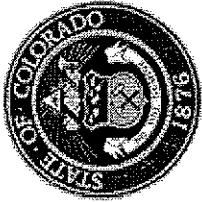


Governor Bill Ritter's FY 2009-10 Budget Balancing Plan

Presentation to the
Joint Budget Committee

August 18, 2009



Budget Balancing Process

- June 22 forecast indicated additional reductions were needed.
- June 22 directive to agencies to curtail travel and operational spending.
- June 25 directive to submit 10% reduction proposals by July 20.
- July 7 communicated specific cut proposal goals to agencies.
- July 20 cut proposals due to OSPB.
- August 18 presentation of balancing plan to the JBC.
- August 24 supplementals and fact sheets to be delivered to JBC.
- September 1 implementation of most reductions.



Employment Growth

- Economic indicators have declined.
 - Forecasts indicate job losses of between 52,000 and 85,000 in 2009.
 - Governor's balancing plan based on forecast that includes 85,000 loss.
 - Moody's state job growth rankings place Colorado 29th in 2009 and 8th in 2010.
 - Personal income is projected to decrease by 0.3% in 2009 as opposed to the previous 10 year average increase of 5.9%.
 - Retail trade is projected to decline by 7.8% in 2009.
 - The Case-Shiller index shows Denver metro prices declining by 9% while the Composite 20 index declined by an average of 23%.



Job Growth History

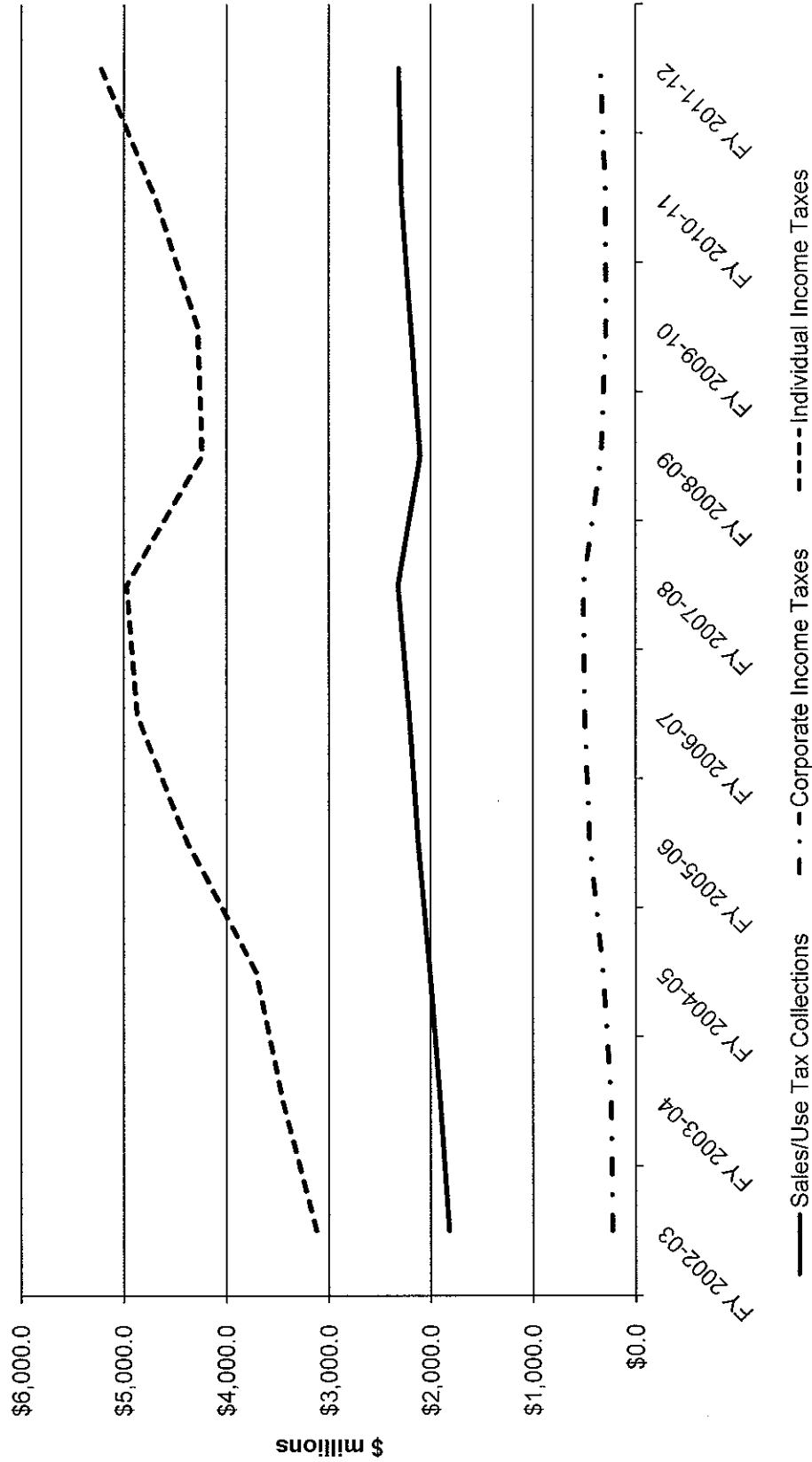
Source: Legislative Council Staff Economic Forecasts

Total Non-Agricultural Employment			
Calendar Year	Job Growth/(Loss)	Calendar Year	Job Growth/(Loss)
2002	(42,700)	2007	52,200
2003	(31,400)	2008	18,000
2004	26,800	2009	(84,600)
2005	46,400	2010	(8,600)
2006	53,100	2011	22,600



General Fund Components History

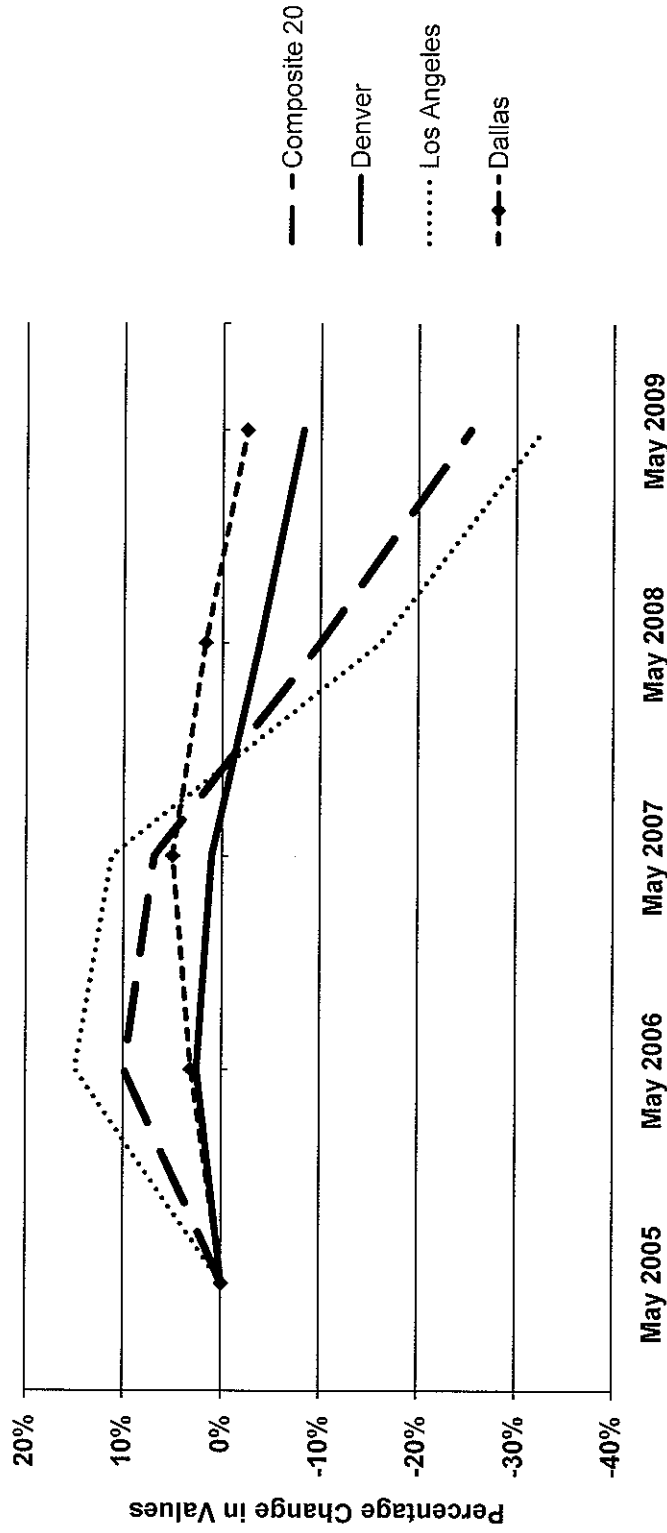
Source: Legislative Council Staff Economic Forecasts



