

# MEMORANDUM

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**TO:** Joint Budget Committee

**FROM:** John Ziegler, JBC Staff

**SUBJECT:** Options for Reducing and/or Increasing FY 2008-09 General Fund

**DATE:** February 9, 2009

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Attached is a report that contains options for reducing and/or increasing General Fund. You have reviewed these options throughout the supplemental process but have yet to take action on these items. The list is being provided to you as a starting point for any additional balancing that needs to be done for the FY 2008-09 budget. The list is comprised of two sections. The first provides options for reducing General Fund appropriations. The second provides options for increasing General Fund revenues.

*It is important to note that these items are not necessarily things that JBC staff would recommend doing in a normal year. They are options that were provided given the difficult budget position in which the State of Colorado finds itself.* Some of the items were requested by the Governor and some were not. There is a key at the bottom of each section of the report to help you understand the origin of the action.

## Options for Reducing General Fund Appropriations

Department Division/Topic Program/Policy Option	General Fund Impact*	See Key			Comments
		Category	Over- laps	Bill	
<b>Agriculture</b>					
Refinance Inspection and Consumer Services Programs with Cash Funds	(1,314,136)	Other	No	Yes	There are six programs in the Inspection and Consumer Services (ICS) sub-division that are funded with a mix of General Fund and Cash Funds. Funding was set by a JBC bill in 2007 based on how much each program benefits the "common good". Programs include: Commercial Feed, Commercial Fertilizer, Large Scale Measurement, Commodity Handlers, Metrology Lab, and Farm Products.
Eliminate Indirect Cost Caps	(584,853)	Other	No	Yes	The Department has four programs that have statutory caps on the amount the Department can collect for both agency and statewide overhead costs. During the last economic downturn, legislation was passed making it possible for the Department to collect the fullest amount of indirect costs applicable to a given division. This request is for the same. Programs with indirect cost caps include: Brand Inspection & Alternative Livestock, Mandatory Fruit & Vegetable, and Chemigation.
Eliminate Potato Inspection Subsidy	(200,000)	Other	No	Yes	The state pays \$200,000 of the Mandatory Fruit & Vegetable Inspection program's operational costs, with the remainder of the program costs paid with certificate fees.
Eliminate the Agricultural Markets Division	(177,281)	Other	No	No	This division provides marketing assistance and related support to Colorado agricultural-based businesses competing in local, national, and international arenas. Funding is estimated for the remaining 5 months of FY 2008-09. Full year costs are equal to \$409,620 General Fund.
Eliminate the Conservation Board Division	(436,884)	Other	No	No	This division 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. The funding reduction is estimated for the remaining 5 months of FY 2008-09. Full year costs are equal to \$1,048,522 General Fund.
Eliminate Fee Caps	(45,000)	Other	No	Yes	There are four programs that have fees capped in statute. Capped fees restrict the Department's ability to set fees to adequately collect a commensurate level of revenue to cover direct and indirect operating costs. When revenue levels are deficient to cover the total costs of the program, the shortfall is backfilled with General Fund. Programs include Seed Inspection, Brand Inspection, Groundwater Protection, and Aquaculture Inspection.
Eliminate Various Programs' General Fund	(1,124,815)	Other	No	No	There are eight programs in the Department that are funded in part with General Fund. Programs include the State Veterinarian, Disease Control, Biological Pest Control (Insectary), Noxious Weeds, Seed Inspections, Predator and Rodent Control, Bureau of Animal Protection, and Agricultural Statistics Bulletin.
<b>Subtotal - Agriculture</b>	<b>(3,882,969)</b>				
<b>Corrections</b>					
Reduce Flexible Spending Intended to Fund the Community Re-entry Pre-release Program	unknown	Other	No	No	This option would reduce the amount available to fund the community re-entry pre-release program. The Department has plans to use \$1,000,000 of the \$2,000,000 in external capacity flexible spending for a program to prepare inmates for community reintegration prior to their release from prison. The Department indicates that it intends to add some FTE related to this program in the second half of FY 2008-09. These hires could be put on hold and the additional money could be reduced or could be used to refinance other General Fund appropriations within the Department.
Reduce the Provider Rate to Private Prisons by 1.0 Percent	(435,740)	Other	No	No	This option would reduce the provider rate paid to private prisons by 1.0 percent. This rate could be further reduced with the above calculated savings for each 1.0 percent reduction. Staff notes that the private prison provider rate was decreased by 9.6 percent during the last economic downturn. The current department-requested rate of \$52.69 is below the FY 2001-02 rate of \$54.66.

