4) reimbursements for certain local election expenses; and (5) initiative and referendum appropriations, which fund such activities as signature verification and the Title Setting Board.

Special Purpose	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
FY 2005-06 Appropriation	\$17,453,555	\$0	\$2,545,389	\$14,908,166	\$0	15.0
Long Bill Supplemental	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
FY 2005-06 Adjusted Appropriation	\$17,453,555	\$0	\$2,545,389	\$14,908,166	\$0	15.0
Recommended Changes from FY 2005-06 Appropriation						
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)
Total FY 2006-07 JBC Recommendation	\$11,445,389	\$0	\$2,695,389	\$8,750,000	\$0	11.0
\$ Change from prior year	(\$6,008,166)	\$0	\$150,000	(\$6,158,166)	\$0	(4.0)
% Change from prior year	(34.4)%	n/a	5.9%	(41.3)%	n/a	(26.7)%

Issue Descriptions

Long Bill Supplemental: The recommendation includes a Long Bill add-on that increases the FY 2005-06 cash funds appropriation for the Initiative and Referendum line item by \$60,000 and reduces the cash funds appropriation for Local Election Reimbursements by an offsetting amount. The added Initiative and Referendum appropriation will pay for the costs of verifying the petition for Initiative #46, "School District Expenditures for Education," for which signatures had to be checked line-by-line, the first line-by-line verification since 2001.

Initiative and Referendum: This appropriation primarily funds petition verification, an expense that rises and falls with the two-year election cycle. The recommendation 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. FY 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.

Information Technology Services: This division provides information technology support for the rest of the Department.

Information Technology Section	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
FY 2005-06 Appropriation	\$7,788,910	\$0	\$7,781,350	\$7,560	\$0	27.8
<i>Recommended Changes from FY 2005-06 Appropriation</i>						
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
Total FY 2006-07 JBC Recommendation	\$6,657,012	\$0	\$6,646,170	\$10,842	\$0	31.0
\$ Change from prior year	(\$1,131,898)	\$0	(\$1,135,180)	\$3,282	\$0	3.2
% Change from prior year	(14.5)%	n/a	(14.6)%	43.4%	n/a	11.5%

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 whose work has proved unsatisfactory. This initiative allows the Department to extend its contract with that vendor for one year and

develop its own software during that year so it can compile and distribute master lists itself at an estimated future savings of at least \$40,000 annually. The recommended increase reflects the extra costs during the transition period. The 0.2 extra FTE are needed to staff the program.

Salary and benefits adjustments: The recommendation 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 recommended 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 recommended 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 recommended 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 recommended decrease equals the FY 2006-07 impact, as foreseen in Legislative Council Staff Fiscal Notes, 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

Department of Transportation

Department Description: The Department is responsible for operating and maintaining Colorado's 9,135-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.

Summary Table for Department of Transportation						
	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
FY 2005-06 Appropriation	\$820,376,668	\$0	\$54,569,770	\$431,474,156	\$334,332,742	3,307.2
<i>Recommended Changes from FY 2005-06 by Long Bill Division</i>						
Division of Aeronautics	5,256,318	0	5,313,016	0	(56,698)	0.0
Administration	2,248,155	0	0	2,248,155	0	0.0
Construction, Maintenance, and Operations	198,991,834	0	16,204,915	101,791,098	80,995,821	0.0
Statewide Tolling Enterprise	2,200,000	0	0	2,200,000	0	0.0
Gaming Impacts	5,259,411	0	5,259,411	0	0	0.0
Total FY 2006-07 JBC Recommendation	\$1,034,332,386	\$0	\$81,347,112	\$537,713,409	\$415,271,865	3,307.2
\$ Change from prior year	\$213,955,718	\$0	\$26,777,342	\$106,239,253	\$80,939,123	0.0
% Change from prior year	26.1%	n/a	49.1%	24.6%	24.2%	0.0%

Recommendation Highlights:

1. Reflects a \$5.2 million cash fund increase in grants programs and refunds to local airports.
2. Reflects a \$2.2 million cash fund exempt increase in the state highway administration program line item for centrally allocated personal services and miscellaneous operating costs.
3. Reflects a \$199.0 million total fund increase based on estimated revenues for the Transportation Commission allocated construction, maintenance, and operations budget.
4. Reflects a \$4.2 million state highway fund allocation increase from the Transportation Commission to the Tolling Enterprise for tolling project costs.
5. Reflects \$5.3 million in Gaming Impact funds for highway construction and maintenance on gaming related roads.