Case-Shiller Housing Index



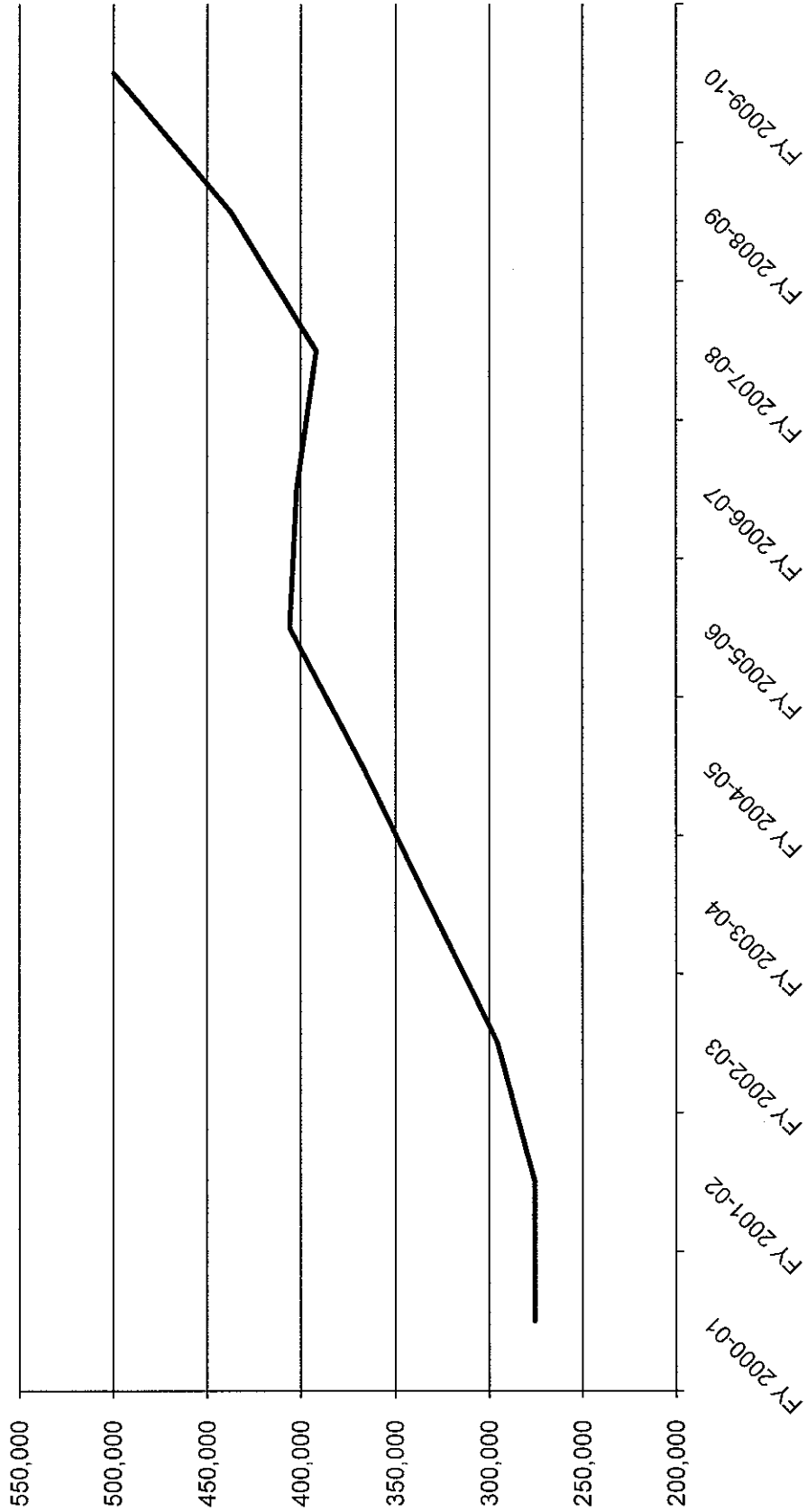
Standard & Poor's/Case-Shiller Index: Change in Metro Home Price Values