## Options for Reducing General Fund Appropriations

Department Division/Topic Program/Policy Option	General Fund Impact*	See Key			Comments
		Category	Over- laps	Bill	
Reduce the Reimbursement Rate to Local Jails by 1.0 Percent	(32,400)	Other	No	No	Local jails are reimbursed for housing offenders who are awaiting prison beds. This option would reduce the reimbursement rate paid to local jails by 1.0 percent. This rate could be further reduced with the above calculated savings for each 1.0 percent reduction. Staff notes that the local jails reimbursement rate was decreased by 10.0 percent during the last economic downturn. The current department-requested rate of \$50.44 is below the FY 2001-02 rate of \$51.65.
Reduce or Eliminate the Labor Subprogram	unknown	Other	No	No	The labor subprogram is responsible for the development and supervision of inmate work assignments involving physical labor to assist the Department with reclamation, landscaping, construction and other related projects. The Department identifies three components of the labor program: (1) intensive labor -- operated on an incentive basis so that the inmate is able to demonstrate that he or she is willing to modify his or her behavior; (2) inter-facility labor -- concentrated in the Canon minimum centers, using inmates for land reclamation and erosion control; and (3) off grounds labor -- usually reserved for minimum security facilities to provide off grounds inmate work crews for a variety of governmental projects. This option would reduce or eliminate this program. The savings would be dependent on the amount already spent year-to-date on the program.
Change Various Criminal Sentencing Laws or Conditions of Parole	unknown	Other	No	Yes	The caseload in the Department of Corrections could be reduced by changing various criminal sentencing laws or by reducing or eliminating mandatory parole.
<b>Subtotal - Corrections</b>					
<b>Education</b>					
Eliminate \$2M "extra" that was added in FY 08-09 above Constitutional requirement	0	Staff Rec.	No	Yes	The G.A. added \$2,000,000 SEF to expand the High Cost Grant Program to reimburse districts for a portion of the costs of providing services to high needs students. Staff recommended delaying or eliminating this increase, which would reduce the base that is used to calculate future required increases in state funding for categorical programs.
Refinance CSAP with SEF	(15,719,422)	Flagged	No	Yes	The Department proposed eliminating the GF appropriation for CSAP and instead appropriating SEF. Staff cautions that this will have a significant impact on the solvency of the SEF, and will thus require other offsetting decreases in expenditures in future fiscal years.
Reduce or eliminate funding for various grant programs	(1,200,000)	Staff Rec.	No	Yes	In addition to the requested reductions for various grant programs proposed by the Department, there are other grant programs which may offer additional savings if reduced, however further analysis needs to be performed before a staff recommendation can be made. The grant programs include, but are not limited to: School Counselor Corps Grants, Reduced Price Lunch Subsidies, Family Literacy Education, Dropout Prevention, Reading Assistance, Smart Start Nutrition, Declining Enrollment Study, and Regional Service Cooperatives.
Transfer Various	(1,000,000)	Staff Rec.	No	Yes	Transfers fund balances from various cash funds within the Department. As of January 30, 2009, staff has identified approximately \$1 million in fund balance that could potentially be transferred to the General Fund. Cash fund sources include the following: Online Education Cash Fund, Educator Licensure Cash Fund, Family Literacy Education Cash Fund, Reading Assistance Grant Fund, Financial Literacy Cash Fund, Non-public School Fingerprint, Science and Technology Education Cash Fund, Teacher Development Cash Fund, Closing the Achievement Gap Fund, and the National Academic Contest Fund.
<b>Subtotal - Education</b>					

## Options for Reducing General Fund Appropriations

Department Division/Topic Program/Policy Option	General Fund Impact*	See Key			Comments
		Category	Over- laps	Bill	
<b>Governor</b>					
Various line items	(14,500,000)	Other	No	No	The Governor holds approximately \$14.5 million in federal flexible funds. The Committee may be able to convince the Governor to backfill decreased GF appropriations with these monies.
<b>Subtotal - Governor</b>	<b>(14,500,000)</b>				
<b>Health Care Policy and Financing</b>					
General Fund Offset for Consumer Directed Care Waiver	(709,066)	Gov. Req.	No	No	Staff will re-address in March. Staff didn't recommend because the waiver has not yet been approved and did not want to count on federal revenue until it was certain.
Nursing Facility Provider Rate Reduction	(1,052,423)	Gov. Req.	No	Yes	Staff will re-address in March. Details are still being worked on.
Delay Managed Care Payments	(15,332,958)	Flagged	Yes	No	Staff did not recommend until we find out what the FMAP change is going to be in the federal stimulus package.
General Fund Savings from H.B. 08-1114	(3,980,710)	Gov. Req.	Yes	No	Staff will re-address in March when we know if the waiver will be approved by April.
Steeper Provider Rate Reductions (Staff Alt #2)	(3,060,229)	Staff Rec.	Yes	No	This would move the Department's proposed rate reductions for FY 2009-10 to April 2009 instead of July 2009.
Increase the transfer from DPHE for treatment of cancer and heart disease and offset General Fund	(2,000,000)	Staff Rec.	No	Yes	This would transfer \$2.0 million more from the DPHE Prevention, Early Detection, and Treatment Fund to the Department for FY 2008-09 & FY 2009-10 only. This additional \$2.0 million would be used to offset treatment costs for cancer and heart disease currently paid from the General Fund.
Reduce Appropriation to Health Care Services Fund	(3,750,000)	Other	No	Yes	Reduce the \$15.0 million Health Care Services Fund appropriation by 25% for FY 2008-09 (the last quarter of funding).
Reduce Appropriations to Children's Hospital Clinic Program	(750,000)	Other	No	No	Reduce the \$3.1 million General Fund appropriation to clinics that participate in the indigent care program by 25% for FY 2008-09 (i.e. the last quarter of funding).
Recognize FMAP Increase	(107,000,000)	Gov. Req.	Yes	No	Staff will revisit this issue in March after the federal stimulus package has passed. Amounts may change based on budget actions taken.
<b>Subtotal - Health Care Policy and Financing</b>	<b>(137,635,386)</b>				
<b>Higher Education</b>					
<u>Governing Boards</u>					
Reduce GF by 2% of total funds (including tuition/fees)	(8,154,706)	Staff Rec.	No	No	The Gov. proposed a 4.7% GF reduction, but as a percent of total appropriated funds, the Gov.'s request represents only a 1.6% reduction. Staff believes that the institutions have the capacity to absorb larger mid-year GF reductions: a) they maintain operating reserves and auxiliary reserves; b) they have known about the potential for reductions since September and should have already implemented significant budget saving measures, if they responded in-kind to the hiring freeze required of other state agencies; and c) in FY 2001-02 the institutions managed to absorb a \$40 million mid-year GF reduction, and in FY 2002-03 they absorbed a \$112 million mid-year GF reduction.
Unauthorized fees at CSU and Mines	(238,715)	Flagged	No	No	Staff recommended reducing GF for CSU by \$211,860 and for Mines by \$26,855, which is 3% of the projected revenue from some academic facility fees that the institutions implemented before receiving approval from the G.A. The JBC tabled a vote on the staff recommendation and flagged the issue.
<b>Subtotal - Higher Ed</b>	<b>(8,393,421)</b>				
<b>Human Services</b>					

