

STATE OF COLORADO

OFFICE OF STATE PLANNING AND BUDGETING

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Bill Ritter, Jr.
Governor
Todd Saliman
Director

MEMORANDUM

TO: Senator Abel Tapia, Chairman, Joint Budget Committee
cc: Members of the Joint Budget Committee

FROM: Todd Saliman, Director, Office of State Planning and Budgeting

DATE: February 9, 2007

SUBJECT: Governor Ritter's Proposed Budget Changes (*Revised*)

Thank you for the opportunity to forward Governor Ritter's recommendations regarding the FY 2007-08 budget request. Attached please find a package of budget adjustments. These adjustments include, but are not limited to, the following:

- A \$130.3 million total funds decrease for Medicaid Premiums in the Department of Health Care Policy and Financing, including \$57.8 million General Fund and a \$8.6 million total funds decrease for Medicaid mental health in the Department of Health Care Policy and Financing, including \$7.7 million General Fund. These reductions are the result of forecasted Medicaid caseload decreases.
- A \$3.0 million General Fund savings associated with the withdrawal of the Department of Personnel and Administration's e-mail consolidation decision item.
- Open at least two driver's license offices to help reduce long lines and wait times. The Owens Administration closed two dozen driver's license offices around the state several years ago because of budget constraints. An increase in the driver's license fee (from \$15 to \$19.40) and specialty license plate fees (from \$25 to \$50) would provide approximately \$2.0 million to open the offices. It also would provide non-General Fund revenue to restore 25.0 FTE.
- Savings of \$0.6 million associated with recommended statutory changes to refinance the Department of Public Health and Environment's health facilities FY 2007-08 decision item and savings of \$0.2 million associated with refinancing of the water quality FY 2007-08 decision item instead with existing cash funds.
- An increase of \$41.4 million General Fund, plus other financing which total a \$99 million impact, for K-12 Education. This increase reflects an increase in enrollment of more than 8,000 students, a reduced projection for specific ownership tax revenues, and revised federal mineral lease revenue estimates.

- An increase of \$8.0 million General Fund for Governor Ritter's Recidivism Reduction and Offender Diversion Package, offset by immediate savings of \$3.2 million General Fund in the Department of Corrections. Long-term savings are projected for out-years. These changes are described in a separate memorandum.
- An increase of \$5.7 million General Fund for financial aid in Higher Education consistent with statutory requirements associated with the Higher Education base funding request.
- An increase of \$6.6 million total funds (\$2.5 million General Fund) for county administration in order to narrow the gap between county expenditures and associated state support.
- An allocation of \$2.0 million General Fund for the Controlled Maintenance Trust Fund.
- An increase of \$3.1 million (including \$1.0 million General Fund) to improve implementation of CBMS.
- An increase of \$0.8 million total funds (\$0.4 million General Fund) to implement a Medicaid managed care performance-based funding incentive for Denver Health.
- Federal Funds to reopen the Office of Civil Rights in Pueblo and Grand Junction.

A proposal to increase \$2.5 million General Fund for performance-based pay increases for state employees will be forthcoming.

FY 2007-08 Capital Budget

- An increase of \$23.6 million for capital construction projects and controlled maintenance for FY 2007-08. The added amount will allow for internet and telecommunications upgrades at three community colleges and help the University of Colorado at Colorado Springs and Fort Lewis College get started on multi-year projects to upgrade engineering and science facilities. (To help pay for the new projects, the recommendations contain adjustments to the FY 2006-07 operating budget, drawing down part of the Fitzsimons Trust Fund and reducing cost estimates at the large Colorado State Penitentiary II project.)

FY 2006-07

Attached please find a package of budget adjustments for FY 2006-07. These adjustments amend the FY 2006-07 budget. These adjustments include, but are not limited to, the following:

- A further \$9.4 million General Fund decrease for Medicaid Premiums plus a \$4.3 million General Fund decrease for Medicaid mental health in the Department of Health Care Policy and Financing. These reductions are the result of forecasted Medicaid caseload decreases.

- An increase of \$12.0 million General Fund for the transfer to the Capital Construction Trust Fund. This amount provides the financing for a portion of the FY 2007-08 capital construction request.
- Restoration of \$1.0 million General Fund for the Department of Military and Veterans Affairs for the State Veteran's Trust Fund.
- An increase of \$700,000 General Fund for the GEM/Government Efficiency Management Study.
- An increase of \$278,589 General Fund for settlements of Medicaid non-emergency medical transportation in the Department of Health Care Policy and Financing.
- An increase of \$37,996 General Fund for witness protection funded in the Department of Public Safety.