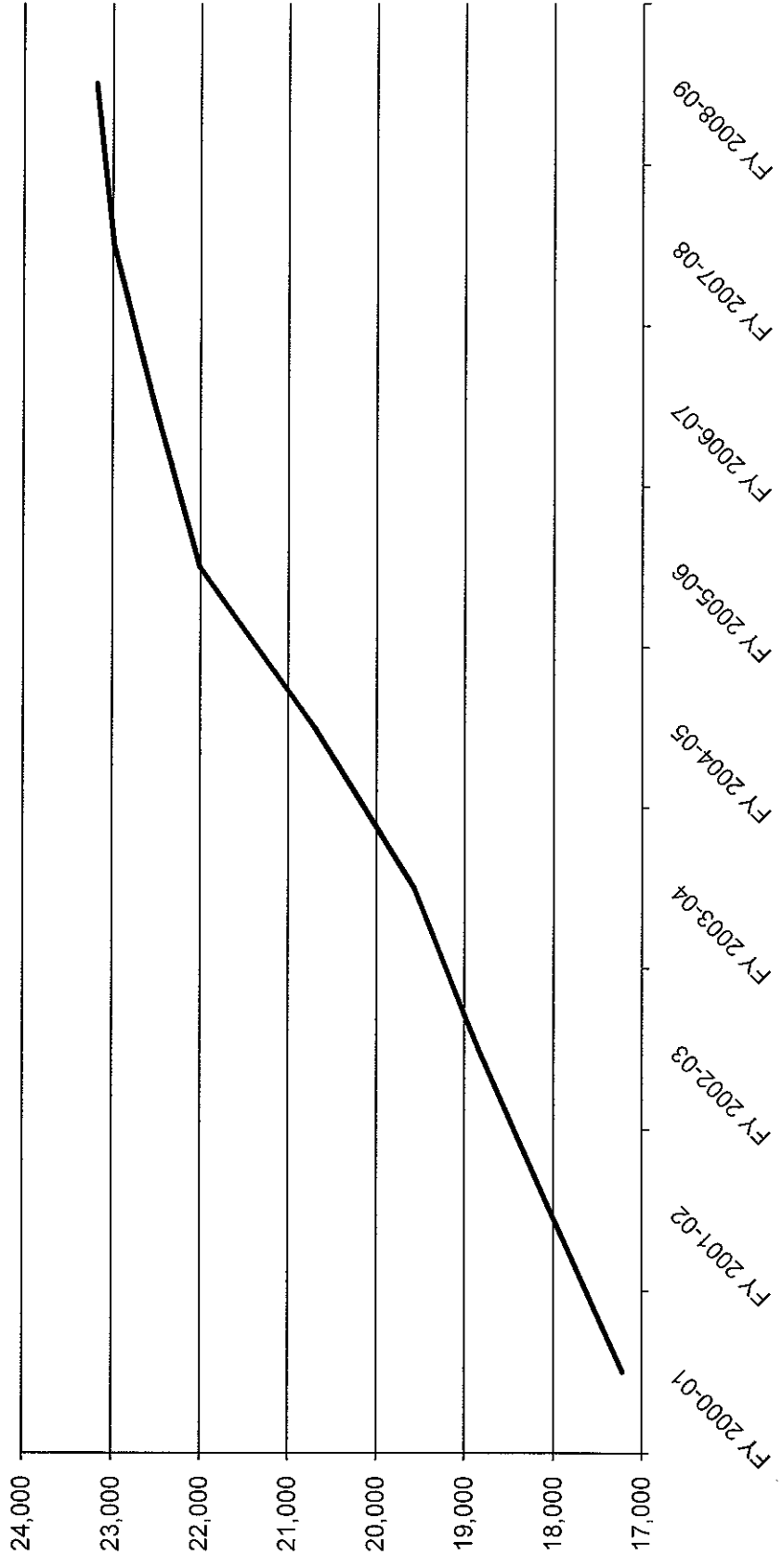
Medicaid Caseload Growth

Source: Department of Health Care Policy and Financing



Inmate Population Growth

Sources: Colorado Division of Criminal Justice Correctional Population Forecasts, December 2008 and Colorado Department of Corrections Annual Statistical Reports and Monthly Population Reports



— DOC Total Inmate Population, End of Fiscal Year



Need for Additional Budget Action

- During the 2009 session the shortfall of \$1.454 billion was addressed.
- In June, estimates indicated a transfer pursuant to SB 09-279 was needed to cover a FY 2008-09 year end shortfall of approximately \$250 million.
- This initial estimate resulted in a shortfall of approximately \$400 million in FY 2009-10.
- Preliminary year end close out information from the State Controller indicates the actual shortfall was \$186 million.
- This \$186 million shortfall was moved into FY 09-10 pursuant to SB 09-279.
- During the legislative session it was decided to devote approximately \$45 million of additional flexible ARRA funds to offset General Fund in the Department of Corrections on a one-time basis. This action was implemented via a year end supplemental in June.
- We are left with a \$318 million shortfall in FY 2009-10.



FY 2009-10 Balancing Plan

- State law requires that reductions be implemented to maintain a reserve of at least 1% of General Fund appropriations.
- The Governor's plan maintains the reserve at 2% of General Fund appropriations (where it was set during the Legislative session).
 - A 2% reserve instead of a 1% reserve provides a larger buffer.
- The August plan balances the \$318 million shortfall.
- Proposals to reduce department General Fund budgets based on the Governor's 10% directive totaled about \$400 million.
- This balancing plan will result in the elimination of 266.6 FTE.



Components of the Plan

- The balancing plan totals \$320 million.
 - \$261.2 million General Fund program reductions.
 - \$39.8 million Cash Fund program reductions.
 - \$6.1 million revenue from change in OAP cost of living adjustment.
 - \$12.9 million reserve changes and procurement bonus.
- Several areas are not part of the balancing plan.
 - K-12 total program could not be reduced in FY 2009-10. The Constitution requires General Fund for K-12 to increase by at least 5%.
 - The Departments of Transportation and Labor and Employment receive no General Fund.
- OSPB assumed the General Fund budgets of the Attorney General, Treasurer and Judiciary are reduced by 3%.

Total General Fund Reductions

Department	FY 09-10 General Fund Appropriation	Approximate FY 09-10 Total General Fund Reductions	Approximate FY 09-10 Percentage General Fund Reductions	Approximate FY 09-10 FTE Reductions (Annualized)
Agriculture	\$ 6,860,955	\$ (694,765)	-10.1%	0.0
Corrections	\$ 677,839,527	\$ (25,809,462)	-3.8%	(29.3)
Education	\$ 3,239,416,000	\$ (33,022)	0.0%	0.0
Governor and Energy Office	\$ 14,283,355	\$ (1,105,650)	-7.7%	(9.0)
Health Care Policy & Financing	\$ 1,587,903,164	\$ (457,136,848)*	-28.8%**	(0.5)
Higher Education	\$ 660,575,732	\$ (80,935,058)	-12.3%	0.0
Human Services	\$ 670,638,807	\$ (19,913,782)	-3.0%	(186.2)
Judicial	\$ 336,357,516	\$ (10,090,725)	-3.0%	0.0
Labor and Employment	\$ -	\$ -		0.0
Law	\$ 10,008,042	\$ (300,241)	-3.0%	0.0
Legislature	\$ 35,162,475	\$ (1,054,874)	-3.0%	0.0
Local Affairs	\$ 11,889,613	\$ (778,013)	-6.5%	0.0
Military and Veterans Affairs	\$ 5,862,332	\$ (422,754)	-7.2%	0.0
Natural Resources	\$ 29,680,331	\$ (2,729,440)	-9.2%	(6.3)
Personnel and Administration	\$ 6,291,404	\$ (271,294)	-4.3%	(8.0)
Public Health and Environment	\$ 28,232,074	\$ (1,520,308)	-5.4%	0.0
Public Safety	\$ 83,212,852	\$ (2,159,794)	-2.6%	(6.6)
Regulatory Agencies	\$ 1,666,729	\$ (189,549)	-11.4%	(1.0)
Revenue	\$ 75,719,920	\$ (1,803,535)	-2.4%	(19.7)
State	\$ -	\$ -		0.0
Transportation	\$ -	\$ -		0.0
Treasury	\$ 1,933,721	\$ (28,900)	-1.5%	0.0
Total All General Fund	\$ 7,483,534,549	\$ (606,978,014)*	-8.1%***	(266.6)

* Of this total, \$345.8 million is attributable to inclusion of FMAP in the appropriation base and does not represent an actual cut.
 ** With the FMAP change taken into consideration, the percentage reduction in the HCPF General Fund appropriation is -7.0%.
 *** With the FMAP change taken into consideration, the percentage reduction in the total General Fund is -3.5%