## Options for Reducing General Fund Appropriations

Department Division/Topic Program/Policy Option	General Fund Impact*	See Key			Comments
		Category	Over- laps	Bill	
<u>Developmental Disability Program Costs</u> Hold Harmless funding	(4,000,000)	Other	No	No	Approximately \$6.0 million remains of General Fund amounts originally appropriated in FY 2006-07 and FY 2007-08 and rolled-forward to FY 2008-09 to help offset the impacts of systems change in the developmental disability system. The appropriation was originally intended to last 1 year, but, due to delays in systems change, new rates have only gone into effect for 1/2 year in FY 2008-09 and associated billing will cover only five months. Thus far it has proven impossible for the Department to clearly quantify the hold-harmless need, and distribution is anticipated to be cumbersome. Staff would suggest that the Department be requested to "hold" this much of the funding pending further data on developmental disability Medicaid program spending.
Non Medicaid developmental disability funding	(3,000,000)	Other	No	No	There is currently \$31.5 million in non-Medicaid General Fund appropriations for developmental disability Program Costs. This includes, in particular, about \$6.5 million for the Family Support Services program and about \$8.0 million for non-Medicaid supported living services. During the prior downturn, the General Assembly reduced the family support program by 50 percent and supported living General Fund rates by \$1.0 million. These reductions were subsequently restored. Funding includes \$300,000 for new Family Support Services resources added in FY 2008-09. Total shown represents approximately 10 percent of the appropriation. A greater reduction could also be considered.
Medicaid waiver rates and benefits	unknown	Other	No	No	Potential Medicaid rate reductions for developmental disability programs in FY 2008-09 will be discussed as part of a common policy rate discussion later in January. Additional rate/program reductions in FY 2008-09 would likely be problematic, particularly given ongoing systems-change. Please note, however, that reductions in waiver program benefits could be one route for reducing costs in FY 2009-10 and future years, if needed. This might include, for example, reducing the maximum units of certain kinds of services that can be billed for an individual with a specific severity level. Staff is not recommending any specific adjustment; however the Committee should be aware that this could be one route for future reductions.
<u>State and Veterans Nursing Homes</u> Nursing home consulting services	(195,627)	Other	No	No	The General Assembly currently provides \$1.2 million in direct and indirect General Fund operating subsidies for the state and veterans nursing homes. This is a small share of the homes' combined operating budgets of \$45 to \$50 million. Of the total subsidy, \$195,627 (shown above) is for nursing home consulting services and was originally anticipated to be temporary. In addition to this amount, \$186,130 General Fund is provided to assist Homelake Domiciliary and \$800,000 represents the approximate value of indirect costs for the nursing homes that are covered by the General Fund.
<u>Child Care Assistance Program</u> Block reduction	(1,000,000)	Other	No	No	The Child Care Assistance Program is funded with a combination of General Fund, federal block grant funds, county funds, and county transfers of TANF dollars. Counties have significant discretion over who qualifies for subsidies and the level of provider reimbursement and, historically, the size of the General Fund subsidy has seemed to have little impact on the overall scope of the program, particularly given that the program can grow or shrink by \$30 million, depending upon county TANF policies. Staff currently believes that some General Fund reduction could be taken without undue impact on the program. The program's current appropriation is \$78.1 million, including \$16.4 million General Fund. The amount shown represents a 1.3 percent reduction in the overall appropriation and might be compensated-for by county TANF-transfers. A larger reduction may be an option depending upon availability of other fund sources to cover various federal maintenance of effort and matching requirements.