Budget Recommendation Detail by Long Bill Division

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.

Division of Aeronautics	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
FY 2005-06 Appropriation	\$12,793,429	\$0	\$12,461,731	\$0	\$331,698	8.0
Recommended Changes from FY 2005-06 Appropriation						
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
Total FY 2006-07 JBC Recommendation	\$18,049,747	\$0	\$17,774,747	\$0	\$275,000	8.0
\$ Change from prior year	\$5,256,318	\$0	\$5,313,016	\$0	(\$56,698)	0.0
% Change from prior year	41.1%	n/a	42.6%	n/a	(17.1)%	0.0%

Issue Descriptions

Grants and refunds: The recommendation includes a decrease of \$63,820 in federal grants and refunds, an increase of \$2,968,094 in formula refunds, and an increase of \$2,316,920 in discretionary grants. These items are distributed to local airports.

Annualize FY 2005-06 salary survey awards: The recommendation includes annualization of the salary increases allocated to the Division in FY 2005-06.

Operating adjustments: The recommendation includes changes in funding for legal services, vehicle lease payments, leased space, communications services payments, and indirect costs.

Benefits adjustments: The recommendation reflects adjustments to common policy centrally appropriated line items for FY 2006-07.

Base reductions: The recommendation 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.

Administration	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
FY 2005-06 Appropriation	\$20,607,122	\$0	\$0	\$20,607,122	\$0	219.7
<i>Recommended Changes from FY 2005-06 Appropriation</i>						
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
Total FY 2006-07 JBC Recommendation	\$22,855,277	\$0	\$0	\$22,855,277	\$0	219.7
\$ Change from prior year	\$2,248,155	\$0	\$0	\$2,248,155	\$0	0.0
% Change from prior year	10.9%	n/a	n/a	10.9%	n/a	0.0%

Issue Descriptions

Operating adjustments: The recommendation contains various changes in centrally appropriated items including workers' compensation, risk management and property, vehicle lease payments, and legal services. The recommendation also includes a \$65,000 spending authority increase for the Department's print shop.

Annualize FY 2005-06 salary survey awards: The recommendation includes annualization of the salary increases allocated to the Division in FY 2005-06.

Benefits adjustments: The recommendation reflects adjustments to common policy centrally appropriated line items for FY 2006-07.

Base reductions: The recommendation 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.

Construction, Maintenance, and Operations	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
FY 2005-06 Appropriation	\$784,976,117	\$0	\$42,108,039	\$408,867,034	\$334,001,044	3,079.5
<i>Recommended Changes from FY 2005-06 Appropriation</i>						
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
Total FY 2006-07 JBC Recommendation	\$983,967,951	\$0	\$58,312,954	\$510,658,132	\$414,996,865	3,079.5
\$ Change from prior year	\$198,991,834	\$0	\$16,204,915	\$101,791,098	\$80,995,821	0.0
% Change from prior year	25.4%	n/a	38.5%	24.9%	24.3%	0.0%

Issue Descriptions

State Highway Funds (HUTF): This recommended amount includes the Department's anticipated increase in Senate Bill 97-1 transfers during FY 2006-07 amounting to \$101.8 million.

Federal Funds: This recommendation represents the Department's estimated apportionment increase in federal funds from the Federal Highway Administration federal transportation program.

Cash Funds (locals, miscellaneous, interest): This recommended 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 created pursuant to S.B. 02-179 and H.B. 02-1310. Under the statute, 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.