Total Cash Fund Reductions

Office of Information and Technology			
Telecommunications Revolving Fund	\$643,200	Renegotiation of audio conferencing contracts	
Communications Trust Fund	\$230,520	End equipment replacement early	
Labor and Employment			
Employment Support Fund	\$5,000,000	Fund balance, will not immediately impact programs	
Local Affairs			
Severance Grants	\$5,000,000	Reduce by \$5 million and put \$25 million on hold until 1/31/09	
Local Government Permanent Fund	\$14,305,697	Established with Roan bonus in SB 08-218	
Waste Tire Recycling Fund	\$3,600,000	Eliminates grants for FY 09-10	
Contiguous Counties Gaming Fund	\$5,100,000	Eliminates grants for FY 09-10	
Personnel and Administration			
Capital Construction Fund	\$335,000	Controlled maintenance savings from new Judicial Complex	
Employee Benefits Plan	\$3,354,593	Payment from Kaiser Permanente for State Health Plan	
Transportation			
Law Enforcement Assistance Fund	\$2,198,639	Refinance ADAD Detox treatment	
Total Cash Fund Transfer	\$39,767,649		



Critical Programs Protected

- **Developmental Disabilities** – Community based DD services were mostly protected. There will be no reduction in the number of people served at the community level. Cuts at the regional centers were also minimized.
- **Mental Health** - Community based mental health services were largely protected. There will be no reduction in the number of medically indigent individuals served. Cuts at the mental health institutes were also minimized.
- **Alcohol and Drug Treatment** – Services that result in cost savings to the health care and corrections system were mostly protected.
- **Child Welfare** – Reductions to child welfare were minimized in order to ensure child protection services are not significantly impacted.
- **County Eligibility Determination Services** – Funding to ensure counties can quickly process request for food stamps, TANF and Medicaid during this time of significant increases in caseloads was protected.
- **Senior Services** - These services include congregate nutrition, meals-on-wheels, transportation, in-home care, ombudsman representatives, legal support and elder abuse prevention.
- **CHP+ Program** – This critical optional program provides services to 67,000 children whose families have low incomes and was protected from freezes in enrollment.



Critical Programs Protected

- **Medicaid Pharmacy Benefit** – Pharmacy reimbursement was reduced, but not the benefit coverage. Although it is an optional benefit, its elimination would have a significant impact on the ability of individuals to recover and remain healthy. Elimination would certainly result in huge costs across many different components of Medicaid.
- **Health Care Provider Rates** – While the plan does include rate reductions, they were minimized. The Medicaid provider network is being stretched thin with double digit caseload growth and a 2% rate cut already implemented on July 1, 2009.
- **Breast and Cervical Cancer Program** - This program provides critical services that keep some clients from reaching Medicaid with worse conditions.
- **Emergency Preparedness and Response** - This program was protected to ensure Colorado can quickly and effectively respond to a public health emergency and is the lead office in the state's H1N1 Flu response efforts.
- **Local Public Health Support** - This funding represents state support for core local public health services and is critical to the overall funding structure for local public health agencies.
- **Disease Control and Environmental Epidemiology** - Reducing these funds would have resulted in a significant reduction of Colorado's TB Program core activities at the state and local level.
- **Poison Control Program** – The program provides free information about poisoning treatment and care to the general public and medical providers throughout Colorado.



Critical Programs Protected

- **Animal Industry** - These programs focus on livestock surveillance/testing for diseases, protection of livestock, and provide assistance to other governmental entities with animal control issues.
- **Conservation Services** – Reductions were minimized to these programs that provide assistance to the state conservation districts with the development of local projects related to the preservation of the State's soil and water resources, noxious weed eradication, and crop protection.
- **Markets Division** - These programs focus on promotion of Colorado agriculture ranging from livestock to field crops.
- **Tuition Assistance for National Guard** – Cuts were minimized to ensure sufficient tuition support for National Guard members can be provided.
- **The Division of Parks and Outdoor Recreation** - Parks is already instituting increased user fees, staffing reductions, and partial parks closures.
- **Water Related Cash Funds** – Due to the cuts already taken in this area, any additional loss of funding for water projects will significantly harm Colorado's ability to meet future water needs.
- **K-12 Total Program** - General Fund support for total program was not reduced in FY 2009-10 pursuant to the requirements of the Colorado Constitution.
- **Higher Education** – While General Fund support for higher education was reduced on a one time basis, the reduction will be fully offset with ARRA funds.



Critical Programs Protected

- **Division of Fire Safety Operations** – This program provides critical support to local fire departments. Reductions would compromise local Colorado departments' ability to receive federal grants, and could serve to increase the risk that both life and property may be lost to fire.
- **Community Corrections Differential Payments** – Without enhanced services funded with these payments, a large number of offenders may not be accepted into Community Corrections programs, and the probability for successful completion of Community Corrections stays declines.
- **CBI Program Support Unit (PSU)** – This unit was protected because it provides front-line service to local law enforcement agencies concerning access to the Colorado and National Crime Information Center (CCIC and NCIC) databases. The unit also houses the CBI's sex offender tracking programs.
- **CBI Criminal Identification Unit** – This unit provides fingerprint-based identification of offenders in the custody of local law enforcement agencies.
- **Corrections Facility Ratios** - Facility staffing is a critical component of the Department with direct offender supervision in the 24/7 operations and management of the offender population. During the budget cuts in 2003 and 2004, DOC cut 588 FTE, which has created serious staffing shortages that must be managed daily to assure public safety remains intact.



Critical Programs Protected

- **Senate Bill 91-94 Programs** – These services are judicial district based and provide alternatives to incarceration for pre-adjudicated and adjudicated youth. The programs reduce NYC admissions and the lengths of stay for youth already in the NYC detention system.
- **Juvenile Diversion Program** - Supports services in 16 of Colorado's 22 judicial districts using treatment and informal interventions to divert low-level juvenile offenders from the court system.
- **Existing Facility Programs** - Education and treatment programs are critical to the direct supervision and management of offenders. Evidence-based studies indicate these programs have a direct effect on recidivism rates by teaching job skills, providing the ability to obtain GEDs, providing treatment and teaching coping skills.
- **Parole and Community Ratios** – Maintaining staffing ratios in these areas is critical to public safety. Reductions in this area would hamper efforts to improve public safety and reduce recidivism.
- **Existing Facility Programs** - Education and treatment programs are critical to the direct supervision and management of offenders. Evidence-based studies indicate these programs have a direct effect on recidivism rates by teaching job skills, providing the ability to obtain GEDs, providing treatment and teaching coping skills.
- **Motor Vehicle Offices** – DMVs will not be shuttered. During the 2009 Legislative session funding the funding source for the DMVs was changed to the HUTF for one year so there is no General Fund support going to DMVs in FY 2009-10.



The following pages summarize the General Fund reductions for each department.

General Fund, total funds and FTE reductions are approximate and may change
in final submission to JBC on August 24.



Agriculture

- The Department of Agriculture's FY 2009-10 General Fund budget is being reduced by approximately \$680,000 General Fund. This includes the following:
 - **Inspection and Consumer Services Program** - \$680,000 General Fund reduction and refinanced with funds from the Agriculture Management Fund.
 - The Agriculture Management Fund dollars would have been allocated for additional grants to conservation districts, establishing a contingency fund for the State Fair and other emerging agricultural issues.



