

JOINT BUDGET COMMITTEE

STAFF BUDGET BRIEFING SUMMARY



FY 2019-20

STATE OF COLORADO

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MEMORANDUM

TO: Members of the General Assembly

FROM: Joint Budget Committee

SUBJECT: FY 2019-20 Budget Briefing Summary

DATE: January 4, 2019

For the past two months, the Joint Budget Committee staff has been briefing the Committee on each department's budget request for FY 2019-20. The staff briefing is a written and oral presentation of budget issues and a review of expenditures and requests for each department. These briefings are aimed at stimulating discussion among the Committee members about each department's budget request, its operations, issues of efficiency and effectiveness, and plans for the future.

During the briefing, Committee members decide which issues they wish to discuss with the department. These topics are addressed at a formal hearing with each department's executive director. This hearing also allows time for the department to discuss its priorities with the Committee.

This report summarizes the budget briefings by providing an overview of each department's responsibilities, the department's total request as compared to the current year appropriation, and a summary of issues that were addressed. The detailed staff briefing write-ups can be found at the Committee's web site:

<http://leg.colorado.gov/content/budget>

We hope this budget briefing summary, and the documents from which it was created, will help you become familiar with the FY 2019-20 budget requests and major issues that impact the budget. The next step in the process is meeting with the various joint committee of references to solicit input from the committees regarding the budget items for the departments within their responsibility, pursuant to Joint Rule 25 (d), which states:

"Prior to the thirtieth legislative day, the Joint Budget Committee members shall be available to provide the respective committees with assistance and to explain any Joint Budget Committee responses or recommendations regarding hearings before the Joint Budget Committee of all departments of state government that are within the subject-matter jurisdiction of each committee. After receiving any assistance and explanation from the Joint Budget Committee members, the chairmen of the committees shall communicate any concerns or comments regarding preparation of the long appropriation bill to the Joint Budget Committee members of that house."

We look forward to discussing the budget with you throughout the 2019 legislative session.

All Departments

The Executive and Judicial branches of state government submitted their FY 2019-20 budget requests to the Joint Budget Committee on November 1, 2018. The following table summarizes the total request.

FY 2018-19 Appropriation and FY 2019-20 Request

ALL DEPARTMENTS						
	TOTAL FUNDS	GENERAL FUND ¹	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2018-19 APPROPRIATION:						
FY 2018-19	\$30,628,823,099	\$11,419,781,549	\$8,741,381,730	\$1,857,532,859	\$8,610,126,961	58,969.4
TOTAL	\$30,628,823,099	\$11,419,781,549	\$8,741,381,730	\$1,857,532,859	\$8,610,126,961	58,969.4
FY 2019-20 REQUESTED APPROPRIATION:						
FY 2018-19 Appropriation	\$30,628,823,099	\$11,419,781,549	\$8,741,381,730	\$1,857,532,859	\$8,610,126,961	58,969.4
Decision items	1,380,991,421	779,425,839	243,541,262	143,683,428	214,340,892	572.6
Technical changes	331,247,674	(67,102,871)	392,281,927	(4,342,556)	10,411,174	6.0
Centrally appropriated line items	138,611,523	67,233,619	30,017,811	26,539,616	14,820,477	0.0
Annualize prior year legislation	(158,637,400)	(25,516,898)	(50,896,553)	(14,018,860)	(68,205,089)	23.8
Annualize prior year budget actions	(21,859,528)	(38,946,061)	3,730,787	3,063,587	10,292,159	13.1
TOTAL	\$32,299,176,789	12,134,875,177	\$9,360,056,964	\$2,012,458,074	\$8,791,786,574	59,584.9
INCREASE/(DECREASE)	\$1,670,353,690	\$715,093,628	\$618,675,234	\$154,925,215	\$181,659,613	615.5
Percentage Change	5.5%	6.3%	7.1%	8.3%	2.1%	1.0%

¹Includes General Fund Exempt appropriations.

Summary of Major Changes

DECISION ITEMS: Represents programmatic funding changes included in the FY 2019-20 appropriation request. Examples include funding for new programs, expansion of existing programs, and reductions to (or elimination of) existing programs. These items increase the state budget by \$1.4 billion total funds, including \$779.4 million General Fund, for FY 2019-20 in comparison to current FY 2018-19 appropriations. Major highlights include:

- Health Care Policy and Financing – Increase of \$542.9 million total funds (increase of \$222.5 million General Fund);
- Higher Education – Increase of \$294.1 million total funds (increase of \$132.0 million General Fund);
- Education – Increase of \$280.9 million total funds (increase of \$273.5 million General Fund);
- Corrections – Increase of \$63.9 million total funds (increase of \$63.4 million General Fund); and
- Judicial – Increase of \$50.9 million total funds (increase of \$44.0 million General Fund).

TECHNICAL CHANGES: Represents revenue forecast adjustments and various technical adjustments included in the FY 2019-20 appropriation request. These items increase the state budget by \$331.2 million total funds, including a decrease of \$67.1 million General Fund, for FY 2019-20 in comparison to the current FY 2018-19 appropriations. Major highlights include:

- Transportation – Increase of \$339.5 million total funds;
- Treasury – Increase of \$4.2 million total funds (decrease of \$46.3 million General Fund);
- Judicial – Increase of \$2.6 million total funds;

- Corrections – Decrease of \$13.6 million total funds (decrease of \$19.8 million General Fund); and
- Personnel – Decrease of \$2.0 million total funds (increase of \$0.1 million General Fund).

CENTRALLY APPROPRIATED LINE ITEMS: Represents the requested FY 2019-20 impact of changes to central appropriations, which are generally made to the Executive Director’s Office (or a comparable division) of each agency for use department-wide. Examples include salary increases and benefits, vehicle lease payments, Capitol complex leased space, and information technology services. These items increase the state budget by \$138.6 million total funds, including \$67.2 million General Fund, for FY 2019-20 in comparison to the current FY 2018-19 appropriations. Major highlights include:

- Human Services – Increase of \$27.8 million total funds (increase of \$9.0 million General Fund);
- Judicial – Increase of \$26.5 million total funds (increase of \$25.0 million General Fund);
- Corrections – Increase of \$23.7 million total funds (increase of \$23.0 million General Fund);
- Public Safety – Increase of \$17.9 million total funds (increase of \$1.3 million General Fund); and
- Labor and Employment - Increase of \$8.4 million total funds (increase of \$1.4 million General Fund).

ANNUALIZE PRIOR YEAR LEGISLATION: Represents the requested FY 2019-20 impact on appropriations of legislation passed by the General Assembly in prior legislative sessions. These items reduce the state budget by \$158.6 million total funds, including a decrease of \$25.5 million General Fund, for FY 2019-20 in comparison to the current FY 2018-19 appropriation. Major highlights include:

- Human Services – Increase of \$7.2 million total funds (increase of \$6.6 million General Fund);
- State – Increase of \$6.2 million total funds (increase of \$6.3 million General Fund);
- Health Care Policy and Financing – Decrease of \$100.8 million total funds (decrease of \$24.5 million General Fund);
- Education – Decrease of \$29.5 million total funds (decrease of \$2.0 million General Fund); and
- Natural Resources – Decrease of \$27.4 million total funds (increase of \$0.1 million General Fund).

ANNUALIZE PRIOR YEAR BUDGET ACTIONS: Represents the requested FY 2019-20 impact on appropriations of budgetary decision items approved for prior fiscal years. These items reduce the state budget by \$21.9 million total funds, including a decrease of \$38.9 million General Fund, for FY 2019-20 in comparison to the current FY 2018-19 appropriation. Major highlights include:

- Health Care Policy and Financing – Increase of \$20.6 million total funds (increase of \$4.2 million General Fund);
- Revenue – Increase of \$3.7 million total funds;
- Public Safety – Decrease of \$35.5 million total funds (decrease of \$35.1 million General Fund);
- Local Affairs – Decrease of \$5.0 million total funds (decrease of \$0.3 million General Fund); and
- Judicial – Decrease of \$3.4 million total funds (decrease of \$2.7 million General Fund).

Department of Agriculture

The Department of Agriculture regulates, promotes and supports various agricultural activities throughout Colorado. Department personnel perform a wide range of services including: regulatory and inspection services relating to agriculture; investigations and hearings; standardizing, grading, inspecting, labeling, handling, storage, and marketing of agricultural products; and agriculture-related policy analysis. Funding for the Department in FY 2018-19 consists of 21.5 percent General Fund, 66.1 percent cash funds, 4.8 percent reappropriated funds, and 7.6 percent federal funds.

FY 2018-19 APPROPRIATION AND FY 2019-20 REQUEST

DEPARTMENT OF AGRICULTURE						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2018-19 APPROPRIATION:						
HB 18-1322 (Long Bill)	\$51,549,717	\$11,064,263	\$34,082,132	\$2,494,460	\$3,908,862	289.6
Other legislation	43,157	43,157	0	0	0	0.3
TOTAL	\$51,592,874	\$11,107,420	\$34,082,132	\$2,494,460	\$3,908,862	289.9
FY 2019-20 REQUESTED APPROPRIATION:						
FY 2018-19 Appropriation	\$51,592,874	\$11,107,420	\$34,082,132	\$2,494,460	\$3,908,862	289.9
Centrally appropriated line items	2,286,517	384,078	1,902,439	0	0	0.0
R2 Intl Marketing for CO Ag	300,000	300,000	0	0	0	0.0
Nonprioritized request items	187,541	147,869	36,967	2,705	0	0.0
Annualize prior year legislation	83,057	37,492	45,565	0	0	0.0
R1 Biological pest control	77,429	77,429	0	0	0	0.9
Annualize prior year budget action	(14)	(14)	0	0	0	0.0
Technical	0	0	0	0	0	0.0
TOTAL	\$54,527,404	\$12,054,274	\$36,067,103	\$2,497,165	\$3,908,862	290.8
INCREASE/(DECREASE)	\$2,934,530	\$946,854	\$1,984,971	\$2,705	\$0	0.9
Percentage Change	5.7%	8.5%	5.8%	0.1%	0.0%	0.3%

CENTRALLY APPROPRIATED LINE ITEMS: The request includes adjustments to centrally appropriated line items for the following line items. *These request items will be addressed in separate staff briefings for the Department of Personnel and the Governor's Office.*

CENTRALLY APPROPRIATED LINE ITEMS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
Salary survey adjustment	\$660,947	\$0	\$660,947	\$0	\$0	0.0
Merit pay adjustment	549,076	187,083	361,993	0	0	0.0
PERA Direct Distribution	511,033	240,108	270,925	0	0	0.0
AED adjustment	230,797	3,646	227,151	0	0	0.0
SAED adjustment	230,797	3,646	227,151	0	0	0.0
Legal services adjustment	168,649	14,387	154,262	0	0	0.0
Health, life, and dental adjustment	102,884	60,134	42,750	0	0	0.0
Vehicle lease payments adjustment	61,749	0	61,749	0	0	0.0
ALJ adjustment	5,170	0	5,170	0	0	0.0
Indirect cost assessment adjustment	4,253	0	4,253	0	0	0.0
Leased space escalator for Brands and Markets in Alamosa	1,200	0	1,200	0	0	0.0
Short-term disability adjustment	1,087	(1,393)	2,480	0	0	0.0
Payments to OIT adjustment	(157,209)	(94,326)	(62,883)	0	0	0.0
Workers' compensation adjustment	(42,754)	(8,551)	(34,203)	0	0	0.0

CENTRALLY APPROPRIATED LINE ITEMS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
Payment to risk management / property funds adjustment	(31,941)	(18,810)	(13,131)	0	0	0.0
CORE adjustment	(9,221)	(1,846)	(7,375)	0	0	0.0
TOTAL	\$2,286,517	384,078	\$1,902,439	\$0	\$0	0.0

R2 INTERNATIONAL MARKETING FOR COLORADO AGRICULTURE: The request includes an increase of \$300,000 General Fund to reduce reliance on restrictive grants and coordinate inbound and outbound trade missions to increase Colorado’s profile in the international agriculture and food products industry. This request is discussed in detail in the full briefing document.

NONPRIORITIZED REQUEST ITEMS: The request includes an increase of \$187,541 total funds, including \$147,869 General Fund, for items requested by other agencies that impact this department. The table below itemizes each requested non-prioritized item for FY 2019-20. *These request items will be addressed in separate staff briefings for the Department of Personnel and the Governor’s Office.*

NONPRIORITIZED ITEMS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
OIT Securing IT operations	\$115,300	\$92,240	\$23,060	\$0	\$0	0.0
OIT Essential database support	35,498	28,398	7,100	0	0	0.0
OIT Application refresh and consolidation	30,796	24,637	6,159	0	0	0.0
OIT Optimize self-service capabilities	3,242	2,594	648	0	0	0.0
DPA IDS Increased Input Costs	2,705	0	0	2,705	0	0.0
TOTAL	\$187,541	147,869	\$36,967	\$2,705	\$0	0.0

ANNUALIZE PRIOR YEAR LEGISLATION: The request includes a number of adjustments that reflect the second-year impact of prior year legislation. The following table summarizes those changes:

ANNUALIZE PRIOR YEAR LEGISLATION						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
SB 18-200 (PERA)	\$62,106	\$16,541	\$45,565	\$0	\$0	0.0
SB 18-042 (Ag Workforce Dev Program)	20,951	20,951	0	0	0	0.0
TOTAL	\$83,057	37,492	\$45,565	\$0	\$0	0.0

R1 BIOLOGICAL PEST CONTROL: The request includes an increase of \$77,429 General Fund and 0.9 FTE to implement the biological control agent to control the invasive species Canada Thistle. Developed in coordination with the U.S. Department of Agriculture, funding for developing and testing the gall flies use as a biological control agent was provided with federal funding. Now that development is complete, no further federal funds are available to distribute the control agents to those who wish to apply them. If approved, the General Fund FTE will work to catch up on the backlog of requests for Canada Thistle control. Once that workload has been managed, the individual will be charged with finding other potentially valuable biological control agents to implement in Colorado. The JBC staff evaluation and recommendation for this request will be made during figure setting for the Department.

ANNUALIZE PRIOR YEAR BUDGET ACTION: The request includes a reduction of \$14 General Fund for the second-year impact of the budget action last year to add an additional Federal Lands Manager. This action allowed the Conservation Services Division to provide increased levels of technical assistance and stakeholder outreach for agriculture producers throughout the federal rangeland management planning process.

TECHNICAL: The request includes a few adjustments throughout the Department to reflect a conflict between JBC staff and Department staff about the appropriate location of an appropriation included in a special bill from 2018.

SUMMARY OF ISSUES PRESENTED TO THE JOINT BUDGET COMMITTEE

R2 INTERNATIONAL MARKETING FOR COLORADO AGRICULTURE: This issue provides background information about the marketing functions of the Department of Agriculture and discusses the Department's request for \$300,000 General Fund to focus on international markets through business development activity, hosting inbound trade missions, and coordinating outbound ones.

INFORMATIONAL ISSUE: OVERVIEW OF INSPECTIONS CONDUCTED BY THE DEPARTMENT: This issue provides a summary of some of the activities the Department inspects to ensure safety of the public and financial assurance for businesses.

Department of Corrections

The Department of Corrections is responsible for the following activities:

- Managing, supervising, and controlling the correctional facilities operated and supported by the State;
- Supervising the population of offenders placed in the custody of the Department, including inmates in prison, parolees, and transition inmates who are placed into community corrections programs and other community settings;
- Planning for the projected, long-range needs of the institutions under the Department's control; and
- Developing educational programs, treatment programs, and correctional industries within the facilities that have a rehabilitative or therapeutic value for inmates and supply necessary products for state institutions and other public purposes, as provided by law.

The Department's FY 2018-19 appropriation represents approximately 3.0 percent of statewide operating appropriations and 7.2 percent of statewide General Fund appropriations.

FY 2018-19 APPROPRIATION AND FY 2019-20 REQUEST

DEPARTMENT OF CORRECTIONS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2018-19 APPROPRIATION:						
HB 18-1322 (Long Bill)	893,072,938	800,096,300	38,410,054	51,050,517	3,516,067	6,245.9
Other legislation	14,071,047	10,785,047	0	3,286,000	0	0.0
TOTAL	\$907,143,985	\$810,881,347	\$38,410,054	\$54,336,517	\$3,516,067	6,245.9
FY 2019-20 REQUESTED APPROPRIATION:						
FY 2018-19 Appropriation	\$907,143,985	810,881,347	\$38,410,054	\$54,336,517	\$3,516,067	6,245.9
R-01 Staff retention	17,543,420	17,090,765	43,586	409,069	0	0.0
R-02 Decorum operating	2,796,520	2,796,520	0	0	0	0.0
R-03A Prison capacity	27,895,074	27,866,945	28,129	0	0	222.2
R-03B La Vista staff increase	626,300	626,300	0	0	0	8.9
R-03C Dress out	270,847	270,847	0	0	0	0.0
R-04 Medical caseload	6,101,406	6,101,406	0	0	0	0.0
R-05 Parole caseload	1,538,131	1,538,131	0	0	0	0.0
R-06 Food service inflation	248,403	248,403	0	0	0	0.0
R-07 Re-entry grant for parolee support	3,194,425	3,194,425	0	0	0	0.0
R-08 Provider rate increase	1,195,076	1,159,561	0	35,515	0	0.0
Non-prioritized request items	2,469,020	2,460,345	8,675	0	0	0.0
Centrally appropriated line items	23,682,685	23,028,123	659,438	(4,876)	0	0.0
Leap year technical changes	230,142	230,142	0	0	0	0.0
Indirect cost assessment	41,623	(41,623)	(15,113)	39,114	59,245	0.0
Annualize prior year budget actions	(13,760,280)	(19,997,295)	6,237,015	0	0	0.0
Annualize prior year legislation	(2,068,808)	1,186,434	30,758	(3,286,000)	0	0.0
TOTAL	\$979,147,969	\$878,640,776	\$45,402,542	\$51,529,339	\$3,575,312	6,477.0
INCREASE/(DECREASE)	\$72,003,984	\$67,759,429	\$6,992,488	(\$2,807,178)	\$59,245	231.1
Percentage Change	7.9%	8.4%	18.2%	(5.2%)	1.7%	3.7%

R-01 STAFF RETENTION: The Department requests an increase of \$17,543,420 total funds, of which \$17,090,765 is General Fund, for a staff salary plan to address issues of pay scale and pay compression. This request is discussed below in *Issue: Staff Retention*.

R-02 DECORUM MAINTENANCE AND SUPPORT: The Department requests an increase of \$2,796,520 General Fund for the maintenance costs associated with the Department of Corrections Offender Records Management System

(DeCORuM). The Department noted in the FY 2017-18 capital construction request for the final phase of the DeCORuM construction that the maintenance costs would be included in the FY 2018-19 operating request, which was a partial funding. The FY 2019-20 request is the annual cost of the maintenance and licensing.

R-03A PRISON CAPACITY: The Department requests an increase of \$27.9 million total funds, including \$27.9 million General Fund and 222.2 FTE, to address prison capacity. This request is discussed below in *Issue: Prison Capacity*.

R-03B LA VISTA STAFF INCREASE: The Department requests an increase of \$626,300 General Fund and 8.9 FTE, for staff increases at La Vista Correctional Facility (LVCF). The recent increase in the female inmate population created the need to expand LVCF by 147 beds. The increase staffed will bring the facility into a more manageable staff to inmate ratio. The annualized cost of adding the new beds (due to efficiency savings though capacity in existing systems) is \$12.46 per bed per day.

R-03C OFFENDER DRESS OUT: The Department requests an increase of \$270,847 General Fund to cover costs for clothing, transportation, and initial funds given to individuals released from correctional facilities. This increase in costs for this request is due to the increase in prison population and the associated increase in releases.

R-04 MEDICAL CASELOAD: The Department requests an increase of \$6.1 million General Fund for medical and pharmaceutical costs. The Department projects an offender eligible population of 18,856 for medical services purchases and an offender eligible population of 15,058 for pharmaceuticals.

The projected per offender per month (POPM) rate for medical services will increase from \$118.61 to \$131.98 (an increase of \$13.37 per month). This increase is due to inpatient admissions (19.4 percent increase); average length of stay (11.7 percent increase); and approved outpatient authorizations. The pharmaceutical POPM rate is projected to increase from \$86.45 to \$89.22 (an increase of \$2.77 per month). The pharmaceutical POPM rate is based on actual and projected expenses plus an inflation adjustment of 3.2 percent (from the Consumer Price Index for all Urban Consumers for prescription drugs).

R-05 PAROLE CASELOAD: The Department requests an increase of \$1.5 million General Fund for the increase in parole caseload. The Department is currently funded for 8,280 parolees. The projected population increase places the number of paroles at 9,503, which is a difference of 1,223. This request covers the costs for those additional 1,223 parolees.

R-06 FOOD SERVICE INFLATION: The Department requests an increase of \$248,403 General Fund for FY 2019-20, which is base building and annualized at \$248,403 General Fund. The increase is driven by food service inflationary costs and will be applied to the food service subprogram and the Youth Offender Service (YOS) subprogram. This has an associated request in the Department of Human Services, as the Colorado Mental Health Institute Pueblo (CMHIP), provides food service for the YOS subprogram.

R-07 RE-ENTRY GRANT FOR PAROLEE SUPPORT: The Department requests an increase of \$3.2 million General Fund for re-entry grant for parolee support. H.B. 18-1176 (SUNSET OFFENDER REENTRY GRANT PROGRAM) contained a clause expressing the intent of the legislature that the Department of Corrections submit a request for full funding of the program. This request item is in response to that legislation.

R-08 PROVIDER RATE INCREASE: The Department requests an increase of \$1.2 million total funds, of which \$1.2 million is General Fund, for a 1.0 percent community provider rate increase. This amount is base building and annualizes to \$1.2 million total funds. This issue will be discussed during the common policy discussion on provider rate increases.

NON-PRIORITIZED REQUEST ITEMS: The Department requests an increase of \$2.5 million total funds, including \$2.5 million General Fund and \$8,675 cash funds, for the following non-prioritized items:

NON-PRIORITIZED REQUEST ITEMS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	Federal Funds	FTE
OIT Securing IT operations	\$2,471,322	\$2,456,954	\$14,368	\$0	\$0	0.0
OIT Optimize self-service capabilities	69,492	69,088	404	0	0	0.0
OIT Essential database support	9,483	9,428	55	0	0	0.0
OIT Application refresh and consolidation	8,799	8,748	51	0	0	0.0
DPA Annual fleet vehicle request	(90,076)	(83,873)	(6,203)	0	0	0.0
TOTAL	\$2,469,020	\$2,460,345	\$8,675	\$0	\$0	0.0

CENTRALLY APPROPRIATED LINE ITEMS: The Department request includes adjustments to centrally appropriated line items for the following: state contributions for health, life, and dental benefits; short-term disability; supplemental state contributions to the Public Employees' Retirement Association (PERA) pension fund; shift differential; salary survey; workers' compensation; legal services; administrative law judges; payment to risk management and property funds; vehicle lease payments; Capitol complex leased space; payments to the Governor's Office of Information Technology (OIT); and CORE operations.

CENTRALLY APPROPRIATED LINE ITEMS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	Federal Funds	FTE
Merit pay adjustment	\$11,144,898	\$10,825,627	\$319,271	\$0	\$0	0.0
PERA Direct Distribution	9,854,160	9,569,276	284,884	0	0	0.0
Health, life, and dental adjustment	3,021,076	2,924,464	96,612	0	0	0.0
AED adjustment	434,335	422,436	11,899	0	0	0.0
SAED adjustment	434,335	422,436	11,899	0	0	0.0
Shift differential adjustment	347,028	353,979	(6,951)	0	0	0.0
Legal services adjustment	322,096	311,154	10,942	0	0	0.0
Payments to OIT adjustment	236,278	234,904	1,374	0	0	0.0
Leased space adjustment	202,466	191,417	11,049	0	0	0.0
Short-term disability adjustment	15,099	14,661	438	0	0	0.0
Salary survey adjustment	3,261	3,261	0	0	0	0.0
Workers' compensation adjustment	(1,473,474)	(1,426,912)	(46,562)	0	0	0.0
Payment to risk management / property funds adjustment	(778,246)	(747,583)	(30,663)	0	0	0.0
CORE adjustment	(79,933)	(70,501)	(4,556)	(4,876)	0	0.0
Capitol Complex leased space adjustment	(694)	(496)	(198)	0	0	0.0
TOTAL	\$23,682,685	23,028,123	\$659,438	(\$4,876)	\$0	0.0

LEAP YEAR TECHNICAL CHANGES: The Department request includes an increase of \$230,142 General Fund for technical changes due to the additional day caused by the leap year.

INDIRECT COST ASSESSMENT: The Department request includes a net decrease in the Department's indirect cost assessment.

ANNUALIZE PRIOR YEAR BUDGET ACTIONS: The Department request includes appropriation includes adjustments for the future year impact of prior year budget actions.

ANNUALIZE PRIOR YEAR BUDGET ACTIONS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	Reappropriated Funds	Federal Funds	FTE
Canteen operating	\$6,078,054	\$0	\$6,078,054	\$0	\$0	0.0
Annual depreciation-lease equivalent payments	235,033	235,033	0	0	0	0.0
CI minimum wage increase for PIE program	159,247	0	159,247	0	0	0.0
Annualize prior year salary survey	23,054	23,340	(286)	0	0	0.0
Centennial South payment annualization	(20,255,668)	(20,255,668)	0	0	0	0.0
TOTAL	(\$13,760,280)	(19,997,295)	\$6,237,015	\$0	\$0	0.0

ANNUALIZE PRIOR YEAR LEGISLATION: The Department request includes adjustments for future year impact of prior year legislation.

ANNUALIZE PRIOR YEAR LEGISLATION						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	Federal Funds	FTE
SB 18-200 (Modifications To Pera To Eliminate Unfunded Liability)	\$1,217,192	\$1,186,434	\$30,758	\$0	\$0	0.0
H.B. 18-1176 (Sunset Offender Reentry Grant Program)	(3,286,000)	0	0	(3,286,000)	0	0.0
TOTAL	(\$2,068,808)	1,186,434	\$30,758	(\$3,286,000)	\$0	0.0

SUMMARY OF ISSUES PRESENTED TO THE JOINT BUDGET COMMITTEE

OVERVIEW OF THE COLORADO CORRECTIONAL SYSTEM: This issue describes the Colorado correctional system programs within the Department of Corrections, a portion of the Judicial Branch, and Department of Public Safety.

PRISON AND PAROLE POPULATION FORECAST: This issue discusses the forecast for both the prison and parole population in the state of Colorado.

STAFF RETENTION (R-01): This issue is a request from the Department of Corrections for an increase in staff salary for the Correctional Officer (CO) class department wide, to included CSTS officers to deal with retention issues. The request includes an increase of \$17.5 million total funds, of which \$17.1 million is General Fund in FY 2019-20 to address the compression of staff pay and to move Correctional Officer staff pay from the bottom quartile to the medium pay range.

PRISON CAPACITY (R-03A): This issue discusses the prison capacity in the state. The Department of Corrections is requesting an increase of \$27.9 million General Fund and 222.2 FTE to address prison population trends that show a growing population over the next several years.

PAROLE BOARD GENERAL DISCUSSIONS: Each year the Committee sets aside time in the schedule for a hearing with the Parole Board. This issue provides a summary of topics the Committee may wish to discuss with the Parole Board during their hearing.

Department of Education

The Department of Education supports the State Board of Education in its duty to exercise general supervision over public schools, including accrediting public schools and school districts. The Department distributes state and federal funds to school districts, and it administers a variety of education-related programs, including educator licensure, education programs for children with special needs, English language proficiency programs, the Colorado Preschool Program, and a variety of grant programs. The Department develops and maintains state model content standards, and administers associated assessments. The Department also includes three independent agencies: (1) the Board of Trustees for the Colorado School for the Deaf and the Blind; (2) the State Charter School Institute Board, which is responsible for authorizing and monitoring institute charter schools; and (3) the Public School Capital Construction Assistance Board, which is responsible for assessing public school capital construction needs statewide and making recommendations concerning the prioritization of state financial assistance for school construction projects. The Department's FY 2018-19 appropriation represents approximately 19.6 percent of statewide operating appropriations and 36.6 percent of statewide General Fund appropriations.

FY 2018-19 APPROPRIATION AND FY 2019-20 REQUEST

DEPARTMENT OF EDUCATION						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2018-19 APPROPRIATION:						
HB 18-1322 (Long Bill)	\$5,760,809,014	\$4,051,091,776	\$1,053,136,768	\$39,385,509	\$617,194,961	601.6
HB 18-1379 (School Finance)	189,504,911	123,428,205	66,076,706	0	0	0.0
Other legislation	41,269,195	5,768,258	35,500,937	0	0	0.9
TOTAL	\$5,991,583,120	\$4,180,288,239	\$1,154,714,411	\$39,385,509	\$617,194,961	602.5
FY 2019-20 REQUESTED APPROPRIATION:						
FY 2018-19 Appropriation	\$5,991,583,120	\$4,180,288,239	\$1,154,714,411	\$39,385,509	\$617,194,961	602.5
R1 Total program increase	247,866,534	261,056,096	(13,189,562)	0	0	0.0
R2 Categorical programs increase	9,232,242	4,252,964	4,979,278	0	0	0.0
R3 Schools of choice	360,374	360,374	0	0	0	2.6
R4 Funding for school turnaround	2,352,193	2,352,193	0	0	0	1.8
R5 CPP tax checkoff	410,000	0	410,000	0	0	0.0
R6 CSI mill levy equalization	10,000,000	5,000,000	0	5,000,000	0	0.0
R7 CSDB teacher salary increase	396,307	396,307	0	0	0	0.0
R8 ELC career development priorities	6,000,000	0	6,000,000	0	0	0.0
R9 ELC educator talent priorities	4,000,000	0	4,000,000	0	0	0.0
Non-prioritized items	243,458	104,502	36,243	102,713	0	0.0
Centrally appropriated items	3,744,752	1,559,047	833,252	393,176	959,277	0.0
Indirect cost assessment adjustments	180,117	0	49,620	0	130,497	0.0
Educator perception technical	75,000	75,000	0	0	0	0.0
Annualize prior year legislation	(29,511,214)	(1,999,812)	(27,579,630)	15,592	52,636	2.1
Annualize prior year budget actions	(3,418,990)	(3,418,990)	0	3,790	(3,790)	0.0
TOTAL	\$6,243,513,893	\$4,450,025,920	\$1,130,253,612	\$44,900,780	\$618,333,581	609.0
INCREASE/(DECREASE)	\$251,930,773	\$269,737,681	(\$24,460,799)	\$5,515,271	\$1,138,620	6.5
Percentage Change	4.2%	6.5%	(2.1%)	14.0%	0.2%	1.1%

R1 TOTAL PROGRAM INCREASE: The request includes a net increase of \$247.9 million total funds for appropriations related to school finance (including an increase of \$261.1 million General Fund that is partially offset by a net decrease of \$13.2 million cash funds). The increase in total funds includes \$247.5 million for the state share of districts' total program funding and \$0.4 million for hold-harmless full-day kindergarten funding. Based on the Office of State Planning and Budgeting (OSP) September 2018 Revenue Forecast, and including OSP's projection of local revenues, the proposal would: (1) increase statewide average per pupil funding by \$357.81 (4.4 percent); and (2)

decrease the dollar value of the budget stabilization factor by \$77.0 million (from \$672.4 million in FY 2018-19 to \$595.4 million in FY 2019-20, or 11.5 percent). The request does not specify a budget stabilization factor for FY 2020-21 or subsequent years. See the first issue brief in this document for further discussion of school finance projections for FY 2019-20 and the Governor’s request.

R2 CATEGORICAL PROGRAMS INCREASE: Amendment 23 requires the General Assembly to increase total state funding for all categorical programs (in aggregate) by at least the rate of inflation in FY 2019-20. The request, based on the OSPB-projected inflation rate for CY 2018 (3.0 percent), seeks an increase of \$9.2 million total funds for categorical programs in FY 2018-19, including increases of \$4.3 million General Fund and \$5.0 million cash funds from the State Education Fund. The request proposes to allocate the increase among six programs. The following table shows the requested allocation of additional funds by program. In a change from recent years, the request seeks an increase of \$237,700 total funds for the Small Attendance Center Aid program, which has not received an increase since FY 2015-16. See Appendix C for a discussion of the Department’s response to a request for information associated with categorical funding.

R2 REQUESTED INCREASES IN STATE FUNDING FOR CATEGORICAL PROGRAMS				
LONG BILL LINE ITEM	FY 2018-19 APPROPRIATION	FY 2019-20 REQUEST	CHANGE IN STATE FUNDING	PERCENT CHANGE
Special Education - Children with Disabilities	\$176,129,215	\$181,183,987	\$5,054,772	2.9%
English Language Proficiency Program	21,608,211	23,210,913	1,602,702	7.4%
Public School Transportation	59,099,150	60,626,723	1,527,573	2.6%
Career and Technical Education Programs	26,675,279	27,297,859	622,580	2.3%
Special Education - Gifted and Talented Children	12,528,041	12,714,956	186,915	1.5%
Expelled and At-risk Student Services Grant Program	9,493,560	9,493,560	0	0.0%
Small Attendance Center Aid	1,076,550	1,314,250	237,700	22.1%
Comprehensive Health Education	1,131,396	1,131,396	0	0.0%
Total	\$307,741,402	\$316,973,644	\$9,232,242	3.0%

R3 SCHOOLS OF CHOICE: The request includes an increase of \$360,374 General Fund and 2.6 FTE to support the Schools of Choice Unit’s ongoing support and oversight of charter schools statewide. To date, federal funds dedicated to the support of new and expanding charter schools have supported the Unit’s operations. However, federal funding has diminished as the number of applications for new and expanding schools has decreased, driving a reduction in staff for the Unit. In addition, those federal funds are not appropriate for the ongoing oversight and support of existing schools. While revenues have declined, the increasing number of established charter schools requiring the department’s oversight and support under the Charter Schools Act (Sections 22-30.5-101 through 22-30.5-704, C.R.S.) has increased the Unit’s workload. The request seeks State funding to support the State’s ongoing workload and to support the Department’s ongoing obligations under the Charter Schools Act.