Statewide Tolling Enterprise	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
FY 2005-06 Appropriation	\$2,000,000	\$0	\$0	\$2,000,000	\$0	0.0
<i>Recommended Changes from FY 2005-06 Appropriation</i>						
Transportation Commission Allocation	2,200,000	0	0	2,200,000	0	0.0
Total FY 2005-06 JBC Recommendation	\$4,200,000	\$0	\$0	\$4,200,000	\$0	0.0
\$ Change from prior year	\$2,200,000	\$0	\$0	\$2,200,000	\$0	0.0
% Change from prior year	110.0%	n/a	n/a	110.0%	n/a	n/a

Issue Descriptions

Transportation Commission Allocation: This recommended 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, 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 Fund Exempt	Federal Funds	FTE
FY 2005-06 Appropriation	\$0	\$0	\$0	\$0	\$0	0.0
<i>Recommended Changes from FY 2005-06 Appropriation</i>						
Gaming Impacts	5,259,411	0	5,259,411	0	0	0.0
Total FY 2005-06 JBC Recommendation	\$5,259,411	\$0	\$5,259,411	\$0	\$0	0.0
\$ Change from prior year	\$5,259,411	\$0	\$5,259,411	\$0	\$0	0.0
% Change from prior year	n/a	n/a	n/a	n/a	n/a	n/a

Issue Descriptions

Gaming Impacts: The recommendation includes \$5.3 million cash funds for gaming impacts related highway construction and maintenance for FY 2006-07.

Department of the Treasury

Department Description: 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 and making loans from the General Fund; (5) assists charter schools with long-term financing by making direct bond payments; (6) transfers moneys to the Fire and Police Pension Association (FPPA) 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.

Summary Table for Department of the Treasury						
	Total Funds	General Fund/1	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
FY 2005-06 Appropriation	\$308,178,523	\$26,033,148	\$2,529,943	\$279,615,432	\$0	26.0
Long Bill Supplemental	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
FY 2005-06 Adjusted Appropriation	\$308,178,523	\$26,033,148	\$2,529,943	\$279,615,432	\$0	26.0
Recommended Changes from FY 2005-06 by Long Bill Division						
Administration	76,203	44,779	31,424	0	0	0.0
Unclaimed Property Program	23,239	0	23,239	0	0	0.0
Special Purpose	59,673,730	74,053,062	0	(14,379,332)	0	0.0
Total FY 2006-07 JBC Recommendation	\$367,951,695	\$100,130,989	\$2,584,606	\$265,236,100	\$0	26.0
\$ Change from prior year	\$59,773,172	\$74,097,841	\$54,663	(\$14,379,332)	\$0	0.0
% Change from prior year	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 recommended appropriations.

Recommendation Highlights:

1. Adds \$64.6 million General Fund¹ 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 Fund¹ 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 recommended 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, thereby reducing the "balloon payment" otherwise scheduled for April 2012.

¹ These amounts are not subject to the six percent statutory limit on General Fund appropriations.

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.

Budget Recommendation Detail by Long Bill Division

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.

Administration	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
FY 2005-06 Appropriation	\$1,491,800	\$712,069	\$779,731	\$0	\$0	16.0
<i>Recommended Changes from FY 2005-06 Appropriation</i>						
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
Total FY 2006-07 JBC Recommendation	\$1,568,003	\$756,848	\$811,155	\$0	\$0	16.0
\$ Change from prior year	\$76,203	\$44,779	\$31,424	\$0	\$0	0.0
% Change from prior year	5.1%	6.3%	4.0%	n/a	n/a	0.0%

Issue Descriptions

FY 2006-07 salary and benefit adjustments: The recommendation 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 recommendation includes \$29,663 to annualize salary survey increases awarded in FY 2005-06.

Controller retirement: The recommendation includes one-time funding increase of \$25,049 to cover the costs associated with the 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 recommendation 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 recommendation 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 recommendation 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 recommendation 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 recommendation 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 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 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 by 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 Fund Exempt	Federal Funds	FTE
FY 2005-06 Appropriation	\$1,750,212	\$0	\$1,750,212	\$0	\$0	10.0
<i>Recommended Changes from FY 2005-06 Appropriation</i>						
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

Unclaimed Property Program	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
Total FY 2006-07						
JBC Recommendation	\$1,773,451	\$0	\$1,773,451	\$0	\$0	10.0
\$ Change from prior year	\$23,239	\$0	\$23,239	\$0	\$0	0.0
% Change from prior year	1.3%	n/a	1.3%	n/a	n/a	0.0%

Issue Descriptions

Program promotion: The recommendation 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 recommendation includes \$15,641 to annualize salary survey increases awarded in FY 2005-06.