Corrections

- The Department of Corrections' FY 2009-10 General Fund budget is being reduced by nearly \$25 million and 34.0 FTE. This includes the following:
 - **Eliminate FY 2009-10 Increases for Academic/Vocational Education** - \$3.0 million General Fund and 34 FTE reduction associated with the decrease in capacity of prison academic and vocational training programs. This reduction will not eliminate prison educational services, but will reduce the program's ability to serve an additional 2,000 offenders through GED courses and vocation-specific training.
 - **Parole Wrap Around Services** - \$1.8 million General Fund reduction associated with the elimination of this pilot program. This reduction will prevent 200 parolees with high mental health and substance abuse needs from receiving comprehensive services through this pilot delivery model.
 - **Accelerated Reentry with Enhanced Parole Services** - \$18.9 million General Fund reduction associated with a shortened parole term for eligible offenders who have achieved parole goals, an increase in targeted, front-loaded supervisory and treatment services for parolees, and a corresponding acceleration in the number of offenders transitioning from prison to parole supervision.
 - **External Capacity Caseload** - \$1.1 million General Fund reduction associated with lower-than-anticipated growth in the prison population.



Governor

- The Governor's Office FY 2009-10 General Fund budget is being reduced by nearly \$1 million and 11 FTE. This includes the following:
 - **Governor's Office** - \$230,000 General Fund and 2.3 FTE reduction associated with the refinancing of positions with grants and federal flex funds.
 - **Lt. Governor's Office** - \$35,000 General Fund reduction associated with administration and operating expenses from the Commission on Indian Affairs.
 - **Business Development Reorganization** - \$150,000 General Fund and 2.3 FTE reduction associated with streamlining business development operations, including the consolidation of the Business Development Office, Grand Junction Satellite Office, International Trade Office, and Minority Business Office.
 - **Office of Information and Technology (OIT) Management and Administration** - \$255,000 General Fund (\$500,000 total funds) reduction associated with savings from the consolidation of IT services.
 - **OIT Staffing Consolidation** - \$590,000 General Fund and 8.6 FTE Personal Services reduction associated with a staffing consolidation plan.



Health Care Policy and Financing

- The Department of Health Care Policy and Financing's FY 2009-10 General Fund budget is being reduced by \$115 million General Fund. Of this \$115 million, \$4.7 million is reflected in cuts within the Department of Human Services. This includes the following:

- **Enhanced Federal Medicaid Assistance Percentage (FMAP) Adjustments** – \$52.5 million General Fund reduction from the following adjustments:

- **Application of the enhanced FMAP to the H.B. 09-1293 hospital provider fee** to be used to offset Medicaid General Fund expenses - \$41.4 million General Fund reduction. The change is consistent with the federal American Recovery and Reinvestment Act (ARRA) legislation for the enhanced FMAP to provide fiscal relief to states and to protect and maintain state Medicaid programs during the economic downturn.

- **Change in the State's enhanced FMAP from 60.19% to 61.59%** for the fourth quarter of FY 2008-09 - \$11.1 million General Fund reduction. The Department has received federal notification that the qualification for this rate based on the change in State's unemployment level which is retroactive to the quarter in which it was achieved.



Health Care Policy and Financing

- **Medicaid Program Adjustments** - \$18.5 million General Fund (\$42.8 million total funds) savings from the following adjustments:
 - **Provider Rates** - \$8.6 million General Fund (\$23.8 million total funds) reduction associated with a 1.5% provider rate decrease.
 - **Federally Qualified Health Center (FQHC) Rates** - \$1.5 million General Fund (\$3.9 million total funds) reduction associated with reducing rates to the midpoint between the current level and the minimum allowable under federal law in the Benefits Improvement Act of 2000.
 - **Transportation in Home and Community-Based (HCBS) Waivers** - \$250,000 General Fund (\$500,000 total funds) reduction associated with the implementation of a cap on non-medical transportation services at 2 trips per week from the current average of 3.3 trips per week.
 - **Personal Care and Homemaker Rates** - \$550,000 General Fund (\$1.1 million total funds) reduction associated with limiting personal care expenditures to \$72.05, which is 150% of the rate for these services for a client living in an alternative care facility.
 - **Full Medicaid Eligibility for State-Only Clients** - \$1.1 million General Fund reduction associated with the clients in the State Only Prenatal Program now being eligible for Medicaid under the federal Children's Health Insurance Reauthorization Act of 2009, thereby reducing General Fund expenses by approximately 50%.



Health Care Policy and Financing

- **Telehealth Disease Management Program** - \$160,000 General Fund (\$320,000 total funds) reduction associated with ending the current contract to provide Telehealth services.
- **Pharmacy Reimbursement Rates** - \$1.7 million General Fund (\$3.5 million total funds) reduction associated with a reduction to pharmacy rates to average wholesale price (AWP) minus 14.5% for brand-name medications and AWP minus 45% for generic medications from the current rates of AWP minus 14% and 40%.
- **Expand the Preferred Drug List** - \$650,000 General Fund (\$1.3 million total funds) reduction associated with adding an additional drug class to the Preferred Drug List.
- **Out-stationing Payments** - \$600,000 General Fund reduction associated with eliminating state support for Medicaid recruitment and enrollment activities for providers who are public entities.
- **Mental Health Capitation Rates** - \$2.0 million General Fund (\$4.5 million total funds) reduction associated with a 2.5% rate decrease paid to Behavioral Health Organizations to provide Medicaid mental health services. Rates will be set at the bottom of the actuarial acceptable range.
- **Behavioral Health Organization (BHO) Reconciliation Payments** - \$2.0 million General Fund (\$4.0 million total funds) reduction associated with implementing a new methodology to more accurately track and recover payments made to BHOs for ineligible Medicaid clients.



Health Care Policy and Financing

- **Department Administrative Adjustments** - \$2.2 million General Fund (\$2.8 million total funds) reduction from the following adjustments:
 - **Legal Services** - \$50,000 General Fund (\$150,000 total funds) reduction associated with reduced fees to outside legal counsel achieved through the use of an internal Legal Director.
 - **Operating Expenses Efficiencies** - \$20,000 General Fund (\$40,000 total funds) reduction associated with efficiencies in areas such as improved telephone utilization controls, limiting travel, and reducing conference and training expenses.
 - **Medicaid Management Information System (MMIS) Contract** - \$130,000 General Fund (\$510,000 total funds) reduction associated with reducing call center hours, elimination of regional provider trainings, a reduction in system development hours, and utilizing an all electronic communications policy.
 - **School-Based Medical Assistance Sites** - \$75,000 General Fund (\$220,000 total funds) reduction associated with repealing the pilot program in H.B. 06-1270, which placed eligibility determination sites in schools.
 - **Hospital Provider Fee Administrative Costs** - \$1.9 million General Fund reduction (\$0.0 total funds) associated with converting the administrative costs of the program to Cash Funds on September 1, 2009 instead of the current statutory date of April 1, 2010.