R4 FUNDING FOR SCHOOL TURNAROUND: The request includes an increase of \$2.4 million General Fund and 1.8 FTE to expand state support for schools identified as turnaround or priority improvement status (the two lowest categories) in the statewide accountability system. The request would approximately double the existing School Transformation Grant program (formerly known as the School Turnaround Leadership Development Program) and increase technical assistance support provided to schools through the Turnaround Network. For additional information, see the fifth briefing paper in this document.

R5 CPP TAX CHECKOFF: The request includes an increase of \$410,000 cash funds in one-time funding for distribution to Colorado Preschool Program (CPP) providers. The cash funds were collected as a result of a voluntary tax checkoff authorized in S.B. 11-109 (Public Education Fund Tax Checkoff) and transferred to the Public Education Fund created in that bill. The tax checkoff is no longer available and the Department proposes to distribute all

remaining funds to CPP providers on a formula basis per pupil. The request does not propose any constraints on the use of funds.

R6 CSI MILL LEVY EQUALIZATION: The request includes an increase of \$10.0 million total funds (including \$5.0 million General Fund appropriated to the Mill Levy Equalization Fund created in H.B. 18-1375 and \$5.0 million reappropriated funds to appropriate those funds out of the cash fund) for mill levy equalization payments to Colorado Charter School Institute (CSI) schools in FY 2019-20. The request adds to an appropriation of \$11.0 million total funds (including \$5.5 million General Fund and \$5.5 million reappropriated funds) provided in FY 2018-19. As a result, the proposed appropriation would distribute a total of \$10.5 million to CSI schools in FY 2019-20 for mill levy equalization.

R7 CSDB TEACHER SALARY INCREASE: The request includes an increase of \$0.4 million General Fund for salary increases for teachers employed at the Colorado School for the Deaf and the Blind (CSDB). Statute (Sec. 22-80-106.5, C.R.S.) requires the CSDB to compensate teachers based on the Colorado Springs District 11 salary schedule, using the CSDB’s salary policies to implement the salary schedule. To align with the revised District 11 salary schedule for FY 2018-19 (the CSDB salaries lag District 11 by one year), the request seeks to provide experience step increases that align with the District 11 salary schedule.

R8 ELC PROFESSIONAL DEVELOPMENT PRIORITIES: The request includes an increase of \$6.0 million cash funds from the State Education Fund (originating as a proposed transfer from the General Fund to the State Education Fund) in one-time funding to support career development efforts aligned with the anticipated recommendations of the Education Leadership Council (ELC). The request includes the following three components: (1) \$3.0 million to expand the Career Development Success Program to pay incentives for the participating school districts and charter schools that encourage high school students to complete a qualified workforce program; (2) \$1.5 million to support professional development and training efforts to improve career counseling for students; and (3) \$1.5 million in grant funds to expand and improve concurrent enrollment opportunities. For additional information, see the fourth issue paper in this document.

R9 ELC EDUCATOR TALENT PRIORITIES: The request includes an increase of \$4.0 million cash funds from the State Education Fund (also originating as a proposed transfer from the General Fund to the State Education Fund) in one-time funding to support educator talent (recruitment, retention, and professional development) efforts aligned with the anticipated recommendations of the Education Leadership Council (ELC). The request includes the following two components: (1) \$3.0 million, to be spent over two years, to expand the Retaining Teachers Grant Program created in H.B. 18-1412; and (2) \$1.0 million, to be spent over two years, to support a proposed Principal Leadership Academy to provide training and professional development for school principals. For additional information, see the fourth issue paper in this document.

NON-PRIORITIZED ITEMS: The request includes increases totaling \$243,458 total funds (including \$104,502 General Fund) for items requested by other agencies that impact this department. The table below itemizes the two non-prioritized items requested for FY 2019-20.

NON-PRIORITIZED ITEMS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
OIT Securing IT operations	\$236,799	\$101,644	\$35,252	\$99,903	\$0	0.0
OIT Optimize self-service capabilities	6,659	2,858	991	2,810	0	0.0
TOTAL	\$243,458	\$104,502	\$36,243	\$102,713	\$0	0.0

CENTRALLY APPROPRIATED ITEMS: The request includes an increase of \$3.7 million total funds (including \$1.6 million General Fund) related to employee benefits and other centrally appropriated items. The following table summarizes the requested changes.

CENTRALLY APPROPRIATED ITEMS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
Merit pay adjustment	\$1,508,148	\$474,512	\$236,729	\$176,365	\$620,542	0.0
PERA Direct Distribution	1,288,681	934,551	202,452	151,678	0	0.0
Health, life, and dental adjustment	451,798	(5,640)	162,619	61,051	233,768	0.0
Payment to risk management / property funds adjustment	237,707	237,707	0	0	0	0.0
Legal services adjustment	136,447	78,873	54,073	3,501	0	0.0
Payments to OIT adjustment	89,386	(7,280)	98,457	(1,791)	0	0.0
AED adjustment	65,965	(53,749)	37,269	18,349	64,096	0.0
SAED adjustment	65,965	(53,749)	37,269	18,349	64,096	0.0
Leased space adjustment	49,057	2,623	9,551	559	36,324	0.0
ALJ adjustment	25,310	0	20,944	4,366	0	0.0
Salary survey adjustment	11,005	11,005	0	0	0	0.0
Short-term disability adjustment	5,784	(584)	1,780	1,027	3,561	0.0
Shift differential adjustment	517	517	0	0	0	0.0
Capitol Complex leased space adjustment	(96,184)	(28,925)	(22,378)	(7,814)	(37,067)	0.0
Workers' compensation adjustment	(73,308)	(32,745)	(9,567)	(4,953)	(26,043)	0.0
CORE adjustment	(16,998)	6,459	4,054	(27,511)	0	0.0
Vehicle lease payments adjustment	(4,528)	(4,528)	0	0	0	0.0
TOTAL	\$3,744,752	\$1,559,047	\$833,252	\$393,176	\$959,277	0.0

INDIRECT COST ASSESSMENT ADJUSTMENTS: The request includes increases totaling \$180,117 total funds based on the Department's indirect cost assessment plan.

EDUCATOR PERCEPTION TECHNICAL: The request includes an increase of \$75,000 General Fund to support the administration of the statewide Teaching and Learning Conditions Colorado Survey (TLCC Survey, formerly the TELL Survey) in FY 2019-20. The Department conducts the TLCC survey every other year. In prior years, the appropriation has provided \$100,000 in the year of survey administration and \$0 in the year between surveys. The request proposes a technical adjustment to provide \$75,000 in FY 2019-20 and \$25,000 in FY 2020-21 to support workload required in the "off-year."

ANNUALIZE PRIOR YEAR LEGISLATION: The request includes adjustments to reflect the FY 2019-20 impact of legislation passed in prior years, including the adjustments shown in the following table. The net reduction of \$29.5 million total funds is driven by the elimination of \$30.0 million in one-time funding (from the State Education Fund) provided for assistance to rural schools in H.B. 18-1379 (School Finance).

ANNUALIZE PRIOR YEAR LEGISLATION						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
HB 18-1070 (Additional Public School Capital Construction)	\$1,400,000	\$0	\$1,400,000	\$0	\$0	0.0
HB 18-1306 (Improving Ed Stability for Foster Youth)	1,045,030	1,045,030	0	0	0	1.0
HB 18-1266 (Career Development Success Prog. Expansion)	1,000,000	1,000,000	0	0	0	0.0
SB 18-200 (PERA)	129,663	41,065	20,370	15,592	52,636	0.0
HB 18-1019 (K12 Accreditation Weighted Factors)	22,500	22,500	0	0	0	0.0
HB 18-1396 (Adv. Placement Exam Fee Grant Program)	5,714	5,714	0	0	0	0.1

ANNUALIZE PRIOR YEAR LEGISLATION						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
HB 18-1379 (School Finance)	(30,000,000)	0	(30,000,000)	0	0	0.0
HB 18-1412 (Retaining Teachers Grant Program)	(2,000,000)	(3,000,000)	1,000,000	0	0	1.0
HB 18-1189 (Expanding Effective Teacher Residency Programs)	(600,000)	(600,000)	0	0	0	0.0
HB 18-1309 (Programs Addressing Educator Shortages)	(496,177)	(496,177)	0	0	0	0.0
HB 18-1322 (Expand Child Nutrition School Lunch Protection)	(17,944)	(17,944)	0	0	0	0.0
TOTAL	(\$29,511,214)	(\$1,999,812)	(\$27,579,630)	\$15,592	\$52,636	2.1

ANNUALIZE PRIOR YEAR BUDGET ACTIONS: The request includes adjustments to reflect the FY 2019-20 impact of budget actions and decision items included in prior year Long Bill appropriations. The table below summarizes each annualization for FY 2019-20.

ANNUALIZE PRIOR YEAR BUDGET ACTIONS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2018-19 R3 Staffing IMS	(\$2,193,500)	(\$2,193,500)	\$0	\$0	\$0	0.0
FY 2018-19 R7 Career Development Success Pilot Program	(1,000,000)	(1,000,000)	0	0	0	0.0
FY 2018-19 R4 State Board meeting transcription	(114,828)	(114,828)	0	0	0	0.0
FY 2018-19 salary survey	(110,662)	(110,662)	0	3,790	(3,790)	0.0
TOTAL	(\$3,418,990)	(\$3,418,990)	\$0	\$3,790	(\$3,790)	0.0

SUMMARY OF ISSUES PRESENTED TO THE JOINT BUDGET COMMITTEE

SCHOOL FINANCE ACT FUNDING PROJECTIONS: Current law requires the General Assembly to provide at least enough funding for school finance in FY 2019-20 to maintain the budget stabilization factor at no more than the dollar amount from FY 2018-19 (\$672.4 million based on the current FY 2018-19 appropriation). Based on current Legislative Council Staff estimates of revenues and pupil counts, maintaining the budget stabilization factor at \$672.4 million in FY 2019-20 would require an additional \$185.7 million in state funding above the current FY 2018-19 appropriation. That amount includes an increase of \$286.6 million General Fund that would be partially offset by a reduction of \$100.9 million from cash fund sources based on projections of available cash fund revenues. Barring changes to other appropriations, any reduction in the budget stabilization factor for FY 2019-20 would require additional General Fund.

TAXPAYER INEQUITY IN THE SCHOOL FINANCE PROPERTY TAX SYSTEM: A mix of local and state revenues support school finance in Colorado. Local funds, primarily from property taxes, form the foundation of school finance funding. State funds make up the difference between the local revenues available and the school district's total program funding amount calculated through the statutory school finance formula. While variation in local property wealth inherently affects local property tax revenues, disparities in *property tax rates* (mill levies) are also reducing local revenues for school finance and increasing pressure on the State budget. The resulting system is inequitable for taxpayers and raises questions about whether state aid for school finance is going where it is most needed.

EARLY LITERACY PERFORMANCE: House Bill 12-1238 (Colorado READ Act) established the Early Literacy Program to support early literacy efforts statewide. Focused on achieving literacy by the end of third grade, the program requires schools to assess students in kindergarten through third grade, identify students with significant reading deficiencies, and provide additional supports to those students to achieve literacy by the end of third grade. Given both the importance of improving early literacy and the significant state investment in early literacy since FY 2013-14, staff is concerned about the lack of demonstrable improvement in results statewide.

REQUESTS R8 AND R9 – EDUCATION LEADERSHIP COUNCIL INITIATIVES: The Governor’s Office is requesting a total of \$10.0 million General Fund (proposed as a transfer from the General Fund to the State Education Fund) in one-time funding to support the emerging recommendations of the Education Leadership Council. Request R8 proposes an increase of \$6.0 million focused on students’ career readiness and career development. Request R9 proposes an additional \$4.0 million for educator talent initiatives, including recruiting, retention, and professional development for teachers and principals.

REQUEST R4 – FUNDING FOR SCHOOL TURNAROUND: The Department’s request includes an increase of \$2.4 million General Fund and 1.8 FTE to expand state support for schools identified as turnaround or priority improvement status (the two lowest categories) in the statewide accountability system. The request would approximately double the existing School Transformation Grant program (formerly known as the School Turnaround Leadership Development Program), increasing both technical assistance and financial support provided to identified schools.

CSDB EXTERNAL AUDIT UPDATE: In response to stakeholder concerns and discussions with the Joint Budget Committee during the 2018 Session, the Department of Education and the Colorado School for the Deaf and the Blind (CSDB) agreed to initiate an independent program review of the CSDB in 2018. The Department originally expected to complete the review in calendar year 2018. The Department has assembled a stakeholder committee and review team and is now planning to complete the review in early 2019, with a final copy of the report submitted to the Committee and JBC Staff by June 30, 2019.

Office of the Governor

The Office of the Governor includes the functions associated with the Governorship (oversight of executive branch agencies, policy development, communications, and citizen support services), as well as the Office of the Lieutenant Governor, Office of State Planning and Budgeting, Office of Economic Development and International Trade, Office of Information Technology, and Colorado Energy Office. The Office's FY 2018-19 appropriation represents 1.1 percent of statewide operating appropriations and 0.4 percent of statewide General Fund appropriations.

FY 2018-19 APPROPRIATION AND FY 2019-20 REQUEST

OFFICE OF THE GOVERNOR						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2018-19 APPROPRIATION:						
HB 18-1322 (Long Bill)	\$346,224,463	\$39,708,812	\$47,171,431	\$252,576,945	\$6,767,275	1,100.5
Other legislation	5,794,834	2,631,188	718,412	2,445,234	0	1.0
TOTAL	\$352,019,297	\$42,340,000	\$47,889,843	\$255,022,179	\$6,767,275	1,101.5
FY 2019-20 REQUESTED APPROPRIATION:						
FY 2018-19 Appropriation	\$352,019,297	\$42,340,000	\$47,889,843	\$255,022,179	\$6,767,275	1,101.5
COLORADO ENERGY OFFICE						
R1 (CEO) EV grant fund spending authority increase	723,204	0	723,204	0	0	0.0
OFFICE OF THE LIEUTENANT GOVERNOR						
R1 (LG) Colorado health IT roadmap operating	2,008,154	0	0	2,008,154	0	2.7
R2 (LG) State Innovation Model Office extension	202,434	202,434	0	0	0	1.5
R3 (LG) Administration line item increase	75,000	75,000	0	0	0	1.3
OFFICE OF ECONOMIC DEVELOPMENT AND INTERNATIONAL TRADE						
R1 (OEDIT) Colorado Film Office increase	1,250,000	1,250,000	0	0	0	0.0
R2 (OEDIT) Minority Business Office increase	25,000	0	25,000	0	0	0.0
OFFICE OF INFORMATION TECHNOLOGY						
R1 (OIT) Essential database support	936,776	0	0	936,776	0	8.0
R2 (OIT) Securing IT operations	11,857,490	0	0	11,857,490	0	9.0
R3 (OIT) Operations and administration center relocation	5,705,593	5,705,593	0	0	0	0.0
R4 (OIT) Application refresh and consolidation	800,700	0	0	800,700	0	0.0
R5 (OIT) Optimize self-service capabilities	333,426	0	0	333,426	0	0.0
R6 (OIT) Enterprise data integration services	3,139,756	0	0	3,139,756	0	2.0
R7 (OIT) Agency IT staff technical adjustment	144,342	0	0	144,342	0	1.0
R8 (OIT) CBMS PEAK	3,410,566	0	0	3,410,566	0	0.0
R9 (OIT) Lottery IT staff consolidation	1,253,065	0	0	1,253,065	0	13.0
OTHER CHANGES						
Centrally appropriated line items	10,228,430	479,243	323,327	9,334,309	91,551	0.0
Non-prioritized request items	10,086,367	68,367	0	10,018,000	0	16.2
Annualize prior year budget actions	1,455,472	1	64,325	1,391,146	0	0.0
Annualize prior year legislation	795,862	(92,004)	1,046,610	(163,004)	4,260	0.9
Indirect cost assessment	62,399	(222,585)	23,794	233,089	28,101	0.0
TOTAL	\$406,513,333	\$49,806,049	\$50,096,103	\$299,719,994	\$6,891,187	1,157.1
INCREASE/(DECREASE)	\$54,494,036	\$7,466,049	\$2,206,260	\$44,697,815	\$123,912	55.6
Percentage Change	15.5%	17.6%	4.6%	17.5%	1.8%	5.0%

COLORADO ENERGY OFFICE

R1 (CEO) EV GRANT FUND SPENDING AUTHORITY INCREASE: The request includes an increase of \$723,204 cash funds from the Electric Vehicle Grant Fund. Pursuant to statute, in addition to other vehicle registration fees, electric vehicle owners must pay a \$50 vehicle registration fee. \$30 of this additional fee is transmitted to the Highway Users Trust Fund and \$20 is transmitted to the Colorado Energy Office's Electric Vehicle Grant Fund. Money in the Electric Vehicle Grant Fund may be used to install recharging stations for electric vehicles via grants made to state agencies, public universities, public transit agencies, local governments, landlords of multi-family apartment buildings, private nonprofit or for-profit corporations, and the unit owners' associations of common interest communities. Grants for the installation of charging stations are awarded in three funding rounds each year.

OFFICE OF THE LIEUTENANT GOVERNOR

R1 (LG) COLORADO HEALTH IT ROADMAP OPERATING: The request includes an increase of \$2,008,154 reappropriated funds and 2.7 FTE transferred from the Department of Health Care Policy and Financing to the Office of the Lieutenant Governor's Office of eHealth Innovation to support the operating costs associated with implementing the Colorado Health IT Roadmap (note, the Department of Health Care Policy and Financing's FY 2019-20 budget submittal includes a corresponding request to transfer \$2,008,154 total funds, including \$1,011,017 General Fund, to the Office of the Lieutenant Governor for this purpose). The Colorado Health IT Roadmap is a three to five-year plan providing direction for health information technology investments in the public and private sectors. For FY 2018-19, the information technology section of the capital construction budget included an appropriation of \$6,605,000 total funds, including \$1,875,500 General Fund, to begin implementing the first phase of initiatives outlined in the Roadmap. For FY 2019-20, the Office requests \$11,508,333 total funds, including \$1,150,833 General Fund, in the information technology section of the capital construction budget for the second phase of initiatives outlined in the Roadmap.

R2 (LG) STATE INNOVATION MODEL OFFICE EXTENSION: The request includes an increase of \$202,434 General Fund and 1.5 FTE for the Office of the Lieutenant Governor to retain three current staff members for six months that are currently funded with money from the U.S. Department of Health and Human Services' Centers for Medicare and Medicaid Services to work on the Colorado State Innovation Model (SIM) and the Transforming Clinical Practice Initiative (TCPi). Federal funding for these positions expires in July (SIM) and September (TCPi) 2019. By extending a small group of staff into the first half of FY 2019-20, the Office indicates that it will be able to close-out its work and transition associated duties to the new administration. The Centers for Medicare and Medicaid Services provided Colorado with \$76 million federal funds to improve population health and value-based care. \$65 million came to Colorado through the Centers' SIM initiative, which partners with states to advance multi-payer health care payment and delivery system reform models. \$11 million came to the state through the Centers' TCPi program, which aims to provide technical assistance to help equip clinicians with tools, information, and network support needed to improve quality of care, increase patients' access to information, and spend health care money more wisely.

R3 (LG) ADMINISTRATION LINE ITEM INCREASE: The request includes an increase of \$75,000 General Fund and 1.3 FTE to fully fund the four positions in the Office of the Lieutenant Governor. Currently, the Office is staffed by the following: Lieutenant Governor, Chief of Staff, Deputy Chief of Staff, and Executive Assistant. The appropriation supporting these positions is \$271,000 and 2.7 FTE. This appropriation covers a portion of the total personal services costs (\$321,000) and does not include any funding for operating expenses. In absence of funding to cover personal services and operating costs, the Office uses funds appropriated to other agencies in the Office of the Governor. This request seeks \$50,000 General Fund to cover the Office's four staff positions without using funds appropriated to other agencies for other purposes, \$25,000 General Fund for operating expenses, and 1.3 FTE to true-up the appropriation to show the actual number of staff (4.0 FTE).

OFFICE OF ECONOMIC DEVELOPMENT AND INTERNATIONAL TRADE

R1 (OEDIT) COLORADO FILM OFFICE INCREASE: The request includes an increase of \$1,250,000 General Fund for the Colorado Office of Film, Television, and Media to provide additional financial incentives for production-related expenses incurred in Colorado. Pursuant to statute, the incentive program is a cash rebate, providing up to a 20 percent rebate to eligible productions. To be eligible, a Colorado production company must have qualified local expenditures of at least \$100,000 and an out-of-state production company must have at least \$1.0 million in qualified local expenditures, except for television commercials or video games, which have a requirement of \$250,000 in qualified local expenditures. Productions must hire a workforce comprised of at least 50.0 percent Colorado residents. The FY 2018-19 appropriation for the operation of the Office and film incentives is \$1,500,000 (\$750,000 General Fund and \$750,000 cash funds from limited gaming tax revenue).

R2 (OEDIT) MINORITY BUSINESS OFFICE INCREASE: The request includes an increase of \$25,000 cash funds from the Minority Business Fund to support initiatives of the Minority Business Office. The Office is tasked with promoting the business development of new and existing minority businesses in coordination with state economic development activities. Pursuant to statute, the director of the agency may receive funds from the private sector for the purposes of conducting or implementing projects and other necessary operations of the Office. This money is placed in the Minority Business Fund. Money in the Fund is subject to annual appropriation by the General Assembly. The Office’s FY 2018-19 appropriation includes cash funds spending authority in the amount of \$25,000 from the Fund.

OFFICE OF INFORMATION TECHNOLOGY

R1 (OIT) ESSENTIAL DATABASE SUPPORT: The request includes an increase of \$936,776 reappropriated funds transferred from state agencies to the Office and 8.0 FTE to augment the database services team (17.0 FTE) with additional staff to support non-production databases (development, test, and staging). Currently, the database services team only has resources to support production databases, which leaves non-production databases vulnerable to security breaches. Additionally, the current staffing level does not allow for the timely resolution of issues that arise with production databases.

R2 (OIT) SECURING IT OPERATIONS: The request includes an increase of \$11,857,490 reappropriated funds transferred from state agencies to the Office and 9.0 FTE to accelerate the pace at which the Secure Colorado cybersecurity strategic plan, created by OIT’s Office of Information Security and the Colorado Information Security Advisory Board, is implemented, as well as to implement new initiatives identified through recent analyses of the state’s capabilities. The Office advises that accelerating the implementation of Secure Colorado and adding new functionality will significantly reduce and mitigate attacks like the Department of Transportation cybersecurity incident. Specifically, the funding would be allocated as follows:

R2 (OIT) SECURING IT OPERATIONS PROPOSED ALLOCATION OF FUNDS		
	FY 2019-20	FY 2020-21 AND BEYOND
Current Secure Colorado Initiatives	\$4,128,196	\$1,480,369
East-West Traffic (network segmentation)	3,332,653	778,953
Public Cloud (architecture, engineering, and security)	739,205	696,878
Identity and Access Management (proper people have proper access)	1,890,901	1,080,901
Security Impacts on OIT Infrastructure Teams (additional staff)	*1,766,535	*1,026,535
Total	\$11,857,490	\$5,063,636

*Amount includes \$407,000 for salary adjustments to help retain critical security staff already employed by OIT.

R3 (OIT) OPERATIONS AND ADMINISTRATION CENTER RELOCATION: The request includes an increase of \$5,705,593 to relocate the Office's operations and central administrative center, and its 337.0 FTE, from its current location at the Pearl Plaza building at 601 E. 18th Ave. in Denver to an undetermined new location in the downtown Denver area. The Office indicates that the move is needed to obtain the quality of space required to attract and retain qualified staff that allow existing teams to perform efficiently to support the information technology needs of state agencies.

R4 (OIT) APPLICATION REFRESH AND CONSOLIDATION: The request includes an increase of \$800,700 reappropriated funds transferred from state agencies to the Office to continually consolidate, modernize, and maintain the state's aging applications. The Office points out that state agencies have created a large number of information technology applications in response to evolving business needs and the underlying hardware and software supporting many of these applications have become obsolete, necessitating modernization or consolidation into existing technologies supported by the Office.

R5 (OIT) OPTIMIZE SELF-SERVICE CAPABILITIES: The request includes \$333,426 reappropriated funds transferred from state agencies to the Office to augment service desk capabilities with artificial intelligence and chatbots to provide basic support services to state agencies. The Office states that 62 percent of state agency customer interactions with its service desk to resolve or troubleshoot an issue are conducted live by an OIT employee. It is envisioned that implementing artificial intelligence and chatbots will decrease issue resolution time and allow service desk employees to focus on issues with greater complexity.

R6 (OIT) ENTERPRISE DATA INTEGRATION SERVICES: The request includes an increase of \$3,139,756 in reappropriated funds transferred from state agencies to the Office and 2.0 FTE to enter into a statewide enterprise license agreement (ELA) with a vendor for Enterprise Service Bus technologies. The requested staff increase of 2.0 FTE would be used for Enterprise Service Bus implementation support services. An Enterprise Service Bus implements a communication system between mutually interacting software applications such that data can be shared from application to application without removing the data from its underlying databases.

R7 (OIT) AGENCY IT STAFF TECHNICAL ADJUSTMENT: The request includes an increase of \$144,342 in reappropriated funds and 1.0 FTE to convert 1.0 FTE term-limited project manager supporting the Department of Transportation to a full-time OIT employee due to the Department's ongoing need for project management services. This request does not increase appropriations for the Department of Transportation, as the agency has been paying OIT through an inter-agency agreement for this project management function.

R8 (OIT) CBMS PEAK: The request includes an increase of \$3,410,566 reappropriated funds transferred from the Department of Health Care Policy and Financing (HCPF), the Department of Human Services (CDHS), and the Department of Public Health and Environment (CDPHE) for a variety of changes associated with the implementation of the Colorado Benefits Management System (CBMS) and the Program Eligibility and the Application Kit (PEAK).

R9 (OIT) LOTTERY IT STAFF CONSOLIDATION: The request includes an increase of \$1,253,065 reappropriated funds and 13.0 FTE to transfer employees from the Department of Revenue's Lottery Division to the Office. These employees were not consolidated previously after the passage of S.B. 05-155 (Centralize IT Management In OIT) and both the Office and Department of Revenue agree that the employees should reside in OIT. Neither agency anticipates that this transition will negatively impact the information technology services currently supporting the Lottery Division.

OTHER CHANGES

CENTRALLY APPROPRIATED LINE ITEMS: The request includes an increase of \$10,228,430 total funds, including \$479,243 General Fund, for adjustments to centrally appropriated line items for the following: state contributions for health, life, and dental benefits; merit pay; salary survey; short-term disability; supplemental state contributions to the Public Employees' Retirement Association (PERA) pension fund; shift differential; workers' compensation; legal services; payment to risk management and property funds; Capitol complex leased space; Payments to OIT; and CORE. The following table summarizes each requested centrally appropriated line item change.

CENTRALLY APPROPRIATED LINE ITEMS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
Payments to OIT adjustment	\$5,249,867	(\$103,784)	\$0	\$5,353,651	\$0	0.0
Merit pay adjustment	2,828,356	250,947	130,220	2,393,659	53,530	0.0
PERA Direct Distribution	2,540,398	218,210	110,549	2,166,486	45,153	0.0
Payment to risk management / property funds adjustment	42,699	12,277	0	30,422	0	0.0
Salary survey adjustment	21,401	3,489	2,326	15,586	0	0.0
Leased space adjustment	20,471	20,471	0	0	0	0.0
Health, life, and dental adjustment	7,592	152,511	19,260	(146,381)	(17,798)	0.0
PERA SAED adjustment	(93,673)	30,939	30,360	(151,880)	(3,092)	0.0
PERA AED adjustment	(93,448)	30,939	30,585	(151,880)	(3,092)	0.0
Capitol Complex leased space adjustment	(76,987)	(32,622)	0	(44,365)	0	0.0
Workers' compensation adjustment	(72,800)	(6,425)	0	(66,375)	0	0.0
Legal services adjustment	(61,895)	(98,906)	0	19,009	18,002	0.0
Shift differential adjustment	(55,148)	0	0	(55,148)	0	0.0
CORE adjustment	(24,858)	0	(1,085)	(22,682)	(1,091)	0.0
Short-term disability adjustment	(3,545)	1,197	1,112	(5,793)	(61)	0.0
TOTAL	\$10,228,430	\$479,243	\$323,327	\$9,334,309	\$91,551	0.0

NON-PRIORITIZED REQUEST ITEMS: The request includes an increase of \$10,086,367 total funds, including \$68,367 General Fund, for items requested by other departments that impact the agencies covered in this briefing document. The following table summarizes each requested non-prioritized item.

NON-PRIORITIZED REQUEST ITEMS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
DOC (R2) DeCORuM maintenance and support	\$2,796,520	\$0	\$0	\$2,796,520	\$0	0.0
CDHS (R13) Colorado Trails	2,452,920	0	0	2,452,920	0	0.0
HCPF (R12) Medicaid enterprise operations	1,189,470	0	0	1,189,470	0	3.0
HCPF (R10) Transform customer experience	1,120,000	0	0	1,120,000	0	0.0
HCPF (R6) Local administration transformation	821,240	0	0	821,240	0	0.0
DOR (R1) GenTax support enhancements	681,477	0	0	681,477	0	6.0
CDLE (R1) UIM operating	601,509	0	0	601,509	0	4.5
CDHS (R11) Crisis services	351,075	0	0	351,075	0	2.7
OIT (R2) Securing IT operations	55,161	55,161	0	0	0	0.0
OIT (R4) Application refresh and consolidation	10,999	10,999	0	0	0	0.0
DPA (R4) Annual fleet vehicle request	3,923	134	0	3,789	0	0.0
OIT (R5) Optimize self-service capabilities	1,551	1,551	0	0	0	0.0
OIT (R1) Essential database support	522	522	0	0	0	0.0
TOTAL	\$10,086,367	\$68,367	\$0	\$10,018,000	\$0	16.2

ANNUALIZE PRIOR YEAR BUDGET ACTIONS: The request includes an increase of \$1,455,472 total funds, including \$1 General Fund, for adjustments related to prior year budget actions, primarily decision items. The following table summarizes each annualization.

ANNUALIZE PRIOR YEAR BUDGET ACTIONS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2018-19 OIT CBMS PEAK adjustment	\$1,306,463	\$0	\$0	\$1,306,463	\$0	0.0
FY 2018-19 OIT Microsoft enterprise license agreement	409,096	0	0	409,096	0	0.0
FY 2018-19 OIT Voice and data services	328,386	0	0	328,386	0	0.0
FY 2018-19 OSPB 2% reduction	64,325	0	64,325	0	0	0.0
FY 2018-19 DOR Drives system	32,585	0	0	32,585	0	0.0
FY 2018-19 OIT HRIS timekeeping savings	8,055	0	0	8,055	0	0.0
FY 2018-19 CDPS Sex Offender Management Board	(361,424)	0	0	(361,424)	0	0.0
FY 2018-19 HCPFB BUS continuation	(230,040)	0	0	(230,040)	0	0.0
FY 2017-18 Department of Revenue telephone replacement	(67,500)	0	0	(67,500)	0	0.0
FY 2018-19 DOLA Peace Officer grant program	(23,825)	0	0	(23,825)	0	0.0
Prior year salary survey	(5,946)	1	0	(5,947)	0	0.0
FY 2018-19 DNR application development and support	(4,703)	0	0	(4,703)	0	0.0
TOTAL	\$1,455,472	\$1	\$64,325	\$1,391,146	\$0	0.0

ANNUALIZE PRIOR YEAR LEGISLATION: The request includes an increase of \$795,862 total funds, including a decrease of \$92,004 General Fund, for adjustments related to prior year legislation. The following table summarizes each annualization.