## Options for Reducing General Fund Appropriations

Department Division/Topic Program/Policy Option	General Fund Impact*	See Key			Comments
		Category	Over- laps	Bill	
<u>Child Care Administration</u> One-time refinance with cash fund	(100,000)	Other	No	No	Staff anticipates that approximately \$100,000 in the current Child Care Licensing Cash Fund fund balance could be used to offset General Fund otherwise required on a one-time basis. Please note that staff will recommend this for FY 2008-09 IF it is not included in a Department request for FY 2009-10. This is a one-time option.
<u>Child Welfare Administration</u> New staff/studies added FY 2008-09	unknown	Other	No	No	A total of \$535,526 was added for child welfare administration in FY 2008-09. Hiring freeze savings reported total just \$33,445 General Fund. Thus many of these positions may have been filled. Nonetheless, some additional reduction may be feasible, e.g. based on new study funding (\$90,000) that staff was informed had been "frozen". Staff will explore this issue further.
<u>County Administration</u> Reduce appropriation for County Tax Base Relief	unknown	Other	No	No	The CTBR GF appropriation is \$6.1 million. Through December, the Department has expended \$3.8 million. The Department estimates that they will underexpend by about \$0.5 million. Depending on timing, the appropriation could be reduced by something between \$0.5 million and \$2.3 million.
<u>Division of Youth Corrections</u> Reduce appropriation for Purchase of Contract Placements	(82,401)	Other	No	No	This option includes the difference between staff's calculation of the required FY 2008-09 appropriation for the Purchase of Contract Placements line item and the Department's FY 2008-09 supplemental request for the line item. The Department has indicated that this difference would be used by the Division of Youth Corrections to maintain its Continuum of Care Initiative.
Reduce appropriation for S.B. 91-94 programs	unknown	Other	No	No	This option would reduce the appropriation available for S.B. 91-94 programs. These programs are designed to provide local communities with alternatives to incarceration for youth offenders. During the previous economic downturn, this funding was reduced substantially. However, staff believes it actually costs the State more to eliminate these programs than it saves because the alternatives to incarceration are generally less costly than commitment to the Division of Youth Corrections.
Reduce appropriation for parole program services	unknown	Other	No	No	This option would reduce the appropriation available for parole services. Currently, all youth offenders committed to the Division are required to complete six months of mandatory parole. This appropriation also was reduced substantially during the last downturn. Again, staff believes that it may cost the State more to reduce these services than it saves because a lack of parole services has been shown to increase recidivism. Given that the DYC commitment population has been declining in recent years, it may not be worth reducing this appropriation if it leads to an increasing commitment population in the future. Alternatively, the Committee could consider reducing or even eliminating mandatory parole; however, this would require a statutory change.
<u>Mental Health / ADAD</u> Shift the proposed 1.5% provider rate decrease from 09-10 to last quarter of 08-09 fiscal year	(193,073)	Other	Yes	No	This option moves up the elimination of the 1.5 percent inflationary cost of living adjustment that community providers received for FY 2008-09. It shifts the closure to April 1, 2009, to capture savings in the final quarter of FY 2008-09. Parts of this recommendation overlap with Amanda's proposed common policy reductions, which also achieve the same effect - but Amanda's recommendations don't impact of the line items included here (and thus don't capture all of the savings included here).
Reduce by one-third the appropriation for behavioral health stabilization services	(162,500)	Other	No	No	This option would reduce by one-third the additional funds that were appropriated specifically for the Colorado West Regional Mental Health Center for FY 2008-09. These funds were in addition to those that the community mental health centers typically receive through contracts with the State.

## Options for Reducing General Fund Appropriations

Department Division/Topic Program/Policy Option	General Fund Impact*	See Key			Comments
		Category	Over- laps	Bill	
Move up closure of the General Hospital	unknown	Other	N	No	This option moves up OSPB's proposed closure of the General Hospital, at the Colorado Mental Health Institute - Pueblo, from FY 2009-10 to April, 2009. This would capture savings in the final quarter of FY 2008-09, as well. Estimated savings are between \$350,000 and \$450,000 General Fund.
Eliminate nurse compression pay for last quarter of FY 2008-09	(246,597)	Other	No	No	The Department received an additional \$986,386 General Fund for nurse compression pay in FY 2008-09. This option reduces the final quarter of the pay. It wouldn't necessarily reduce nurse salaries because the Institutes could potentially access vacancy savings, longer-term savings due to the hiring freeze, and savings due to improved efficiencies, that currently exist within the \$99.0 million Institutes line item. Annualizes to \$1,076,058 General Fund in FY 2009-10.
Eliminate base reduction exemption at the Mental Health Institutes	(633,088)	Other	No	No	Over the past several years, during comebacks OSPB has requested (and been granted) an exemption from the base reduction common policy for the Institutes line item. This option would rescind the exemption and reduce the appropriation by \$633,088 General Fund in FY 2008-09. The reduction would carry forward in the base for FY 2009-10. The Department frequently cites high turnover at the Institutes, which indicates to staff that there are potential vacancy savings to capture.
Eliminate last quarter of additional funds for STIRRT	(167,400)	Other	No	No	This option addresses the additional \$669,000 General Fund that the Department received for FY 2008-09 to open an eight-bed unit for women. These are new beds, and their closure wouldn't impact long-term services. It is also possible that existing STIRRT funds, other cash funds, or other contracts through the Alcohol and Drug Abuse Division could support these operations. Additionally, residential beds are significantly more expensive than intensive outpatient treatments. This option annualizes to \$669,600 General Fund in FY 2009-10.
<b>Subtotal - Human Services</b>	<b>(9,780,686)</b>				
<b>Judicial</b>					
Furloughs	(728,146)	Other	No	No	Figure reflects estimated savings from one day of furlough (excludes all judges and justices)
Roll back rate increase of court appointed counsel	(272,000)	Other	No	No	Figure reflects estimated savings associated with one month of reducing hourly rate from \$65 to \$60
Reduce or eliminate mid-year increase in funding for District Attorney Mandated Costs	(300,000)	Flagged	No	No	Committee approved request to increase funding by \$300,000 (to \$2,226,052), but asked that this decision be flagged for possible reconsideration.
Eliminate Family Violence Grants for last quarter	(186,250)	Other	No	No	General Assembly increased funding for agencies that provide legal representation to indigent victims of domestic violence from \$500,000 to \$750,000 for FY 2008-09. Figure reflects the amount that will be distributed in last quarter of FY.
<b>Subtotal - Judicial</b>	<b>(1,486,396)</b>				
<b>Local Affairs</b>					
Affordable Housing Construction Grants and Loans	(900,000)	Other	No	No	This program provides state funding for grants and loans for the rehabilitation, acquisition, and maintenance of affordable, safe, sanitary housing for low-income households. The FY 08-09 appropriation is \$2.25 million.
Eliminate MOE	(292,398)	Other	No	No	The state is required to provide maintenance of effort funding for the Community Services Block Grant, Emergency Management Performance Grants, and Pre-Disaster Mitigation Grant programs.
<b>Subtotal - Local Affairs</b>	<b>(1,192,398)</b>				