Elimination of one-time funding: The recommendation 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 recommendation 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 recommendation 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 Fund Exempt	Federal Funds	FTE
FY 2005-06 Appropriation	\$304,936,511	\$25,321,079	\$0	\$279,615,432	\$0	0.0
Long Bill Supplemental	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
FY 2005-06 Adjusted Appropriation	\$304,936,511	\$25,321,079	\$0	\$279,615,432	\$0	0.0
Recommended Changes from FY 2005-06 Appropriation						
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
Total FY 2006-07 JBC Recommendation	\$364,610,241	\$99,374,141	\$0	\$265,236,100	\$0	0.0
\$ Change from prior year	\$59,673,730	\$74,053,062	\$0	(\$14,379,332)	\$0	0.0
% Change from prior year	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	<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 Long Bill Recommendation	\$99,374,141	\$64,600,000	\$34,774,141

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), Colorado Revised Statutes). The above table shows the amount of General Fund Exempt that the Joint Budget Committee recommends be 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), Colorado Revised Statutes.

Issue Descriptions

Senior citizen property tax exemption: The recommendation 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 recommendation 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 recommended 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. The recommended amount, 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 recommendation 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 recommendation 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 recommended amount is based on projections of other sources of revenues available to CoverColorado, as well as projections of program costs.

CAPITAL CONSTRUCTION

Summary Table for Capital Construction					
	Total Funds	Capital Construction Funds Exempt	Cash Funds	Cash Fund Exempt	Federal Funds
FY 2005-06 Appropriation	\$338,055,481	\$73,347,754	\$1,550,000	\$252,294,861	\$10,862,866
Long Bill Supplemental	<u>25,875,825</u>	<u>25,875,825</u>	<u>0</u>	<u>0</u>	<u>0</u>
FY 2005-06 Adjusted Appropriation	\$363,931,306	\$99,223,579	\$1,550,000	\$252,294,861	\$10,862,866
Total FY 2006-07 Long Bill Recommendation	\$335,945,193	\$138,356,157	\$33,650,000	\$155,292,698	\$8,646,338
H.B. 06-1373: Build Institute for Forensic Psychiatry	15,000,000	15,000,000	0	0	0
Statutory Appropriations to Corrections Expansion Reserve Fund	738,434	738,434	0	0	0
Total FY 2006-07 Recommendation	\$351,683,627	\$154,094,591	\$33,650,000	\$155,292,698	\$8,646,338

Recommendation Highlights

The proposed FY 2006-07 General Fund budget for capital construction includes recommendations that:

1. Provide \$7.1 million for Certificates of Participation, including
 - a. \$983,356 for 1881 Pierce Street
 - 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. Provide for \$90.2 million in capital construction and controlled maintenance projects for higher education institutions, including
 - a. \$15.9 million for controlled maintenance projects in FY 2005-06;
 - b. \$12.8 million for controlled maintenance in FY 2006-07;
 - c. \$55.4 million for capital construction in FY 2006-07;
3. Provide \$25.0 million for strategic transportation projects, including
 - a. \$10.0 million in FY 2005-06;
 - b. \$15.0 million in FY 2006-07;
4. Provide \$48.1 million for the other state agencies, including
 - a. \$31.6 million for controlled maintenance; and
 - b. \$16.5 million for capital construction.

Summary of Revenue to the Capital Construction Fund Available for Appropriation		
Revenue Source	FY 2005-06	FY 2006-07
1/3 of the General Fund in excess of the 4.0 percent statutory reserve (pursuant to Section 24-75-218, C.R.S.)		
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 Long Bill Supplemental	(194,000)	n/a
FY 2004-05 excess reserve	1,650,635	31,021,698
Reversion/Fund Balance from prior years 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
Subtotal - Funds from Prior Years	\$46,069,076	\$36,547,698
<u>General Fund Transfers Pursuant to Section 24-75-302 (2), C.R.S.:</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
<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
Recommended General Fund Transfers (contained in H.B. 06-1386) ¹	10,000,000	94,803,815
Subtotal - General Fund Transfers Exempt from the Six Percent Limit	\$10,076,414	\$110,542,249
General Fund Appropriations Subject to the Six Percent Limit		
H.B. 06-1373	20,000,000	0
H.B. 06-1385 (Long Bill Supplemental) ¹	16,092,409	0
Subtotal - General Fund Appropriations Subject to the Six Percent Limit	\$36,092,409	\$0
Appropriation of tobacco settlement funds to comply with Section 23-20-136 (3.5) (a), C.R.S.		
S.B. 05-209	7,114,756	0
H.B. 06-1235	(129,076)	0
H.B. 06-1385 (Long Bill)	0	7,004,644
Subtotal - Tobacco Funds	\$6,985,680	\$7,004,644
Total Revenue to the Capital Construction Fund Available for Appropriation	\$99,223,579	\$154,094,591