ANNUALIZE PRIOR YEAR LEGISLATION						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
H.B. 18-1323 (Pay For Success Contracts Pilot Program Funding)	\$1,036,180	\$0	\$1,036,180	\$0	\$0	0.0
SB 18-200 (Modifications To PERA Public Employees' Retirement Association To Eliminate Unfunded Liability)	231,399	20,161	10,430	196,548	4,260	0.0
H.B. 18-1430 (State Agency Long-range Financial Plan)	77,962	77,962	0	0	0	0.9
S.B. 18-086 (Cyber Coding Cryptology For State Records)	(114,830)	(114,830)	0	0	0	0.0
S.B. 18-150 (Voter Registration Individuals Criminal Justice System)	(89,600)	0	0	(89,600)	0	0.0
H.B. 18-1017 (Psychology Interjurisdictional Compact)	(77,000)	0	0	(77,000)	0	0.0
H.B. 17-1057 (Interstate Physical Therapy Licensure Compact)	(74,000)	0	0	(74,000)	0	0.0
H.B. 14-1326 (Tax Incentives For Alternative Fuel Trucks)	(70,000)	(70,000)	0	0	0	0.0
H.B. 18-1267 (Income Tax Credit For Retrofitting Home For Health)	(65,508)	0	0	(65,508)	0	0.0
H.B. 18-1299 (Electronic Filing Title Registration Motor Vehicle)	(16,590)	0	0	(16,590)	0	0.0
H.B. 18-1042 (Private Interstate Commercial Vehicle Registration)	(16,016)	0	0	(16,016)	0	0.0
H.B. 18-1256 (Sunset Continue Civil Rights Division And Commission)	(10,000)	0	0	(10,000)	0	0.0
H.B. 18-1339 (Background Checks Employees Access Federal Tax Information)	(5,297)	(5,297)	0	0	0	0.0
S.B. 18-036 (Relocate Title 24 Tobacco Sales Minors To Title 44)	(4,630)	0	0	(4,630)	0	0.0
H.B. 17-1326 (Justice Reinvestment Crime Prevention Initiative)	(3,296)	0	0	(3,296)	0	0.0
H.B. 17-1313 (Civil Forfeiture Reform)	(2,912)	0	0	(2,912)	0	0.0
TOTAL	\$795,862	(\$92,004)	\$1,046,610	(\$163,004)	\$4,260	0.9

INDIRECT COST ASSESSMENT: The request includes an increase of \$62,399 total funds, including a decrease of \$222,585 General Fund, for both departmental and statewide indirect cost assessments. The following table summarizes each requested indirect cost assessment adjustment by agency.

INDIRECT COST ASSESSMENT						
DIVISION	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
Colorado Energy Office	\$28,101	\$0	\$0	\$0	\$28,101	0.0
Office of Economic Development	23,794	0	23,794	0	0	0.0
Office of Information Technology	10,504	0	0	10,504	0	0.0
Office of the Governor	0	(222,585)	0	222,585	0	0.0
TOTAL	\$62,399	(\$222,585)	\$23,794	\$233,089	\$28,101	0.0

SUMMARY OF ISSUES PRESENTED TO THE JOINT BUDGET COMMITTEE

IMPROVING THE STATE’S DELIVERY OF INFORMATION TECHNOLOGY SERVICES: House Bill 17-1361 (Evaluate State Information Technology Resources), sponsored by the Joint Budget Committee, required the Office of the State Auditor to contract with a consulting firm to conduct an evaluation of the state's information technology resources. The firm presented a variety of findings and recommendations to the Legislative Audit Committee in December 2018. Several of the recommendations may require legislative action by the Joint Budget Committee and/or other members of the General Assembly to implement.

CAPITAL CONSTRUCTION INFORMATION TECHNOLOGY PROJECTS: For FY 2019-20, funding for 15 capital construction information totaling \$36.8 million total funds, including \$21.8 General Fund, was submitted to the Joint Technology Committee and the Joint Budget Committee for consideration. This represents an increase of 19.2 percent total funds and an increase of 43.4 percent General Fund compared to FY 2018-19 appropriations. Additionally, the Governor’s Office of Information Technology is implementing several process changes to improve the procurement process for information technology projects, pursuant to the Joint Budget Committee-sponsored H.B. 18-1421 (Procurement Process For Major IT Information Technology Projects).

Department of Healthcare Policy and Financing

The Department of Health Care Policy and Financing helps pay health and long-term care expenses for low-income and vulnerable populations. To assist with these costs the Department receives significant federal matching funds, but must adhere to federal rules regarding program eligibility, benefits, and other features, as a condition of accepting the federal money. The Department's FY 2018-19 appropriation represents approximately 33.2 percent of statewide operating appropriations and 25.4 percent of statewide General Fund appropriations.

FY 2018-19 APPROPRIATION AND FY 2019-20 REQUEST

DEPARTMENT OF HEALTH CARE POLICY AND FINANCING						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2018-19 APPROPRIATION:						
HB 18-1322 (Long Bill)	10,130,526,763	2,891,689,537	1,290,827,504	84,557,891	5,863,451,831	491.4
Other legislation	26,009,872	12,889,465	1,195,195	0	11,925,212	14.9
TOTAL	\$10,156,536,635	\$2,904,579,002	\$1,292,022,699	\$84,557,891	\$5,875,377,043	506.3
FY 2019-20 REQUESTED APPROPRIATION:						
FY 2018-19 Appropriation	\$10,156,536,635	2,904,579,002	\$1,292,022,699	\$84,557,891	\$5,875,377,043	506.3
R1 Medical Services Premiums	354,643,647	166,725,932	79,381,786	74,999	108,460,930	0.0
R2 Behavioral Health	26,909,077	12,743,445	6,764,296	0	7,401,336	0.0
R3 Children's Basic Health Plan	27,968,602	0	22,506,477	0	5,462,125	0.0
R4 Medicare Modernization Act	1,520,436	1,520,436	0	0	0	0.0
R5 Office of Community Living	6,298,371	2,526,890	701,023	0	3,070,458	0.0
R6 Local administration transformation	3,266,842	2,090,396	202,724	3	973,719	2.5
R7 Primary care alternative payment	2,570,871	535,928	281,908	0	1,753,035	1.8
R8 Benefits and technology advisory committee	342,248	124,897	46,227	0	171,124	1.8
R9 Long-term home health and private duty nursing acuity tool	358,583	179,292	0	0	179,291	0.0
R10 Transform customer experience	2,215,752	753,356	354,520	0	1,107,876	1.8
R11 All-Payer Claims Database	2,619,731	2,811,464	0	0	(191,733)	0.0
R12 Medicaid enterprise operations	26,407,927	654,663	1,828,468	0	23,924,796	1.8
R13 Provider rate adjustments	61,064,820	26,768,039	1,750,713	0	32,546,068	0.0
R14 Office of Community Living governance	1,561,165	422,482	250,000	0	888,683	0.9
R15 Operational compliance and oversight	(780,722)	0	5,355	0	(786,077)	5.5
R16 Employment first initiatives and state programs for IDD	3,028,666	(800,000)	3,828,666	0	0	1.8
NP CBMS PEAK	20,350,847	4,090,801	2,084,566	(93,565)	14,269,045	0.0
NP Office of Electronic Health Information	1,759,468	981,831	0	0	777,637	0.0
NP Transfer home modification child welfare program	57,800	28,900	0	0	28,900	0.0
Centrally appropriated items	2,415,944	821,588	237,882	40,982	1,315,492	0.0
Transfers to other agencies	414,600	158,090	0	30,738	225,772	0.0
Annualize prior year budget actions	(80,384,983)	(20,323,711)	1,119,583	1,097	(61,181,952)	4.5
Human Services programs	(2,080,827)	(1,045,607)	5,171	0	(1,040,391)	0.0
Tobacco forecast	(43,369)	(43,369)	0	0	0	0.0
TOTAL	\$10,619,022,131	\$3,106,304,745	\$1,413,372,064	\$84,612,145	\$6,014,733,177	528.7
INCREASE/(DECREASE)	\$462,485,496	\$201,725,743	\$121,349,365	\$54,254	\$139,356,134	22.4
Percentage Change	4.6%	6.9%	9.4%	0.1%	2.4%	4.4%

R1 MEDICAL SERVICES PREMIUMS: The Department requests a net increase of \$354.6 million total funds, including \$166.7 million General Fund, for projected changes in caseload, per capita expenditures, and fund sources for the Medical Services Premiums line item.

R2 BEHAVIORAL HEALTH PROGRAMS: The Department requests a net increase of \$26.9 million total funds, including an increase of \$12.7 million General Fund, for projected changes in caseload, per capita expenditures, and fund sources for behavioral health services.

R3 CHILDREN'S BASIC HEALTH PLAN: The Department requests a net increase of \$28.0 million total funds for projected changes in caseload, per capita expenditures, and fund sources for the Children's Basic Health Plan.

R4 MEDICARE MODERNIZATION ACT: The Department requests an increase of \$1.5 million General Fund for the projected state obligation, pursuant to the federal Medicare Modernization Act, to pay the federal government in lieu of the state covering prescription drugs for people dually eligible for Medicaid and Medicare.

R5 OFFICE OF COMMUNITY LIVING: The Department requests a net increase of \$6.3 million total funds, including \$2.5 million General Fund, for projected changes in caseload, per capita expenditures, and fund sources for services for people with intellectual and developmental disabilities.

R6 LOCAL ADMINISTRATION TRANSFORMATION: The Department requests \$3.3 million, including \$2.1 million General Fund, and 2.5 FTE for three initiatives to improve county administration of public assistance:

- Consolidate returned mail processing to remove it from county responsibilities;
- Increase incentive funding for county performance; and
- Centralize administration of non-emergency medical transportation (NEMT).

The Department anticipates the consolidation of returned mail processing and the county incentive payments will help the Department identify people who have moved out of state more quickly, leading to savings in FY 2020-21 that partially offset costs. Centralizing the administration of non-emergency medical transportation is intended to improve consistency and customer service and reduce county workloads.

R6 Local Administration						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
<u>FY 2019-20</u>						
Consolidate returned mail	\$876,996	\$273,849	\$74,351	\$0	\$528,796	0.9
<i>Administration</i>	180,231	58,316	20,803	0	101,112	0.9
<i>Development</i>	696,765	215,533	53,548	0	427,684	0.0
<i>Cost avoidance</i>	0	0	0	0	0	0.0
County incentive payments	1,586,624	1,529,452	13,859	0	43,313	0.9
<i>Administration</i>	86,624	29,452	13,859	0	43,313	0.9
<i>Incentive payments</i>	1,500,000	1,500,000	0	0	0	0.0
Centralize admin of NEMT	803,219	287,095	114,514	0	401,610	0.7
TOTAL- HCPF	\$3,266,839	\$2,090,396	\$202,724	\$0	\$973,719	2.5
Hunan Services share of mail	27,865	4,578	13,401	0	9,886	0.0
TOTAL - All Departments	\$3,294,704	\$2,094,974	\$216,125	\$0	\$983,605	2.5
<u>FY 2020-21</u>						
Consolidate returned mail	(\$5,107,840)	(\$1,594,822)	(\$212,326)	\$111,942	(\$3,412,634)	1.0

R6 Local Administration						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
<i>Administration</i>	3,403,423	1,020,785	260,051	111,942	2,010,645	1.0
<i>Development</i>	0	0	0	0	0	0.0
<i>Cost avoidance</i>	(8,511,263)	(2,615,607)	(472,377)	0	(5,423,279)	0.0
County incentive payments	<u>1,588,294</u>	<u>1,530,020</u>	<u>14,127</u>	<u>0</u>	<u>44,147</u>	<u>1.0</u>
<i>Administration</i>	88,294	30,020	14,127	0	44,147	1.0
<i>Incentive payments</i>	1,500,000	1,500,000	0	0	0	0.0
Centralize admin of NEMT	2,084,957	748,221	294,257	0	1,042,479	1.0
TOTAL- HCPF	(\$1,434,589)	\$683,419	\$96,058	\$111,942	(\$2,326,008)	3.0
Hunan Services share of mail	112,608	18,502	54,157	0	39,949	0.0
TOTAL - All Departments	(\$1,321,981)	\$701,921	\$150,215	\$111,942	(\$2,286,059)	3.0

R7 PRIMARY CARE ALTERNATIVE PAYMENT: The Department requests \$2.6 million total funds, including \$535,928 General Fund, and 1.8 FTE for three initiatives to expand and improve performance payments for primary care.

- *Risk Sharing Option* - Request federal approval to offer providers an option to split current fee-for-service payments into a portion that is paid on a capitated basis and a remainder that is paid on a fee-for-service basis
- *Clinical Quality Measures* - Collect Electronic Clinical Quality Measure (eCQM) information from providers, which can be more useful for designing effective performance payments than claims data
- *Claims data common format* - Finance Medicaid's share of work by the Multi-Payer Collaborative to aggregate claims data in a common format, so that Medicaid can use the same performance measures, definitions, and data sources as other payers and not pull providers in multiple directions

The Department expects expanding and improving performance payments will result in better health outcomes and lower costs, and the Department projects savings, beginning in FY 2021-22, at least as great as the General Fund cost.

R8 BENEFITS AND TECHNOLOGY COMMITTEE: The Department requests \$342,248 total funds, including \$124,897 General Fund, and 1.8 FTE to create a standing benefits and technology advisory committee to evaluate new evidence-based research to inform decisions about the amount, scope, and duration of benefits. The Department currently invites interested parties to assist with benefit reviews through the Benefits Collaborative, but the lack of a standing membership has led to criticism of the process as biased toward those who choose to participate. The requested funding would pay for staff for the proposed committee, an annual budget of \$150,000 for outside research and expert consultation, and, beginning in FY 2020-21, \$250,000 for an annual external evaluation of the cost savings of each initiative implemented. The Department anticipates savings from otherwise projected expenditures of approximately \$5.0 million total funds (\$1.4 million General Fund) per year, beginning in FY 2020-21, from improved health outcomes when benefit policies are better aligned with evidence-based research.

R9 LONG-TERM HOME HEALTH AND PRIVATE DUTY NURSING ACUITY TOOL: The Department requests \$358,583 total funds, including \$179,292 General Fund, to develop a statistically-valid and clinically-based tool for assessing the needs of clients for long-term home health services and for private duty nursing services. According to the Department, current methods for assessing needs are inconsistent and/or rely on tools designed for other purposes or tools that are outdated and insufficiently validated. The Department projects improved needs assessments will result in a shift of utilization toward lower cost alternative Home- and Community-Based Services, resulting in savings beginning in FY 2020-21.

R9 Long-term Home Health and Private Duty Nursing Acuity Tool					
	FY 19-20	FY 20-21	FY 21-22	FY 22-23	FY 23-24
Stakeholder engagement	\$26,580	\$13,290	\$13,290	\$0	\$0
Tool development	332,003	195,373	0	0	0
Post-implementation evaluation	0	0	0	50,000	50,000
Shift in utilization	0	(704,982)	(7,837,543)	(13,485,585)	(14,707,037)
TOTAL	\$358,583	(\$496,319)	(\$7,824,253)	(\$13,435,585)	(\$14,657,037)
General Fund	179,292	(242,042)	(3,844,124)	(6,600,784)	(7,200,912)
Cash Funds	0	(3,573)	(39,722)	(68,347)	(74,538)
Federal Funds	179,291	(250,704)	(3,940,407)	(6,766,454)	(7,381,587)

R10 CUSTOMER EXPERIENCE: The Department requests \$2.2 million total funds, including \$753,356 General Fund, and 1.8 FTE for several initiatives to improve customer experience.

- Update, index, and expand the automated call center knowledge library
- Create a pool of call center temporary staff to address turnover and employee absences
- Contract for assistance ensuring that all communications to clients, including those produced by vendors, use plain language, consistent terminology, and proper translation
- Automate online chat assistance to use artificial intelligence for the most commonly asked questions
- Utilize one-time contract services and on-going in-house staff to improve and maintain training for call center staff and quality control for communications
- Provide funding to support volunteer clients who serve on the Member Experience Advisory Councils that provide recommendations on Department communications and procedures for Medicaid and the Children's Basic Health Plan

R10 Customer Experience					
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	FEDERAL FUNDS	FTE
<u>FY 2019-20</u>					
Call center knowledge library	\$300,000	\$102,000	\$48,000	\$150,000	0.0
Call center temporary pool	499,200	169,728	79,872	249,600	0.0
Plain language contract	192,000	65,280	30,720	96,000	0.0
Automate on-line chat	920,000	312,800	147,200	460,000	0.0
Improve training and quality control	267,248	90,865	42,759	133,624	1.8
Member Experience Advisory Committees	37,304	12,683	5,969	18,652	0.0
Total	\$2,215,752	\$753,356	\$354,520	\$1,107,876	1.8
<u>FY 2020-21</u>					
Call center knowledge library	\$40,000	\$13,600	\$6,400	\$20,000	0.0
Call center temporary pool	499,200	169,728	79,872	249,600	0.0
Plain language contract	192,000	65,280	30,720	96,000	0.0
Automate on-line chat	184,000	62,560	29,440	92,000	0.0
Improve training and quality control	170,588	57,999	27,295	85,294	2.0
Member Experience Advisory Committees	37,304	12,683	5,969	18,652	0.0
Total	\$1,123,092	\$381,850	\$179,696	\$561,546	2.0

R11 ALL-PAYER CLAIMS DATABASE: The Department requests a net increase of \$2.6 million total funds, including \$2.8 million General Fund, to finance the All-Payer Claims Database (APCD). House Bill 18-1327, sponsored by the JBC, allowed General Fund to support the APCD and appropriated funding based on Medicaid's share of the costs. However, the federal government approved a different method to estimate Medicaid's share of costs than assumed

in last year's bill, resulting in a funding shortfall that the Department proposes closing with General Fund. Also, the Department proposes increasing funding in FY 2019-20 and providing inflationary increases in out years to allow the APCD staff to focus on data quality, rather than fundraising, and to stabilize support for the APCD.

R11 All-Payer Claims Database			
	TOTAL FUNDS	GENERAL FUND	FEDERAL FUNDS
Close funding gap	\$0	\$191,733	(\$191,733)
Increase funding	2,619,731	2,619,731	0
TOTAL	\$2,619,731	\$2,811,464	(\$191,733)

R12 MEDICAID ENTERPRISE OPERATIONS: The Department requests \$26.4 million total funds, including \$654,663 General Fund, and 1.8 FTE to address operating and compliance issues with a collection of information technology systems and processes related to eligibility, benefits authorization, and claims processing. The federal government refers to these information technology systems and processes as the Medicaid Enterprise System. The request is not related to the provider fee on hospitals that is designated as an enterprise under TABOR. In addition to the request for the Department of Health Care Policy and Financing, there are components of the request that affect the Governor's Office of Information Technology.

The Legislative Requirements for System Functionality component of the request includes resources for the time-intensive federal process of certifying that recently reprocured components of the Medicaid Enterprise System are operating as intended. Federal certification is necessary to continue qualifying for an enhanced federal match. Also, it includes funds for a new care and case management tool to replace systems that are outdated and do not communicate with each other or the Department's billing system. It makes adjustments to estimated costs for implementing S.B. 16-192 regarding a single assessment tool and S.B. 18-266, which authorized claims editing software to improve the accuracy of claims edits. Finally, it includes funds for federally required information technology architecture self-assessments and independent verification and validations.

The components for Improvements to Member/Provider Support and Planning for Future of Medicaid Enterprise are about improving and maintaining responsiveness and strategic planning.

R12 Medicaid Enterprise Operations					
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	FEDERAL FUNDS	FTE
<u>FY 2018-19</u>					
Legislative requirements on system functionality	\$5,569,423	(\$3,682)	\$171,545	\$5,401,560	0.0
Improvements to member/provider experience	3,907,866	437,106	262,168	3,208,592	0.0
Planning for future of Medicaid Enterprise	0	0	0	0	0.0
TOTAL	\$9,477,289	\$433,424	\$433,713	\$8,610,152	0.0
<u>FY 2019-20</u>					
Legislative requirements on system functionality	5,999,604	(1,510,423)	334,721	7,175,306	0.0
Improvements to member/provider experience	13,312,176	1,528,602	938,745	10,844,829	0.9
Planning for future of Medicaid Enterprise	8,096,148	910,285	605,702	6,580,161	0.9
TOTAL	\$27,407,928	\$928,464	\$1,879,168	\$24,600,296	1.8
<u>FY 2020-21</u>					
Legislative requirements on system functionality	4,912,672	(398,221)	228,423	5,082,470	0.0
Improvements to member/provider experience	12,663,985	1,493,294	891,804	10,278,887	1.0
Planning for future of Medicaid Enterprise	15,396,283	1,959,443	1,222,265	12,214,575	1.0
TOTAL	\$32,972,940	\$3,054,516	\$2,342,492	\$27,575,932	2.0

R13 PROVIDER RATES: The Department requests a net increase of \$61.1 million total funds, including \$56.8 million General Fund, for changes to provider rates.

R13 Provider Rates				
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	FEDERAL FUNDS
Personal care/Homemaker	\$20,534,428	\$10,267,214	\$0	\$10,267,214
Home- & Community-Based Services	10,167,918	5,083,959	0	5,083,959
Transportation	6,828,678	1,825,047	526,754	4,476,877
Dental	4,451,570	803,064	739,851	2,908,655
Maternity	4,373,298	1,966,672	0	2,406,626
Other	211,190	62,517	10,164	138,509
Primary care/Radiology/PT&OT	0	0	0	0
Laboratory/Pathology	(9,262,666)	(2,301,773)	(470,544)	(6,490,349)
Anesthesia	(8,519,153)	(2,514,854)	(412,327)	(5,591,972)
Diabetes test strips	(2,301,070)	(873,026)	(70,414)	(1,357,630)
Subtotal - Targeted Changes	\$26,484,193	\$14,318,820	\$323,484	\$11,841,889
Across-the-board 0.75 percent	34,580,627	12,449,219	1,427,229	20,704,179
Total	\$61,064,820	\$26,768,039	\$1,750,713	\$32,546,068

R14 OFFICE OF COMMUNITY LIVING GOVERNANCE: The Department requests \$1.6 million total funds, including \$422,482 General Fund, and 0.9 FTE for five initiatives to improve the Office of Community Living:

- Contract with a case management broker to assist clients in selecting a case management agency, in order to comply with conflict-free case management requirements
- Address inadequate funding for the federally-mandated Preadmission Screening and Resident Review (PASRR) that identifies mental health or intellectual and developmental disability needs before people enter a nursing home, and separate responsibility for administering the PASRR from entities that provide services, in order to remove a potential conflict of interest
- Continue funding for staff associated with the Behavioral Health Crisis Pilot, in order to coordinate behavioral health services for people with intellectual and developmental disabilities
- Increase a statutory limit on the amount of nursing home civil penalty revenues that can be used for nursing home innovation grants, in order to spend down the fund balance and improve nursing care
- Increase oversight of Individual Residential Support Services for people with intellectual and developmental disabilities by giving the Medical Services Board rule-making authority in statute and providing funding for the Department of Local Affairs to conduct housing quality inspections

The last two initiatives would require legislation.

R15 OPERATIONAL COMPLIANCE AND OVERSIGHT: The Department requests a net decrease of \$780,722 total funds and an increase of 5.5 FTE for seven compliance and oversight initiatives:

- *Eligibility system audits* – Contract for services and hire internal staff to audit eligibility determinations, which the Department projects will lead to faster corrections and savings
- *PACE oversight* – Hire staff to increase oversight of billing, quality and adequacy of care, and enrollment for the fast-growing Program for All-Inclusive Care for the Elderly (PACE), which serves elderly people who meet nursing level of care and within a flat rate tries to manage care and provide community supports to allow clients to live as independently as possible
- *Managed care financial reviews* – Increase contracts to perform financial reviews of managed care organizations and their subcontracts to ensure accurate rates

- *Hospital back-up data validation* – Contract for services to validate data used in rate setting for the hospital back-up program, which provides nursing services for high-acuity patients and allows them to discharge from a hospital setting
- *Single Entry Point oversight* - Hire staff to meet federal oversight standards for the Single Entry Points, which provide case management, care planning, and referrals for long-term services and supports
- *Audit management* – Hire staff to manage an announced increase in federal audits and ensure federal auditors receive the information needed in a timely and coordinated fashion
- *Claims review for intellectual and developmental disability services* – Hire staff to investigate and recover erroneously paid claims for services for people with intellectual and developmental disabilities in response to referrals from the Department of Public Health and Environment, internal staff, case management agencies, etc.

R15 Operational compliance and oversight					
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	FEDERAL FUNDS	FTE
<u>FY 2019-20</u>					
Eligibility system audits	<u>(\$1,528,973)</u>	<u>(\$335,896)</u>	<u>(\$27,139)</u>	<u>(\$1,165,938)</u>	<u>0.9</u>
<i>Staff</i>	91,744	26,946	15,962	48,836	0.9
<i>Contract services</i>	111,499	45,375	31,889	34,235	0.0
<i>Eligibility corrections</i>	(1,732,216)	(408,217)	(74,990)	(1,249,009)	0.0
PACE oversight	<u>231,744</u>	<u>115,872</u>	<u>0</u>	<u>115,872</u>	<u>0.9</u>
<i>Staff</i>	91,744	45,872	0	45,872	0.9
<i>Contract services</i>	140,000	70,000	0	70,000	0.0
Managed care financial reviews	85,794	23,594	16,531	45,669	0.0
Hospital back-up data validation	64,000	32,000	0	32,000	0.0
Single Entry Point oversight	183,225	91,613	0	91,612	1.8
Audit management	91,744	26,945	15,963	48,836	0.9
Claims review for IDD	91,744	45,872	0	45,872	0.9
TOTAL	(\$780,722)	\$0	\$5,355	(\$786,077)	5.4
<u>FY 2020-21</u>					
Eligibility system audits	<u>(\$2,670,274)</u>	<u>(\$596,279)</u>	<u>\$10,128</u>	<u>(\$2,084,123)</u>	<u>1.0</u>
<i>Staff</i>	94,154	27,653	16,377	50,124	1.0
<i>Contract services</i>	700,000	192,500	143,732	363,768	0.0
<i>Eligibility corrections</i>	(3,464,428)	(816,432)	(149,981)	(2,498,015)	0.0
PACE oversight	<u>94,154</u>	<u>47,076</u>	<u>0</u>	<u>47,078</u>	<u>1.0</u>
<i>Staff</i>	94,154	47,076	0	47,078	1.0
<i>Contract services</i>	0	0	0	0	0.0
Managed care financial reviews	85,794	23,594	16,531	45,669	0.0
Hospital back-up data validation	64,000	32,000	0	32,000	0.0
Single Entry Point oversight	188,076	94,039	0	94,037	2.0
Audit management	94,154	27,654	16,377	50,123	1.0
Claims review for IDD	94,154	47,077	0	47,077	1.0
TOTAL	(\$2,049,942)	(\$324,839)	\$43,036	(\$1,768,139)	6.0

R16 EMPLOYMENT FIRST INITIATIVES AND STATE PROGRAMS FOR PEOPLE WITH IDD: The Department requests a net increase of \$3.0 million total funds, including a decrease of \$800,000 General Fund, and 1.8 FTE to: 1) conduct a supported employment pilot program for individuals with intellectual and developmental disabilities; 2) eliminate the current waitlist for the State-only Supported Living Services Program; and 3) enroll 272 waitlist members onto the Family Support Services Program.

CENTRALLY APPROPRIATED ITEMS: The request includes adjustments to centrally appropriated line items for the following: state contributions for health, life, and dental benefits; short-term disability; supplemental state contributions to the Public Employees' Retirement Association (PERA) pension fund; shift differential; salary survey; workers' compensation; legal services; administrative law judges; payment to risk management and property funds; Capitol complex leased space; payments to the Governor's Office of Information Technology (OIT); and CORE operations.

TRANSFERS TO OTHER STATE AGENCIES: The Department requests \$414,600 total funds, including \$158,090 General Fund, for transfers to programs administered by other departments, primarily for the Facility Survey and Certification program in the Department of Public Health and Environment.

ANNUALIZE PRIOR YEAR BUDGET ACTIONS: The request includes adjustments for out-year impacts of prior year legislation and budget actions, summarized in the table below. The titles of the annualizations begin with either a bill number or the relevant fiscal year. For budget decisions made in the Long Bill, the title includes a reference to the priority number the Department used in that year for the initiative, if relevant.

The largest increase is for H.B. 18-1407, which expanded eligibility and increased provider rates for certain services for people with intellectual and developmental disabilities. The largest decrease is for H.B. 17-1353, which projected savings as a result of changes to the Accountable Care Collaborative and performance-based payments for primary care and behavioral health services. The second largest decrease is for S.B. 18-266, which (1) authorized cost and quality technology to help the Regional Accountable Entities identify the most effective providers and medications and steer clients to these resources, (2) implemented a hospital admission review program, (3) authorized billing system safeguards, and (4) created an administrative unit dedicated to resource control.

Prior Year Budget Actions						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
HB 18-1407 Access to disability services	\$42,809,549	\$21,512,521	\$0	\$0	\$21,297,028	0.3
FY 18-19 BA12 Public school health	12,223,893	0	6,111,946	0	6,111,947	0.0
FY 18-19 R17 Single assessment tool	6,521,399	3,260,700	0	0	3,260,699	0.0
FY 18-19 R9 Provider rate adjustments	6,125,482	2,392,249	175,341	0	3,557,892	0.0
SB 16-192 IDD Assessment tool	2,934,860	1,467,430	0	0	1,467,430	0.0
FY 18-19 Twelve-month contraceptive supply	1,160,668	28,016	102,189	0	1,030,463	0.0
FY 07-08 S5 Revised federal rule for PERM program	588,501	147,125	102,988	0	338,388	0.0
FY 18-19 R6 Electronic visit verification	581,196	350,707	0	0	230,489	0.3
FY 18-19 NP CBMS-PEAK annual adjustment	542,909	118,673	69,443	1,743	353,050	0.0
HB 18-1328 Redesign children health waiver	339,835	169,917	0	0	169,918	0.2
SB 18-145 Employment first recommendations	303,525	303,525	0	0	0	0.1
SB 17-091 Home health services in community	148,050	69,867	4,032	0	74,151	0.0
SB 18-200 PERA	129,062	47,659	9,258	2,635	69,510	0.0
FY 17-18 R10 RCTF recommendation	13,217	6,609	0	0	6,608	0.0
FY 18-19 R18 Vendor consolidation	7,328	2,401	1,263	0	3,664	0.0
FY 18-19 CHASE admin costs	3,932	0	1,965	0	1,967	1.1
HB 18-1327 All-payer Health Claims	3,141	1,571	0	0	1,570	0.1
FY 17-18 R8 MMIS operations	0	(15,266)	32,717	22	(17,473)	0.0
FY 17-18 R16 CU School of Medicine sup payment	0	0	0	1	(1)	0.0
HB 17-1353 Medicaid delivery and payment initiatives	(104,141,668)	(35,769,688)	(3,842,355)	0	(64,529,625)	0.4
SB 18-266 Controlling Medicaid costs	(38,281,506)	(10,617,803)	(2,003,395)	0	(25,660,308)	1.2
FY 18-19 R8 Medicaid savings initiatives	(3,200,085)	(2,201,319)	2,447,255	(3,304)	(3,442,717)	1.1
HB 18-1326 Transition from institutional setting	(3,159,236)	(1,444,618)	0	0	(1,714,618)	0.0
FY 18-19 R11 Admin contracts	(1,246,191)	(1,275,237)	0	0	29,046	0.0
HB 15-1368 Cross-system Response Pilot	(916,217)	0	(916,217)	0	0	(1.0)
FY 18-19 R14 Safety net program adjustments	(611,367)	0	(611,367)	0	0	0.0
FY 18-19 R10 Drug cost containment	(505,885)	(38,124)	(13,307)	0	(454,454)	0.0

Prior Year Budget Actions						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
SB 17-267 Sustainability of rural CO	(436,536)	(76,809)	(15,560)	0	(344,167)	0.0
FY 17-18 R6 Delivery system and payment reform	(431,184)	2,010,359	(273,520)	0	(2,168,023)	0.0
FY 18-19 IDD Waiver consolidation	(301,500)	(150,750)	0	0	(150,750)	0.0
FY 06-07 R8 Nursing facility appraisals	(279,746)	(139,873)	0	0	(139,873)	0.0
FY 17-18 BA9 Pueblo regional center corrective action	(267,864)	(133,932)	0	0	(133,932)	0.0
FY 18-19 BA14 Business utilization system	(230,040)	(115,020)	0	0	(115,020)	0.0
HB 18-1321 Non-emergency medical transportation	(212,863)	(101,559)	9,748	0	(121,052)	0.2
HB 18-1003 Opioid misuse prevention	(175,000)	0	(175,000)	0	0	0.0
HB 17-1343 Conflict-free case management	(150,000)	0	(75,000)	0	(75,000)	0.0
SB 18-231 Transition to community services	(109,500)	(109,500)	0	0	0	0.0
FY 15-16 R9 Public health record and online health ed	(95,070)	(9,507)	0	0	(85,563)	0.0
HB 18-1136 Substance use disorder treatment	(49,681)	(16,278)	(8,562)	0	(24,841)	0.5
CDPHE Prior year salary survey	(11,003)	(4,401)	0	0	(6,602)	0.0
HB 15-1368 Cross-system Response Pilot impact on cost allocation	(5,882)	8,397	(14,279)	0	0	0.0
CDPHE FY 17-18 R3 Health survey	(3,506)	(1,753)	0	0	(1,753)	0.0
TOTAL	(\$80,384,983)	(\$20,323,711)	\$1,119,583	\$1,097	(\$61,181,952)	4.5

HUMAN SERVICES PROGRAMS: The Department's request reflects adjustments for several programs that are financed with Medicaid funds, but operated by the Department of Human Services.

TOBACCO FORECAST: The Department requests a decrease of \$43,369 General Fund based on a new forecast of tobacco tax revenues available to finance the Children's Basic Health Plan.

OTHER ISSUES IN THE GOVERNOR'S REQUEST

SET ASIDE FOR SUPPLEMENTALS: The Governor's budget letter includes a set aside in FY 2018-19 of \$20.1 million General Fund for potential supplementals for the Department of Health Care Policy and Financing, including \$19.6 million for the most recent forecast of enrollment and expenditures and \$433,424 for the FY 2018-19 impact of a discretionary request. Although the Governor's official supplemental request is not due until January 2019, the budget request for the Department includes projected FY 2018-19 impacts associated with the following requests.