Health Care Policy and Financing

- **Reduce Funding for Colorado Indigent Care Programs (CICP) –\$22.2 million General Fund (\$50.2 million total funds) reduction from the following adjustments:**
 - **Private Hospital Reimbursement in the CICP - \$7.8 million General Fund (\$15.6 million total funds) reduction associated with the elimination of the reimbursement to private hospitals through the CICP for the costs of uncompensated care. Request legislation to provide this funding through the hospital provider fee established in HB 09-1293.**
 - **Health Care Services Fund - \$11.9 million (\$30.0 million total funds) reduction associated with the elimination of this Fund one year early, which is used to partially offset provider's costs of expanding income eligibility in CICP.**
 - **Comprehensive Primary and Preventive Care (CPPC) Grants Program and the Rural and Public Hospitals Payments – \$2.6 million General Fund (\$4.6 million total funds) reduction associated with utilizing the Tier 2 tobacco master settlement agreement (MSA) payments for these programs to offset Medicaid General Fund expenses. The programs are intended to increase access to low-income and uninsured individuals by reimbursing providers for uncompensated costs.**



Health Care Policy and Financing

- **Adjust Department Appropriations to Reflect Enhanced Federal Medicaid Assistance Percentages (FMAP)** – \$7.0 million General Fund reduction associated with recalculation of the State's statutory General Fund reserve requirement after the enhanced FMAP is applied to the Department's FY 2009-10 appropriation (not reflected in Department totals).
- **Reduction to the Commission on Family Medicine** - \$100,000 General Fund (\$200,000 total funds) reduction associated with a 10% reduction to state reimbursement for the Commission's expenses associated with the training of family physicians.
- **Amendment 35 Funds** - \$15.0 million General Fund (\$0.0 total funds) reduction associated with the transfer of \$15.0 million from Amendment 35 cash funds in the Department of Public Health and Environment.



Higher Education

- The Department of Higher Education's FY 2009-10 General Fund budget is being reduced by \$80.9 million. This includes the following:
 - **Institutions of Higher Education** - \$80.9 million General Fund reduction to the public institutions of higher education. These reductions will be backfilled with federal stimulus funding and are contingent upon approval of Colorado's American Recovery and Reinvestment Act of 2009, State Fiscal Stabilization Fund, Maintenance-of-Effort Waiver for FY 2009-10.
 - **Cumbres and Toltec Scenic Railroad** - \$22,500 General Fund reduction associated with a decrease in the operating costs of the railroad's ongoing locomotive running gear maintenance program.



Human Services

- The Department of Human Services' FY 2009-10 General Fund budget is being reduced by \$25.5 million (\$45.9 million total funds) and 129 FTE. This includes the following:
 - **Information Technology Services, Personal Services FTE Reduction** – \$350,000 General Fund (\$450,000 Total Funds) reduction associated with the elimination of 7.0 vacant FTE in the Office of Information Technology Services. These positions support various department information systems, provide hardware technical support, process helpdesk requests and provide administrative support for the Department.
 - **Information Technology Services, Colorado TRAILS Personal Services Reduction** – \$220,000 General Fund (\$400,000 Total Funds) reduction associated with the elimination of 3.0 vacant FTE and two contract staff that work on the Department's Colorado TRAILS system.
 - **Office of Operations, Personal Services and Operating** - \$150,000 General Fund (\$300,000 Total Funds) reduction associated with the elimination of 4.0 FTE in the Division of Facilities Management and reductions to operating and maintenance services at state buildings.



Human Services

- Functional Family Therapy Program** - \$2.7 million General Fund (\$3.3 million Total Funds) reduction and 0.5 FTE associated with the elimination of the Function Family Therapy Program in the Division of Child Welfare. This program provides services to youth at risk of being placed in out-of-home placement. This program has not yet been implemented as funding is new for FY 2009-10.
- Child Welfare Services Block** - \$4.7 million General Fund (\$8.4 million Total Funds) reduction associated with eliminating the block increase appropriated in FY 2009-10 and eliminating General Fund used to draw down under-earned Medicaid funds.
- Division of Child Care** - \$170,000 General Fund reduction associated with the elimination of 3 vacant FTE. These positions are responsible for licensing child care facilities and providing administrative support to the Department.
- Promoting Responsible Fatherhood Grant** - \$150,000 General Fund reduction to the Promoting Responsible Fatherhood Grant. Currently, General Fund dollars are used as matching funds to draw down \$2 million in federal funding. The Department of Human Services has identified \$150,000 in donated advertising dollars that can be used as an in-kind match instead of General Fund.



Human Services

- Automated Child Support Enforcement System Line** – \$140,000 General Fund (\$400,000 total funds) reduction associated with the re-procurement of contracts for this system at a lower cost.
- Eliminate the Enhanced Mental Health Pilot Services for Detained Youth Program** – \$600,000 General Fund reduction associated with the elimination of the Enhanced Mental Health Pilot Services for Detained Youth Program, which provides mental health services to juvenile offenders in the Division of Youth Corrections and the community. An evaluation of this program in 2008 indicated that there is no significant difference in recidivism for youth who receive services from this program.
- Close 59 Beds at the Colorado Mental Health Institute at Ft. Logan** - \$1.0 million General Fund (\$3.1 million Total Funds) reduction associated with the closure of 59 beds. This includes closure of the Children's, Adolescents and Geriatric units on the Fort Logan campus. This will result in a reduction of 48 FTE in FY 2009-10. Funding is included to ensure appropriate placement in the community.



Human Services

- **State Veteran Nursing Home Consulting Services** - \$200,000 General Fund reduction associated with the elimination of contracted consulting services. This funding, which began in FY 2005-06, provides services for each of the five homes, such as, review of fiscal operations, quality assurance, culture change, marketing consultation, pre-survey, pre-survey reviews, and complete Medicaid cost reports for each home.
- **Developmental Disability Provider Rates** – \$2.9 million General Fund (\$5.9 million total funds) reduction associated with a 2.5% provider rate decrease for the Medicaid Developmental Disabilities Waiver programs which include: Adult Comprehensive Services, Adult Supported Living Services, Children’s Extensive Support, and Case Management Services.
- **Closure of 32 Bed Nursing Facility at Grand Junction Regional Center** – Reduction of \$1.3 million General Fund (\$2.8 million total funds) and 57 FTE associated with transitioning 32 medically fragile individuals from the State operated Grand Junction Regional Center to community nursing facilities. One hundred twenty-five beds remain in Grand Junction.
- **Old Age Pension Program** – \$6.1 million cash funds reduction associated with decreased caseload projections and an revision to the cost of living adjustment. Reduction of these cash funds will allow additional state revenues to flow into the General Fund thus reducing shortfalls in the General Fund.



Human Services

- **IMPACT Contract** – \$275,000 General Fund reduction associated with a contract reduction for the Boulder County Integrated Managed Partnership for Adolescent Community Treatment Project (IMPACT), which provides services to delinquent youth who are in or at risk of out-of-home placement.
- **Increase State Placements at State Commitment Facilities** – \$3.8 million General Fund reduction (\$3.9 million total funds) associated with a reduced number of placements in contract beds for the Division of Youth Corrections. To achieve this, the Department will increase placement in state commitment facilities.
- **Reclassification of Licensing Category of Ridge View Youth Services Center** – \$1.3 million General Fund reduction associated with the reclassification of Ridge View Youth Services Center as an open campus residential facility. This will allow the Department of Human Services to bill Title IV-E and Medicaid for services provided to youth at this facility, offsetting the need for General Fund.
- **Aid to Needy and Disabled, State Only Program** – \$4.5 million General Fund (\$7.1 million Total Funds) reduction resulting from the suspension of the AND-SO program effective January 1, 2010. This program provides interim financial assistance to persons awaiting an eligibility decision for federally funded Supplemental Security Income (SSI) benefits.