¹ Includes \$10,000,000 General Fund Exempt in FY 2005-06 and \$15,000,000 in FY 2006-07

General Fund Summary	Total General Fund	General Fund	General Fund Exempt
FY 2005-06 Appropriations & Transfers	\$20,076,414	\$20,076,414	\$0
H.B. 06-1386: Capital Construction Transfer Bill	10,000,000	0	10,000,000
Long Bill supplemental	<u>16,092,409</u>	<u>16,092,409</u>	<u>0</u>
FY 2005-06 Adjusted Appropriations & Transfers	\$46,168,823	\$36,168,823	\$10,000,000
Statutory Transfers to Corrections Expansion Reserve Fund	738,434	738,434	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>94,803,815</u>	<u>79,803,815</u>	<u>15,000,000</u>
Total FY 2006-07 Recommendation	\$110,542,249	\$95,542,249	\$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), Colorado Revised Statutes). The above table shows the amounts of General Fund Exempt that the Joint Budget Committee recommends be appropriated and transferred from the General Fund Exempt Account for strategic transportation projects pursuant to Sections 24-77-103.6 (2) (d), Colorado Revised Statutes.

Budget Recommendation Detail by Department

Project	Total	CCFE	CF	CFE	FF
<u>AGRICULTURE</u>					
Biochemistry Lab Building HVAC and Roof Replacement	295,621	0	0	295,621	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	0	714,838	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	0	1,099,222	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	\$0	\$2,109,681	\$0

Project	Total	CCFE	CF	CFE	FF
<u>CORRECTIONS</u>					
Administration Building, Fire Detection/Alarm System	173,355	0	0	173,355	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	0	574,802	0
Repairs the water delivery system to reduce mineral concentrations.					
Arkansas Valley Correctional Facility, Warehouse and Housing Unit Fire Suppression Improvements	233,887	0	0	233,887	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	0	108,275	0
Replaces the proprietary DOS-based security electronics system that 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.					
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

Project	Total	CCFE	CF	CFE	FF
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
The project 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
The project 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	\$0	\$3,158,106	\$0

EDUCATION

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
-------------------	-------------	-------------	-----	-----	-----

HIGHER EDUCATION

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
-----------	-----------	---	---	---

The project renovates and constructs an addition to Plachy Hall in two phases. Phase I, the current year recommendation, 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.

Project	Total	CCFE	CF	CFE	FF
Business and Information Technology Center	7,000,000	7,000,000	0	0	0
The project 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. The college believes it is easier in a modern facility to bring students, faculty, and technical specialists together in an environment that is flexible and supports rapid change.					
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.					
Information Technology Infrastructure Improvement Project	375,665	375,665	0	0	0
The projects provides for a comprehensive upgrade to the campus information technology infrastructure to address the college's current and future needs, and to relocate the Computing, Media, and Telecommunications Department. It is a three-phase project. The college believes that additions and enhancements to its information technology cable backbone are necessary to provide increased bandwidth, speed, and quality of service.					
Kelley Hall Renovation	349,133	349,133	0	0	0
The project 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. The college believes the project will help meet several goals, including advancing and improving technology and infrastructure, and improving the utilization, synergy, and adjacency among academic and administrative units.					
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.					