FY 2018-19 Set-Aside for Supplementals					
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS
R1 Medical Services Premiums	235,732,421	39,232,431	121,025,050	106,282	75,368,658
R2 Behavioral Health	(16,862,088)	(208,296)	(1,526,548)	0	(15,127,244)
R3 Children's Basic Health Plan	7,306,529	0	513,646	0	6,792,883
R4 Medicare Modernization Act	(4,453,533)	(4,453,533)	0	0	0
R5 Office of Community Living	(29,039,991)	(14,929,804)	414,411	0	(14,524,598)
R12 Medicaid enterprise operations	9,477,289	433,424	433,713	0	8,610,152
Total	\$202,160,627	\$20,074,222	\$120,860,272	\$106,282	\$61,119,851

POTENTIAL LEGISLATION

- In *R14 Office of Community Living governance*, the Department proposes increasing a statutory limit on annual expenditures from nursing home civil penalty revenues and giving the Medical Services Board rule-making authority for the Individual Residential Support Services, both of which would require legislation.
- In *R1 Medical Services Premiums*, the Department's forecast assumes the legislative authority for the Breast and Cervical Cancer Prevention and Treatment Program will be renewed, but this would require a bill. The Breast and

Cervical Cancer Prevention and Treatment Program provides diagnostic and screening services to low-income uninsured and underinsured people who do not qualify for Medicaid, using cash funds revenue from specialty license plate fees.

SUMMARY OF ISSUES PRESENTED TO THE JOINT BUDGET COMMITTEE

EXECUTIVE DIRECTOR'S OFFICE, MEDICAL SERVICES PREMIUMS, INDIGENT CARE PROGRAMS, AND OTHER MEDICAL PROGRAMS 12/10/18

MEDICAID'S ROLE IN COLORADO: This issue brief provides context for where Medicaid fits in the health coverage landscape in Colorado, which might be useful as background for potential proposals aimed at universal health care. Governor-elect Polis expressed support for universal health care when on the campaign trail. Medicaid currently covers 23 percent of the population statewide, but the importance of Medicaid varies by region and service type. Public insurance, including Medicare, covers 38.1 percent of the statewide population, but in 21 counties more than 50 percent of the population is on public insurance. An estimated 350,000 people remain uninsured in Colorado with 25 percent lacking documentation. In addition to the long-term goal of universal health coverage, Governor-elect Polis provided on the campaign trail a "100-Day Roadmap" that may provide clues about health proposals to expect in the legislative session.

FORECAST TRENDS: Requests R1 through R5 are based on the Department's most recent forecasts of enrollment and expenditures under current law and policy and account for over 90 percent of the new funding proposed. These requests explain what drives the budget, but they are non-discretionary, as they represent the expected obligations under current law and policy. It would take a change to current law or policy to change the trends.

HOSPITALS: Hospital care represents roughly 31 percent of the Department's expenditures for Medicaid services. However, 48 percent of the expenditures are attributable to supplemental payments financed with a provider fee on hospitals. In addition, the Medicaid client mix served by hospitals includes expansion populations financed with the provider fee on hospitals and a 90 percent federal match. As a result, hospital expenditures represent 14 percentage of the Department's General Fund budget. Hospital expenditures per adjusted discharge are higher and rising faster than national averages. Within Colorado, hospital expenditure patterns vary widely. The Department is meeting with hospitals to understand the variations and inform policies and payment methods to encourage efficient operation and reduce the cost shift from Medicaid to private insurance.

LONG-TERM SERVICES AND SUPPORTS: Long-term services and supports represent 28 percent of Medicaid total funds expenditures, but 45 percent of General Fund expenditures. Expenditures for home health, private duty nursing, the Home- and Community-Based Services waivers, and the Program for All-Inclusive Care for the Elderly are growing more rapidly than enrollment of the elderly and people with disabilities. For Home- and Community-Based Services waivers this is a function of provider rate increases, especially for personal care and homemaker services, and an increase in units per utilizer. For the other services, it is largely a function of increases in the number of utilizers.

PROVIDER RATES: Through *R13 Provider rates* the Department requests a net increase of \$61.1 million total funds, including \$26.8 million General Fund, for both positive and negative changes to provider rates. Of the increase, \$26.5 million total funds, including \$14.3 million General Fund, is for targeted rate increases, primarily for rates identified by the Medicaid Provider Rate Review Advisory Committee as needing adjustment. The remaining \$34.6 million total funds, including \$12.4 million General Fund, is for an across-the-board 0.75 percent increase.

MEDICAID BEHAVIORAL HEALTH COMMUNITY PROGRAMS 12/11/18

OVERVIEW OF DEPARTMENT'S FY 2019-20 REQUEST FOR BEHAVIORAL HEALTH COMMUNITY PROGRAMS (R2): The Department's most recent caseload and expenditure projections for Medicaid behavioral health community programs indicate that the General Assembly will need to increase General Fund appropriations by \$13.0 million for FY 2019-20.

LEVERAGING MEDICAID FUNDING TO IMPROVE BEHAVIORAL HEALTHCARE: This issue brief explores how the State may better leverage Medicaid funds to provide cost-effective, clinically appropriate behavioral health services for vulnerable populations, including individuals involved in the criminal and juvenile justice systems.

OFFICE OF COMMUNITY LIVING 12/11/18

R5 OFFICE OF COMMUNITY LIVING CASELOAD: The department's budget request includes adjustments to the annual appropriations that fund services to individuals with intellectual and developmental disabilities.

STATE SUPPORTED LIVING SERVICES AND FAMILY SUPPORT SERVICES PROGRAMS: Waitlists exist for the State Supported Living Services and Family Support Services Programs. These programs are funded through General Fund appropriations and provide services for individuals who do not qualify for Medicaid and for families with expenses for children with intellectual and developmental disabilities that exceed those normally experienced by other families, respectively.

COMMUNITY COSTS COMPARED WITH REGIONAL CENTER COSTS: Home and Community Based Services (HCBS) Medicaid waivers define the set of services negotiated with the federal Centers for Medicare and Medicaid (CMS) that can be provided in excess of those allowed under the Medicaid State Plan. The adult waivers include the Developmental Disabilities (DD) Waiver and the Supported Living Services (SLS) Waiver. In addition to receiving services in the community that are coordinated by the CCBs, individuals with IDD may also receive HCBS Waiver services in two of the State's three Regional Centers – located in Grand Junction and Pueblo.

Department of Higher Education

The Department of The Department of Higher Education is responsible for higher education and vocational training programs in the state. The Department's F 2018-19 appropriation represents approximately 15.0 percent of statewide operating appropriations and 8.8 percent of statewide General Fund appropriations.

FY 2018-19 APPROPRIATION AND FY 2019-20 REQUEST

DEPARTMENT OF HIGHER EDUCATION						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2018-19 APPROPRIATION:						
H.B. 18-1322 (Long Bill)	\$4,537,265,323	\$978,325,997	\$2,735,130,010	\$801,023,697	\$22,785,619	26,148.6
Other legislation	52,766,395	25,267,742	8,931,450	18,567,203	0	1.4
TOTAL	\$4,590,031,718	\$1,003,593,739	\$2,744,061,460	\$819,590,900	\$22,785,619	26,150.0
FY 2019-20 REQUESTED APPROPRIATION:						
FY 2018-19 Appropriation	\$4,590,031,718	\$1,003,593,739	\$2,744,061,460	\$819,590,900	\$22,785,619	26,150.0
R1 Operating and financial aid adjustment for public colleges	214,741,027	120,877,419	0	93,863,608	0	0.0
R2 Tuition spending authority	50,766,445	0	50,766,445	0	0	0.0
R3 Native American tuition waiver	2,293,590	2,293,590	0	0	0	0.0
R4 Colorado teacher scholarships	6,560,000	6,560,000	0	0	0	0.0
HC1 Strengthen and Build Capacity for Historic Preservation	661,623	661,623	0	0	0	0.0
NP Non-prioritized requests (OIT and DPA adjustments)	73,404	0	46,999	26,405	0	0.0
CSU National Western COP	16,570,927	0	16,570,927	0	0	0.0
Depreciation payments for higher education capital projects	2,271,303	2,271,303	0	0	0	0.0
Auraria Higher Education Center adjustment	902,713	0	0	902,713	0	0.0
Annualize prior year budget actions	50,000	50,000	0	0	0	0.0
Annualize prior year legislation	(14,096,161)	(18,444,098)	17,575,140	(13,227,203)	0	0.1
Centrally appropriated line items	(949,541)	(1,839,813)	(301,945)	703,994	488,223	0.0
Lease-purchase payment adjustments	(756,093)	(684,763)	429,683	(501,013)	0	0.0
TOTAL	\$4,869,120,955	\$1,115,339,000	\$2,829,148,709	\$901,359,404	\$23,273,842	26,150.1
INCREASE/(DECREASE)	\$279,089,237	\$111,745,261	\$85,087,249	\$81,768,504	\$488,223	0.1
Percentage Change	6.1%	11.1%	3.1%	10.0%	2.1%	0.0%

R1 OPERATING AND FINANCIAL AID ADJUSTMENT FOR PUBLIC COLLEGES AND UNIVERSITIES: The request includes an increase of \$120,877,419 General Fund allocated among public institutions of higher education (state governing boards, local district colleges, and area technical colleges) and financial aid. The request includes: (1) an overall increase of \$97,722,025 (12.9 percent) for student stipends, fee-for-service contracts, and grants for the public governing boards, allocated based on the H.B. 14-1319 funding model; and (2) an increase of \$22,967,385 for financial aid, reflecting the statutory requirements that financial aid increase at the same rate as support for the governing boards. The request also includes \$188,009 to align stipend amounts for students attending private institutions with stipends for students at the public institutions, as required by statute.

Under the H.B. 14-1319 funding model, the state-operated boards would receive increases that range from 7.9 percent to 16.6 percent based on the distribution of institutional enrollment and degrees awarded in actual FY 2017-18. Specialty education programs (such as the medical school), local district colleges, and area technical colleges receive the average increase. The Department proposes that governing board tuition be held flat, associated with this increase (R2).

R2 TUITION SPENDING AUTHORITY INCREASE: The request holds resident undergraduate tuition flat for FY 2019-20. The request includes \$50.8 million in cash funds spending authority for state public institutions' tuition revenue for non-resident students. The request proposes that Long Bill footnotes cap undergraduate resident tuition increases, with no restrictions on non-resident or graduate tuition or mandatory fees.

R3 FORT LEWIS NATIVE AMERICAN TUITION WAIVER: The request includes an increase of \$2,293,590 General Fund for the Fort Lewis College Native American tuition waiver, bringing the total to \$19,318,449 General Fund for the program. Waiver payments are mandated by Section 23-52-105 (1) (b) (I), C.R.S., which requires the General Assembly to fund 100 percent of the tuition obligations for qualifying Native American students attending Fort Lewis College. Funding for the tuition waiver is made one year in arrears and is calculated based on the prior year enrollment estimates.

R4 COLORADO TEACHER SCHOLARSHIPS: The request includes \$6.56 million for a bill to provide scholarships for students at public institutions of higher education who are pursuing a teaching credential and for stipends to students who complete a credential and teach in a subject area or location with a teacher shortage.

HC1 HISTORY COLORADO: The request includes \$661,623 General Fund to build History Colorado's capacity for core state historic preservation services. History Colorado requests that the state backfill 50 percent of the costs associated with maintaining historical sites, warehouses, and History Colorado's collections and library staff in light of flat funding from Limited Gaming revenues.

NP NON-PRIORITIZED REQUESTS: The request includes \$73,404 total funds for the Department's share of costs associated with initiatives in the Governor's Office of Information Technology and the Department of Personnel.

NP NON-PRIORITIZED REQUESTS (OIT AND DPA ADJUSTMENTS)					
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FTE
OIT Securing IT operations	\$54,369	\$0	\$35,528	\$18,841	0.0
DPA IDS Increased Input Costs	7,564	0	0	7,564	0.0
OIT Application refresh and consolidation	7,332	0	7,332	0	0.0
OIT Essential database support	2,610	0	2,610	0	0.0
OIT Optimize self-service capabilities	1,529	0	1,529	0	0.0
TOTAL	\$73,404	0	\$46,999	\$26,405	0.0

CSU NATIONAL WESTERN COP: House Bill 15-1344 authorized the Treasurer to enter into one or more lease-purchase agreements on behalf of Colorado State University for a period of up to 20 years to construct facilities at the 130-acre National Western Center site and CSU main campus. The bill authorized certificates of participation (COPS) issued in the amount of \$250 million on or after July 1, 2019. It also authorized a General Fund transfer of up to \$20 million per year to a newly-created National Western Center Trust Fund to make the lease purchase payments. The payments begin in FY 2019-20 because this is when \$20 million General Fund per year in annual payments for the Centennial Correctional Facility are no longer required. The COP issuance is contingent upon project-specific review by the Colorado Commission on Higher Education, the Governor's Office of State Planning and Budgeting, and the Capital Development Committee. Because CSU wished to begin work prior to the July 1, 2019 date, projects have already been approved through the capital development process, and CSU has begun some of the work with bridge funding from internal sources. The request for \$16,570,927 is for the anticipated COP payment from the National Western Center Trust Fund in FY 2019-20. This supports projects on the CSU campus and for the new Water Resources Center, Animal Health Center, and CSU Center (focused on food systems innovation) on the Stock Show campus. The difference between \$20 million and the annual lease purchase payment for the National Western COP is transferred to the Capitol Complex Master Plan Fund.

DEPRECIATION PAYMENTS FOR HIGHER EDUCATION CAPITAL PROJECTS: Pursuant to Section 24-30-1310 (2)(b), C.R.S., the request adds \$2,271,303 to the depreciation-lease equivalent payment line item for higher education projects funded with the General Fund, Capital Construction Fund, or Controlled Maintenance Trust Fund on or after FY 2015-16. The amount due is based on a building's depreciation schedule. One percent of the project cost is credited to the Controlled Maintenance Trust Fund, and the balance is deposited to the Capital Construction Fund.

AURARIA HIGHER EDUCATION CENTER ADJUSTMENT: The request increases spending authority for the Auraria Higher Education Center by \$902,713 for funds received from the institutions operating on the Auraria campus (University of Colorado – Denver, Metropolitan State University of Denver, and the Community College of Denver).

ANNUALIZE PRIOR YEAR BUDGET ACTIONS: The request includes adjustments for the second-year impact of prior year budget actions.

ANNUALIZE PRIOR YEAR BUDGET ACTIONS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
Annualize HC-1 Sustainability from Recovery of OIT Costs	\$50,000	\$50,000	\$0	\$0	\$0	0.0
Annualize prior year salary survey	0	0	0	0	0	0.0
TOTAL	\$50,000	50,000	\$0	\$0	\$0	0.0

ANNUALIZE PRIOR YEAR LEGISLATION: The request includes adjustments for the second- and third-year impact of prior year legislation.

ANNUALIZE PRIOR YEAR LEGISLATION						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FTE	
Annualize SB 18-206 Research Institutions Affordability for Residents (increase non-resident enrollment)	\$18,825,140	\$0	\$18,825,140	\$0	0.0	
Annualize HB 18-1331 Higher Ed Open Educational Resources	500,877	500,877	0	0	0.1	
Annualize SB 18-262 HED Master Plan Funding	(29,974,228)	(16,747,025)	0	(13,227,203)	0.0	
Annualize HB 18-1332 Strategies for Educator Preparation Programs	(2,000,000)	(2,000,000)	0	0	0.0	
Annualize HB 18-1003 Opioid Treatment	(750,000)	0	(750,000)	0	0.0	
Annualize SB 17-074 Medication-assisted Treatment Program	(500,000)	0	(500,000)	0	0.0	
Annualize HB 18-1309 Partnership for Rural Education Preparation	(156,116)	(156,116)	0	0	0.0	
Annualize HB 18-1226 ROI	(39,428)	(39,428)	0	0	0.0	
Annualize HB 18-1002 Rural Teacher Fellowships	(2,406)	(2,406)	0	0	0.0	
TOTAL	(\$14,096,161)	(18,444,098)	\$17,575,140	(\$13,227,203)	0.1	

CENTRALLY APPROPRIATED LINE ITEMS: The request includes adjustments to centrally appropriated line items for the following: state contributions for health, life and dental benefits; short-term disability, supplemental state contributions to the Public Employees' Retirement Association (PERA) pension fund, salary survey, merit pay, workers' compensation, administrative law judges, legal services, payments to risk management and property funds, CORE operations, and PERA direct distribution. In general, centrally appropriated line items for this department are only for the central Department office functions, History Colorado, and the Colorado Geological Survey at the Colorado School of Mines. Funding for these activities for the higher education institutions is not included. However, the FY 2018-19 appropriation included a \$2.0 million General Fund appropriation for risk management/property fund payments on behalf of some higher education institutions. This funding is eliminated in FY 2019-20.

LEASE PURCHASE PAYMENT ADJUSTMENTS: The request includes annual technical adjustments to three lease purchase payments: the University of Colorado Health Sciences Center at Fitzsimons lease purchase authorized by H.B. 03-1256; the Higher Education Federal Mineral Lease Revenues lease purchase that supported the construction of various higher education capital construction projects in 2008; and the lease purchase for the new History Colorado Center authorized in 2008.

LEASE-PURCHASE PAYMENT ADJUSTMENTS					
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FTE
Lease Purchase HED FML Revenues adjustment	(\$752,026)	(\$501,013)	\$250,000	(\$501,013)	0.0
Lease Purchase Fitzsimons adjustment	(3,750)	(183,750)	180,000	0	0.0
Lease Purchase CO History Museum adjustment	(317)	0	(317)	0	0.0
TOTAL	(\$756,093)	(684,763)	\$429,683	(\$501,013)	0.0

SUMMARY OF ISSUES PRESENTED TO THE JOINT BUDGET COMMITTEE

DEPARTMENT REQUESTS R1 AND R2 - GENERAL FUND AND TUITION INCREASES: R1 is the Department’s primary request for changes to General Fund support. This year’s request is for \$120.9 million and includes a 13.0 percent General Fund increase for the higher education governing boards, distributed through the higher education funding model, and an associated adjustment to financial aid. The proposal includes a freeze on undergraduate resident tuition increases.

FINANCIAL AID AND AFFORDABILITY: The Executive request includes an increase of \$22,967,385 for need-based financial aid and a proposal for two new education tax credits that would be refundable and used as TABOR tax refund mechanisms. These are part of an overall “college affordability” package.

THE HIGHER EDUCATION FUNDING MODEL: House Bill 14-1319 was adopted, in part, to enable policy makers to direct higher education funding based on policy goals. The Department has indicated that further study is needed on how well the model is working, but the General Assembly could consider some adjustments for FY 2019-20 to direct funding based on current policy considerations.

WINNERS AND LOSERS - FINANCIAL HEALTH OF COLORADO HIGHER EDUCATION INSTITUTIONS: As State funding has declined, state institutions have engaged in increasingly intense competition to bring in students, whose tuition and fees support institutional operations. There are winners and losers in the competition for students, and some highly leveraged institutions have seen declining, rather than increasing, enrollment. The state’s three more remote comprehensive institutions face particular challenges.

REQUEST R4 COLORADO TEACHER SCHOLARSHIP: The FY 2019-20 budget request for the Department of Higher Education includes \$6,560,000 General Fund for a high profile grant program for students pursuing a teaching credential. This initiative would require a bill.

THE FUTURE OF POSTSECONDARY EDUCATION IN COLORADO: WHAT’S NEXT? The higher education sector is under pressure to change: the number of “traditional” high school graduates is set to decline, the current model is not affordable for a significant share of the population, the returns on investment are generally positive but not for all

degree paths, and education systems are not consistently integrated with workforce needs. Some of the future may be in online education, dual and concurrent enrollment, and work-based learning.

COLORADO OPPORTUNITY SCHOLARSHIP INITIATIVE: The Colorado Opportunity Scholarship Initiative (COSI) promotes public/private partnerships to fund scholarships and support services for gifted low-income students who might not otherwise pursue or complete higher education. In a response to a request for information, the Department describes a “preferred option” to increase program funding from \$7.0 to \$12.3 million General Fund per year by FY 2020-21 and various statutory changes. The FY 2019-20 Executive Request does not include an increase for COSI.

Department of Human Services

The Department of Human Services is responsible for the administration and supervision of all non-medical public assistance and welfare programs in the state. The Department's FY 2018-19 appropriation represents approximately 7.2 percent of statewide operating appropriations and 8.6 percent of statewide General Fund appropriations.

FY 2018-19 APPROPRIATION AND FY 2019-20 REQUEST

DEPARTMENT OF HUMAN SERVICES						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2018-19 APPROPRIATION:						
HB 18-1322 (Long Bill)	\$2,172,833,651	\$960,747,033	\$419,282,280	\$187,608,968	\$605,195,370	5,046.4
Other legislation	25,920,359	21,840,594	(585,115)	(2,632,665)	7,297,545	6.5
TOTAL	\$2,198,754,010	\$982,587,627	\$418,697,165	\$184,976,303	\$612,492,915	5,052.9
FY 2019-20 REQUESTED APPROPRIATION:						
FY 2018-19 Appropriation	\$2,198,754,010	\$982,587,627	\$418,697,165	\$184,976,303	\$612,492,915	5,052.9
R1 Mental Health Institute at Pueblo bed expansion	5,141,144	5,141,144	0	0	0	47.3
R2 Compensation for direct care employees	13,942,885	10,339,235	3,603,650	0	0	0.0
R3 Youth services capacity and behavioral health	(718,399)	(718,399)	0	0	0	(12.0)
R4 Reducing child neglect via employment	1,709,355	0	0	0	1,709,355	2.0
R5 Improving nutrition in rural and underserved communities	1,030,000	465,000	0	0	565,000	0.0
R6 Child support employment	966,977	0	0	0	966,977	1.0
R7 Employment affairs staffing	589,251	329,981	0	259,270	0	5.4
R8 County child welfare staff phase 5	6,125,404	4,500,647	612,541	0	1,012,216	0.0
R9 Colorado Works basic cash assistance COLA	1,171,848	0	173,135	0	998,713	0.0
R10 Adult protective services support	0	0	0	0	0	1.8
R11 Behavioral health crisis response system enhancements	985,092	985,092	0	0	0	3.6
R12 Contract medical staff salary adjustments	1,127,667	1,127,667	0	0	0	0.0
R13 Colorado Trails maintenance	2,452,920	1,103,814	0	0	1,349,106	0.0
R14 Child welfare provider rate implementation phase 2	10,350,000	4,968,000	2,070,000	0	3,312,000	0.0
R15 Community provider rate increase	9,253,301	5,417,348	1,472,169	104,926	2,258,858	0.0
R16 Old Age Pension Program cost of living adjustment	3,219,665	0	3,219,665	0	0	0.0
R17 State staff for 24-hour monitoring	164,519	136,551	0	0	27,968	1.8
R18 Hotline for child abuse and neglect	228,999	228,999	0	0	0	0.0
R19 Covering child support unfunded disbursements	150,896	150,896	0	0	0	0.0
R20 Food service inflation	150,910	98,442	0	52,468	0	0.0
R21 Salesforce Shield	251,318	29,218	0	222,100	0	0.0
R22 SNAP quality assurance line item	0	0	0	0	0	0.0
Indirect cost assessment	6,605,006	0	1,113,176	2,249,629	3,242,201	0.0
Non-prioritized request items	(14,562,029)	(13,915,138)	(263,701)	1,315,326	(1,698,516)	0.0
Annualize prior year legislation	7,227,873	6,592,005	323,089	190,516	122,263	4.1
Annualize prior year budget actions	(492,407)	(1,305,903)	239,816	(764,193)	1,337,873	2.9
Centrally appropriated line items	21,145,509	9,041,667	4,561,623	2,099,867	5,442,352	0.0
TOTAL	\$2,276,971,714	\$1,017,303,893	\$435,822,328	\$190,706,212	\$633,139,281	5,110.8
INCREASE/(DECREASE)	\$78,217,704	\$34,716,266	\$17,125,163	\$5,729,909	\$20,646,366	57.9
Percentage Change	3.6%	3.5%	4.1%	3.1%	3.4%	1.1%

R1 MENTAL HEALTH INSTITUTE AT PUEBLO BED EXPANSION: The Department's request includes a total of \$5.1 million General Fund to operate and staff an additional 42 inpatient psychiatric beds at the Colorado Mental Health Institute at Pueblo (CMHIP). The Department proposes increasing capacity at CMHIP by utilizing two units that are currently vacant, and the Department has submitted a companion supplemental request for capital construction funding to complete renovations of these units in the current fiscal year. The FY 2019-20 operating request includes partial year funding for 62.6 FTE, and the Department anticipates full-year costs of \$6.4 million in FY 2020-21.

R2 COMPENSATION FOR DIRECT CARE EMPLOYEES: The Department's request includes \$13.9 million total funds, including \$10.3 million General Fund, for the first phase of a two year process to increase salaries for direct care staff in the Division of Youth Services' ten state-owned and -operated secure facilities and the five Veterans Community Living Centers. The Department seeks to compensate existing and new direct care employees at the midpoint of the pay range for each job classification and to provide a compression increase for existing direct care staff who are already at midpoint of the range. The goal of the increase is to address difficulties in recruiting and retaining highly qualified individuals to fill direct care positions.

R3 YOUTH SERVICES CAPACITY AND BEHAVIORAL HEALTH: The Department's request includes a net decrease of \$718,399 General Fund and 12.0 FTE for several changes in the Division of Youth Services' state-owned facilities, including:

- Reducing the statutory detention bed cap from 382 to 304 beds (requires legislation);
- Realigning several of the Division's state-owned and -operated facilities with a goal of creating single purpose (detention or commitment, not both) facilities and increasing state-owned and -operated facility commitment capacity;
- Decentralizing the Division's Front Range assessment capabilities by adding assessment functions to the Platte Valley Youth Services Center (Greeley) and Spring Creek Youth Services Center (Colorado Springs);
- Eliminating commitment beds at the state-owned, privately-operated Robert E. DeNier Youth Services Center in Durango; and
- Increasing the number of behavioral health professionals in the Division's state-owned and -operated commitment facilities by 11.0 FTE.

R4 REDUCING CHILD NEGLECT VIA EMPLOYMENT: The Department's evidence-based request includes \$1.7 million federal Temporary Assistance for Needy Families [reserve] funds and 2.0 FTE to create a three-year pilot program aimed at connecting child welfare cases with employment strategies.

R5 IMPROVING NUTRITION IN RURAL AND UNDERSERVED COMMUNITIES: The Department's evidence-based request includes \$1.0 million total funds, including \$465,000 General Fund, for services aimed at improving food security, access, and nutrition in underserved rural/frontier communities.

R6 CHILD SUPPORT EMPLOYMENT: The Department's evidence-based request includes \$1.0 million federal Temporary Assistance for Needy Families funds and 1.0 FTE for the Office of Self Sufficiency to provide employment services to low-income, non-custodial parents.

R7 EMPLOYMENT AFFAIRS STAFFING: The Department's request includes \$0.6 million total funds, including \$0.3 million General Fund, and 5.4 FTE to increase the number of Human Resources professionals in the Department.

R8 COUNTY CHILD WELFARE STAFF PHASE 5: The Department's request includes \$6.1 million total funds, including \$4.5 million General Fund, to increase county level child welfare staffing in response to the Child Welfare Workload Study performed by the Office of the State Auditor in 2014.

R9 COLORADO WORKS BASIC CASH ASSISTANCE COLA: The Department's request includes \$1.2 million total funds, including \$0.9 million federal Temporary Assistance for Needy Families (TANF) [State long-term reserve] funds to implement a 1.5 percent cost-of-living-adjustment (COLA) in the Colorado Works Basic Cash Assistance benefit. The requested COLA would increase the current monthly benefit received by a single-parent family with two children from \$508 to \$516.

R10 ADULT PROTECTIVE SERVICES SUPPORT: The Department's request includes a transfer of \$185,472 General Fund from the Adult Protective Services line item to the Adult Assistance State Administration line item, resulting in a net zero impact. The request also includes an increase of 1.8 FTE.

R11 BEHAVIORAL HEALTH CRISIS RESPONSE SYSTEM ENHANCEMENTS: The Department's request includes a total of \$1.0 million General Fund for enhancements to the behavioral health crisis response system. This operating budget request, along with a companion information technology capital request, seeks funding to:

- implement a single electronic record system;
- create a mobile phone application and expand the hotline vendor's ability to respond to texts and chats; and
- pilot technology solutions that interface with the behavioral health crisis response system hotline, 911 emergency systems, and co-responder pilot programs.

The requested operational funding includes: \$434,232 for 4.0 FTE in the Governor's Office of Information Technology and the Office of Behavioral Health; \$350,860 for crisis system hotline enhancements; and \$200,000 for piloting technology solutions.

R12 CONTRACT MEDICAL STAFF SALARY ADJUSTMENTS: The Department's request includes \$1.1 million General Fund to increase salaries for medical staff at both mental health institutes over a two-year period. The Department's request for FY 2019-20 includes half of the \$2,255,334 General Fund that will be needed to increase salaries as follow:

- 2.0 FTE Chief of Medicine physicians (\$275,000);
- 4.0 FTE Supervisory physicians (\$250,000);
- 28.8 FTE staff physicians (\$225,000); and
- 19.6 FTE nurse practitioners/physician assistants (\$120,000).

R13 COLORADO TRAILS MAINTENANCE: The Department's request includes \$2.5 million total funds, including \$1.1 million General Fund, for the Governor's Office of Information Technology to contract for additional developers, business analysts, database administrators, service desk support, and infrastructure to maintain the Trails system used by state and local government to support the management of youth involved in the state's child protective services system.

R14 CHILD WELFARE PROVIDER RATE IMPLEMENTATION PHASE 2: The Department's request includes \$10.4 million total funds, including \$5.0 million General Fund, to implement out-of-home placement provider rate increases required by H.B. 17-1292 (Child Welfare Provider Rates) and S.B. 18-254 (Child Welfare Reform).

R15 COMMUNITY PROVIDER RATE INCREASE: The Department’s request includes \$9.3 million total funds for an across-the-board increase of 1.0 percent for community providers.

R15 PROVIDER RATE INCREASE BY DIVISION					
DIVISION	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS
Executive Director’s Office	\$6,902	\$0	\$0	\$6,902	\$0
County Administration	758,910	252,628	151,782	0	354,500
Division of Child Welfare	4,532,654	2,646,897	795,730	0	1,090,027
Office of Early Childhood	1,642,617	756,382	119,306	0	766,929
Office of Self Sufficiency	18,439	0	0	0	18,439
Office of Behavioral Health	1,629,921	1,193,789	348,062	88,070	0
Adult Assistance Programs	184,083	126,317	36,806	0	20,960
Division of Youth Services	479,775	441,335	20,483	9,954	8,003
TOTAL	\$9,253,301	\$5,417,348	\$1,472,169	\$104,926	\$2,258,858

R16 OLD AGE PENSION PROGRAM COLA: The Department’s request includes \$3.2 million cash funds from the Old Age Pension Fund for a 2.8 percent cost-of-living-adjustment to program recipients. This will result in a monthly increase from \$788 to \$810.

R17 STATE STAFF FOR 24-HOUR MONITORING: The Department’s request includes \$164,519 total funds, including \$136,551 General Fund, and 1.8 FTE to hire additional state child welfare staff to provide technical assistance and oversight to 24-hour child care facilities.

R18 HOTLINE FOR CHILD ABUSE AND NEGLECT: The Department’s request includes \$228,999 General Fund for increased costs associated with the help desk and telephone operations and maintenance of the Child Abuse and Neglect Hotline.

R19 COVERING CHILD SUPPORT UNFUNDED DISBURSEMENTS: The Department’s request includes \$150,896 General Fund to cover shortfalls in the Family Support Registry Fund.

R20 FOOD SERVICE INFLATION: The Department’s request includes \$150,910 total funds, including \$98,442 General Fund, to cover the rising costs of food products purchased by the mental health institutes and the Division of Youth Services.

R21 SALESFORCE SHIELD: The Department’s request includes \$251,318 total funds, including \$29,218 General Fund, to improve secure encryption of client identifiable information stored on the Salesforce cloud. The federal government, through enforcement of the Health Insurance Portability and Accountability Act (HIPAA), indicates that client personally identifiable information held by an organization, such as the Department, that is designated as a “Covered Entity” under HIPAA must be handled as electronic protected health information. The Governor’s Office of Information Technology has corresponding standards for handling electronic protected health information, which the Department does not currently meet. If approved, this decision item will bring the Department into compliance with federal law and the state’s corresponding standards.

R22 SNAP QUALITY ASSURANCE LINE ITEM: The Department’s request includes the creation of a new quality assurance unit in the Executive Director’s Office for the Supplemental Nutrition Assistance Program. It includes a net zero funding adjustment.

INDIRECT COST ASSESSMENT: The Department’s request includes a net increase of \$6.6 million total funds for the assessment of indirect costs associated with the operations of the Department.