Human Services

- Rate Reduction in Cost of Living Adjustment for Contract Services** – Nearly \$700,000 General Fund reduction associated with a 2.0% provider rate decrease for contractors of the Division of Youth Corrections. This is a one-time decrease.
- Client Management Positions** – \$500,000 General Fund reduction associated with the elimination of 7 FTE in the Division of Youth Corrections. These positions are responsible for providing client management services to youth while in residential placement and on parole.



Local Affairs

- The Department of Local Affairs' FY 2009-10 General Fund budget is being reduced by \$700,000. This includes the following:
 - **Division of Local Government** –\$700,000 General Fund (\$900,000 total funds) reduction associated with the refinance within the Field Services program with reappropriated funds from the Mineral and Energy Impact program. This refinance reflects changing workload drivers in the Division towards administration of the Mineral and Energy Impact programs.



Military and Veterans Affairs

- The Department of Military and Veterans Affairs' FY 2009-10 General Fund budget is being reduced by \$400,000. This includes the following:
 - **Executive Director's Office Operating Expenses** - \$280,000 General Fund reduction associated with routine building maintenance.
 - **Air National Guard Operations and Maintenance, Buckley Air Force Base** - \$70,000 General Fund reduction associated with the postponement or elimination of maintenance projects on Air National Guard buildings at Buckley Air Force Base.
 - **Division of Veterans Affairs Operating Expenses** - \$50,000 General Fund reductions to be achieved by eliminating a county veterans service officer training conference and staff training, courses, certifications, or reference materials.



Natural Resources

- The Department of Natural Resources FY 2009-10 General Fund budget is being reduced by \$2.7 million General Fund and 5.3 FTE. This includes the following:
 - **Parks Operations** – \$2.0 million General Fund reduction associated with the Division of Parks and Outdoor Recreation operating budget and refinanced with cash funds from the Division's current allocation from the Operational Account of the Severance Tax Trust Fund. This will result in a reduction for Tier 2 Severance Tax Operational Account programs.
 - **National Environmental Protection Agency (NEPA) Coordinator Position** - \$90,000 General Fund and 1.0 FTE reduction associated with the Executive Directors Office through the elimination of the National Environmental Protection Agency coordinator position. The position is responsible for coordinating agency response to federal resource management plans and monitoring resource management planning in Colorado. Individual divisions to ensure Colorado's interests are considered at the federal level.
 - **Division of Water Resources Personal Services** –\$400,000 General Fund and 5.3 FTE reduction associated with the Division of Water Resources. These positions are currently vacant and include water commissioners, engineers, and an information technology developer. The assigned duties will have to be divided among existing personnel.



Natural Resources

- **Satellite Monitoring System** - \$40,000 General Fund reduction associated with the Division of Water Resources Satellite Monitoring System line item. This reduction will be offset with additional cash fund revenue that will be collected with Satellite Monitoring System fees. The Division is identifying additional contributing partners to pay user and access fees to cover their use of the Satellite Monitoring System.



Personnel and Administration and Statewide Common Policies

- The Department of Personnel and Administration's FY 2009-10 General Fund and reappropriated General Fund budget is being reduced by \$3.1 million and 3.9 FTE. This includes the following:
 - **Communications Unit** - \$30,000 General Fund and .3 FTE reduction associated with the elimination of the Communications Unit within the Division of Human Resources. This unit develops outreach and communications initiatives that built relationships with all segments of the workforce.
 - **Government and Public Relations Director Position** - \$35,000 General Fund and .3 FTE reduction associated with the elimination of a position in the Executive Director's Office. This position's responsibilities will be absorbed by other personnel in the office.
 - **Rule Interpreter and DPA HIPAA Compliance Officer** - \$20,000 General Fund and .3 FTE reduction associated with the elimination of this position from the Executive Director's Office. This position was responsible for the rulemaking process in accordance with the Administrative Process Act.
 - **Talent Management Unit** - \$110,000 General Fund and 1.7 FTE reduction associated with the elimination of this unit from the Division of Human Resources. This unit researched, developed and implemented strategies to recruit, develop and retain a quality workforce.



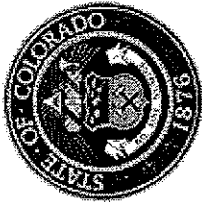
Personnel and Administration and Statewide Common Policies

- Contract Registration and As-Needed Professional Services Contract Programs** - \$15,000 General Fund and .3 FTE reduction associated with the elimination of this position from the Office of the State Architect. This position developed and maintained approved lists of qualified architects, engineers and contractors to be selected by state agencies.
- Elimination of State Purchasing Office Administrative Assistant II Position** - \$40,000 General Fund and 1 FTE reduction associated with the elimination of this position from the State Purchasing Office. This position provided administrative services to the Finance and Procurement Director.
- Risk Management Contract Review and Reduction** - \$220,000 General Fund and \$550,000 total funds reduction associated with a clarification and reduction to the workers' compensation contract the State of Colorado has with Pinnacol Assurance.
- Reduce the Commuter Program** - \$475,000 General Fund (\$1,250,000 total funds) reduction associated the State Commuter Program. The program allows certain State employees to use State Fleet vehicles for transportation between their work and homes.
- Building Maintenance** - \$80,000 General Fund (\$175,000 total funds) reduction associated with reduced janitorial and maintenance services provided in the Capitol Complex.



Personnel and Administration and Statewide Common Policies

- Risk Management Reduction of Liability, Property and Workers' Compensation Volatility** - \$1,100,000 General Fund (\$3,000,000 total funds) reduction associated with a decrease in the volatility adjustment built into the Risk Management common policy for Liability, Property and Workers' Compensation.
- Noxious Weed Abatement** - \$15,000 General Fund (\$44,000 total funds) reduction associated with the Division of Central Services eliminating the noxious weed abatement program at Camp George West.
- State Fleet Rebates – One Time FY 2009-10 Refinance** – \$130,000 General Fund (\$420,000 total funds) reduction associated with a refinance of vehicle leases due to a rebate the State Fleet Management Program received from the purchase of hybrid electric and alternative fuel vehicles.
- Cash Fund Transfer of Kaiser Financial Relief Credit** - \$3,300,000 cash fund transfer associated with a financial relief credit for the state health plan received from Kaiser Permanente for FY 2009-10.
- General Fund Revenue from Additional Procurement Card Rebates** - \$800,000 increase in General Fund revenue associated with a signing bonus the State received from a new procurement agreement.
- Capital Construction Fund Cash Fund Transfer** – \$335,000 cash fund transfer associated with a controlled maintenance appropriation from the Judicial Department that will go unused.