Project	Total	CCFE	CF	CFE	FF
Clark Building Revitalization	4,000,000	2,000,000	0	2,000,000	0
The project performs general maintenance on the Andrew Clark Building in order to address code issues. The project is 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. According to the university, the facility is a heavily used classroom and office building that needs major maintenance to extend its life, and failure to fund the recommendation will allow the facility to continue to deteriorate. The current replacement value of Andrew Clark Building is just over \$46 million.					
Diagnostic Medicine Center	3,500,000	3,500,000	0	0	0
The project 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.					
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
The project 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.					
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 (the FY 2006-07 recommendation) 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 (Universal 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.					
Berndt Hall Reconstruction	1,100,000	1,100,000	0	0	0
The project demolishes about 12,500 GSF in Berndt Hall and replaces the demolished space with 29,030 GSF of new construction. The space to be demolished was vacated by the Chemistry Department in 2002. The new space will be occupied by the Biology/Agriculture/Forestry Department. Phase II, the current year recommendation, will consist of demolition and construction work.					
Colorado State University at Pueblo					
Campus Structural Analysis	386,100	386,100	0	0	0

Project	Total	CCFE	CF	CFE	FF
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
The project 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, the current year recommendation, includes renovation of the gymnasium and building entrance.					
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 and 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.					
Ketchum Arts and Sciences Building Capital Renewal	930,531	930,531	0	0	0
The project upgrades various mechanical and electrical systems within the Ketchum Arts and Sciences Building (59,454 GSF, 48,306 ASF) in two phases. The project is 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. Phase I, the current year recommendation, will provide for building assessment, schematic design, and design development for systems renewal. Phase II will be for construction.					
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.					
Ekeley Sciences Middle Wing Renovation	2,678,945	2,411,050	0	267,895	0
The project renovates the first two levels of the middle wing of the Ekeley Sciences Building, totaling 21,660 GSF. The renovation will address problems that limit the Department of Chemistry and Biochemistry's ability to provide state-of-the-art laboratory instruction. Phase I, the current year recommendation, will consist primarily of design work.					
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.					
Visual Arts Complex	7,168,416	2,236,422	0	4,931,994	0
The project 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, the current year recommendation, 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.					

Project	Total	CCFE	CF	CFE	FF
Campus Recreation Center	12,000,000	0	0	12,000,000	0
The University proposes spending \$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. The source of funding is student fees and donations. In the spring of 2005, the student government approved a new \$80 student fee for 30 years to fund the project.					
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 that the university feels is important to the future growth of the College of Business and Administration.					
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 Health Sciences Center					
Building 500, Air Handling Unit Replacement	347,900	347,900	0	0	0
This phase replaces three of the 14 of the 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.					
Fitzsimons Trust Fund	7,004,644	7,004,644	0	0	0
Pursuant to H.B. 03-1256, when an amount is due to a lessor under a lease purchase agreement for Fitzsimons, the General Assembly shall appropriate from tobacco funds to the Capital Construction Fund the smallest of the amount due to the lessor, eight percent of tobacco revenues, or \$8.0 million. The amount shall then be appropriated from the Capital Construction Fund to the Fitzsimons Trust Fund and from the Fitzsimons Trust Fund for the payments due to the lessor. This appropriation from the Capital Construction Fund to the Fitzsimons Trust Fund is pursuant to this requirement.					
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.					
Colorado School of Mines					
Green Center Improvements	3,397,375	3,397,375	0	0	0
The project decontaminates, repairs, and renovates the Green Center to address roof leaks, asbestos, unsafe basement facilities, and make ADA improvements. The project was formerly included in a recommendation titled "Green Center Decontamination and Repair, Addition to Center for Teaching and Learning Media," but has since been separated into two projects.					
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, McKee and Frasier Halls, Replace Electrical and Fire Alarm Systems	705,100	705,100	0	0	0

Project	Total	CCFE	CF	CFE	FF
Upgrades main distribution panels and sub-panels throughout the buildings.					
McKee 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 McKee 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
The project 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.					
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

Project	Total	CCFE	CF	CFE	FF
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
The project 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	4,050,000	1,350,000	0	1,350,000	1,350,000
The project 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 year's recommendation 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.					
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	\$199,415,609	\$74,304,784	\$0	\$123,760,825	\$1,350,000