INDIRECT COST ASSESSMENT

	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS
Payments to OIT adjustment	\$2,752,159	\$0	\$493,509	\$764,789	1,493,861
PERA Direct Distribution	2,573,792	0	448,058	1,138,634	987,100
Securing IT operations	898,356	0	161,091	249,643	487,622
Enterprise data integration services	307,259	0	55,094	85,385	166,780
Salesforce shield	222,100	0	39,827	61,719	120,554
Legal services adjustment	220,767	0	39,587	61,348	119,832
ALJ adjustment	148,573	0	26,643	41,287	80,643
Indirect cost assessment adjustment	122,458	0	(35,786)	24,796	133,448
Application refresh and consolidation	37,102	0	6,653	10,311	20,138
Optimize self-service capabilities	25,261	0	4,529	7,020	13,712
Essential database support	16,628	0	2,982	4,621	9,025
IDS increased input costs	7,872	0	1,411	2,188	4,273
Workers' compensation adjustment	(411,768)	0	(73,837)	(114,425)	(223,506)
Payment to risk management / property funds adjustment	(170,366)	0	(30,550)	(47,343)	(92,473)
Capitol Complex leased space adjustment	(90,008)	0	(16,140)	(25,011)	(48,857)
CORE adjustment	(40,883)	0	(7,331)	(11,361)	(22,191)
Annual fleet vehicle request	(14,296)	0	(2,564)	(3,972)	(7,760)
TOTAL	\$6,605,006	\$0	\$1,113,176	\$2,249,629	3,242,201

NON-PRIORITIZED REQUEST ITEMS: The Department's request includes a decrease of \$14.6 million total funds, including \$13.9 million General Fund, for items requested by other departments.

NON-PRIORITIZED REQUEST ITEMS

	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS
Securing IT operations	\$1,952,949	\$1,054,592	\$0	\$898,357	0
Enterprise data integration services	667,954	360,695	0	307,259	0
Application refresh and consolidation	80,657	43,555	0	37,102	0
Optimize self-service capabilities	54,916	29,655	0	25,261	0
DOC Food services inflation	37,142	0	0	37,142	0
Essential database support	36,150	19,521	0	16,629	0
HCPF Local administration transformation	27,865	4,578	13,401	0	9,886
IDS increased input costs	14,955	7,083	0	7,872	0
OIT CBMS PEAK	(17,403,127)	(15,417,623)	(277,102)	0	(1,708,402)
Annual fleet vehicle request	(31,490)	(17,194)	0	(14,296)	0
TOTAL	(\$14,562,029)	(\$13,915,138)	(\$263,701)	\$1,315,326	(1,698,516)

ANNUALIZE PRIOR YEAR LEGISLATION: The request includes adjustments related to prior year legislation.

ANNUALIZE PRIOR YEAR LEGISLATION

	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
SB 18-250 Jail-based behavioral health services	\$2,555,238	\$2,555,238	\$0	\$0	\$0	1.2
HB 18-1094 Children and youth mental health treatment act	1,883,547	1,579,342	304,205	0	0	1.5
SB 18-270 Behavioral health crisis transition referral	1,588,250	1,588,250	0	0	0	0.0
HB 18-1334 Extend Transitional Jobs	1,278,751	1,278,751	0	0	0	1.0
SB 18-200 PERA	1,018,205	701,962	55,053	139,905	121,285	0.0
HB 18-1064 Training Program prevent child sex abuse	95,051	95,051	0	0	0	0.0
HB 18-1323 Pay For Success Contracts	51,560	0	0	51,560	0	0.5
HB 18-1357 Ombudsman for behavioral health access to care	44,857	44,857	0	0	0	0.6
SB 18-254 Child welfare reform	3,177	3,177	0	0	0	0.2

HB 18-1306 Educational stability for foster children	978	0	0	0	978	0.1
SB 18-191 Local government limited gaming impact fund	0	0	0	0	0	0.0
HB 16-1290 Extend Transitional Jobs	(1,151,628)	(1,151,628)	0	0	0	(1.0)
HB 18-1363 Recommendations of Child Support	(36,169)	0	(36,169)	0	0	0.0
HB 17-1329 Reform NYC	(34,459)	(34,459)	0	0	0	0.0
HB 18-1339 Background Checks Empl. Tax	(31,333)	(31,333)	0	0	0	0.0
HB 18-1333 Child find	(15,000)	(15,000)	0	0	0	0.0
HB 18-1364 Disabilities advisory council	(12,203)	(12,203)	0	0	0	0.0
HB 18-1319 Services for former foster youth	(10,000)	(10,000)	0	0	0	0.0
HB 18-1328 CHRP waiver redesign	(949)	0	0	(949)	0	0.0
TOTAL	\$7,227,873	\$6,592,005	\$323,089	\$190,516	\$122,263	4.1

ANNUALIZE PRIOR YEAR BUDGET ACTIONS: The request includes a number of changes to annualize funding decisions made through the prior year Long Bill.

ANNUALIZE PRIOR YEAR BUDGET ACTIONS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2018-19 R2 DYS staffing final phase	\$912,549	\$912,549	\$0	\$0	\$0	0.0
FY 2018-19 OIT CBMS/PEAK	763,554	736,010	27,544	0	0	0.0
FY 2018-19 BA15 CHATS transfer	400,500	0	0	0	400,500	0.0
FY 2018-19 R17 Incredible years	242,322	48,464	193,858	0	0	0.0
FY 2018-19 R3 DYS special education services	127,823	127,823	0	0	0	1.7
Prior year salary survey	121,408	(65,040)	80,380	(825,893)	931,961	0.0
OAP pension COLA	79,358	0	79,358	0	0	0.0
FY 2018-19 R11 Respite care task force	53,738	(7,962)	0	61,700	0	0.0
FY 18-19 R16 Promoting permanency	30,245	26,752	0	0	3,493	0.2
FY 2018-19 R8 SNAP security	2,373	1,187	0	0	1,186	0.7
FY 2018-19 R15 Enhancing CO Works	733	0	0	0	733	0.2
Early childhood councils	(1,000,000)	(1,000,000)	0	0	0	0.0
FY 2018-19 R10 Child mental health treatment act	(650,651)	(650,651)	0	0	0	0.0
Funding for food pantries	(500,000)	(500,000)	0	0	0	0.0
Education advancement	(500,000)	(500,000)	0	0	0	0.0
FY 2018-19 R4 Child welfare staff, phase 4	(335,000)	(301,500)	(33,500)	0	0	0.0
FY 2018-19 BA5 community response	(120,000)	(120,000)	0	0	0	0.0
FY 2018-19 R13 Medication consistency (SB 17-019)	(107,824)	0	(107,824)	0	0	0.1
FY 2018-19 R5a Jail-based competency restoration	(13,535)	(13,535)	0	0	0	0.0
TOTAL	(\$492,407)	(\$1,305,903)	\$239,816	(\$764,193)	\$1,337,873	2.9

CENTRALLY APPROPRIATED LINE ITEMS: The request includes an increase of \$21.1 million total funds, including \$9.0 million General Fund, for centrally appropriated line items for the following: state contributions for health, life, and dental benefits; salary survey; short-term disability; supplemental state contributions to the Public Employees' Retirement Association (PERA) pension fund; shift differential; workers' compensation; legal services; administrative law judges; and payment to risk management and property funds.

CENTRALLY APPROPRIATED LINE ITEMS

	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS
Merit pay adjustment	\$8,967,360	\$5,973,103	\$534,395	\$1,295,433	1,164,429
PERA Direct Distribution	7,703,887	5,130,095	0	2,573,792	0
Payments to OIT adjustment	5,982,955	3,230,796	0	2,752,159	0
Legal services adjustment	469,717	248,950	0	220,767	0
ALJ adjustment	337,666	189,093	0	148,573	0
Salary survey adjustment	273,003	(813,416)	1,241,999	(1,506,743)	1,351,163
Health, life, and dental adjustment	(1,015,050)	(4,055,950)	2,785,229	(2,671,089)	2,926,760
Workers' compensation adjustment	(895,147)	(483,379)	0	(411,768)	0
Payment to risk management / property funds adjustment	(385,443)	(215,077)	0	(170,366)	0
Capitol Complex leased space adjustment	(204,563)	(114,555)	0	(90,008)	0
CORE adjustment	(88,876)	(47,993)	0	(40,883)	0
TOTAL	\$21,145,509	\$9,041,667	\$4,561,623	\$2,099,867	5,442,352

SUMMARY OF ISSUES PRESENTED TO THE JOINT BUDGET COMMITTEE

TRAILS MODERNIZATION PROJECT CONCERNS: The General Assembly appropriated \$22.8 million total funds, including \$11.4 million General Fund, to modernize the information technology system known as Trails that supports the state's child protective services. Recent system updates implemented as part of this project raise questions of accuracy and consistency of data relied on for decision making purposes.

THE FEDERAL FAMILY FIRST PREVENTION SERVICES ACT (FFPSA) OF 2018: In February of 2018, the FFPSA was signed into law. The Act includes reforms to Title IV-E of the Social Security Act aimed at keeping children and youth safely with families. It creates a 50.0 percent federal reimbursement for approved services identified as promising-, supported-, or well-supported practice by the federally selected evidence-based clearing house, and makes changes in requirements and federal reimbursement for out-of-home placements.

CHILD WELFARE PROVIDER RATES: Senate Bill 18-254 (Child Welfare Reform) made significant changes to child welfare funding, including increasing base rates for Child Placement Agencies and Residential Child Care Facilities. The bill included an appropriation of \$14.6 million for the increased rates. The Department's FY 2019-20 R14 budget request is for \$10.4 million total funds, including \$5.0 million General Fund, for the second round of funds required to increase base rates for these providers.

COUNTY CHILD WELFARE STAFFING: Senate Bill 15-242 (Child Welfare Staff) appropriated funding to be allocated to the counties specifically for the purpose of increasing county child welfare case aide, case worker, and supervisor FTE. The Department's FY 2019-20 R8 County Child Welfare Staffing is the fifth of several budget requests to increase funding for this purpose. It is for an increase of \$6.1 million total funds, including \$4.5 million General Fund.

EARLY INTERVENTION SERVICES AND CHILD FIND UPDATE: This briefing issue provides a status update on Early Intervention (EI) Services and the progress made by the Departments of Human Services (DHS) and Education in implementing HB 18-1333, Part C Child Find Responsibilities. In addition, this briefing item discusses current year issues regarding EI services and caseload and Community Centered Board contracts with the DHS.

COLORADO WORKS COLA AND STATE TANF RESERVE: This briefing issue examines the Department's R9 Decision Item that requests funding to implement a 1.5 percent cost-of-living-adjustment (COLA) in the Colorado

Works Basic Cash Assistance benefit in FY 2019-20. The COLA would increase the current monthly benefit received by a single-parent family with two children from \$508 to \$516. The request seeks funding from the State's Colorado Works TANF Long-Term Works Reserve fund to support the request. The Department intends to increase the Colorado Works grant standard by 1.5 percent on an annual basis, pending funding support provided by the General Assembly and action taken by the State Board of Human Services. The Department would not seek to implement a COLA in years when the State's TANF Long-Term Reserve is expected to drop below a minimum reserve level of \$34 million.

TANF PILOT PROGRAMS: This briefing issue examines the Department's FY 2019-20 request for funding from the State's TANF Long-Term Works Reserve Fund to support two new, work-related TANF pilot programs. Reducing Child Neglect via Employment (R4) and Child Support Employment Program (R6) have been identified by the Research and Evidence-Based Policy (REP) team in the Governor's Office of State Planning and Budgeting as evidence-based requests with policymaking elements.

COURT ORDERS CONCERNING COMPETENCY: The Department requests a total of \$39.1 million General Fund through the operating and capital budgets for fiscal years 2018-19 and 2019-20 to increase inpatient psychiatric bed capacity in order to address a lawsuit concerning the length of time individuals wait in jail to receive competency services. Approval of these requests, along with a project that was funded through the FY 2017-18 capital construction budget, would increase capacity by a total of 320 beds (48.0 percent compared to the existing funded capacity of 667). These beds are estimated to require \$810 per-bed-per-day for operational costs, or a total of \$94.6 million annually by 2022 when all 320 beds would be operational.

RECENT ACTIONS TO IMPROVE ACCESS TO BEHAVIORAL HEALTHCARE: In addition to the legislative actions taken in recent years to address competency issues, the General Assembly has taken a number of actions to improve access to behavioral healthcare. Many of these efforts focus on individuals who are involved in the criminal or juvenile justice systems.

BEHAVIORAL HEALTH CRISIS RESPONSE SYSTEM: The General Assembly authorized and funded a statewide behavioral health crisis system in 2013. Due to a failed solicitation and a lawsuit, the system did not become operational until December 2014. After less than four years of operations, including significant enhancements that were first funded last year, the Department is in the process of re-bidding the system and plans to have new contracts go into effect July 1, 2019.

R2 COMPENSATION FOR DIRECT CARE EMPLOYEES (VETERANS COMMUNITY LIVING CENTERS): The Department of Human Services employs the largest number of direct care FTE in the State of Colorado. The Department has experienced increasing difficulty in recruiting and retaining highly-qualified individuals to fill its direct care positions and as a result has been working with the Department of Personnel to evaluate direct care compensation for the past three years. As of August 2017, the average direct care vacancy rates for Veterans Community Living Centers was 14 percent. In August 2018, the direct care vacancy rate for the nursing homes increased to 21 percent.

RURAL INTERPRETATION SERVICES PROGRAM: The Rural Interpretation Services Program pilot was created through a budget action by the Joint Budget Committee during the FY 2018-19 budget process. Its intent is to increase access to American Sign Language/English interpreting services in rural areas of the State for individuals who are deaf, hard of hearing, and deafblind.

DIVISION OF YOUTH SERVICES' DATA AND TRENDS: The General Assembly appropriated \$15.3 million General Fund to add over 277 new positions in the Division of Youth Services from FY 2014-15 through FY 2018-19 to stem increases in assaults and fights within the agency's state-owned and -operated secure facilities and improve

programming. After several years of reduced numbers of assaults and fights, the Division experienced an increase of 12.5 percent in FY 2017-18 over the prior fiscal year. Additionally, nearly all of the agency's facilities continue to encounter issues filling new positions and retaining existing employees.

REALIGNING THE DIVISION OF YOUTH SERVICES' FACILITIES: The Division of Youth Services proposes a series of budgetary and statutory changes to improve the operation of its ten state-owned and –operated facilities in an effort to more effectively serve youth. These changes will have an impact on entities outside of the Division, including law enforcement officials, judges, and district attorneys.

Judicial Department

The Judicial Department interprets and administers the law, resolves disputes, and supervises adult and juvenile offenders on probation. The Judicial Branch also includes seven independent agencies. The four largest agencies provide legal representation for children, juveniles, or indigent adult defendants in certain types of cases. The Independent Ethics Commission provides advice and guidance on ethics-related matters concerning public officers, members of the General Assembly, local government officials, and government employees. The Office of the Child Protection Ombudsman receives, investigates, and seeks resolution of complaints concerning child protection services and makes recommendations to improve such services. The Office Public Guardianship, if it begins operations, will provide guardianship services for incompetent adults who lack resources and family or friends who can serve as guardians. The Department's FY 2018-19 appropriation represents 2.5 percent of statewide operating appropriations and 4.8 percent of statewide General Fund appropriations.

FY 2018-19 APPROPRIATION AND FY 2019-20 REQUEST

JUDICIAL DEPARTMENT						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2018-19 APPROPRIATION:						
HB 18-1322 (Long Bill)	754,037,172	550,203,048	162,436,088	36,973,036	4,425,000	4,742.7
Other Legislation	6,157,375	2,871,375	3,286,000	0	0	2.6
TOTAL	\$760,194,547	\$553,074,423	\$165,722,088	\$36,973,036	\$4,425,000	4,745.3
FY 2019-20 REQUESTED APPROPRIATION:						
FY 2018-19 Appropriation	\$760,194,547	553,074,423	\$165,722,088	\$36,973,036	\$4,425,000	4,745.3
JUD R1 District court judges and supporting staff	7,681,991	7,681,991	0	0	0	60.0
JUD R2 Probation officers and supporting staff	3,040,883	3,040,883	0	0	0	36.5
JUD R3 Problem solving court coordinators	417,265	417,265	0	0	0	5.0
JUD R4 Audio visual technical staff and administrative support	317,741	317,741	0	0	0	4.0
JUD R5 Distance learning specialists	480,556	480,556	0	0	0	4.0
JUD R6 IT infrastructure	8,393,774	2,744,021	5,649,753	0	0	0.0
JUD R7 Centralized legal research team	33,148	33,148	0	0	0	3.0
JUD R8 Increase spending from Courthouse Security Cash Fund	525,000	0	525,000	0	0	0.0
JUD R9 Justice Center controlled maintenance expenditure adjustment	513,000	0	(2,025,000)	2,538,000	0	0.0
JUD R10 Courthouse capital	2,618,698	2,618,698	0	0	0	0.0
JUD R11 Fleet vehicles for Judicial Dept.	(2,176)	(2,176)	0	0	0	0.0
JUD Salary Survey Request	1,142,148	1,116,382	25,766	0	0	0.0
OSPD R1 Attorney salary survey	5,089,605	5,089,605	0	0	0	0.0
OSPD R2 Refinance Denver criminal court grant	40,131	190,131	(150,000)	0	0	1.2
OSPD R3 Arapahoe courtroom staffing	104,471	104,471	0	0	0	1.6
OSPD R4 IT security	189,442	189,442	0	0	0	1.0
OADC R1 Caseload increase	14,601,111	14,601,111	0	0	0	0.0
OADC R2 Social worker outreach coordinator	116,809	116,809	0	0	0	1.0
OADC R3 Operating expense increase	251,070	251,070	0	0	0	0.0
OADC R4 Compensation plan alignment	114,696	114,696	0	0	0	0.0
OADC R5 Correct FY19 Error in Admin FTE	36,879	36,879	0	0	0	0.0
OCR R1 Caseload and mandated costs adjustment	1,257,168	1,257,168	0	0	0	0.0

JUDICIAL DEPARTMENT						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
OCR R2 Two programs and compliance analyst positions	294,420	294,420	0	0	0	2.0
OCR R3 Compensation plan alignment	61,913	61,913	0	0	0	0.0
OCR R4 Increase operating appropriation	83,000	83,000	0	0	0	0.0
OCR R5 Increase training	20,000	20,000	0	0	0	0.0
OrpcR1 Increase number of appointments and cost per appointment	2,071,337	2,071,337	0	0	0	0.0
ORPC R2 Staff attorney	125,977	125,977	0	0	0	1.0
ORPC R3 Administrative Specialist	70,967	70,967	0	0	0	1.0
ORPC R4 Programs Analyst	95,381	95,381	0	0	0	1.0
ORPC R5 Compensation plan alignment	10,319	10,319	0	0	0	0.0
OPG R1 Funding the Office of Public Guardianship	0	1,718,786	(1,718,786)	0	0	0.0
CDAC R1 District attorney mandated costs	102,373	102,373	0	0	0	0.0
Centrally appropriated line items	16,486,168	15,716,823	769,345	0	0	0.0
PERA Direct Distribution	8,860,946	8,159,213	701,733	0	0	0.0
Justice Center Maintenance Fund	2,575,000	0	2,575,000	0	0	0.0
Non-prioritized decision items	1,887,933	1,887,933	0	0	0	0.0
Carr Center lease revenue adjustments	274,348	(105,768)	274,350	105,766	0	0.0
Annualize Prior Year Budget Actions	(3,387,613)	(2,731,857)	(655,756)	0	0	0.0
Annualize prior year legislation	(1,444,385)	1,607,448	(3,051,833)	0	0	1.2
TOTAL	\$835,346,041	\$622,662,579	\$168,641,660	\$39,616,802	\$4,425,000	4,868.8
INCREASE/(DECREASE)	\$75,151,494	\$69,588,156	\$2,919,572	\$2,643,766	\$0	123.5
Percentage Change	9.9%	12.6%	1.8%	7.2%	0.0%	2.6%

In the preceding table:

- "JUD" indicates a request from the Chief Justice for the courts or for probation programs;
- "OSPD" indicates a request from the Office of the State Public Defender;
- "OADC" indicates a request from the Office of the Alternate Defense Counsel;
- "OCR" indicates a request from the Office of the Child's Representative;
- "ORPC" indicates a request from the Office of the Respondent Parents' Counsel;
- "OCPO" indicates a request from the Office of the Child Protection Ombudsman;
- "IEC" indicates a request from the Independent Ethics Commission;
- "OPG" indicates a request from the Office of Public Guardianship; and
- "CDAC" indicates a request from the Colorado District Attorneys' Council.

Requests from the Judicial Department (Courts and Probation)

JUD R1 DISTRICT COURT JUDGES AND SUPPORTING STAFF: The request includes an increase of \$7,681,991 General Fund for 15 new district-court judgeships and 45 support staff in FY 2019-20, for a total of 60.0 new FTE. Each judge gets a court judicial assistant, a law clerk, and a court reporter. The request would place additional judges in the ten judicial districts that are staffed at less than 80 percent of need, according to the Judicial Branch's court workload model. A companion bill will be introduced at the beginning of the 2019 session to authorize the new judgeships. The associated funding will be in the Long Bill. The companion bill could authorize more judgeships than are funded in the Long Bill. The following table shows where the requested judges would be located and the current number of district court judges in each district. The request includes \$1,550,070 of startup costs; in the second year, the cost declines to \$6,532,729 General Fund.

JUDICIAL DISTRICT	COUNTIES	# JUDGES	CURRENT STAFFING %
1 st	Gilpin, Jefferson	1	77.6%
2 nd	Denver	4	69.8%
4 th	El Paso, Teller	2	72.2%
8 th	Larimer, Jackson	1	77.3%
10 th	Pueblo	1	71.2%
13 th	Kit Carson, Logan, Morgan, Phillips, Sedgwick, Washington, Yuma	1	72.9%
17 th	Adams, Broomfield	1	76.8%
18 th	Arapahoe, Douglas, Elbert, Lincoln	1	78.8%
19 th	Weld	2	73.4%
21 st	Mesa	1	75.4%
Total:		15	

JUD R2 PROBATION OFFICERS AND SUPPORTING STAFF: The Judicial Department requests an increased number of probation officers, supervisors and support staff. The increase would be spread over two years with 36.5 FTE added in FY 2019-20 at a cost of \$3,040,883 General Fund and an additional 12.5 added in FY 2020-21 at an additional cost of \$ 1,263,547 General Fund. These increases will reduce the gap between current staffing levels and the Department's calculation of need, a gap that has resulted in part from the increasing number of offenders who are on state-supervised probation.

JUD R3 PROBLEM SOLVING COURT COORDINATORS: The request includes an increase of \$417,265 General Fund to hire five Problem Solving Court Coordinators II. This request is part of a three-year plan to add a total of 18 coordinators. Last year, the Department requested and received 7.0 coordinators. The Department will submit a request next year for six additional coordinators for FY 2020-21. A 2016 workload study concluded that the Branch's problem solving courts need these extra coordinators.

JUD R4 AUDIO VISUAL TECHNICAL STAFF AND ADMINISTRATIVE SUPPORT: The request includes an increase of \$317,741 General Fund and 4.0 FTE to create a regional audio visual (AV) technician staff to provide AV support to courts throughout the State.

JUD R5 DISTANCE LEARNING SPECIALISTS: The request includes \$480,556 General Fund for 4.0 FTE who are distance learning specialists. These specialists, in collaboration with subject matter experts, will develop online instructional content to meet the training needs of judicial officers, court employees, and probation employees. The emphasis will be on short modules that provide employees “just what they need, when they need it” to perform their jobs. The request includes software for designing and deploying training modules. The Department currently has a pilot program staffed by 1.5 FTE distance learning specialists that has created more than 80 modules. The department

has discovered that these modules, when coupled with periodic classroom instruction, are an effective way to train employees.

JUD R6 IT INFRASTRUCTURE: The request includes \$8,393,774 total funds (\$2,744,021 General Fund and \$5,649,753 cash funds) to pay for a number of IT projects.

JUD R7 CENTRALIZED LEGAL RESEARCH TEAM: The request includes an increase of \$33,148 General Fund and 3.0 FTE to establish a specialized legal research team housed in the Supreme Court Library in Denver that will be available to trial courts in all judicial districts for death penalty and other research-intensive cases that involve complex legal questions. Currently, the Judicial Branch contracts with legal researchers to perform such research on an as-needed basis. The proposed legal research team will substitute for many of those contracts and is expected to provide better service. The projected reduction in payments to the contractors will pay most of the cost of the new team. The requested General Fund will pay for the associated capital outlay and the AED and SAED.

JUD R8 INCREASE SPENDING FROM COURTHOUSE SECURITY CASH FUND: The request includes \$525,000 cash funds for a one-time increase of expenditures from the Court Security Grant program in FY 2019-20 with expenditure subsequently returning to current levels. The additional spending authority would allow the Courthouse Security Commission to fund equipment grants that would replace aging/failing security equipment, while continuing to adequately fund on-going security personnel costs in courthouses across the State.

JUD R9 JUSTICE CENTER CONTROLLED MAINTENANCE EXPENDITURE ADJUSTMENT: The request eliminates a \$2,025,000 cash funds appropriation that was in the FY 2018-19 Long Bill and makes a new appropriation of \$2,538,000 reappropriated funds. Since at least the FY 2013-14 Long Bill, a \$2,025,000 appropriation for controlled maintenance work on the Carr Center from the Justice Center Cash Fund has been in the Long Bill. This appropriation went unused because the building did not yet need controlled maintenance. Though unspent, it served as a reminder that a substantial amount of money needed to be set aside each year to fund future controlled maintenance. With the establishment of the Justice Center Maintenance Fund, a dedicated source of controlled maintenance funding is now available and, coincidentally, the first controlled maintenance expenditures on the building are needed. This \$2,538,000 reappropriation from the Justice Center Maintenance Fund will pay for the FY 2019-20 replacement of the building's network switches, which link the building's many automated components with each other and with the building's central control system.

JUD R10 COURTHOUSE CAPITAL: The request includes \$2,618,698 General Fund to address required infrastructure and courthouse furnishing needs. Colorado counties provide and maintain courtrooms and other court facilities, while the State provides the furnishings, infrastructure, and court staffing. This request will pay for infrastructure and courthouse furnishings in expanded, remodeled, or new facilities, and for replacement or refurbishment of existing furniture that is no longer useable or will soon become unusable if not repaired. A courthouse capital appropriation appears in the Long Bill every year but the Department does not treat it as a base appropriation off which adjustments are to be made. In FY 2018-19, the General Fund portion of this appropriation equaled \$2,653,360, so this request doesn't change the Courthouse Capital appropriation very much.

JUD R11 FLEET VEHICLES FOR JUDICIAL DEPARTMENT: The request includes a net decrease of \$2,176 General Fund for vehicle expenses. The Department requests permission to acquire four leased vehicles through the State Fleet Management program, which will increase the Department's fleet from 35 to 39 vehicles. The new vehicles will be used by employees who currently use personal vehicles for Department business and are compensated for that use at the rate of 49¢ per mile. The additional vehicles will allow the Department to reduce its vehicle-related expenditures by \$2,176 General Fund.

JUD (UNNUMBERED REQUEST) SALARY SURVEY REQUEST: The request includes an increase of \$1,142,148 total funds (\$1,116,382 General Fund) for a 2% pay increase for employees in six of the Department's job classifications and minor conforming salary adjustments elsewhere in the Department that are designed to maintain the overall salary structure. The Department's annual salary survey indicates that the salaries for the six designated classifications are 10 to 14% below the salaries of comparable positions identified by the consultant. These salary increases are in addition to the common policy 3 percent merit increases that the Department is requesting for all its employees.

Requests from Office of the State Public Defender (OSPD)

OSPD R1 ATTORNEY SALARY SURVEY: The OSPD's request includes \$5,089,605 General Fund for FY 2019-20, to partially fund the recommendations of a compensation study produced by a consulting firm that compared attorney salaries at the OSPD with those of other public-sector attorneys in Colorado. The comparison salaries were from county attorneys, city attorneys, district attorneys, municipal public defenders, and the Colorado Attorney General. The compensation study was conducted in conjunction with the Department of Law, which is using the survey to support its own salary request. The study concluded that OSPD attorneys are paid on average 13.1% below the pay of public attorneys in corresponding positions in the surveyed organizations. At the entry level, OSPD salaries lag the public sector market by an average of 20.9 percent. This increase is in addition to the 3 percent common policy merit increase that the Department is requesting for all its employees, including attorneys.

OSPD R2 REFINANCE DENVER CRIMINAL COURT GRANT: The request includes an increase of \$190,131 General Fund and a reduction of \$150,000 cash funds for a \$40,131 net change to the OSPD total appropriation that is related to staffing a Denver criminal courtroom. The request would result in a net 1.2 increase of FTE. The components of the request are:

- Cash funds: The OSPD's FY 2018-19 appropriation includes \$175,000 cash funds and 2.3 FTE from grants. This request would reduce the \$175,000 by \$150,000 to \$25,000 and the 2.3 FTE by 2.0 to 0.3 FTE. *Background:* In January 2018, Denver reconfigured its courtrooms to create a new criminal court. Denver gave the OSPD a short-term grant to hire two attorneys to cover this new court through June 30, 2019, with the understanding the OSPD would request funding to provide representation starting July 1, 2019.
- General Fund: The OSPD requests \$190,131 General Fund and 3.2 FTE to staff the Denver court starting July 1, 2019. The \$190,131 is comprised of \$185,951 General Fund for personal services of 2.0 attorneys and 1.3 support staff plus \$3,800 for operating expenses and \$380 for attorney registration fees.

OSPD R3 ARAPAHOE COURTROOM STAFFING: The request includes \$104,471 General Fund and 1.6 FTE to staff a courtroom in Arapahoe County that currently has a 50-50 civil-criminal caseload but is converting to an exclusively criminal caseload. The request will add 1.0 FTE trial attorney, 0.3 FTE investigator, and 0.3 FTE support staff.

OSPD R4 IT SECURITY: The request includes an increase of \$189,442 General Fund and 1.0 FTE for IT security, comprised of \$106,318 and 1.0 FTE for an IT Security Administrator and \$83,124 for automated IT security protection services.

Requests from Office of the Alternate Defense Counsel (OADC)

OADC R1 CASELOAD INCREASE: The OADC's request includes an increase of \$14,601,111 General Fund for the Office's increased caseload, comprised of \$13,664,883 for Conflict-of-interest Contracts and \$936,228 for Mandated Costs. This is based on a projection that the FY 2019-20 caseload will be 39.8 percent higher than the caseload on which the equivalent FY 2018-19 appropriation is based.

OADC R2 SOCIAL WORKER OUTREACH COORDINATOR: The request includes an increase of \$116,809 General Fund and 1.0 FTE to add a Social Worker Outreach Coordinator to the Agency's staff.

OADC R3 OPERATING EXPENSE INCREASE: The OADC requests \$251,070 General Fund to increase its Operating appropriation in order to address various needs (many IT related), of which \$11,690 are ongoing and \$239,380 are one time. The request has multiple parts, most of which can be approved or disapproved separately. The \$239,380 of one-time increases are:

- \$132,879 for a contractor-built artificial-intelligence based forecasting model that will combine internal and external data to help predict the Agency's caseload and corresponding expenditure needs for future budget requests.
- \$85,500 for an external audit of the Agency's billing system, which went live in 2015. The audit is designed to ensure the OADC is maximizing its use of the payment system as well as proper payment protocol and system security.
- \$15,000 to build a web-based contractor database that will replace a Microsoft Access database that no longer meets the Agency's needs and is incompatible with the Agency's billing system and website.
- \$6,000 to replace the Agency's 2014-vintage SQL server, which houses the contractor database. The Office's IT contractor has advised that the server should be replaced. This expenditure will cover the cost of the server and installation fees.

The \$11,690 of ongoing increases are:

- \$7,690 for operation and licensing of the new contractor-built forecasting model (first bullet above) in FY 2019-20, rising to \$15,380 annually in FY 2020-21.
- \$3,000 for additional Westlaw licenses for OADC contractors.
- \$1,000 for the 5 percent hourly rate increase that the Office's IT contractor has announced for Fiscal Year 2019-20.

OADC R4 COMPENSATION PLAN ALIGNMENT: The request includes an increase of \$114,696 General Fund for salary adjustments that flow from four sources:

- \$3,093 for a 2% increase for employees whose salaries are 10% or more below comparable salaries elsewhere, as determined by the Judicial Branch's annual salary survey (produced by Segal Waters, a compensation consulting company).
- \$22,563 to implement a common compensation plan that the OADC developed jointly with the Office of the Child's Representative and the Office of the Respondent Parents' Counsel. This part of the request increases the salary of staff members whose salary falls below the minimum of the salary range for their new job class to the new minimum.
- \$73,647 to increase the salaries of some employees whose salaries are at or close to the minimum of their new salary range under the new common compensation plan.
- \$15,394 for a salary increase for the Executive Director of the OADC. This part of the request comes from the Alternative Defense Counsel Commission, which oversees the Director. The Commission requests that the Executive Director of the Alternate Defense Counsel be paid a salary equal to that of the State Public Defender, i.e. equal to the salary of an associate judge of the Court of Appeals.

OADC R5 CORRECT TECHNICAL ERROR IN APPROPRIATION: The request includes an increase of \$36,879 General Fund to correct a technical error in the agency's personal services appropriation that occurred during 2018 figure setting. Staff anticipates a supplemental in January to correct the FY 2018-19 appropriation to the OADC.

