

STATE OF COLORADO

OFFICE OF STATE PLANNING AND BUDGETING

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Bill Ritter Jr.
Governor
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Director

February 20, 2008

The Honorable Representative Bernie Buescher
Chairman, Joint Budget Committee
Colorado General Assembly
200 E. 14th Avenue, Third Floor
Legislative Services Building
Denver, CO 80203

Dear Representative Buescher:

Thank you for the opportunity to submit the Governor's final adjustments to the FY 2007-08 budget and FY 2008-09 budgets.

As noted in my January 2, 2008 letter, OSPB submitted a revised Department of Corrections FY 2007-08 and FY 2008-09 request on January 11th which, along with Public School Finance Total Programs enrollment changes provided in January, provided the executive's framework for balancing the budget. On January 23rd, OSPB transmitted its FY 2008-09 "stand alone" budget amendments. Finally, in my January 2, 2008 letter, OSPB indicated that it would provide its final FY 2007-08 and FY 2008-09 balancing requests in February 2008; these requests are hereby transmitted.

The Governor's February 2008 budget submission, submitted on February 15th and today, reflects the following major budget initiatives:

- Medicaid Medical Services Premiums in the Department of Health Care Policy and Financing is increased by \$16.7 million General Fund in the FY 2007-08 budget and is decreased by \$6.0 million General in the FY 2008-09 budget. This is the annual adjustment for caseload and utilization.
- The Department of Health Care Policy and Financing FY 2008-09 budget is also increased by \$25.0 million General Fund. This funding will cover an additional 9,000 kids over three years by expanding eligibility in the Child Health Plan Plus (CHP+) to 225 percent of the federal poverty level. It will also provide all kids in Medicaid and CHP+ with a medical home to ensure they have access to primary and preventive care and will streamline bureaucracy by centralizing eligibility determination for Medicaid and CHP+.
- The Total Program K-12 budget is decreased by \$33,989,460 General Fund in FY 2007-08 and by \$35,790,901 General Fund in FY 2008-09. This adjustment corrects the enrollment

counts by 7,576.5 full-time-equivalent students based on actual enrollment and it adjusts the FY 2008-09 projections based on the Legislative Council Staff December 2007 forecast.

- An additional \$6,635,575 total funds, including \$3,112,490 net General Fund, is added for Developmental Disabilities in FY 2008-09. This sum will provide 410 additional community resources to serve the developmentally disabled. This funding brings the executive request for Developmental Disabilities slots to a total of 589 new resources in FY 2008-09. This compares to 106 resources added in the FY 2007-08 appropriation.
- An increase of \$1,500,000 General Fund for Colorado Affordable Housing is requested in FY 2007-08 and FY 2008-09. The \$3,000,000 General Fund will be leveraged with local and private funding to develop affordable housing for Colorado's homeless, senior, and other populations.
- An increase of \$4,900,000 General Fund for Higher Education is requested in FY 2008-09. This increase will provide funding for the fee for service contract component of the College Opportunity Fund program for institutions which typically serve underserved populations, and where a large percentage of students require remediation prior to beginning post-secondary level coursework.
- An increase of \$101,532, including \$40,000 General Fund and \$61,532 cash funds exempt, is requested for the Witness Protection Fund in the Department of Public Safety for FY 2007-08.
- Funding for the Office of Homeland Security is transferred from the Department of Local Affairs to the Governor's Office of Homeland Security. This transfer, totaling \$19,765,731 federal funds, will streamline and improve management and oversight pursuant to Executive Order D 003 08.

In addition to the initiatives noted above, the Governor's request builds General Fund into the budget for the following:

- \$5,500,000 General Fund for H.B. 08-1001 (Bioscience Research Grant Program) in FY 2007-08.
- \$2,000,000 General Fund set aside for county clerk election costs for FY 2007-08 and \$1,500,000 General Fund for this purpose in FY 2008-09.
- \$1,098,358 General Fund for elected officials' JBC supplemental bills as introduced for FY 2007-08. This sum includes increases of \$1,096,385 for the Judicial Department; \$126,353 for the Legislative Department; \$17,582 for the Department of State; these sums are offset by decreases of \$72,682 for the Department of Treasury and \$69,280 for the Department of Law.

OSPB's FY 2007-08 budget assumptions begin with the \$6,683,004,843 FY 2006-07 General Fund appropriation subject to the 6.0 percent limit established in Section 24-75-201.1, C.R.S. (2007). This figure is increased by \$3,616,986 General Fund associated with FY 2006-07 Medicaid over-expenditures, authorized pursuant to Section 24-75-111 (6), C.R.S. (2007), for a total of \$6,686,621,829. Growing this base by the authorized 6.0 percent growth for FY 2007-08 yields a FY 2007-08 General Fund appropriations base of \$7,087,819,139. This represents a base that is \$3,834,005 higher than the FY 2007-08 6.0 percent appropriation which was authorized at \$7,083,985,134 when the 2007 Legislative Session ended.

The Governor's FY 2007-08 6.0 percent General Fund request submitted is \$7,087,501,823, slightly below the 6.0 percent limit. The FY 2008-09 6.0 percent General Fund base is calculated at \$7,519,595,320 General Fund. The Governor's FY 2008-09 General Fund request is for \$7,519,556,663, slightly below the 6.0 percent limit. The request builds in \$2,000,000 General Fund for the legislative set-aside as previously identified in November and includes \$915,677 General Fund for executive 2008 Session Legislation.

While the Governor's budget assumed growth rates for the elected officials' budgets in the overall 6.0 percent budget assumptions, these elected officials' budgets are neither reviewed nor approved by the Governor. As such, some of these elected officials' budgets may contain higher amounts of requested General Fund than was assumed in the Governor's November 1 executive budget.

The executive has provided a "Schedule 2B Budget Summary" for FY 2007-08 and FY 2008-09 for each executive department. This budget summary is a final reconciliation of FY 2007-08 and FY 2008-09 budget request changes to the operating budget appropriation and request base, respectively. We hope that this budget summary and reconciliation is helpful.

Thank you in advance for your consideration of these requests. Additionally, we greatly appreciate your staff's flexibility in the submission deadline for some of these requests. Should you have any questions about any of these requests, please do not hesitate to contact me.

Sincerely,

Todd Saliman
Director

cc: The Honorable Senator Moe Keller, Vice-Chairman
The Honorable Senator Steve Johnson
The Honorable Senator John Morse
The Honorable Representative Jack Pommer
The Honorable Representative Al White
Mr. John Ziegler, Joint Budget Committee Staff Director