Project	Total	CCFE	CF	CFE	FF
<u>HUMAN SERVICES</u>					
Executive Director's Office					
Grand Junction Regional Center, Repair/Replace Roofs	481,240	481,240	0	0	0
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.					
Office of Direct Services					
Colorado Mental Health Institute at Fort Logan, Equipment Replacement	807,977	807,977	0	0	0
The project 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 recommendation 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.					
Colorado Mental Health Institute at Fort Logan, Repair/Replace Mechanical Equipment	224,890	224,890	0	0	0
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
This project will add load shedding capability, auto start and transfer schemes, and control of heating pumps and systems controls. 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
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
Installs panic and fire alarm systems in residential buildings and in buildings providing program and support services to patients.					
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 State Veterans Center at Homelake, Domiciliary Renovation	288,200	288,200	0	0	0

Project	Total	CCFE	CF	CFE	FF
<p>The project 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.</p>					
Pueblo Regional Center, Group Home Remodeling	448,205	448,205	0	0	0
<p>The project 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.</p>					
Pueblo Regional Center, Repair/Replace Roofs	334,810	334,810	0	0	0
<p>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.</p>					
Division of Youth Corrections					
Colorado Mental Health Institute, 20-Bed Mental Health Unit	140,500	140,500	0	0	0
<p>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.</p>					
TOTAL - HUMAN SERVICES	\$7,114,571	\$7,114,571	\$0	\$0	\$0
JUDICIAL DEPARTMENT					
Judicial Heritage Complex, Colorado History Museum, Fire Suppression System	509,079	509,079	0	0	0
<p>Adds a fire suppression system.</p>					
Judicial Space Needs Assessment	268,500	268,500	0	0	0
<p>The recommendation 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, and future anticipated growth. 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 Judicial 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.</p>					
TOTAL - JUDICIAL	\$777,579	\$777,579	\$0	\$0	\$0
LABOR AND EMPLOYMENT					
Petroleum Storage Tank Site Cleanup	32,800,000	0	32,000,000	0	800,000
<p>The ongoing project reimburses the cost of remediating storage sites contaminated by leaking petroleum products.</p>					
TOTAL - LABOR & EMPLOYMENT	\$32,800,000	\$0	\$32,000,000	\$0	\$800,000
MILITARY AFFAIRS					
Building System Revitalization	544,000	544,000	0	0	0

Project	Total	CCFE	CF	CFE	FF
The project 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, mitigates unsanitary conditions and plumbing deficiencies.					
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.					
TOTAL - MILITARY AFFAIRS	\$3,256,806	\$1,900,403	\$0	\$0	\$1,356,403
<u>NATURAL RESOURCES</u>					
Division of Parks and Outdoor Recreation					
Cheyenne Mountain State Park	3,080,000	0	0	2,505,000	575,000
The project is to develop 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
The project allows the Division to make 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

Project	Total	CCFE	CF	CFE	FF
The project 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.					
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 needed to 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 resilience 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 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
The project 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
The project 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
The project 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

Project	Total	CCFE	CF	CFE	FF
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.					
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.					

Project	Total	CCFE	CF	CFE	FF
Life/Safety Upgrade for the State Capitol Building	271,067	271,067	0	0	0
The recommendation 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
The project 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. The department believes it is necessary to construct the new office building based on a recommendation contained in the state's July 2005 Strategic Real Estate Plan, which suggested consolidating metro area operations of state employees into a single Capitol Complex building. The department proposes to fund construction of the office building by issuing certificates of participation (COP) in FY 2008-09. The current year recommendation is for design costs. Future COP costs will be paid with cash fund revenue generated by retail in the facility and parking fees.					
TOTAL - PERSONNEL	\$8,546,352	\$7,741,138	\$0	\$805,214	\$0
<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
The recommendation 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
The recommendation 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	1,938,484	0	0	0

Project	Total	CCFE	CF	CFE	FF
The project 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 recommendation proposes to use Highway User Tax Fund (HUTF) money. 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
The project 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	\$2,532,080	\$0	\$0	\$0
<u>REVENUE</u>					
Pierce Street, Replace Deteriorated Roof	573,580	573,580	0	0	0
Replaces the leaking roof and adds insulation.					
Revenue Integrated Tax Architecture	8,077,488	8,077,488	0	0	0
The project 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
<u>TRANSPORTATION</u>					
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	\$335,945,193	\$138,356,157	\$33,650,000	\$155,292,698	\$8,646,338