Requests from Office of the Child's Representative (OCR)

OCR R1 CASELOAD AND MANDATED COSTS ADJUSTMENT: Increase in Number of Appointments and in Costs per Appointment: The OCR's request includes a \$1,257,168 General Fund increase that is comprised of \$1,227,168 for the Court-Appointed Counsel appropriation and \$30,000 for the Mandated Costs appropriation. The Court-Appointed Counsel increase reflects a projected increase in caseload for FY 2019-20. The Mandated Costs increase is to catch up with increases in expenditures from this line item that have recently occurred.

OCR R2 TWO PROGRAMS AND COMPLIANCE ANALYST POSITIONS: The request includes an increase of \$294,420 General Fund and 2.0 FTE to fund two new Programs and Compliance Analyst positions to implement the recommendations of the Office's 2018 Performance Audit and support ongoing comprehensive oversight of attorney services for children. This request includes a one-time cost of \$90,598 to build and furnish work space for the two positions; thus the ongoing costs are \$203,822 = (\$294,420 - \$90,598).

OCR R3 COMPENSATION PLAN ALIGNMENT: The request includes \$61,913 General Fund for the OCR to implement the common compensation plan that has been jointly developed by the Office of the Child's Representative (OCR), the Office of Respondent Parents' Counsel (ORPC), and the Office of the Alternate Defense Counsel (OADC). The request adjusts the salary and benefits of staff members whose salary falls below the minimum of the salary range for their new job class under the Common Compensation Plan.

OCR R4 INCREASE OPERATING APPROPRIATION: The OCR requests \$83,000 General Fund to increase its operating appropriation (mostly for IT needs), of which \$60,000 is ongoing and \$23,000 is one time. The following table details the request, which adds to more than \$83,000.

ITEM	COST
Ongoing expenses	
Report writing tool (Jaspersoft)	\$20,000
Maintenance and storage costs throughout life of system	18,400
Replacement of PCs, laptops, routers	10,000
Increased expenses to travel to judicial districts	10,000
Increased Westlaw access, OCR's online legal research tool	7,000
One-time expense that will be periodically repeated	
Replace 2 servers	22,857
Total	\$88,257

The Office has been overspending its operating appropriation for several years, using its authority to transfer up to 2.5 percent of its total appropriation between line items to cover the shortfall. With this increase, it believes it can cover its operating expenses.

OCR R5 INCREASE TRAINING: The request includes an ongoing increase of \$20,000 General Fund for the training program that the Office runs for its contract attorneys pursuant to its statutory mandate.

Requests from Office of the Respondent Parents' Counsel (ORPC)

ORPC R1 INCREASE NUMBER OF APPOINTMENTS AND COST PER APPOINTMENT: The ORPC requests \$2,071,337 General Fund for a projected increase of the cost of court appointed counsel and of mandated costs. Two factors are at work: the number of appointments is increasing and the cost per appointment is rising. The number of new ORPC appointments was 11.4 percent higher in the first 3 months of FY 2018-19 than it was in the corresponding months of FY 2017-18. In addition, the cost per closed appointment in the first 3 months of FY 2018-19 is 9.7 percent higher than the average cost per closed appointment during the entire fiscal year FY 2017-18.

ORPC R2 STAFF ATTORNEY: The request includes \$125,977 for a staff attorney who will consult with the Office's contract attorneys on cases, respond to parent complaints, and generally alleviate currently overburdened FTE workloads. The cost annualizes to \$134,832 in FY 2020-21.

ORPC R3 ADMINISTRATIVE SPECIALIST: The request includes an increase of \$70,967 General Fund and 1.0 FTE for an Administrative Specialist I. The Office does not have an administrative specialist (the Judicial Branch equivalent of an administrative assistant) or anyone to perform similar functions and this individual would reduce the amount of time other employees spend on administrative tasks. The Office also points to the extensive growth of the ORPC since it was created in July 2016, growth that has increased the need for administrative support. In FY 2020-21, the cost of the request annualizes to \$75,989 General Fund.

ORPC R4 PROGRAMS ANALYST I: The request includes an increase of 1.0 FTE and \$95,381 General Fund for a Programs Analyst I. The Office states that this individual will increase the ORPC's capability to perform essential oversight and evaluation functions. The ORPC points to the recently completed audit of the Office of the Child's Representative, noting that ORPC functions are similar to those of the OCR. The Office believes it should strengthen its controls in areas similar to those where the audit found weaknesses at the OCR. The cost of the request annualizes to \$101,458 General Fund in FY 2020-21.

ORPC R5 COMPENSATION PLAN ALIGNMENT: The request includes \$10,319 General Fund for the ORPC to implement the common compensation plan that has been jointly developed by the Office of the Child's Representative (OCR), the Office of Respondent Parents' Counsel (ORPC), and the Office of the Alternate Defense Counsel (OADC). The request adjusts the salary and benefits of staff members whose salary falls below the minimum of the salary range for their new job class under the Common Compensation Plan. On October 30, 2018, the ORPC Commission voted to increase the Executive Director's salary from being tied to a Colorado District Court Judge to being tied to a Colorado Court of Appeals Judge. This request includes funding for that increase. See request OADC R4 for more on a similar increase.

Requests from Office of Public Guardianship (OPG)

OPG R1 FUNDING THE OFFICE OF PUBLIC GUARDIANSHIP: The request, which comes from the Public Guardianship Commission, includes an increase of \$1,718,786 General Fund and a reduction of \$1,718,786 cash funds for the Office of Public Guardianship for FY 2019-20. This request is accompanied by a supplemental request of \$565,469 General Fund for FY 2018-19. Together these requests will be sufficient to start operations of the pilot public guardianship program established by H.B. 17-1087, a bill that also requires the pilot public guardianship program to report its results and findings to the General Assembly by January 1, 2021, at which time the General Assembly will decide whether to extend, expand, or cancel the program. The Public Guardianship Commission requests that the JBC carry a bill that will (1) extend the deadline for the OPG report, and (2) provide a wind-down period during which replacement guardians can be found for OPG wards if the OPG is not extended.

Requests from the Colorado District Attorneys' Council

CDAC R1 DISTRICT ATTORNEY MANDATED COSTS: The request includes an increase of \$102,373 General Fund for District Attorney mandated costs, which reimburses district attorneys for part of the mandated costs incurred in prosecution. The request equals 4.0 percent of the FY 2018-19 total appropriation for DA mandated costs. *[For more information see Appendix C, Judicial request for information #4.]*

Other Changes Requested by Judicial Agencies

CENTRALLY APPROPRIATED LINE ITEMS: The request includes the following adjustments to central appropriations:

CENTRAL APPROPRIATIONS ADJUSTMENTS						
	TOTAL	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL	FTE
Merit pay adjustment	10,850,605	10,293,923	556,682	0	0	0
Health, life, and dental adjustment	2,799,629	2,630,651	168,978	0	0	0
Payments to OIT adjustment	960,482	960,482	0	0	0	0
SAED adjustment	874,907	852,070	22,837	0	0	0
AED adjustment	844,717	823,143	21,574	0	0	0
CORE adjustment	322,566	322,566	0	0	0	0
Payment to risk management / property funds adjustment	118,939	118,939	0	0	0	0
Legal services adjustment	108,902	108,902	0	0	0	0
Leased space adjustment	46,709	46,709	0	0	0	0
Vehicle lease payments adjustment	21,262	21,262	0	0	0	0
Workers' compensation adjustment	(365,663)	(365,663)	0	0	0	0
Salary survey adjustment	(74,854)	(74,854)	0	0	0	0
Short-term disability adjustment	(22,033)	(21,307)	(726)	0	0	0
Total	16,486,168	15,716,823	769,345	0	0	0

Special merit-pay request for judicial officers: For FY 2019-20 the Department requests that the Governor's 3 percent merit increase be given equally to all judicial officers with no regard to merit. If the Governor's merit increase is adjusted up or down, or another form of increase is approved, the Department requests that all judicial officers be given the same increase that other state workers are on average receiving, except that the percentage increase will be equal for all judicial officers.

PERA DIRECT DISTRIBUTION: The requests includes \$8,860,946 total funds (\$8,159,213 General Fund) for the PERA direct distribution.

JUSTICE CENTER MAINTENANCE FUND: The appropriation includes \$2,575,000 cash funds, which is appropriated from the Justice Center Cash Fund to the newly created Justice Center Maintenance Fund.

NON-PRIORITIZED DECISION ITEMS: The request includes the following non-prioritized decision items:

NON-PRIORITIZED DECISION ITEMS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
JUD NP 3 (OIT R2) Securing IT Operations	\$1,836,297	\$1,836,297	\$0	\$0	\$0	0.0
JUD NP 4 (OIT R4) Self Service Capabilities	51,636	51,636	0	0	0	0.0
TOTAL	\$1,887,933	\$1,887,933	\$0	\$0	\$0	0.0

CARR CENTER LEASE REVENUE ADJUSTMENT: The request includes a \$105,766 increase in the leased space payments paid by tenants within the Ralph L. Carr Colorado Judicial Center (reappropriated funds received from General Funded tenant agencies) with accompanying adjustments.

ANNUALIZE PRIOR YEAR BUDGET ACTIONS: The request includes the following adjustments for annualization of prior year budget actions:

ANNUALIZE PRIOR BUDGET ACTIONS						
	TOTAL	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL	FTE
FY19 OSPD R1 Workload and Caseload Increases	393,960	393,960	0	0	0	0.0
FY19 JUD R5 IT Project Mgt. Security	72,768	72,768	0	0	0	0.0
FY19 JUD R3 Problem Solving Court Coordinators	41,919	41,919	0	0	0	0.0
FY19 JUD R4 Access to Justice	11,657	11,657	0	0	0	0.0
FY19 JUD R6 Interstate Compact FTE Transfer	9,828	9,828	0	0	0	0.0
FY19 JUD R7 Courthouse Furnishings	(3,233,311)	(2,733,311)	(500,000)	0	0	0.0
FY19 OSPD R2 IT Support, Security, and Development	(398,213)	(398,213)	0	0	0	0.0
Prior year salary survey	(274,255)	(118,499)	(155,756)	0	0	0.0
FY19 ORPC BA5 Operating expenses	(6,900)	(6,900)	0	0	0	0.0
FY19 OADC R2 Administrative Support	(3,473)	(3,473)	0	0	0	0.0
FY19 Social services professional coordinator one-time computer expense	(1,593)	(1,593)	0	0	0	0.0
TOTAL	(3,387,613)	(2,731,857)	(655,756)	0	0	0.0

ANNUALIZE PRIOR YEAR LEGISLATION: The request includes the following adjustments for annualization of prior year legislation:

ANNUALIZE PRIOR YEAR LEGISLATION						
	TOTAL	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL	FTE
SB 18-200 (PERA)	1,093,410	889,243	204,167	0	0	0.0
SB 18-251 Bridges Program	639,875	639,875	0	0	0	0.1
SB 18-203 Muni Courts	78,330	78,330	0	0	0	1.1
JUD SB08-054 (Judicial Performance Evaluations) Public awareness poll this year per that bill	30,000	0	30,000	0	0	0.0
JUD SB18-267 Justice Center Maintenance Fund	0	0	0	0	0	0.0
JUD SB18-1176 Offender re-entry grant program	(3,286,000)	0	(3,286,000)	0	0	0.0
TOTAL	(1,444,385)	1,607,448	(3,051,833)	0	0	1.2

SUMMARY OF ISSUES PRESENTED TO THE JOINT BUDGET COMMITTEE

FUNDING THE OFFICE OF PUBLIC GUARDIANSHIP: The Office of Public Guardianship was created by H.B. 17-1087, which directed it to run a pilot program in three judicial districts, supported solely by gift, grants, and donations. The Office provides legal guardianship services for incapacitated adults who lack financial resources and lack potential guardians among family and friends. In January 2021, the Office must report to the General Assembly and the General Assembly must decide whether to continue or expand the program or allow it to end. Despite extensive fund raising efforts, the Office has only been able to obtain \$2,000 in donations and it now requests a \$1,718,786 General Fund appropriation for FY 2019-20 and a supplemental appropriation of \$565,469 General Fund for FY 2018-19 so that it can begin operations. The Office also asks the JBC to carry a bill to extend its reporting date and its termination date.

OFFICE OF THE CHILD’S REPRESENTATIVE AUDIT: The state auditor has released a performance audit that criticizes the Office of the Child's Representative (OCR) for deficient selection and monitoring of its contract attorneys, insufficient oversight of the CASA (Court Appointed Special Advocate) program, and inadequate internal control over payments to contractors and procurement cards. The OCR has promised to implement the auditor's recommendations and requests a \$294,420 General Fund appropriations to do so. Two other independent agencies, the Office of the Alternate Defense Council and the Office of the Respondent Parents Council, which operate in a similar, are requesting General Fund appropriations to strengthen and examine their processes.

INCREASE THE NUMBER OF DISTRICT JUDGES: The Judicial Department has requested \$7,681,991 General Fund for 15 new district-court judgeships and 45 support staff for FY 2019-20, for a total of 60.0 new FTE. This request responds to the substantial increase in workload that the courts have experienced in recent years. Much of the increase is due to an increased number of felony cases.

COMMON COMPENSATION PLAN FOR THREE INDEPENDENT AGENCIES: A common compensation plan has been adopted by three independent agencies in the Judicial Branch, the Office of the Alternate Defense Counsel, the Office of the Child’s Representative, and the Office of the Respondent Parents’ Counsel. This issue explains why a common compensation plan has been adopted and how it has affected this year’s budget requests.

Department of Labor and Employment

The Department of Labor and Employment is responsible for administering unemployment insurance programs, supporting the state's system of one-stop workforce centers and workforce development programs, enforcing the state's labor laws, regulating workers' compensation insurance, administering vocational rehabilitation programs, and inspecting a variety of industries from retail fuel locations to amusement park rides.. The Department's FY 2018-19 appropriation represents approximately 0.8 percent of statewide operating appropriations and 0.2 percent of statewide General Fund appropriations.

FY 2018-19 APPROPRIATION AND FY 2019-20 REQUEST

DEPARTMENT OF LABOR AND EMPLOYMENT						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2018-19 APPROPRIATION:						
H.B. 18-1322 (Long Bill)	256,457,687	18,391,202	79,834,345	6,521,018	151,711,122	1,279.3
Other legislation	3,091,397	1,083,972	1,007,425	1,000,000	0	1.3
TOTAL	\$259,549,084	\$19,475,174	\$80,841,770	\$7,521,018	\$151,711,122	1,280.6
FY 2019-20 REQUESTED APPROPRIATION:						
FY 2018-19 Appropriation	\$259,549,084	19,475,174	\$80,841,770	\$7,521,018	\$151,711,122	1,280.6
R1 Unemployment Insurance migrated system operations	3,801,509	0	3,801,509	0	0	0.0
R2 Division of Workers Compensation Modernization Project	76,817	0	76,817	0	0	0.0
R3 Division of Labor Standards and Statistics claims system	34,802	0	34,802	0	0	0.0
R4 Division of Oil and Public Safety - Petroleum Program	50,000	0	50,000	0	0	0.0
R5 Replacement of the legacy field audit system	450,000	0	450,000	0	0	0.0
R6 Independent Living Services provider rate increase	67,335	67,335	0	0	0	0.0
NP7 Employment First initiatives and state programs for IDD	3,755,869	800,000	0	0	2,955,869	4.0
NP1-NP6 Non-prioritized requests (OIT and DPA initiatives)	736,701	89,030	317,671	0	330,000	0.0
Centrally appropriated line items	8,452,429	1,436,845	3,904,188	26,033	3,085,363	0.0
Depreciation-lease equivalent payments	386,562	0	386,562	0	0	0.0
Annualize prior year legislation	(1,120,774)	2,366,784	(5,913,120)	2,301,402	124,160	0.7
Indirect cost adjustments	(3,125)	0	(1,125)	0	(2,000)	0.0
Annualize prior year budget actions	(289)	(62)	1	0	(228)	0.0
TOTAL	\$276,236,920	\$24,235,106	\$83,949,075	\$9,848,453	\$158,204,286	1,285.3
INCREASE/(DECREASE)	\$16,687,836	\$4,759,932	\$3,107,305	\$2,327,435	\$6,493,164	4.7
Percentage Change	6.4%	24.4%	3.8%	30.9%	4.3%	0.4%

R1 UNEMPLOYMENT INSURANCE MIGRATED SYSTEM OPERATIONS: The Department requests an increase of \$3.8 million cash funds from the Employment and Training Technology Fund to support the production operations of the new UI claimants benefits processing system (CUBS) and UI employer premiums system (CATS). The General Assembly appropriated \$57,876,960 in the IT capital budget to construct the new system between FY 2016-17 and FY 2018-19. The FY 2019-20 request funds annual licenses for software products and 9.0 FTE in the Governor's Office of Information Technology (OIT) beginning in January 2020. The request includes \$3,200,000 in the Unemployment Insurance Program Costs line item and \$601,509 in the Payments to OIT line item for the additional OIT staffing costs. The request is for funding to continue at this level in future years; however, this reflects the

expectation that annualization of the new OIT staff will occur through common policy adjustments. If this is taken into consideration, the annualized impact of this request is \$4,403,021 in FY 2020-21.

R2 DIVISION OF WORKERS COMPENSATION MODERNIZATION PROJECT: The Department requests an increase of \$76,817 cash funds from the Worker's Compensation Cash Fund to support ongoing operating costs for the Worker's Compensation Claims Management System. The General Assembly appropriated \$5,932,500 in FY 2014-15 in the information technology capital budget to construct the new system and provided an extension to complete the project through FY 2017-18. The Division of Workers' Compensation regulates benefits provided to injured workers. The modernized platform has capacity to provide on-demand electronic information for any reported worker's compensation claim. Stakeholders who request this information include insurance adjusters, employers, attorneys, claimants, and state staff. The request funds annual software licenses and subscription costs required for the new system. The Department requests that funding continue at this level in future years.

R3 DIVISION OF LABOR STANDARDS AND STATISTICS CLAIMS SYSTEM: The Department requests an increase of \$30,180 cash funds from the Employment Support Fund for software licenses and subscription costs for the new Labor Standards Claims System. The Labor Standards section is responsible for assisting Colorado employees in recovering earned compensation from employers who violate labor laws. The staff of 28 is responsible for investigating approximately 3,500 complaints and responding to 2,000 emails and 40,000 calls per year. In FY 2017-18, the Division internally funded (through vacancy savings) a \$206,000 project to migrate its five older software systems to a centralized database. The database uses the Salesforce platform and integrates with other software tools. The software allows investigators to review and create needed documents and enables employees and employers to submit documentation on line, check the status of claims, and correspond with the Division by text message. The Department requests that funding continue at this level in future years.

R4 DIVISION OF OIL AND PUBLIC SAFETY - PETROLEUM PROGRAM: The Department requests \$50,000 cash funds from the Petroleum Storage Tank Fund to replace equipment and supplies for testing fuels. The agency tests the quality of petroleum pumped at gas stations to ensure fuels comply with legal requirements and are accurately labeled. Through a joint agreement with the Department of Public Health and Environment, the Division also conducts vapor monitoring to ensure that petroleum delivery carriers are capturing vapors when delivering fuel. An average of 2,980 inspections are conducted each year. Some of these are in response to consumer complaints (averaging 175 per year). Over the past eight years, the number of gas stations and associated testing required has increased by 8.0 percent. The Department's fuel testing equipment is aging and must be replaced, and supply costs have increased. The request is for an ongoing \$50,000 increase for this program. In the first two years, the Department will replace the Sulphur analyzer and vapor pressure analyzer (each estimated at \$26,400) and will address higher costs for waste disposal, helium, heptane, and other supplies (estimated at \$23,600 per year).

R5 REPLACEMENT OF THE LEGACY UI FIELD AUDIT SYSTEM: The Department requests \$450,000 cash funds from the Employment Support Fund to replace the information technology system that supports its Unemployment Insurance field audit staff. This staff is responsible for auditing businesses to ensure that they are correctly calculating their unemployment insurance contributions. The federal government requires the State to audit at least 1.0 percent of contributing employers representing at least 1.0 percent of total wages annually. It also requires that these audits result in changes in total wages on which UI taxes are assessed of at least 2.0 percent, that audits result in an average of at least 1 worker reclassified per audit, and that the sum of the audit effectiveness measures (percent of employers audited, percent of wages audit, percent change to wages, and average number of workers reclassified per audit) be at least 7.0. The Department must therefore track these measures for the approximately 2,500 field audits completed annually by its 32-member audit staff. It seeks a workflow application that supports staff in performing and completing audits and produces an audit record to federal specifications. The system must be able to download employer and worker wage information from the Department's employer premiums and benefits systems, ensure that

additional premiums that result from the audit process are added back into the premiums system, and store audit results in a database. The Department currently uses a legacy system that uses a combination of Access databases and Excel spreadsheets. It has had difficulty maintaining the system as newer versions of Excel are released. Based on responses to Request for Information, it believe there is at least one nationally successful vendor-built system that it could purchase that would require limited customization to align with Colorado’s UI premiums and benefits systems. The request would annualize to \$40,000 cash funds from the Employment Support Fund in FY 2020-21 and subsequent years for licensing and subscription costs.

R6 INDEPENDENT LIVING SERVICES PROVIDER RATE INCREASE: The request includes a common-policy 1.0 percent provider rate increase for independent living centers in the Division of Vocational Rehabilitation and Independent Living Services.

NP7 EMPLOYMENT FIRST INITIATIVES AND STATE PROGRAMS FOR IDD: The Department requests \$3,755,869 total funds, including \$800,000 General Fund, \$2,955,869 federal funds, and 3.7 FTE for the Department’s share of request submitted through the Department of Health Care Policy and Financing on Employment First initiatives. Employment First is a nationally recognized model for achieving increased, successful employment outcomes for people with disabilities. In CDLE, the request would add a new line item in Vocational Rehabilitation Programs to create an Office of Employment First, fund four new positions, and fund training for providers of supported employment services and vocational rehabilitation program staff. The Office of Employment First would be implemented through a contract with a “University Center of Excellence in Developmental Disabilities,” which would work with five affected state departments to identify policies, regulations, and practices that present barriers to Employment First implementation. The Office would also be responsible for disseminating information to individuals with disabilities, families, service providers, and educators about competitive employment for people with disabilities and conducting training on this topic. The four new vocational rehabilitation program staff would create curriculum and training for state agency staff; create a hiring model for employing individuals with disabilities in state government; develop and lead state efforts to provide braided benefits planning services to clients; and manage a program to ensure that contractors correctly implement the evidence-based Individual Placement and Support model. Funding at this level is requested through FY 2021-22, after which future funding would be requested through the budget process.

NP1-NP6 NON-PRIORITIZED REQUESTS (OIT AND DPA INITIATIVES): The request includes the Department’s share of requests in the Governor’s Office of Information Technology and the Department of Personnel.

NP1-NP6 NON-PRIORITIZED REQUESTS (OIT AND DPA INITIATIVES)						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
OIT Securing IT operations	\$506,371	\$0	\$206,371	\$0	\$300,000	0.0
OIT Essential database support	86,439	0	56,439	0	30,000	0.0
OIT Application refresh and consolidation	74,791	74,791	0	0	0	0.0
DPA IDS Increased Input Costs	54,861	0	54,861	0	0	0.0
OIT Optimize self-service capabilities	14,239	14,239	0	0	0	0.0
TOTAL	\$736,701	89,030	\$317,671	\$0	\$330,000	0.0

CENTRALLY APPROPRIATED LINE ITEMS: The request includes adjustments to centrally appropriated line items for the following: state contributions for health, life, and dental benefits; short-term disability; supplemental state contributions to the Public Employees' Retirement Association (PERA) pension fund; salary survey; shift differential; workers' compensation; legal services; administrative law judges; payment to risk management and property funds; leased space; Capitol complex leased space; payments to OIT; CORE operations: and PERA direct distributions.

DEPRECIATION-LEASE EQUIVALENT PAYMENTS: Pursuant to Section 24-30-1310 (2)(a), C.R.S., the request creates a new \$386,562 depreciation-lease equivalent line item for projects funded with cash funds on or after FY 2015-16. The amount due is based on a building’s depreciation schedule and is placed in a capital reserve account established by the state agency associated with that cash fund.

ANNUALIZE PRIOR YEAR LEGISLATION: The request includes the following adjustments for the second-year impact of prior year legislation.

ANNUALIZE PRIOR YEAR LEGISLATION						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
Annualize SB 18-200 (PERA)	\$225,524	\$13,084	\$86,880	\$1,400	\$124,160	0.0
Annualize SB 18-167 Locate Underground Facilities	55,831	55,831	0	0	0	1.2
SB 18-167 Underground facilities change line item location	0	0	0	0	0	0.0
Annualize HB 18-1343 Veterans' Service-to-Career Program	(1,000,000)	0	(1,000,000)	0	0	(0.5)
Annualize HB 18-1316 Extend CDLE WORK grant program	(399,998)	2,300,000	(5,000,000)	2,300,002	0	0.0
Annualize SB 18-145 Implement Employment First Recommend	(2,131)	(2,131)	0	0	0	0.0
TOTAL	(\$1,120,774)	2,366,784	(\$5,913,120)	\$2,301,402	\$124,160	0.7

INDIRECT COST ADJUSTMENTS: The request includes an adjustment to the Department’s indirect cost assessment for FY 2019-20.

ANNUALIZE PRIOR YEAR BUDGET ACTIONS: The request annualizes prior-year salary survey appropriations.

SUMMARY OF ISSUES PRESENTED TO THE JOINT BUDGET COMMITTEE

THE UNEMPLOYMENT INSURANCE SYSTEM AND REQUEST R1: Department Request R1 is for \$3.8 million cash funds (annualizing to \$4.4 million) for ongoing annual operating support for the Department’s new Unemployment Insurance (UI) information technology systems. The State is in the process of migrating its UI systems from older mainframe technology at a cost of \$57.8 million. The project is scheduled to complete in February 2020. The request for ongoing operating costs is \$1.4 million greater than projected. Although capital IT requests indicated that no new staff would be required, the request includes 9.0 new OIT staff at a cost of \$1.2 million.

NON-PRIORITIZED EMPLOYMENT FIRST REQUEST: The Department of Health Care Policy and Financing Request R16 proposes a new line item in the Department of Labor and Employment, Vocational Rehabilitation Programs for “Employment First” programs. The request for \$3.8 million would fund 4.0 FTE and a new Office of Employment First, housed in a University Center for Excellence in Developmental Disabilities at the University of Colorado. The Office would be responsible for a range of coordination and training functions to promote competitive integrated employment for people with severe disabilities. Some details of the proposal are still unclear.

COLORADO WORKFORCE DEVELOPMENT COUNCIL AND EDUCATION AND TRAINING INITIATIVES: The Colorado Workforce Development Council brings together multiple agencies and business partners to align state workforce training needs and educational systems. Funding for innovation comes primarily from private philanthropic resources, industry participation, and federal funds, although the State supports several targeted programs.

Department of Law

The Attorney General is one of five independently elected constitutional officers of the State. As the chief executive officer of the Department of Law, the Attorney General represents and defends the legal interests of the people of the State of Colorado and serves as the legal counsel and advisor to state agencies. The Department's FY 2018-19 appropriation represents approximately 0.3 percent of statewide operating appropriations and 0.1 percent of statewide General Fund appropriations.

FY 2018-19 APPROPRIATION AND FY 2019-20 REQUEST

DEPARTMENT OF LAW						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2018-19 APPROPRIATION:						
HB 18-1322 (Long Bill)	83,067,088	16,611,039	17,882,160	46,571,567	2,002,322	474.4
Other legislation	397,326	0	164,920	232,406	0	2.8
TOTAL	\$83,464,414	\$16,611,039	\$18,047,080	\$46,803,973	\$2,002,322	477.2
FY 2019-20 REQUESTED APPROPRIATION:						
FY 2018-19 Appropriation	\$83,464,414	16,611,039	\$18,047,080	\$46,803,973	\$2,002,322	477.2
R1 IT asset maintenance	485,493	139,765	68,752	264,160	12,816	0.0
R2 Appellate backlog	87,533	87,533	0	0	0	0.9
R3 FTE transfer from Consumer Protection to Administration	0	0	(142,449)	142,449	0	0.0
Centrally appropriated line items	3,742,723	898,231	342,162	2,458,796	43,534	0.0
Annualize prior year budget actions	544,670	256,001	(452,145)	731,902	8,912	0.0
Indirect cost assessment	356,990	(18,460)	240,784	124,737	9,929	0.0
Annualize prior year legislation	237,470	25,060	25,117	184,057	3,236	0.8
Non-prioritized request items	207,682	59,378	32,434	110,672	5,198	0.0
Technical adjustments	(294,898)	(178,254)	(288,904)	172,659	(399)	5.0
TOTAL	\$88,832,077	\$17,880,293	\$17,872,831	\$50,993,405	\$2,085,548	483.9
INCREASE/(DECREASE)	\$5,367,663	\$1,269,254	(\$174,249)	\$4,189,432	\$83,226	6.7
Percentage Change	6.4%	7.6%	(1.0%)	9.0%	4.2%	1.4%

R1 IT ASSET MAINTENANCE: The request includes a one-time increase of \$485,493 total funds in FY 2019-20, including \$139,765 General Fund, to address continuity of operations infrastructure and replace network equipment that is at end of life and no longer supported by vendors. The request also includes an ongoing increase of \$290,678, including \$83,683 General Fund, beginning in FY 2020-21 to address the annual replacement of the Department's IT infrastructure and expand storage to meet data growth trends.

R2 APPELLATE BACKLOG: The request includes an increase of \$87,533 General Fund and 0.9 FTE in FY 2019-20 to reduce and control the growing criminal appeal backlog. This item is discussed in the second briefing issue.

R3 FTE TRANSFER FROM CONSUMER PROTECTION TO ADMINISTRATION: The Department proposes to refinance 2.0 FTE and \$142,449 cash funds from the Consumer Protection Custodial Fund to reappropriated funds from indirect cost recoveries. In FY 2017-18, the Department received funding to support 1.0 FTE for social media and public information activities, as well as 1.0 FTE to oversee the administration of grants made from custodial funds. While these FTE spend significant time on Consumer Protection efforts, their work supports the entire office and the Department believes the FTE are a better fit in the Administration division.

CENTRALLY APPROPRIATED LINE ITEMS: The request includes an increase of \$3,742,723 total funds (including \$898,231 General Fund) related to employee benefits and other centrally appropriated items. The following table summarizes the requested changes.

CENTRALLY APPROPRIATED LINE ITEMS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
PERA Direct Distribution	\$1,173,886	\$339,646	\$146,797	\$687,443	\$0	0.0
Merit pay adjustment	1,123,958	312,488	141,039	636,400	34,031	0.0
Health, life, and dental adjustment	477,760	81,329	(37,798)	435,617	(1,388)	0.0
Salary survey adjustment	456,721	99,787	1,915	349,397	5,622	0.0
AED adjustment	183,870	14,282	37,290	130,281	2,017	0.0
SAED adjustment	183,870	14,282	37,290	130,281	2,017	0.0
Payments to OIT adjustment	60,995	16,771	7,018	35,897	1,309	0.0
Carr Center leased space adjustment	59,058	11,849	5,927	41,490	(208)	0.0
Payment to risk management / property funds adjustment	29,345	8,054	4,021	16,601	669	0.0
Workers' compensation adjustment	21,413	5,921	2,554	12,461	477	0.0
Legal services adjustment	9,471	4,609	4,862	0	0	0.0
CORE adjustment	(30,940)	(8,892)	(4,609)	(16,579)	(860)	0.0
ALJ adjustment	(4,429)	0	(4,429)	0	0	0.0
Short-term disability adjustment	(2,255)	(1,895)	285	(493)	(152)	0.0
TOTAL	\$3,742,723	\$898,231	\$342,162	\$2,458,796	\$43,534	0.0

The Department's request includes the statewide merit pay increase, as well as an additional salary survey increase for attorneys, as outlined in the table below. The request is based on findings from the 2018 market survey conducted by the Department.

ATTORNEY SALARY SURVEY AND MERIT PAY REQUEST			
ATTORNEY CLASS	RECOMMENDED TOTAL PAY ADJUSTMENT	SUGGESTED SALARY SURVEY	SUGGESTED MERIT
Deputies	8.6%	6.5%	2.0%
Firsts	7.9%	5.8%	2.0%
Seniors	3.2%	1.2%	2.0%
Asst. Attorneys General	8.0%	5.9%	2.0%

ANNUALIZE PRIOR YEAR BUDGET ACTIONS: The request includes adjustments related to prior year budget actions, primarily decision items. The following table itemizes the requested annualizations for FY 2018-19.

ANNUALIZE PRIOR YEAR BUDGET ACTIONS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
Prior year salary survey	\$1,054,076	\$257,177	\$52,558	\$731,902	\$12,439	0.0
FY 17-18 R6 Two year peace officer training	(500,000)	0	(500,000)	0	0	0.0
FY 18-19 R1 Medicaid fraud investigator	(4,703)	(1,176)	0	0	(3,527)	0.0
FY 18-19 R2 POST compliance inspector	(4,703)	0	(4,703)	0	0	0.0
TOTAL	\$544,670	\$256,001	(\$452,145)	\$731,902	\$8,912	0.0

INDIRECT COST ASSESSMENT ADJUSTMENTS: The request includes a net increase in the Department's indirect cost assessments.

ANNUALIZE PRIOR YEAR LEGISLATION: The request includes adjustments to reflect the FY 2019-20 impact of legislation passed in prior years, including the adjustments shown in the following table.