Public Health and Environment

- The Department of Public Health and Environment's FY 2009-10 General Fund budget is being reduced by \$1.5 million. This includes the following:
 - **Tony Gramscas Youth Services Grant Program** - \$1,000,000 General Fund reduction which represents all state funding for this Program. The program will still continue to receive approximately \$4 million from the Tobacco Master Settlement Agreement for service grants.
 - **Dental Care Act Funding.** \$520,000 General Fund reduction associated with the elimination of this program which offers financial reimbursement to dental providers who serve eligible seniors that qualify under the Old Age Pension Program.
 - **Amendment 35 Funds** - \$15,000,000 Medicaid General Fund refinance with cash funds from the following sources (shown as General Fund savings in HCPF):
 - \$7 million from the Tobacco Education Program Fund
 - \$7 million from the Prevention, Early Detection and Treatment Fund
 - \$1 million from the Health Disparities Grant Program Fund



Public Safety

- The Department of Public Safety's FY 2009-10 General Fund budget is being reduced by nearly \$2.0 million and 4 FTE. This includes the following:
 - **Colorado Bureau of Investigation InstaCheck** - \$550,000 General Fund reduction associated with refinancing background checks for gun purchases during the legislative session. This action will preserve the background check function using Colorado-specific databases, but would require a user fee of approximately \$10.50 to maintain the program.
 - **Criminal Identification** - \$550,000 General Fund reduction associated with increasing the fee for criminal history checks using name and fingerprint data conducted by the Colorado Bureau of Investigation for civil employment purposes. This action will allow the CBI to continue providing criminal history data at its current service level.
 - **Reduce Community Corrections Boards Administration** - \$25,000 General Fund reduction associated with administrative costs in community corrections programs. The Department of Public Safety is currently authorized to reimburse community corrections programs for administrative costs up to a certain level. Because not all programs qualify for the maximum reimbursement, there are funds available for reduction.



Public Safety

- **Eliminate Community Corrections Discharge Planner Program** - \$160,000 General Fund and 2.0 FTE reduction associated with a pilot program to streamline the placement of offenders from prison to community corrections. This is the first year of funding for this program, and implementation of these services has not yet begun.
- **Colorado Integrated Criminal Justice Information System (CICJIS) Operating Budget** - \$50,000 General Fund reduction associated with delaying system upgrades and hardware purchases. This reduction will allow the system to continue facilitating communications but will prevent system enhancements in the near future.
- **Office of Research and Statistics** - \$69,000 General Fund reduction from the Division of Criminal Justice associated with eliminating parole guideline development functions, anti-recidivism evaluation functions, and ancillary research functions associated with the Colorado Commission on Criminal and Juvenile Justice.
- **School Safety Resource Center** - \$88,000 General Fund and 1.0 FTE reduction associated with the elimination of an unfilled Outreach Coordinator position and the suspension of an evaluation contract. This reduction will preserve the majority of this program, which was funded via legislation in 2008.



Public Safety

- **Various Operating Expense Appropriations** - \$150,000 General Fund reduction associated with decreasing use of paper and increasing use of electronic communications, restricting staff travel, delaying information technology and laboratory equipment upgrades and limiting non-statutorily required community corrections audits. This reduction affects multiple divisions within the Colorado Department of Public Safety.
- **Colorado Bureau of Investigation Investigations** - \$69,000 General Fund and 1.0 FTE reduction associated with refinancing an investigator position with federal grant dollars and transferring an investigator from Denver or Pueblo to the CBI field office in Durango.
- **Colorado Bureau of Investigation Laboratory** - \$135,000 and 2.0 FTE associated with reducing laboratory staff functions, including reducing 1.0 DNA laboratory analyst and 1.0 laboratory analyst from another discipline.



Regulatory Agencies

- The Department of Regulatory Agencies' FY 2009-10 General Fund budget is being reduced by \$190,000 General Fund and 1.0 FTE. This includes the following:
 - **Colorado Civil Rights Division** - \$190,000 General Fund and 1 FTE reduction associated with the elimination of a vacant position, reduced salary for two positions, and reduced funds for dispute resolution legal costs.



Revenue

- The Department of Revenue's FY 2009-10 General Fund budget is being reduced by nearly \$2.0 million and 20.0 FTE. This includes the following:
 - **Citizen's Advocate Position** - \$52,000 General Fund and 0.8 FTE reduction associated with the elimination of the Citizens Advocate's position in the Executive Director's Office. This position handles 15,600 calls per year which will now be redirected within the Department.
 - **Human Resources Data Specialist** - \$27,000 General Fund and 1.0 FTE associated with a personnel reduction in the Office of Human Resources.
 - **Annex Security Contract** - \$35,000 General Fund associated with elimination of the contract for security services at the Department's Annex Building. The building is secured using electronic access cards.
 - **Pueblo Data Entry Center** - \$71,000 General Fund associated with a reduction in the rate paid for tax form data entry services.
 - **Document Imaging & Storage** - \$51,000 General Fund associated with a reduction in the rate paid and types of documents imaged by the Department. Documents which are not imaged will be kept in hard copy.



Revenue

- Refinance Internal Auditor** - \$91,000 General Fund associated with a refinance with cash funds of an internal auditor position as the audit work will be dedicated to the State Lottery Division and the Limited Gaming Division.
- Central Department Overtime** - \$40,000 General Fund reduction associated with a reduction in overtime spent on mail processing during the tax season. This reduction will impact the speed at which documents are processed during tax season.
- Central Department FTE** - \$157,000 General Fund and 4.3 FTE associated with reducing the number of positions in the Central Department Operations Administration, Business Tax Clearing, and Tax Files Sections. Could impact ability to process sales tax returns by month end.
- Eliminate Cashiering Services to the Public at the Capitol Annex Building** - \$86,000 General Fund and 2.1 FTE reduction associated with the elimination of cashiering services at the Capitol Annex. Services will continue at the Department's Pierce Street facility.
- Information Technology Division** - \$453,000 General Fund and 5.2 FTE associated with a reduction in the number of positions available to provide desktop support, application development and infrastructure support.
- Tax Policy and Analysis Program** - \$23,000 General Fund and 0.3 FTE reduction associated with the Tax Policy and Analysis Program which is responsible for promulgating rules and regulations on tax issues.



Revenue

- **Conservation Easement Appraisals** - \$91,000 General Fund reduction associated with the elimination of a contract for conservation easement appraisals. All appraisals will be conducted by Department staff.
- **Tax Business Group** - \$265,000 General Fund and 3.4 FTE reduction associated with the Office of the Tax Conferee, Taxpayer Services, and Taxation Administrative Finance Office. This will impact the capacity of the Department as existing staff will absorb workload.
- **Division of Motor Vehicles** - \$350,000 General Fund reduction associated with a refinance of the Division of Motor Vehicles with funds from the Highway Users Transportation Fund Off-the-Top funding allocation.
- **Motor Carrier Services Program Assistant** - \$40,000 General Fund and 1.0 FTE reduction associated with elimination of a position that supports the International Registration Plan (IRP).
- **Motor Carrier Services Temporary Staffing** - \$10,000 General Fund reduction associated with temporary help used to ensure proper licensing and registration of commercial trucks under the IRP.



FY 2010-11 Balancing Process

- The Governor will submit a balanced budget for FY 2010-11 to the JBC on November 2, 2009 pursuant to statute.
- FY 2010-11 budget may include approximately \$350 million of mandated increases. The base budget no longer includes General Fund increases for:
 - Salary survey and performance based pay.
 - The opening of the CSP II and DDRC expansion in the Department of Corrections.
 - K-12 total program.
- The June forecast indicated that revenues will not be sufficient to fund these mandated increases.
- Departments have been requested to submit reductions for FY 2010-11 to ensure a balanced budget.
- Options other than budget reductions will also be considered.
- The final November 2 Budget Request will be balanced based on revenue projections from the September 2009 economic forecast.
- Changes to the November 2 request will be considered when new revenue forecasts become available in December and March.