## Options for Reducing General Fund Appropriations

Department Division/Topic Program/Policy Option	General Fund Impact*	See Key			Comments
		Category	Over- laps	Bill	
<b>Public Health and Environment</b>					
Eliminate Hepatitis C program	(200,000)	Flagged	No	No	The Department requested elimination of its Hepatitis C program. The JBC made no decision but flagged it for budget balancing.
Water Quality Control Fund	(1,000,000)	Other	No	Yes	Transferring funds out of the the Water Quality Control Fund, created in Section 25-8-502 (1) (c), would exhaust the fund balance and require increases in fees going forward. Doing so in FY 2008-09 would only make sense in the context of moving a fee bill to cash fund the water division in FY 2009-10 and going forward. Such a bill would allow the JBC to refinance some costs from the remainder of FY 2008-09 from General Fund to cash funds. Without such a bill, a transfer would deplete funds that the Department anticipates needing in FY 2009-10 and beyond.
<b>Subtotal - Public Health and Environment</b>	<b>(1,200,000)</b>				
<b>Public Safety</b>					
<u>Division of Criminal Justice</u>					
Reduce the provider rate to Community Corrections programs by 1.0 percent	(486,206)	Other	No	No	This option would reduce the provider rate paid to Community Corrections programs by 1.0 percent. This rate could be further reduced with the above calculated savings for each 1.0 percent reduction. Staff notes that the Community Corrections provider rate was decreased by 8.0 percent during the last economic downturn. The current department-adjusted rate of \$37.74 is just slightly above the FY 2001-02 rate of \$37.72.
Reduce the reimbursement rate to Community Corrections boards by 1.0 percent	(480,937)	Other	No	No	Pursuant to Section 17-27-108, C.R.S., the Division is authorized to allocate up to 5.0 percent of the appropriations for community corrections programs to the 23 Community Corrections boards to offset their administrative costs. Community Corrections boards currently receive an appropriation equal to 4.0 percent of the appropriations for Community Corrections programs. This option would reduce that percentage to 3.0 percent. This rate could be further reduced with the above calculated savings for each 1.0 percent reduction. During the previous economic downturn, this reimbursement rate was reduced from 5.0 percent to the current rate of 4.0 percent.
Reduce appropriation for juvenile diversion programs	unknown	Other	No	No	This option would reduce the appropriation for juvenile diversion programs. The Juvenile Diversion programs are supported jointly by state and local sources to provide community-based programs that serve as (1) an alternative to filing in juvenile court; (2) a supplement to high risk or high need juveniles on probation; or (3) a treatment/supervision resource for youth placed in communities by the Division of Youth Services. Over 3,500 youth are served annually by the programs. All programs that receive state diversion funds are required to provide at least 25 percent local matching funds. The Juvenile Diversion program line item was vetoed in FY 2002-03 (\$2,483,702 General Fund had been included in the Long Bill). In FY 2003-04, \$500,000 cash funds exempt (Tobacco Settlement Fund) were appropriated on a one-time basis. No appropriation was made for FY 2004-05 or FY 2005-06. In FY 2006-07, the JBC voted to restore \$1,241,851 General Fund to this line item. The current FY 2008-09 appropriation is \$1,241,851 General Fund.
Reduce or eliminate the appropriation for the transition mental health differential and diversion mental health differential	unknown	Other	No	No	These appropriations provide mental health services for offenders in Community Corrections programs. The current appropriations support a differential payment of \$32.53 for 85 transition clients and 20 diversion clients. This differential payment is in addition to the \$37.53 appropriated as a base per diem for Community Corrections beds. These line items were added during FY 2002-03.

## Options for Reducing General Fund Appropriations

Department Division/Topic Program/Policy Option	General Fund Impact*	See Key			Comments
		Category	Over- laps	Bill	
Refinance the Instacheck program to cash funds by instituting a fee for background checks on firearm purchases.	unknown	Other	No	Yes	The Governor is proposing an Instacheck fee to take effect in FY 2009-10. Fully funding the program for a full fiscal year would save roughly \$1.7 million General Fund. However, the General Fund impact in FY 2008-09 depends on the effective date of the proposed bill and other actions taken by the Committee. An earlier effective date would generate more revenue and save additional General Fund. The Committee has already approved other reductions to Instacheck's General Fund appropriation for FY 2008-09. Leaving those in place and cash funding the remainder would reduce the necessary fee but would also reduce the General Fund savings.
<b>Subtotal - Public Safety</b>	<b>(967,143)</b>				
<b>Regulatory Agencies</b> Satellite Offices in Pueblo and Grand Junction	<b>(113,801)</b>	Other	No	No	Close the two satellite offices in Grand Junction and Pueblo. Offices are funded by GF and FF, and each has 1.5 FTE. The cost of the Pueblo office is \$109,148 and the cost of the Grand Junction office is \$103,100. The Pueblo office was opened August 2007 and the Grand Junction was opened August 2008.
<b>Subtotal - Regulatory Agencies</b>	<b>(113,801)</b>				
<b>Statewide</b> Reduce Year End Reserve by Half	<b>(148,500,000)</b>	Gov. Req.	No	Yes	The Governor has requested that the statutory reserve be lowered to 2.0 percent for purposes of balancing FY 2008-09. The amount is approximate based on level of appropriations.
Reduce Year End Reserve to Zero	<b>(148,500,000)</b>	Other	Yes	Yes	The Governor has asked for the flexibility to allow the statutory reserve to fall to zero in FY 2008-09, but he has not requested that this action be included as part of the balancing in his request. The Committee could choose to lower the reserve to zero in FY 2008-09 as part of their balancing plan. Doing so would run the risk of not having a place to reduce expenditures without an actual reaction in programs should revenues drop further. This action combined with the item above would completely eliminate the statutory reserve for FY 2008-09. The amount is approximate based on level of appropriations.
<b>Subtotal - Statewide</b>	<b>(297,000,000)</b>				
<b>GRAND TOTAL</b>	<b>(494,071,622)</b>				

Flagged	(31,791,095)
Gov. Req.	(261,242,199)
Staff Rec.	(15,414,935)
Other	(186,091,533)

**NOTE:** Some subtotals and the grand total may include options that overlap with others. If there is an either/or choice between two options, the tradeoff is explained in the comments section.