ANNUALIZE PRIOR YEAR LEGISLATION						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
SB 18-200 (PERA)	\$129,198	\$25,060	\$15,449	\$85,453	\$3,236	0.0
HB 18-1017 (Psychology Interjurisdictional Compact)	90,576	0	0	90,576	0	0.5
SB 15-288 (Compensation Paid to Certain Public Officials)	20,281	0	0	20,281	0	0.0
HB 18-1434 (Safe2Tell)	9,668	0	9,668	0	0	0.4
SB 18-027 (Enhanced Nurse Licensure Compact)	8,525	0	0	8,525	0	0.0
SB 18-271 (Funding for Marijuana Research)	(10,656)	0	0	(10,656)	0	(0.1)
SB 18-243 (Retail Sales Alcohol Beverages)	(4,262)	0	0	(4,262)	0	0.0
SB 18-145 (Implement Employment First Recommendations)	(2,131)	0	0	(2,131)	0	0.0
SB 18-167 (Enforcement Requirements 811 Locate Underground)	(2,131)	0	0	(2,131)	0	0.0
HB 18-1353 (Defense Counsel in Municipal Courts)	(1,598)	0	0	(1,598)	0	0.0
TOTAL	\$237,470	\$25,060	\$25,117	\$184,057	\$3,236	0.8

NON-PRIORITIZED REQUEST ITEMS: The request includes two decision items originating in other departments. The following table summarizes the non-prioritized requests, which will be addressed in separate staff briefings.

NON-PRIORITIZED REQUEST ITEMS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
OIT R2 and R5	\$192,204	\$55,052	\$27,474	\$104,480	\$5,198	0.0
DPA Annual fleet vehicle request	15,478	4,326	4,960	6,192	0	0.0
TOTAL	\$207,682	\$59,378	\$32,434	\$110,672	\$5,198	0.0

TECHNICAL CHANGES: The request includes five technical changes, as detailed in the table below.

TECHNICAL ADJUSTMENTS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
Attorney registration and CLE adjustment	\$3,563	\$475	\$0	\$3,088	\$0	0.0
Additional grant from CDPS	1,539	0	0	1,539	0	0.0
Fund source adjustment	0	(178,729)	11,096	168,032	(399)	0.0
Additional FTE fellows	0	0	0	0	0	5.0
Tobacco litigation reduction	(300,000)	0	(300,000)	0	0	0.0
TOTAL	(\$294,898)	(\$178,254)	(\$288,904)	\$172,659	(\$399)	5.0

SUMMARY OF ISSUES PRESENTED TO THE JOINT BUDGET COMMITTEE

MAJOR LITIGATION PENDING AGAINST THE STATE: The Department of Law submits an annual report to the State Controller discussing pending litigation against the State that could have a significant financial impact. The 2018 report includes cases involving the Department of Corrections related to hepatitis C medications for inmates and deliberate indifference to medical need; the Department of Health Care Policy and Financing related to hepatitis C drugs for Medicaid beneficiaries, operations at the Pueblo Regional Center, and the hospital provider fee; the Department of Human Services related to an assault at a youth correctional facility; the Department of Natural Resources related to water litigation; the Department of Public Health and Environment related to the Heartland Biogas Facility and the death of a child while in the care of a licensed child care provider; the Department of Revenue related to tax collections; and the Department of State related to the financing of elections.

DEPARTMENT OF LAW OPIOID RESPONSE: The Department's request includes \$87,533 General Fund and 0.9 FTE in FY 2019-20 to reduce the growing criminal appeal backlog, which was 466 cases in FY 2017-18, and is expected to grow to 494 in FY 2018-19.

Department of Local Affairs

The Department of Local Affairs is responsible for building community and local government capacity by providing training, technical, and financial assistance to localities. The Department's FY 2018-19 appropriation represents approximately 1.0 percent of statewide operating appropriations and 0.3 percent of statewide General Fund appropriations.

FY 2018-19 APPROPRIATION AND FY 2019-20 REQUEST

DEPARTMENT OF LOCAL AFFAIRS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2018-19 APPROPRIATION:						
FY 2018-19 Long Bill (HB 18-1322)	\$313,735,639	\$34,788,319	\$186,047,459	\$12,086,460	\$80,813,401	178.6
Other legislation	2,408,836	2,298,048	50,000	60,788	0	2.5
TOTAL	\$316,144,475	\$37,086,367	\$186,097,459	\$12,147,248	\$80,813,401	181.1
FY 2019-20 REQUESTED APPROPRIATION:						
FY 2018-19 Appropriation	\$316,144,475	\$37,086,367	\$186,097,459	\$12,147,248	\$80,813,401	181.1
R1 Colorado Choice Transitions funding deficit	1,693,126	1,693,126	0	0	0	0.0
R2 Colorado Resiliency Office	249,453	249,453	0	0	0	2.7
R3 Transfer Home Modification Waiver Program	57,800	0	0	57,800	0	0.7
R4 Census 2020 communications and outreach support	300,000	300,000	0	0	0	0.0
R5 Housing assistance for reentry population	408,052	0	408,052	0	0	0.0
R6 Lifelong Colorado initiative	485,959	485,959	0	0	0	0.9
Non-prioritized requests	254,705	58,690	13,560	166,552	15,903	0.9
Centrally appropriated line items	1,740,619	1,056,090	41,211	374,242	269,076	0.0
Annualize prior year legislation	837,182	741,431	77,227	10,434	8,090	2.0
Technical changes	105,000	105,000	0	0	0	0.0
Annualize prior year budget actions	(5,008,600)	(250,000)	(4,758,600)	0	0	0.0
TOTAL	\$317,267,771	\$41,526,116	\$181,878,909	\$12,756,276	\$81,106,470	188.3
INCREASE/(DECREASE)	\$1,123,296	\$4,439,749	(\$4,218,550)	\$609,028	\$293,069	7.2
Percentage Change	0.4%	12.0%	(2.3%)	5.0%	0.4%	4.0%

R1 COLORADO CHOICE TRANSITIONS FUNDING DEFICIT: The request includes \$1,693,126 General Fund for FY 2019-20 for housing vouchers that enable Medicaid clients to transition from an institutional setting to a community-based setting. The Department of Local Affairs (DOLA) partners with the Department of Health Care Policy and Financing (HCPF) to administer the "Colorado Choice Transitions" program to identify clients who are living in a nursing or long-term care facility and who are interested in and able to move to the community. Transitioning clients may receive home and community-based services and supports through HCPF and assistance in finding and paying for housing through DOLA. This request is intended to cover the number of clients who may require a rental subsidy and the increasing cost of each housing voucher.

R2 COLORADO RESILIENCY OFFICE: The request includes \$249,453 General Fund for FY 2019-20 to support three existing positions that work with local communities during disaster recovery efforts and help them become more resilient in the event of future natural disasters. The Colorado Resiliency and Recovery Office was initially created by Executive Order in response to the 2013 floods, and supported by funding from the Disaster Emergency Fund. This funding will expire on June 30, 2019. While H.B. 18-1394 codified the Colorado Resiliency Office in DOLA, it made the continued operation of this office subject to available grant funding. The Governor's budget proposal includes legislation to allow this office to be supported by annual General Fund appropriations.

R3 TRANSFER HOME MODIFICATION WAIVER PROGRAM: The request includes \$57,800 reappropriated funds transferred from the Department of Health Care Policy and Financing (HCPF) for FY 2019-20 for the Department of Local Affairs (DOLA) to assume oversight of Home Modification Program for all eligible populations. The Home Modification Program is a Medicaid benefit that allows for specific modifications, adaptation, or improvements to an eligible client’s existing home setting to support greater independence and prevent the need for institutionalization. DOLA currently oversees modifications that exceed \$2,500 for four of the eligible populations; this funding would allow DOLA to add staff to oversee the program for the remaining two populations.

R4 CENSUS 2020 COMMUNICATION AND OUTREACH SUPPORT: The request includes a one-time appropriation of \$300,000 General Fund for FY 2019-20 to create and implement a communications and outreach program for Census 2020. The request includes: \$218,000 for educational campaign materials and outreach; \$52,000 to hire a temporary employee to implement the activities; and \$30,000 for travel within Colorado and to attend two federal Census Bureau meetings in Washington D.C. The Department requests authorization to spend the requested funds over a two-year period.

R5 HOUSING ASSISTANCE FOR REENTRY POPULATION: The request includes \$408,052 cash funds for FY 2019-20 from the Housing Assistance for Persons Transitioning from the Criminal or Juvenile Justice System Cash Fund. The requested funds would be used to provide housing assistance for persons with behavioral or mental health disorders who are transitioning from incarceration, consistent with S.B. 17-021. The source of funding is a transfer of unspent General Fund money that was appropriated for FY 2017-18 for community corrections programs and services.

R6 LIFELONG COLORADO INITIATIVE: The request includes \$485,959 General Fund for FY 2019-20 for a new five-year initiative to increase the State’s age-friendly strategic planning and implementation resources for local government. The goal of the initiative is to add 20 communities per year over a five-year period to the AARP’s (formerly the American Association of Retired Persons) Age-Friendly Community Network. The request includes: \$216,000 for consultants (for program development and outreach, education, and technical assistance); \$200,000 for grants to local communities; and \$69,959 for new staff position to oversee the program.

NON-PRIORITIZED REQUESTS: The request includes adjustments related to non-prioritized requests that originate in the Department of Health Care Policy and Financing (HCPF), the Governor’s Office of Information Technology (OIT), and the Department of Personnel (DPA).

NON-PRIORITIZED REQUESTS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
NP1 Oversight of individual residential support services (HCPF R14)	\$124,248	\$0	\$0	\$124,248	\$0	0.9
OIT Securing IT operations	69,075	18,195	12,079	22,898	15,903	0.0
OIT Application refresh and consolidation	29,330	18,809	786	9,735	0	0.0
OIT Essential database support	25,971	16,655	695	8,621	0	0.0
DPA IDS Increased Input Costs	2,364	2,010	0	354	0	0.0
OIT Optimize self-service capabilities	1,942	1,246	0	696	0	0.0
DPA Annual fleet vehicle request	1,775	1,775	0	0	0	0.0
TOTAL	\$254,705	58,690	\$13,560	\$166,552	\$15,903	0.9

CENTRALLY APPROPRIATED LINE ITEMS: The request includes adjustments to centrally appropriated line items, as detailed in the table below.

CENTRALLY APPROPRIATED LINE ITEMS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
Payments to OIT adjustment	\$521,499	\$403,870	(\$293,370)	\$269,942	\$141,057	0.0
Merit pay adjustment	433,703	127,277	63,011	153,955	89,460	0.0
PERA Direct Distribution	334,253	99,444	47,725	121,922	65,162	0.0
Legal services adjustment	322,378	106,383	192,774	23,221	0	0.0
Health, life, and dental adjustment	178,864	138,331	34,684	(3,114)	8,963	0.0
AED adjustment	58,432	27,539	22,104	16,746	(7,957)	0.0
SAED adjustment	58,432	27,539	22,104	16,746	(7,957)	0.0
Salary survey adjustment	3,489	1,861	0	1,628	0	0.0
Short-term disability adjustment	1,925	726	730	741	(272)	0.0
Capitol Complex leased space adjustment	(87,319)	66,583	(23,938)	(124,527)	(5,437)	0.0
CORE adjustment	(41,264)	28,366	(11,036)	(48,701)	(9,893)	0.0
Workers' compensation adjustment	(26,927)	7,635	(7,807)	(26,755)	0	0.0
Indirect cost assessment adjustment	(14,385)	14,385	(4,511)	(20,209)	(4,050)	0.0
Payment to risk management / property funds adjustment	(2,461)	6,151	(1,259)	(7,353)	0	0.0
TOTAL	\$1,740,619	1,056,090	\$41,211	\$374,242	\$269,076	0.0

ANNUALIZE PRIOR YEAR LEGISLATION: The request includes adjustments for the second-year impact of prior year legislation.

ANNUALIZE PRIOR YEAR LEGISLATION						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
HB 18-1326 Support for transition from institutional settings	\$593,640	\$593,640	\$0	\$0	\$0	0.0
HB 18-1353 Defense Counsel on First Appearance Grant Program	146,963	146,963	0	0	0	0.0
HB 18-1020 Civil forfeiture reforms	71,303	0	71,303	0	0	1.0
Annualize SB 18-200 (PERA)	41,497	12,346	5,924	15,137	8,090	0.0
HB 17-1215 Peace officers mental health support grant program	0	0	0	0	0	1.0
HB 18-1267 Income tax credit for retrofitting a residence	(5,776)	(5,776)	0	0	0	0.0
HB 18-1339 Background checks for employees with access to federal tax information	(5,742)	(5,742)	0	0	0	0.0
SB 18-016 Continue transfer of community corrections reversions	(4,703)	0	0	(4,703)	0	0.0
TOTAL	\$837,182	741,431	\$77,227	\$10,434	\$8,090	2.0

TECHNICAL CHANGES: The request includes two technical changes, as detailed in the table below.

TECHNICAL CHANGES						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
Annual adjustment for volunteer firefighter retirement plans	\$105,000	\$105,000	\$0	\$0	\$0	0.0
Align funding related to civil forfeiture	0	0	0	0	0	0.0
TOTAL	\$105,000	105,000	\$0	\$0	\$0	0.0

ANNUALIZE PRIOR YEAR BUDGET ACTIONS: The request includes adjustments for the second-year impact of prior year budget actions.

ANNUALIZE PRIOR YEAR BUDGET ACTIONS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
Annualize prior year salary survey	\$0	\$0	\$0	\$0	\$0	0.0
FY 2018-19 R1 Housing assistance for reentry population	(4,758,600)	0	(4,758,600)	0	0	0.0
FY 2018-19 BA1 Cybersecurity training for local governments	(250,000)	(250,000)	0	0	0	0.0
TOTAL	(\$5,008,600)	(250,000)	(\$4,758,600)	\$0	\$0	0.0

SUMMARY OF ISSUES PRESENTED TO THE JOINT BUDGET COMMITTEE

STATE ROLE IN AFFORDABLE HOUSING: This issue brief provides an overview of the State’s role in addressing affordable housing, including the role of the Department of Local Affairs’s Division of Housing, how affordable housing is defined and measured, the continuum of housing options, and where the various programs that are administered by the Division fit within that continuum.

EVALUATION OF FORT LYON PROGRAM: This issue brief summarizes the findings of a longitudinal evaluation of the Fort Lyon Supportive Residential Community Program.

NEW GRANT PROGRAMS: This issue brief provides an overview of five grant programs administered by the Division of Local Government that were created in the last two legislative sessions, including: the Gray and Black Market Marijuana Enforcement Grant Program; Crime Prevention Initiatives; Mental Health Support for Peace Officers; Defense Counsel for Defendants in Municipal Courts; and the Law Enforcement Community Services Grant Program.

Department of Military and Veterans Affairs

The Department of Military and Veterans Affairs is responsible for training and maintaining Colorado's State militia forces to protect the safety and health of Colorado's residents and serve as a reserve force for the U.S. Armed Forces. The Department's FY 2018-19 appropriation represents approximately 0.8 percent of statewide operating appropriations and 0.1 percent of statewide General Fund appropriations.

FY 2018-19 APPROPRIATION AND FY 2019-20 REQUEST

DEPARTMENT OF MILITARY AND VETERANS AFFAIRS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2018-19 APPROPRIATION:						
FY 2018-19 Appropriation	\$232,023,683	\$11,110,115	\$1,203,530	\$0	\$219,710,038	1,407.2
TOTAL	\$232,023,683	\$11,110,115	\$1,203,530	\$0	\$219,710,038	1,407.2
FY 2019-20 REQUESTED APPROPRIATION:						
FY 2018-19 Appropriation	\$232,023,683	\$11,110,115	\$1,203,530	\$0	\$219,710,038	1,407.2
R1 Facilities maintenance staff and vehicles	141,521	141,521	0	0	0	1.4
R2 Western region director and one source utilities	251,919	217,464	34,455	0	0	0.9
R3 Staff development and education program	59,675	59,675	0	0	0	0.0
NP1-3 Non-prioritized OIT requests	33,772	33,772	0	0	0	0.0
Centrally appropriated line items	485,155	219,378	18,719	0	247,058	0.0
Annualize prior year legislation	193,404	69,283	380	0	123,741	2.0
Annualize prior year budget actions	(140,118)	(31,700)	0	0	(108,418)	0.0
TOTAL	\$233,049,011	\$11,819,508	\$1,257,084	\$0	\$219,972,419	1,411.5
INCREASE/(DECREASE)	\$1,025,328	\$709,393	\$53,554	\$0	\$262,381	4.3
Percentage Change	0.4%	6.4%	4.4%	0.0%	0.1%	0.3%

R1 FACILITIES MAINTENANCE STAFF AND VEHICLES: The Department requests \$141,521 General Fund and 1.4 FTE to enhance staffing and support vehicles for maintenance of National Guard armories (readiness centers) and other facilities throughout the State. Once matched with federal funds, the request is for \$748,578 total funds (including \$141,521 General Fund and \$607,056 federal funds), 9.0 FTE and 8 new vehicles for FY 2019-20. This amount would be ongoing in future years.

R2 WESTERN REGION DIRECTOR AND ONE-SOURCE UTILITIES: The Department requests an increase of \$251,919, including \$217,464 General Fund, \$34,455 cash funds and 0.9 FTE in FY 2019-20. This includes \$137,820 for operating costs and utilities for the new Veterans' One-source (one-stop) Center in Grand Junction, which is scheduled to open May 2019. It also includes \$114,099 for a new Western Region director for the Division of Veterans Affairs, including personal services, operating expenses, and vehicle lease costs. The request annualizes to \$255,857, including \$186,947 General Fund and \$68,910 cash funds and 1.0 FTE in FY 2020-21. Twenty-five percent of the facility operating and utilities costs would be from lease payments from agencies operating in the new facility in FY 2019-20, and this would increase to 50 percent in FY 2020-21.

R3 STAFF DEVELOPMENT AND EDUCATION PROGRAM: The Department requests \$59,675 General Fund in FY 2019-20, continuing in future years, for a staff development and education program. The goal is to provide additional career growth opportunities for Department staff and improve job satisfaction and retention. The request will enable 25 employees per year to participate in the state's Center for Organizational Effectiveness customer service and leadership certification programs.

NP1-3 NON-PRIORITIZED OIT REQUESTS: The request includes adjustments for the Department’s share of several initiatives in the Governor’s Office of Information Technology (OIT). These requests will be addressed in a separate staff briefing for OIT.

NON-PRIORITIZED OIT REQUESTS			
	TOTAL FUNDS	GENERAL FUND	FTE
OIT Securing IT operations	\$31,422	\$31,422	0.0
OIT Application refresh and consolidation	1,466	1,466	0.0
OIT Optimize self-service capabilities	884	884	0.0
TOTAL	\$33,772	33,772	0.0

CENTRALLY APPROPRIATED LINE ITEMS: The request includes adjustments to centrally appropriated line items for the following: state contributions for health, life, and dental benefits; short-term disability; supplemental state contributions to the Public Employees' Retirement Association (PERA) pension fund; workers' compensation; shift differential; legal services; payment to risk management and property funds; vehicle lease payments; payments to the Governor's Office of Information Technology (OIT); Capitol complex leased space; CORE operations; and PERA direct distributions. These requests will be addressed in separate staff briefings for the Department of Personnel and Administration.

ANNUALIZE PRIOR YEAR LEGISLATION: The request includes adjustments for the second-year impact of prior year legislation.

ANNUALIZE PRIOR YEAR LEGISLATION					
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	FEDERAL FUNDS	FTE
Annualize SB 18-200 (PERA)	\$134,477	\$10,356	\$380	\$123,741	0.0
Annualize HB 18-1337 Veterans One Stop Center	58,927	58,927	0	0	2.0
TOTAL	\$193,404	69,283	\$380	\$123,741	2.0

ANNUALIZE PRIOR YEAR BUDGET ACTIONS: The request includes adjustments for the second-year impact of prior year budget actions.

ANNUALIZE PRIOR YEAR BUDGET ACTIONS					
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	FEDERAL FUNDS	FTE
Annualize prior year salary survey	(\$108,418)	\$0	\$0	(\$108,418)	0.0
Annualize FY 18 R2 safety training	(30,500)	(30,500)	0	0	0.0
Annualize travel for DVA RFI	(1,200)	(1,200)	0	0	0.0
TOTAL	(\$140,118)	(31,700)	\$0	(\$108,418)	0.0

SUMMARY OF ISSUES PRESENTED TO THE JOINT BUDGET COMMITTEE

NATIONAL GUARD COOPERATIVE AGREEMENTS AND REQUEST R1: Department request R1 is to enhance staffing and support vehicles for maintenance of National Guard armories and other facilities. Once federal matching funds are included, the request is for \$748,578 total funds including \$141,521 General Fund, 9.0 FTE and 8 new vehicles for FY 2019-20. The request represents an increase of over 30 percent in maintenance staff and over 50 percent in maintenance vehicles. The request will enable the Department to address a maintenance backlog.

DIVISION OF VETERANS AFFAIRS AND REQUEST R2: The Department requests funding for utilities and operating costs for the new Veterans' One-source (one-stop) Center in Grand Junction and for a Western Region veterans' services director. The one-source facility is scheduled to open in May 2019. The Department has already hired the new Western Region veterans' services director position.

MATCHING MEDICAID AND FEDERAL DATA TO ENHANCE FEDERAL BENEFITS FOR VETERANS: In response to an FY 2018-19 request for information, the Departments of Health Care Policy and Financing and Military and Veterans Affairs submitted a report on the potential for matching state Medicaid data and federal Veterans Administration data to enhance federal benefits for veterans. The departments recommend pursuing a pilot program to explore the issue further.

Department of Natural Resources

The Department of Natural Resources is responsible for developing, protecting, and enhancing Colorado's natural resources for the use and enjoyment of present and future residents and visitors. The Department's FY 2018-19 appropriation represents approximately 1.0 percent of statewide operating appropriations and 0.3 percent of statewide General Fund appropriations.

FY 2018-19 APPROPRIATION AND FY 2019-20 REQUEST

DEPARTMENT OF NATURAL RESOURCES						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2018-19 APPROPRIATION:						
HB 18-1322 (Long Bill)	277,648,350	32,005,418	211,140,771	7,933,687	26,568,474	1,464.5
Other legislation	27,716,894	0	27,716,894	0	0	0.0
TOTAL	\$305,365,244	\$32,005,418	\$238,857,665	\$7,933,687	\$26,568,474	1,464.5
FY 2019-20 REQUESTED APPROPRIATION:						
FY 2018-19 Appropriation	\$305,365,244	32,005,418	\$238,857,665	\$7,933,687	\$26,568,474	1,464.5
R1 Increase State Parks spending authority	3,661,298	0	3,661,298	0	0	0.0
R2 Additional staffing to address oil and gas backlogs	648,304	0	648,304	0	0	5.0
R3 Wildlife small capital program	2,043,120	0	2,043,120	0	0	0.0
R4 Capital development resourcing	401,653	0	401,653	0	0	3.0
R5 Cameo State Recreation Area resourcing	351,025	0	351,025	0	0	3.0
R6 Increase Wildlife Council spending authority	1,100,000	0	1,100,000	0	0	0.0
Nonprioritized request items	810,452	158,955	618,850	24,792	7,855	0.0
Centrally appropriated line items	4,395,503	975,896	3,786,537	(349,059)	(17,871)	0.0
Technical adjustments	87,315	0	87,315	0	0	0.0
Annualize prior year legislation	(27,395,437)	50,742	(27,463,518)	9,573	7,766	0.0
Indirect cost assessment	(472,207)	135,747	(590,000)	(135,747)	117,793	0.0
Annualize prior year budget action	(107,708)	(1)	(107,313)	1	(395)	0.0
TOTAL	\$290,888,562	\$33,326,757	\$223,394,936	\$7,483,247	\$26,683,622	1,475.5
INCREASE/(DECREASE)	(\$14,476,682)	\$1,321,339	(\$15,462,729)	(\$450,440)	\$115,148	11.0
Percentage Change	(4.7%)	4.1%	(6.5%)	(5.7%)	0.4%	0.8%

R1 INCREASE STATE PARKS SPENDING AUTHORITY: The request includes an increase of \$3,661,298 cash funds from the Parks and Outdoor Recreation Cash Fund intended to cover increased operational costs associated with increased parks visitation and inflation that State Park Operations has experienced since FY 2009-10.

R2 ADDITIONAL STAFFING TO ADDRESS OIL AND GAS BACKLOGS: The request includes an increase of \$570,564 cash funds and 5.0 FTE from the Oil and Gas Conservation and Environmental Response Fund to improve operations for the Colorado Oil and Gas Commission including permitting, engineering, field inspections, reclamation, and data analysis. An increase in oil and gas activity and citizen complaints has led to backlogs in many activities carried out by the Commission and without additional funding could lead to delays in development or potentially pose a risk to public safety.

R3 WILDLIFE SMALL CAPITAL PROGRAM: The request includes an increase of \$2,043,120 cash funds from the Wildlife Cash Fund for the implementation of a Wildlife Small Capital Program to address health, fire, and safety issues and to enact minor repairs at the states 574 wildlife facilities.

R4 CAPITAL DEVELOPMENT RESOURCING: The request includes an increase of \$401,653 cash funds and 4.0 FTE for the Division of Parks and Wildlife’s Capital Development Program. The additional resources will be used to increase staffing levels in three areas: dam operations and maintenance, central design, and regional field staff.

R5 CAMEO STATE RECREATION AREA RESOURCING: The request includes an increase of \$351,025 cash funds and 3.0 FTE from the Parks and Outdoor Recreation Cash Fund for staffing and operations at the new Cameo State Recreation Area (SRA) in Mesa County. The Division will hire a park manager, a technician, and an administrative assistant.

R6 INCREASE WILDLIFE COUNCIL SPENDING AUTHORITY: The request includes an increase of \$1.1 million cash funds from the Wildlife Management Public Education (WMPE) Fund for the Wildlife Council to expand its media-based education programs.

NON-PRIORITIZED REQUEST ITEMS: The request includes an increase of \$810,452 total funds, including \$158,995 General Fund, for items requested by other agencies that impact this department. The table below itemizes each requested non-prioritized item for FY 2019-20. *These request items will be addressed in separate staff briefings for the Department of Personnel and Administration and the Governor’s Office.*

NONPRIORITIZED REQUEST ITEMS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
OIT Securing IT operations	\$577,094	\$94,732	\$456,800	\$14,797	\$10,765	0.0
OIT Essential database support	190,453	55,136	124,966	9,256	1,095	0.0
OIT Application refresh and consolidation	98,988	16,249	78,355	2,538	1,846	0.0
DPA IDS Increased Input Costs	19,687	397	18,634	67	589	0.0
OIT Optimize self-service capabilities	16,228	2,664	12,845	416	303	0.0
DPA Annual fleet vehicle request	(91,998)	(10,223)	(72,750)	(2,282)	(6,743)	0.0
TOTAL	\$810,452	\$158,955	\$618,850	\$24,792	\$7,855	0.0

CENTRALLY APPROPRIATED LINE ITEMS: The request includes adjustments to centrally appropriated line items for the following line items. *This request item will be addressed in separate staff briefings for the Department of Personnel and Administration and the Governor’s Office.*

CENTRALLY APPROPRIATED LINE ITEMS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
Merit pay adjustment	\$3,411,741	\$594,820	\$2,630,847	\$108,797	\$77,277	0.0
PERA Direct Distribution	3,072,937	485,063	2,491,857	91,512	4,505	0.0
Salary survey adjustment	1,273,280	3,584	1,269,297	399	0	0.0
Health, life, and dental adjustment	828,209	847,488	642,122	(672,833)	11,432	0.0
AED adjustment	324,495	39,750	282,098	1,550	1,097	0.0
SAED adjustment	324,495	39,750	282,098	1,550	1,097	0.0
Leased space adjustment	63,131	10,369	52,748	14	0	0.0
Short-term disability adjustment	9,409	4,527	3,985	549	348	0.0
ALJ adjustment	59	0	59	0	0	0.0
CORE adjustment	(2,558,105)	(482,476)	(1,892,040)	(104,369)	(79,220)	0.0
Payments to OIT adjustment	(1,525,639)	(237,835)	(1,553,055)	291,705	(26,454)	0.0
Legal services adjustment	(324,419)	(18,430)	(275,693)	(34,404)	4,108	0.0
Payment to risk management / property funds adjustment	(208,780)	(2,922)	(207,606)	1,645	103	0.0
Capitol Complex leased space adjustment	(181,341)	(34,077)	(92,110)	(35,376)	(19,778)	0.0
Workers’ compensation adjustment	(107,677)	(273,715)	158,222	202	7,614	0.0
Shift differential adjustment	(6,292)	0	(6,292)	0	0	0.0
TOTAL	\$4,395,503	\$975,896	\$3,786,537	(\$349,059)	(\$17,871)	0.0

TECHNICAL ADJUSTMENTS: The request includes an increase of \$87,315 cash funds for technical adjustments to various line items.

TECHNICAL ADJUSTMENTS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
Colorado Healthy Rivers Fund	\$60,000	\$0	\$60,000	\$0	\$0	0.0
Annual Depreciation-lease Equivalent Payment	15,315	0	15,315	0	0	0.0
South Platte River alluvial aquifer monitoring	12,000	0	12,000	0	0	0.0
Combine Parks and Wildlife Aquatic Nuisance Species Funds (S.B. 18-143)	0	0	0	0	0	0.0
TOTAL	\$87,315	\$0	\$87,315	\$0	\$0	0.0

ANNUALIZE PRIOR YEAR LEGISLATION: The request includes adjustments for the second year impact of prior year legislation.

ANNUALIZE PRIOR YEAR LEGISLATION						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
SB 18-200 (PERA)	\$321,457	\$50,742	\$253,376	\$9,573	\$7,766	0.0
SB 18-218 (CWCB Projects Bill)	(24,716,894)	0	(24,716,894)	0	0	0.0
HB 18-1338 (Sev Tax OP Fund Transfers)	(3,000,000)	0	(3,000,000)	0	0	0.0
TOTAL	(\$27,395,437)	\$50,742	(\$27,463,518)	\$9,573	\$7,766	0.0

INDIRECT COST ASSESSMENT ADJUSTMENT: The request includes a decrease of \$472,207 total funds, including an increase of \$135,747 General Fund, to the Department’s indirect cost assessments to its various divisions.

ANNUALIZE PRIOR YEAR BUDGET ACTIONS: The request includes adjustments for the second year impact of prior year legislation.

ANNUALIZE PRIOR YEAR BUDGET ACTION						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY19 R1 (Additional staffing and equipment for flowline safety)	(\$100,809)	\$0	(\$100,809)	\$0	\$0	0.0
FY19 R3 (SFSP additional resources)	(4,703)	0	(4,703)	0	0	0.0
FY19 Additional FTE for PROW program	(1,416)	0	(1,416)	0	0	0.0
FY19 Salary survey	(780)	(1)	(385)	1	(395)	0.0
TOTAL	(\$107,708)	(\$1)	(\$107,313)	\$1	(\$395)	0.0

SUMMARY OF ISSUES PRESENTED TO THE JOINT BUDGET COMMITTEE

DIVISION OF PARKS AND WILDLIFE FINANCES AND BUDGET REQUESTS COMPENDIUM: The Department of Natural Resources submitted several decision items for increased appropriations for the Division of Parks and Wildlife (CPW). The Department requests a \$7.5 million increase in cash funds and 6.0 FTE in FY 2019-20 and ongoing for the Division of Parks and Wildlife. This briefing issue is a compendium of these requests and background information providing context for the financial health of CPW.

COLORADO WATER PLAN IMPLEMENTATION: The Department of Natural Resources requests that the Joint Budget Committee sponsor legislation appropriating \$30 million General Fund for the implementation of the Colorado Water Plan. The \$30 million would be split between the Colorado Water Conservation Board's Water Plan Grants Program (\$10 million) and a demand management program under consideration as part of Upper Colorado River Basin Drought Contingency Plan (\$20 million).

AQUATIC NUISANCE SPECIES PROGRAM FUNDING: The Department of Natural Resources, through the Division of Parks and Wildlife, administers the states Aquatic Nuisance Species Program. The Program is designed and intended to prevent the introduction and spread of invasive species into the waters of the State. In FY 2019-20, the Program anticipates \$2.4 million in revenue and \$4.4 million in expenditures.

SEVERANCE TAX OPERATIONAL FUND UPDATE: This briefing issue describes the background of the severance tax revenue stream and the current state of the Severance Tax Operational Fund. The discussion includes a model based on the September 2018 revenue forecast prepared by Legislative Council Staff of the Operational Fund.

TIER 2 SEVERANCE TAX BILL RECOMMENDED BY THE WATER RESOURCES REVIEW COMMITTEE: A bill recommended for introduction by the Water Resources Review Committee makes changes to the timing and frequency of transfers for Tier 2 programs. The bill is described in detail and the issue provides a staff analysis of it.

UPDATE ON LONG BILL RFI FOR RECOMMENDATIONS TO ENHANCE USEFULNESS OF SEVERANCE TAX REPORTING DATA: A request for information included with the 2018 Long Bill asked the Department of Revenue to analyze resources dedicated to severance tax processing and reporting. The response includes what resources and/or statutory changes would be required to provide the General Assembly with more granularized data about severance tax to inform policy decisions. This issue discusses primarily the statutory changes the Department identified to determine whether the Joint Budget Committee desired to pursue any.