<b>Key:</b>
General Fund Impact = expressed as the difference from the JBC's actions to date. Negative numbers decrease expenditures.
Category:
<i>Flagged = JBC flagged the item for possible later consideration</i>
<i>Gov. Req. = Governor's request was higher/(lower) than the JBC action</i>
<i>Staff Rec. = Staff recommendation was higher/(lower) than the JBC action</i>
<i>Other = Other ideas</i>

## Options for Reducing General Fund Appropriations

Department Division/Topic Program/Policy Option	General Fund Impact*	See Key			Comments
		Category	Over- laps	Bill	
<p>Overlaps = A "yes" in this column indicates that the option overlaps with another and the interaction is explained in the comments section.</p> <p>Bill = A "yes" in this column indicates that implementing the option would require legislation.</p> <p>* General Fund reflects "net" General Fund, i.e., Medicaid adjustments in Human Services that drive General Fund savings in Health Care Policy and Financing are listed in the Department of Human Services.</p>					

## Options for Increasing Revenue to the General Fund

Department Division/Topic Cash Fund/Policy Option	General Fund Impact*	See Key			Comments
		Category	Over- laps	Bill	
<b>Agriculture</b> Transfer various cash fund balances to the General Fund	290,364	Staff Rec.	No	Yes	Transfers fund balances from various cash funds within the Department. Cash fund sources include Organic Certification Fund, Wine Development Fund, Phytosanitary Inspection Fund, Rodent Control Fund, Animal Protection Fund, Colorado Aquaculture Fund, Biological Pest Control Fund, Dangerous Dog Fund, Bee Inspection Fund, and Seal of Quality Fund.
<b>Subtotal - Agriculture</b>	<b>290,364</b>				
<b>Education</b> Temporarily re-direct state school lands moneys	24,600,000	Staff Rec.	No	Yes	Temporarily redirect revenues related to school lands that are not needed for capital construction projects to the State Public School Fund to support recent expansion efforts (e.g., new preschool slots or supplemental full-day kindergarten funding). This would improve SEF solvency. Estimated maximum that could be redirected: \$24.6M in FY 2008-09; \$39.0M in FY 2009-10. Action would reduce or eliminate growth in Permanent Fund Trust Fund balance.
Require districts to return any supplemental kindergarten funding not used to SEF	Unkown	Staff Rec.	No	Yes	A school district that does not use additional full-day kindergarten funds to expand programs is required to hold the moneys received in a reserve. The reserve is to be used in the future for expansion of full-day kindergarten or, for FY 2008-09 only, for planning and facility preparation necessary to provide full-day kindergarten. Potential impact on SEF is unknown.
<b>Subtotal - Education</b>	<b>24,600,000</b>				
<b>Health Care Policy and Financing</b> Children's Basic Health Plan Trust Fund	4,200,000	Gov. Req.		Yes	OSPB requested a transfer of \$4.2 million from CBHP Trust Fund in FY 2008-09. Staff asked to delay this until after the JBC introduced the bill to delay the expansion of CBHP. Staff also asked that this transfer not be done until March when the forecast for both FY 2008-09 and FY 2009-10 are complete so we can decide on what year to do the transfer and on what exact amount makes sense.
<b>Subtotal - Health Care Policy and Financing</b>	<b>4,200,000</b>				
<b>Human Services</b> Traumatic Brain Injury Trust Fund	2,500,000	Flagged	No	Yes	This Fund, created at Section 26-1-309 (1), C.R.S., is derived from moneys collected on traffic offenses. It supports the Colorado Traumatic Brain Injury Program, created at Section 26-1-301 through 310, C.R.S. The program benefits individuals with traumatic brain injuries through direct services, research, and public education about brain injuries. In the initial years after the program was created in 2003, it failed to fully spend its revenue. The Department has requested FY 2009-10 Decision Item 19, which would increase the annual appropriation by approximately \$600,000 per year in order to spend down the fund balance. Staff recommends, in lieu of this, that appropriation for the program be increased to a level sustainable on an ongoing basis (approximately \$2.0 million) and most of the existing fund balance (approximately \$2.5 million) be transferred to the General Fund. Amounts to be refined if JBC wishes to pursue.

## Options for Increasing Revenue to the General Fund

Department Division/Topic Cash Fund/Policy Option	General Fund Impact*	See Key			Comments
		Category	Over- laps	Bill	
Refinance State Funding for Senior Services	6,000,000	Other	Yes	Yes	The State Funding for Senior Services line item currently includes an appropriation of \$8.0 million cash funds from the Older Coloradans Fund. Moneys in the Older Coloradans cash fund are the result of a diversion of a portion of the transfer from the Old Age Pension Fund to the General Fund. Decreases in the diversion result in an increased transfer to the General Fund. The Committee voted to carry a bill reducing the diversion to \$6.0 million. The remaining diversion could be eliminated and the program funded from the General Fund instead. This results in an increase in GF revenue, offset by the need for an increased GF appropriation for the program. There is no net savings, but GF revenues are increased.
Transfer the Tier 2 tobacco dollars appropriated for mental health community programs to the General Fund	1,381,094	Other	Yes	Yes	This option transfers dollars associated with the two Mental Health / ADAD "Tier 2" programs, funded by tobacco litigation settlement funds, to the General Fund for the final quarter of FY 2008-09. These dollars were historically deposited directly into the General Fund prior to the creation of these programs in FY 2007-08. Diverting this revenue to the General Fund for the full FY 2009-10 would generate approximately \$5.5 million. The FY 2008-09 diversion overlaps with the transfer of \$307,536 to the GF from these programs. The Committee already approved a bill, during supplementals, to transfer the \$307,000.
<b>Subtotal - Human Services</b>	<b>9,881,094</b>				
<b>Labor and Employment</b>					
Workers' Compensation, Workers' Compensation Cash Fund	8,700,000	Flagged	No	Yes	On 1/21/09 the Committee approved a transfer from the Workers' Compensation Cash Fund of \$7 million. The Department request was for \$15.7 million. The JBC flagged the difference of \$8.7 million if at the end of supplementals more dollars are needed to balance the budget.
Employment and Training Unemployment Surcharge	10,500,000	Flagged	No	Yes	Currently the Unemployment Insurance Surcharge is 0.22 percent on the first \$10,000 of wages earned by an employee, pursuant to section 8-76-102 (4) (d), C.R.S. Section 8-76-102 (4) (b) directs that fifty percent of the surcharge be deposited into the Employment Support Fund and the other fifty percent be deposited into the Unemployment Insurance Compensation Fund. This statute could be amended so that the percentage currently being deposited into the Unemployment Insurance Fund is deposited into the General Fund for a period of time. This transfer of funds would not affect the State's ability to pay unemployment benefits.
<b>Subtotal - Labor and Employment</b>	<b>19,200,000</b>				
<b>Law</b>					
Transfer from the Defense Account of the Tobacco Litigation Settlement Fund to the General Fund.	3,000,000	Staff Rec.	No	Yes	The account has a balance of \$3.5 million as of January 1, 2009 and is currently being used to pay for legal work in the dispute with tobacco manufacturers over the state's diligent enforcement of its non-participating manufacturer laws. The account is also used to pay for non-participating manufacturer enforcement work. Projected expenditures from the fund this year are \$486,000. These are necessary expenses that will have to be paid from the General Fund if the balance of the fund is transferred to the General Fund. The balance of this account was transferred to the General Fund during the last economic downturn and was subsequently repaid. The account has no sources of income; if its balance is transferred to the General Fund without a repayment, the fund will remain empty.
<b>Subtotal - Law</b>	<b>3,000,000</b>				

## Options for Increasing Revenue to the General Fund

Department Division/Topic Cash Fund/Policy Option	General Fund Impact*	See Key			Comments
		Category	Over- laps	Bill	
<b>Local Affairs</b>					
Transfer from the Local Government Mineral Impact Fund	3,265,000	Other	No	Yes	The Local Government FML Impact Fund has approximately \$3.3 million in uncommitted fund balance that could be transferred to the General Fund. The OSPB requested \$0 transfer, but had been considering an amount.
Transfer various cash funds to GF	23,200,000	Other	No	Yes	There is approximately \$23.1 million in fund balance in various cash funds that could be transferred to the General Fund. Fund sources include funding from such sources as severance tax revenues, limited gaming revenues, Housing Rehabilitation Revolving Loans Fund, Waste Tire Clean Up, Moffat Tunnel Cash Fund, and the Search and Rescue Fund.
<b>Subtotal - Local Affairs</b>	<b>26,465,000</b>				
<b>Natural Resources</b>					
Adjust severance expenditures to allow a transfer to the General Fund	12,000,000	Staff Rec.	No	Yes	The staff recommendation depends largely on eliminating severance funding for low income energy assistance and replacing it with federal funds and changes to utility fee rates. To a lesser extent, the staff recommendation also relies on refinancing the Oil and Gas Conservation Commission with a 0.4 - 0.5 mill increase in the mill levy fee on oil and gas production. The staff recommendation includes short-term reductions with smaller policy impacts for several other programs funded from severance taxes.
CWCB Constr. Fund #424 (Section 37-60-121, 37-60-119, C.R.S.)	5,465,272	Other	No	Yes	The Committee already approved a \$10.0 million transfer into GF for FY 2008-09. This is additional amount remaining in fund that can be swept out. Impact of this additional transfer would mean less funding available in FY 2009-10 for water project loans and non-reimbursable investments.
Perpetual Account (Section 37-60-119, 39-29-109(2)(a), C.R.S.)	19,869,753	Other	No	Yes	The Committee already approved a \$20.0 million transfer into GF for FY 2008-09. This is additional amount remaining in the fund that can be swept out. Impact of this additional transfer would mean less funding available in FY 2009-10 for water project loans.
<b>Subtotal - Natural Resources</b>	<b>37,335,025</b>				
<b>Public Health and Environment</b>					
Hazardous Substance Response Fund	20,000,000	Flagged	No	Yes	The JBC approved a \$10 million transfer from the HSRF to the General Fund but flagged it for consideration of additional transfers if necessary to balance the budget. The transfer could grow significantly larger without immediate impacts on the Department's operations and the long-term impact could be minimized as long as the funds were paid back to the HSRF. In 2002, the General Assembly transferred \$30 million from the HSRF to the General Fund which was paid back in 2006. The Committee could consider either significantly increasing the transfer for FY 2008-09 or staging the transfers to allow another in FY 2009-10 or potentially beyond. Any transfers from the HSRF would require statutory change. Outyear costs to the state superfund program would result from loss of fund balance if the transfer is not repaid and loss of interest if the transfer is repaid.
Stationary Sources Control Fund	2,000,000	Flagged	No	Yes	The Stationary Sources Control Fund, created in Section 25-7-114.7 (2) (b) (I), had accumulated a balance of \$1.4 million as of the end of FY 2007-08 and according to the November budget submission the balance is expected to grow to \$2.27 million by the end of FY 2008-09, under a fee bill passed last session (S.B. 08-55). A transfer to the General Fund would be possible although it would accelerate the necessary timing of the Department's next bill to increase fees.

## Options for Increasing Revenue to the General Fund

Department Division/Topic Cash Fund/Policy Option	General Fund Impact*	See Key			Comments
		Category	Over- laps	Bill	
<b>Subtotal - Public Health and Environment</b>					
<b>Regulatory Agencies</b>					
Division of Registrations Cash Fund	500,000	Flagged	No	Yes	The State Auditor's report on uncommitted cash fund reserves noted the Division of Registrations Cash Fund had uncommitted reserves of \$901,928. In addition to the money being reverted into the cash fund as a result of the hiring freeze, it would be possible to transfer a portion of these reserves into the General Fund. Any transfer out of the Division of Registrations Cash Fund would affect fees set by the Department.
Motor Carrier Cash Fund	400,000	Flagged	No	Yes	The Motor Carrier Cash Fund is funded through an annual fee set by the Commissioner of the Public Utility Commission on each motor vehicle carrier. The current uncommitted fund balance is \$539,985, of which the JBC could transfer anywhere from \$100,000 to \$400,000 into the General Fund. If money is transferred out of the Motor Carrier Cash Fund the fee increase would be felt by the approximately 20,000 motor carriers across the state. The motor carrier fee increased from \$5 to \$50 on July 1, 2008 as a result of changes at the federal level.
Fixed Utilities Cash Fund	2,000,000	Flagged	No	Yes	Revenue for the Fixed Utilities Cash Fund is from a fee on all public utilities companies pursuant to Section 40-2-113, C.R.S. Ninety-seven percent of the revenue is deposited into the cash fund, and three percent is credited to the General Fund (approximately \$350,000). As of January 20, 2009 the uncommitted fund balance was \$2,753,640, which the Committee could transfer a portion of in to the General Fund. Statute could be amended so that a larger percentage is credited to the General Fund. Any transfers from this fund could cause an increase in fees that are ultimately paid by consumers.
<b>Subtotal - Regulatory Agencies</b>					
<b>Tobacco</b>					
Abolish several tobacco settlement programs	11,600,000	Staff Rec.	No	Yes	Permanently abolish several tobacco-settlement programs and use the resulting savings to support General Fund spending. After the recession ends, continue to accumulate tobacco settlement dollars and interest in a rainy day fund until the next recession. Staff recommends eliminating the Read-to-Achieve Grant Program, the Tony-Grampas Youth Services Program, and Mental Health Services for Juvenile and Adult Offenders, programs with few public-health or health-care components. These programs have a current appropriation of \$13.7 million. If these programs were reduced by supplementals for FY 2008-09, the potential savings would be much less than \$13.7 million, however, if the programs were eliminated for next year and following years approximately 85% of the savings would be available to support the General Fund <i>in the current year</i> and following years, i.e. starting in FY 2008-09.
<b>Subtotal - Tobacco</b>					
<b>Capital</b>					

## Options for Increasing Revenue to the General Fund

Department Division/Topic Cash Fund/Policy Option	General Fund Impact*	See Key			Comments
		Category	Over- laps	Bill	
Higher Ed Maintenance and Reserve Fund	13,500,000	Gov. Req.	No	Yes	The Governor proposed stopping \$93.3 million worth of capital construction projects and transferring the savings to the M&R Fund, where it would be combined with federal mineral lease bonus payments and then transferred to the General Fund in three equal installments of \$47.2 million per year for FY 08-09 through FY 10-11. With uncertainty about the specific capital projects that meet the Governor's freeze criteria, and amounts that could be saved from these projects, the JBC decided to include only the transfer of the \$33.7 million projected federal mineral lease bonus payments in the FY 08-09 balancing plan. Increasing the transfer to match the Governor's request would provide another \$13.5 million one-time revenue to the General Fund in FY 08-09. The FY 08-09 transfer could also be increased to an amount that exceeds the Governor's request, with the result that less would be available for transfer in FY 09-10 and FY 10-11.
Controlled Maintenance Trust Fund	803,610	Other	No	Yes	Transfer the uncommitted balance in the Controlled Maintenance Trust Fund to the General Fund.
<b>Subtotal - Capital</b>	<b>14,303,610</b>				
<b>GRAND TOTAL</b>	<b>175,775,093</b>				

Flagged	46,600,000
Gov. Req.	17,700,000
Staff Rec.	51,490,364
Other	59,984,729

**NOTE:** Some subtotals and the grand total may include options that overlap with others. If there is an either/or choice between two options, the tradeoff is explained in the comments section.

**Key:**

General Fund Impact = expressed as the difference from the JBC's actions to date. Positive numbers increase revenues to the General Fund.

Category:

*Flagged = JBC flagged the item for possible later consideration*

*Gov. Req. = Governor's request was higher/(lower) than the JBC action*

*Staff Rec. = Staff recommendation was higher/(lower) than the JBC action*

*Other = Other ideas*

Overlaps = A "yes" in this column indicates that the option overlaps with another and the interaction is explained in the comments section.

Bill = A "yes" in this column indicates that implementing the option would require legislation.

\* General Fund reflects "net" General Fund, i.e., Medicaid adjustments in Human Services that drive General Fund savings in Health Care Policy and Financing are listed in the Department of Human Services.