R2 ADDITIONAL STAFFING TO ADDRESS OIL AND GAS BACKLOGS: This issue describes the Department's second prioritized request for an increase of \$570,564 cash funds and 5.0 FTE from the Oil and Gas Conservation and Environmental Response Fund to improve operations for the Colorado Oil and Gas Commission including permitting, engineering, field inspections, reclamation, and data analysis. An increase in oil and gas activity and citizen complaints has led to backlogs in many activities carried out by the Commission which, without additional funding could lead to delays in development or potentially pose a risk to public safety.

Department of Personnel

The Department of Personnel is responsible for administering the state personnel system, which includes approximately 32,000 full time equivalent (FTE) staff, excluding the Department of Higher Education. In addition, the Department provides general support services for state agencies which include: oversight of procurement and financial activities and CORE operations; state archives; maintenance of Capitol Complex buildings, provision of central business services, and management of the State's motor vehicle fleet; administrative law judge services; coordination of capital construction and controlled maintenance projects and centralized lease management; administration of the State's personnel selection, classification, compensation, and employee benefit programs; and oversight of the State's liability, property, and workers' compensation insurance programs. The Department's FY 2018-19 appropriation represents approximately 0.7 percent of statewide operating appropriations and 0.1 percent of statewide General Fund appropriations.

FY 2018-19 APPROPRIATION AND FY 2019-20 REQUEST

DEPARTMENT OF PERSONNEL						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2018-19 APPROPRIATION:						
HB 18-1322 (Long Bill)	\$206,417,946	\$14,062,748	\$14,016,747	\$178,338,451	\$0	425.4
Other legislation	31,550	11,633	0	19,917	0	0.2
TOTAL	\$206,449,496	\$14,074,381	\$14,016,747	\$178,358,368	\$0	425.6
FY 2019-20 REQUESTED APPROPRIATION:						
FY 2018-19 Appropriation	\$206,449,496	\$14,074,381	\$14,016,747	\$178,358,368	\$0	425.6
R1 Fleet information management system ongoing costs	130,000	0	0	130,000	0	0.0
R2 Integrated Document Solutions increased input costs	500,756	0	0	500,756	0	0.0
R3 Printing and mailing for counties participating in DRIVES	2,609,297	0	0	2,609,297	0	0.0
R4 Annual fleet vehicle request	417,795	0	0	417,795	0	0.0
Centrally appropriated line items	1,719,121	1,314,308	171,347	233,466	0	0.0
Annualize prior year budget actions	1,108,339	(172,551)	(27,680)	1,308,570	0	1.1
Annualize prior year legislation	146,846	14,217	87,603	45,026	0	0.0
DOR Tax pipeline appropriation	0	0	0	0	0	0.0
Nonprioritized request items	(1,672,539)	133,180	2,523,661	(4,329,380)	0	0.0
Indirect cost assessment adjustment	(109,776)	(451,456)	22,956	318,724	0	0.0
Technical	0	(2,994)	(5,006)	8,000	0	0.0
TOTAL	\$211,299,335	\$14,909,085	\$16,789,628	\$179,600,622	\$0	426.7
INCREASE/(DECREASE)	\$4,849,839	\$834,704	\$2,772,881	\$1,242,254	\$0	1.1
Percentage Change	2.3%	5.9%	19.8%	0.7%	n/a	0.3%

R1 FLEET INFORMATION MANAGEMENT SYSTEM ONGOING COSTS: The request includes an increase of \$130,000 reappropriated funds for ongoing operations and maintenance for the information management system it requested as a Capital IT request. Because this budget item is not required until and unless the IT system is approved for acquisition, the staff analysis and recommendation on funding the operating portion of this request is pending the decision on the project.

R2 INTEGRATED DOCUMENT SOLUTIONS INCREASED INPUT COSTS: The request includes an increase of \$500,756 reappropriated funds in FY 2019-20 and 971,847 in FY 2020-21 and ongoing for Integrated Documents Solutions, the state's printing and mail service provider, due to the rising postage rates charged by the United States Postal Service and the increasing costs of paper and paper products. The request includes adjustments to 10 other statewide agencies that result in an increase of \$121,209 total funds, including \$18,166 General Fund, in FY 2019-20 and \$374,648 total funds, including \$56,147 General Fund in FY 2020-21 and ongoing. *For more information, an issue brief was provided in the complete briefing document, which can be accessed at: http://leg.colorado.gov/sites/default/files/fy2019-20_perbrf.pdf/#page=20*

R3 PRINTING AND MAILING FOR COUNTIES PARTICIPATING IN DRIVES: The request includes an increase of \$2,609,297 reappropriated funds spending authority for Integrated Document Solutions. The majority of the funds identified would originate as payments made to the Department by counties utilizing the centralized printing and mailing services for items sent by county-run divisions of motor vehicles. Of the amount requested, an increase of \$28,903 cash funds is requested on behalf of the Department of Revenue, which originates from the Colorado DRIVES Vehicle Services Account of the Highway Users Tax Fund. Currently, the Department generates individual files of all required notices from the DRIVES computer system for each of the 64 counties and shares the files with each via a secure ftp transfer. Printing, stuffing, applying standard rate postage, and delivery to a USPS drop off occurs 64 times each month by county staff. Funding this request would eliminate the need to transfer files with personally identifiable information of Colorado residents over older file sharing technology and allow the Department to generate just one file monthly for the entire state. In turn, the staff time counties currently spend manually performing mail merges can be spent better serving county residents in other manners and the reduced meter rate will save counties at least ten cents per item mailed. Finally, a large component of this request is the postage that will be required to make all the mailing from IDS, \$2,282,029 reappropriated funds, which may be an overestimation based on actions taken by the USPS since the budget submission. *See the issue brief for R2 Integrated Document Solutions increased input costs for more information on postage rates.*

R4 ANNUAL FLEET VEHICLE REQUEST: The request includes a \$2.6 million increase in reappropriated funds for the Vehicle Replacement Lease/Purchase line item for the Fleet Management Program. The request is to replace 709 fleet vehicles statewide, including 371 designated as potential alternative fuel or hybrid vehicles. The request includes a \$468,330 increase in state agency appropriations for Vehicle Lease Payments line items that includes a \$45,317 decrease in General Fund. The anticipated 2020 lease-purchase contract totals \$943,550 in FY 2019-20, annualizing to \$4.7 million in FY 2020-21 and remaining out years for the contract. Excluding negative adjustments in prior year lease-purchase contracts for vehicles taken out of service, state agency Vehicle Lease Payments appropriation will increase by the difference (\$4.2 million) in FY 2019-20 for the planned vehicle replacement purchases in this request; the request does not identify the General Fund impact in out years related to that annualization. However, the Department projects \$2.9 million in maintenance and fuel savings related to the request.

CENTRALLY APPROPRIATED LINE ITEMS: The request includes adjustments to centrally appropriated line items for the following:

CENTRALLY APPROPRIATED LINE ITEMS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
Merit pay adjustment	\$884,129	\$329,431	\$63,460	\$491,238	\$0	0.0
PERA Direct Distribution	704,134	257,995	55,345	390,794	0	0.0
Payments to OIT adjustment	468,513	(153,152)	38,384	583,281	0	0.0
Health, life, and dental adjustment	408,403	129,592	81,149	197,662	0	0.0
Vehicle lease payments adjustment	38,272	0	(279)	38,551	0	0.0
AED adjustment	26,981	(3,718)	13,614	17,085	0	0.0
SAED adjustment	26,981	(3,718)	13,614	17,085	0	0.0
Leased space adjustment (Contract escalator)	2,176	0	0	2,176	0	0.0
Short-term disability adjustment	1,345	29	498	818	0	0.0
ALJ adjustment	747	0	747	0	0	0.0
Salary survey adjustment	591	0	0	591	0	0.0
Capitol Complex leased space adjustment	(299,554)	955,485	(13,867)	(1,241,172)	0	0.0
Risk management / property funds adjustment	(273,121)	(66,951)	(33,952)	(172,218)	0	0.0
Legal services adjustment	(197,520)	(125,326)	(39,037)	(33,157)	0	0.0
CORE adjustment	(52,088)	(2,582)	(6,400)	(43,106)	0	0.0
Workers' compensation adjustment	(17,802)	(2,777)	(1,929)	(13,096)	0	0.0
Shift differential adjustment	(3,066)	0	0	(3,066)	0	0.0
TOTAL	\$1,719,121	\$1,314,308	\$171,347	\$233,466	\$0	0.0

ANNUALIZE PRIOR YEAR BUDGET ACTIONS: The request includes a net increase of \$1,108,339 total funds, including a decrease of \$172,551 General Fund, for adjustments related to prior year budget actions as outlined in the following table.

ANNUALIZE PRIOR YEAR BUDGET ACTIONS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 18-19 DOR Tax pipeline additional resources	\$1,306,463	\$0	\$0	\$1,306,463	\$0	0.0
FY 13-14 Total comp and employee engagement survey	215,000	215,000	0	0	0	0.0
FY 18-19 OIT Operating System and Productivity Suite	3,303	882	314	2,107	0	0.0
FY 14-15 Total comp and employee engagement survey	(300,000)	(300,000)	0	0	0	0.0
FY 18-19 Address Confidentiality Program resources	(89,433)	(63,433)	(26,000)	0	0	1.1
FY 18-19 Governor transition funding	(25,000)	(25,000)	0	0	0	0.0
FY 18-19 Salary Survey	(1,994)	0	(1,994)	0	0	0.0
TOTAL	\$1,108,339	(\$172,551)	(\$27,680)	\$1,308,570	\$0	1.1

ANNUALIZE PRIOR YEAR LEGISLATION: The request includes a net increase of \$146,846 total funds, including an increase of \$14,217 General Fund, for adjustments related to prior year legislation as outlined in the following table.

ANNUALIZE PRIOR YEAR LEGISLATION						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
HB 13-276 (Disability Investigational and Pilot Fund)	\$82,000	\$0	\$82,000	\$0	\$0	0.0
SB 18-200 (PERA)	68,735	18,880	6,185	43,670	0	0.0
HB 18-1267 (Tax Credit for Home Retrofit)	1,356	0	0	1,356	0	0.0
HB 18-1224 (Occupational Licensee Mediation)	0	0	0	0	0	0.0
HB17-1144 (Amend Cap Const Automatic Funding)	(5,245)	(4,663)	(582)	0	0	0.0
TOTAL	\$146,846	\$14,217	\$87,603	\$45,026	\$0	0.0

DOR TAX PIPELINE APPROPRIATION: The request includes an increase of \$932,415 to the Department of Revenue’s appropriation that pays for scanning and processing of taxpayer documents at the Integrated Documents Solutions office in Pueblo. The primary cost pool for operations consists of work related to the DOR Tax pipeline and signature verification for the Secretary of State related to its elections functions. While the workload for the Tax Pipeline is generally predictable, the estimate the Secretary of State’s office will require in a given year does not experience similar predictability. If any unexpected change occurs to either Department’s workloads, the total costs for IDS in Pueblo must be recouped from the other customers. This results in the potential misunderstanding that the tax pipeline is consistently requiring more funding rather than observing that the current model for the Pueblo Office’s cost pools may not be the ideal way to budget this centralized service. JBC staff, with the help of affected agency staff, is brainstorming alternative solutions that may prevent this unintended consequence from requiring attention from the Joint Budget Committee every few years.

NONPRIORITIZED REQUEST ITEMS: The request includes a net decrease of \$1,672,539 total funds, including an increase of \$133,180 General Fund, for adjustments related to requests made by other Departments that affect the budget of the Department as identified below:

NONPRIORITIZED REQUEST ITEMS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
Property Base Adjustment	\$1,016,332	\$0	\$0	\$1,016,332	\$0	0.0
NP11 Western regional director and one source utilities	167,618	46,036	15,712	105,870	0	0.0
Digital Storage Adjustment	60,350	60,350	0	0	0	0.0
OIT Application refresh and consolidation	44,592	10,707	3,654	30,231	0	0.0
OIT Essential database support	26,256	6,579	2,246	17,431	0	0.0
OIT Optimize self-service capabilities	14,599	1,295	442	12,862	0	0.0
MIL Civilian and uniform staff	11,821	0	0	11,821	0	0.0
NP1 IDS Increased Input Costs	8,213	8,213	0	0	0	0.0
NP5 Capital Development staff and operating	2,600	0	0	2,600	0	0.0
NP8 Increased Spending for E470	2,364	0	0	2,364	0	0.0
NP4 Additional Staff for OGCC	2,138	0	0	2,138	0	0.0
NP9 Additional resources for fire life safety section	1,824	0	0	1,824	0	0.0
NP6 FTE and Operating for Cameo State Rec Area	1,720	0	0	1,720	0	0.0
NP2 AV Support Staff	1,220	0	0	1,220	0	0.0
Workers Compensation Base Adjustment	(1,565,162)	0	0	(1,565,162)	0	0.0
Liability Base Adjustment	(1,296,465)	0	0	(1,296,465)	0	0.0
Utilities base adjustment	(147,807)	0	(14,283)	(133,524)	0	0.0
CORE Operations base adjustment	(24,752)	0	2,515,890	(2,540,642)	0	0.0
TOTAL	(\$1,672,539)	133,180	\$2,523,661	(\$4,329,380)	\$0	0.0

INDIRECT COST ASSESSMENT ADJUSTMENT: The request includes a reduction of \$109,776 total funds including a reduction of \$451,456 General Fund to reflect the Department’s requested indirect cost plan allocation. As submitted, the indirect cost plan complies with federal reporting rules for grantees of federal funds.

TECHNICAL: The request includes a number of adjustments to reflect refinancing some General Fund with reappropriated funds, thus saving the state a net of \$2,994 General Fund.

SUMMARY OF ISSUES PRESENTED TO THE JOINT BUDGET COMMITTEE

OPERATING COMMON POLICIES PRIMER: Describes the basic premise of the “Operating Common Policies” administered by the Department of Personnel including provision of services from administrative law judges, insuring agencies against potential loss from injury on or damage to properties controlled by the state, insuring agencies from workers’ compensation claims, maintenance for buildings owned by the state, and maintaining the state’s accounting software. Agency’s that utilize the Department for any of these services pay into the common policy pool that fully funds each program. How costs are estimated and allocated to agencies differ between policies and each are highlighted in this issue.

R2 INTEGRATED DOCUMENT SOLUTIONS INCREASED INPUT COSTS: Discusses forces outside the control of the Department that are increasing material costs for Integrated Document Solutions to provide print and mail services to state agencies including the cost of paper and postage. The request includes an increase of \$500,756 reappropriated funds in FY 2019-20 and 971,847 in FY 2020-21 and ongoing to fund the increased costs. The request includes adjustments to 10 other statewide agencies that result in an increase of \$121,209 total funds, including \$18,166 General Fund, in FY 2019-20 and \$374,648 total funds, including \$56,147 General Fund in FY 2020-21 and ongoing.

Department of Public Health and Environment

The Department of is responsible for responsible for protecting and improving the health of the people of Colorado and ensuring the quality of Colorado's environment. The Department's FY 2018-19 appropriation represents approximately 1.9 percent of statewide operating appropriations and 0.5 percent of statewide General Fund appropriations.

FY 2018-19 APPROPRIATION AND FY 2019-20 REQUEST

DEPARTMENT OF PUBLIC HEALTH AND ENVIRONMENT						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2018-19 APPROPRIATION:						
HB 18-1322 (Long Bill)	\$584,378,174	\$50,659,444	\$187,607,491	\$47,088,905	\$299,022,334	1,341.3
Other legislation	6,329,647	1,360,625	4,969,022	0	0	4.5
TOTAL	\$590,707,821	\$52,020,069	\$192,576,513	\$47,088,905	\$299,022,334	1,345.8
FY 2019-20 REQUESTED APPROPRIATION:						
FY 2018-19 Appropriation	\$590,707,821	\$52,020,069	\$192,576,513	\$47,088,905	\$299,022,334	1,345.8
R1 Family planning purchase of service increase	1,025,000	1,025,000	0	0	0	0.0
R2 Public health transformation	240,472	240,472	0	0	0	0.9
R3 Lab operating expenses	59,628	88,270	81,452	(110,094)	0	0.0
R4 Local public health electronic medical records	837,774	837,774	0	0	0	3.5
R5 Tableau for data transparency	85,000	0	0	85,000	0	0.0
R6 Equity trainer	104,348	104,348	0	0	0	0.9
R7 Tribal liaison	82,211	82,211	0	0	0	0.5
R8 Assisted living residence inspectors	648,296	0	648,296	0	0	7.0
R9 Provider rate increase	93,714	68,329	18,103	7,282	0	0.0
R10 Restore Pesticides Sector General Fund	84,000	84,000	0	0	0	0.0
R11 Trauma system	0	0	0	0	0	0.0
Centrally appropriated line items	3,034,616	2,247,290	1,502,053	(1,014,053)	299,326	0.0
Annualize prior year legislation	1,221,661	85,320	456,310	32,035	647,996	3.1
Non-prioritized decision items	1,009,781	143,595	17,109	824,635	24,442	0.0
Technical adjustment	920,153	0	48,379	9	871,765	0.0
Indirect cost assessment	206,920	0	0	206,920	0	0.0
Annualize prior year budget actions	(1,673,833)	(696,543)	(2,162,946)	357,035	828,621	0.4
Tobacco revenue adjustment	(86,738)	(43,369)	(43,369)	0	0	0.0
TOTAL	\$598,600,824	\$56,286,766	\$193,141,900	\$47,477,674	\$301,694,484	1,362.1
INCREASE/(DECREASE)	\$7,893,003	\$4,266,697	\$565,387	\$388,769	\$2,672,150	16.3

R1 FAMILY PLANNING PURCHASE OF SERVICE: The Department requests \$1,025,000 General Fund to expand the family planning program.

R2 PUBLIC HEALTH TRANSFORMATION: The Department requests \$240,472 General Fund and 0.9 FTE in FY 2019-20 to assess the current delivery model for public health services, and determine the most effective and efficient delivery model for communities across the state.

R3 LAB OPERATING EXPENSES: The Department requests \$59,628 total funds, including \$88,270 General Fund, to support operating expenses for a variety of laboratory testing. Expenses include testing instruments and equipment, instrument maintenance, and supplies such as pipets and antibodies. Testing funded with General Fund are those deemed crucial to public health, such as rabies and tuberculosis, which are highly deadly and/or contagious. Tests such as sexually transmitted infections, Zika, and water testing are fee based. For these tests, the Department has reevaluated their fees, and is requesting spending authority for the increased revenue.

R4 LOCAL PUBLIC HEALTH ELECTRONIC MEDICAL RECORDS: The Department requests \$837,774 General Fund and 3.5 term-limited FTE for FY 2019-20 to support and expand the newly launched electronic health record (EHR) system developed for local public health agencies.

R5 TABLEAU FOR DATA TRANSPARENCY: The request includes \$85,000 reappropriated funds to support annual server license fees for Tableau, a data visualization software, as well as training to support staff in utilizing the software. The request shifts the existing \$70,000 licensing fees currently paid via direct division payments to reappropriated funds, and includes new funding for Department-wide training.

R6 EQUITY TRAINER: The request includes \$104,348 General Fund and 0.9 FTE for a three-year pilot program that would provide training to state employees in all departments around advancing equity in state programs, policies, budgets, and services. The requested FTE would develop curriculum, provide training and coaching, and enhance employee awareness of equity issues and opportunities.

R7 TRIBAL LIAISON: The request includes \$82,211 General Fund and 0.5 FTE for a tribal liaison. The Liaison would work with the two federally recognized American Indian tribes in Southwest Colorado, as well as urban tribal members from a variety of tribes. The position would act as a connector to the Department's many programs, as well as build relationships with the tribes.

R8 ASSISTED LIVING RESIDENCE SPENDING INSPECTORS: The Department requests an increase of \$648,296 cash funds and 7.0 FTE to increase inspections and off-site report reviews of assisted living facilities (ALRs). The Board of Health worked with the Department and stakeholder groups to develop revised health and safety rules and an associated fee increase that went into effect in June 2018.

R9 PROVIDER RATE INCREASE: The Department requests an increase of \$93,714 total funds, including \$68,329 General Fund, for a 1.0 provider rate increase for local public health agencies.

R10 RESTORE PESTICIDE SECTOR GENERAL FUND: The Department requests an \$84,000 General Fund appropriation for FY 2019-20 for the Water Quality Control Division's Pesticides Sector line item. This appropriation would be used to pay the Department of Agriculture for testing water samples for pesticides.

R11 TRAUMA SYSTEM: The request includes a net neutral cash funds transfer to pay annual maintenance costs for Colorado's updated trauma registry system.

CENTRALLY APPROPRIATED LINE ITEMS: The request includes adjustments to centrally appropriated line items for the following:

CENTRALLY APPROPRIATED LINE ITEMS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
Merit pay adjustment	\$3,418,680	\$510,502	\$1,206,971	\$365,356	\$1,335,851	0.0
PERA Direct Distribution	2,815,877	1,769,755	924,587	121,535	0	0.0
Health, life, and dental adjustment	661,495	265,362	306,749	(128,291)	217,675	0.0
Payment to risk management / property funds adjustment	205,916	0	0	205,916	0	0.0
AED adjustment	200,975	70,813	112,389	(39,036)	56,809	0.0
SAED adjustment	200,975	70,813	112,389	(39,036)	56,809	0.0
Depreciation-lease equivalent payment adjustment	33,505	33,505	0	0	0	0.0
AIJ adjustment	25,192	0	0	25,192	0	0.0
CORE adjustment	23,485	0	0	23,485	0	0.0
Short-term disability adjustment	4,542	2,034	2,977	(1,535)	1,066	0.0
Salary survey adjustment	(3,408,357)	(475,738)	(1,161,721)	(405,088)	(1,365,810)	0.0
Payments to OIT adjustment	(939,901)	0	0	(939,901)	0	0.0
Workers' compensation adjustment	(121,099)	0	0	(121,099)	0	0.0
Legal services adjustment	(81,566)	0	0	(81,566)	0	0.0
Shift differential adjustment	(4,924)	244	(2,288)	194	(3,074)	0.0
Capitol Complex leased space adjustment	(179)	0	0	(179)	0	0.0
TOTAL	\$3,034,616	\$2,247,290	\$1,502,053	(\$1,014,053)	\$299,326	0.0

ANNUALIZE PRIOR YEAR LEGISLATION: The appropriation includes adjustments for the second- and third-year impact of prior year legislation.

ANNUALIZE PRIOR YEAR LEGISLATION						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
HB 18-1006 (Newborn screening)	\$1,116,654	\$0	\$1,116,654	\$0	\$0	3.0
SB 18-200 (PERA)	877,581	68,429	129,121	32,035	647,996	0.0
HB 18-1069 (Reclaimed water toilet flush)	7,018	7,018	0	0	0	0.1
SB 18-038 (Reclaimed water use hemp)	6,406	6,406	0	0	0	0.1
HB 18-1093 (Reclaimed water use crops)	3,467	3,467	0	0	0	0.1
SB 18-272 (Crisis and suicide prevention)	0	0	0	0	0	0.0
HB 18-1003 (Opioid misuse prevention)	(775,000)	0	(775,000)	0	0	0.0
SB 18-146 (Freestanding EDs)	(14,175)	0	(14,175)	0	0	(0.2)
HB 17-1306 (Test lead in public schools)	(290)	0	(290)	0	0	0.0
TOTAL	\$1,221,661	\$85,320	\$456,310	\$32,035	\$647,996	3.1

NON-PRIORITIZED REQUEST ITEMS: The request includes two decision items originating in other departments. The following table summarizes the non-prioritized requests, which will be addressed in separate staff briefings.

NON-PRIORITIZED DECISION ITEMS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
OIT Securing IT operations	\$526,055	\$0	\$0	\$526,055	\$0	0.0
OIT Essential database support	154,737	0	0	154,737	0	0.0
OIT CBMS PEAK	143,595	143,595	0	0	0	0.0
OIT Application refresh and consolidation	121,718	0	0	121,718	0	0.0
DPA Annual fleet vehicle request	48,884	0	17,109	7,333	24,442	0.0
OIT Optimize self-service capabilities	14,792	0	0	14,792	0	0.0
TOTAL	\$1,009,781	\$143,595	\$17,109	\$824,635	\$24,442	0.0

TECHNICAL ADJUSTMENTS: The request includes three technical changes, as detailed in the table below.

TECHNICAL ADJUSTMENT						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
Federal funds true-up	\$871,765	\$0	\$0	\$0	\$871,765	0.0
CERCLA O&M costs	77,959	0	77,959	0	0	0.0
Medicaid split true up	9	0	0	9	0	0.0
Dept Law transfer reduction	(29,580)	0	(29,580)	0	0	0.0
TOTAL	\$920,153	\$0	\$48,379	\$9	\$871,765	0.0

INDIRECT COST ASSESSMENT: The request includes a net increase in the Department’s indirect cost assessment.

ANNUALIZE PRIOR YEAR BUDGET ACTIONS: The appropriation includes adjustments for the second- and third-year impact of prior year budget actions.

ANNUALIZE PRIOR YEAR BUDGET ACTIONS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
Prior year salary survey	\$2,826,785	\$449,857	\$1,136,938	\$404,541	\$835,449	0.0
Lease escalator	66,130	0	16,130	50,000	0	0.0
FY 18-19 Public health threats	17,293	17,293	0	0	0	0.3
FY 18-19 Addressing harmful algal blooms	993	993	0	0	0	0.1
FY 18-19 Marijuana health research funding	(3,000,000)	0	(3,000,000)	0	0	0.0
FY 14-15 EHR for LPHAs	(1,163,978)	(1,163,978)	0	0	0	0.0
FY 16-17 Marijuana research	(312,947)	0	(312,947)	0	0	0.0
FY 18-19 Sharepoint upgrade	(94,000)	0	0	(94,000)	0	0.0
FY 17-18 Health survey FTE	(14,109)	(708)	(3,067)	(3,506)	(6,828)	0.0
TOTAL	(\$1,673,833)	(\$696,543)	(\$2,162,946)	\$357,035	\$828,621	0.4

TOBACCO REVENUE ADJUSTMENT: The request includes a decrease in the Department’s expected revenue from Amendment 35 tobacco taxes.

SUMMARY OF ISSUES PRESENTED TO THE JOINT BUDGET COMMITTEE

R1 FAMILY PLANNING PURCHASE OF SERVICE: The Department requests \$1,025,000 General Fund to expand the family planning program.

R2 PUBLIC HEALTH TRANSFORMATION: The Department requests \$240,472 General Fund and 0.9 FTE in FY 2019-20 to assess the current delivery model for public health services, and determine the most effective and efficient delivery model for communities across the state.

R4 LOCAL PUBLIC HEALTH ELECTRONIC MEDICAL RECORDS: The Department requests \$837,774 General Fund and 3.5 term-limited FTE for FY 2019-20 to support and expand the newly launched electronic health record (EHR) system developed for local public health agencies.

R8 ASSISTED LIVING RESIDENCE SPENDING INSPECTORS: The Department requests an increase of \$648,296 cash funds and 7.0 FTE to increase inspections and off-site report reviews of assisted living facilities (ALRs). The Board of Health worked with the Department and stakeholder groups to develop revised health and safety rules and an associated fee increase that went into effect in June 2018.

R10 RESTORE PESTICIDE SECTOR GENERAL FUND: The Water Quality Control Division's (WQCD's) Pesticides Sector regulates the application of pesticides on the waters of the State. The Department of Public Health and Environment (CDPHE) has requested \$84,000 General Fund for FY 2019-20 for the Water Quality Control Division's Pesticides Sector line item. This appropriation would pay for surface water sample testing.

Department of Public Safety

The Department of Public Safety is responsible for maintaining, promoting, and enhancing public safety through law enforcement, criminal investigations, fire and crime prevention, emergency management, recidivism reduction, and victim advocacy. The Department's total FY 2018-19 appropriation represents approximately 1.7 percent of statewide operating appropriations and 1.6 percent of statewide General Fund appropriations.

FY 2018-19 APPROPRIATION AND FY 2019-20 REQUEST

DEPARTMENT OF PUBLIC SAFETY						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2018-19 APPROPRIATION:						
HB 18-1322 (Long Bill)	504,900,184	182,586,685	209,166,181	43,308,702	69,838,616	1,845.1
Other legislation	8,002,156	519,513	7,360,895	121,748	0	9.2
TOTAL	\$512,902,340	\$183,106,198	\$216,527,076	\$43,430,450	\$69,838,616	1,854.3
FY 2019-20 REQUESTED APPROPRIATION:						
FY 2018-19 Appropriation	\$512,902,340	183,106,198	\$216,527,076	\$43,430,450	\$69,838,616	1,854.3
R1 State emergency management program	1,384,773	1,384,773	0	0	0	0.0
R2 CSP civilian and uniform staff	2,337,254	0	2,337,254	0	0	20.0
R3 CSP overtime	832,456	0	832,456	0	0	0.0
R4 Fire Life Safety Section	618,185	0	618,185	0	0	5.0
R5 MTCF for toxicology lab	520,000	0	520,000	0	0	0.0
R6 E-470 troopers	276,569	0	276,569	0	0	2.0
R7 Fire investigations transfer	0	0	0	0	0	0.0
R8 VIN inspections	110,429	0	110,429	0	0	0.0
R9 Provider rate increase	707,006	680,588	0	26,418	0	0.0
Centrally appropriated line items	11,339,219	2,081,400	7,646,647	1,456,804	154,368	0.0
Indirect cost assessment	6,539,825	(744,065)	17,765	7,360,403	(94,278)	0.0
Non-prioritized decision items	2,246,231	893,517	1,262,798	16,972	72,944	5.0
Annualize prior year legislation	339,921	111,022	290,997	(70,923)	8,825	0.2
Leap year adjustment	194,130	175,344	0	18,786	0	0.0
Technical adjustment	0	0	8,213	(7,712)	(501)	0.0
Annualize prior year budget actions	(35,535,186)	(35,057,189)	(530,835)	36,874	15,964	6.2
TOTAL	\$504,813,152	\$152,631,588	\$229,917,554	\$52,268,072	\$69,995,938	1,892.7
INCREASE/(DECREASE)	(\$8,089,188)	(\$30,474,610)	\$13,390,478	\$8,837,622	\$157,322	38.4
Percentage Change	(1.6%)	(16.6%)	6.2%	20.3%	0.2%	2.1%

R1 STATE EMERGENCY MANAGEMENT PROGRAM: The Department's request includes \$1,384,773 General Fund to support the state's emergency management capabilities, in response to an expected decline in federal funds and overall increases to the program's personnel costs. Functions of the office include the State Emergency Operations Center, field services, mitigation, recovery, and trainings and exercises.

R2 ADDITIONAL CIVILIAN AND UNIFORM STAFF (CSP): The Department's request includes \$1,985,136 cash funds from the Highway Users Tax Fund (HUTF), and an additional 20.0 FTE for the Colorado State Patrol in FY 2019-20, including 10.0 FTE Troopers and 10.0 FTE civilian positions.

R3 OVERTIME PAY (CSP): The Department’s request for FY 2019-20 includes \$832,456 cash funds from the Highway Users Tax Fund (HUTF) and no change in FTE. The request seeks to fully fund the CSP overtime budget. Appropriated funds totaling \$1.3 million for overtime have not increased since FY 2005-06 and thus have not kept pace with salary increases, staffing increases, and departmental needs.

R4 ADDITIONAL RESOURCES FOR FIRE LIFE SAFETY SECTION: The Department’s request includes \$618,185 cash funds and 5.0 FTE in FY 2019-20 to create a Professional Standards Unit and increase staffing to manage the permitting processes within the Fire and Life Safety Section in the Division of Fire Prevention and Control.

R5 MARIJUANA TAX CASH FUNDS FOR TOXICOLOGY LABORATORY (CBI): The Department’s request for FY 2019-20 totals \$520,000 in cash funds to support the operations of the CBI Toxicology Laboratory. By fund, the request reflects a \$1,696,626 increase in Marijuana Tax Cash Funds and a \$1,176,626 decrease in Toxicology Cash Funds, resulting in a \$520,000 net increase for one-time capital equipment expenditures.

R6 INCREASE E-470 CASH FUND SPENDING AUTHORITY (CSP): The Department’s total request includes \$245,933 in cash funds from the E-470 Public Highway Authority and 2.0 FTE in FY 2019-20 to increase patrol hours on the E-470 corridor. The request annualizes to \$254,524 cash funds and 2.0 FTE in FY 2020-21.

R7 FIRE INVESTIGATIONS TRANSFER: The Department’s request includes a net zero transfer of \$115,256 General Fund and 1.0 FTE Fire Arson Investigator from the Colorado Bureau of Investigation (CBI) to the Division of Fire Prevention and Control (DFPC). Currently, both CBI and DFPC have the authority to assist local governments with the investigation of fire, including when there is the suspicion of arson. This request would consolidate the fire and arson investigations under the DFPC.

R8 VIN INSPECTION PROGRAM CASH FUND SPENDING AUTHORITY (CSP): The Department’s request seeks an increase of \$110,429 cash funds spending authority in FY 2019-20 for the Vehicle Identification Number (VIN) inspection program to align spending authority with revenues collected.

R9 COMMUNITY PROVIDER RATE: The Department’s request includes an increase of \$707,006 total funds, including \$680,588 General Fund, for a 1.0 percent community provider rate increase for community corrections providers. The reappropriated funds are from the Correctional Treatment Cash Fund in the Judicial Department. The Correctional Treatment Fund receives a General Fund transfer pursuant to Section 18-19-103 (3.5), C.R.S. Any increase in the community provider rate may increase the amount of the General Fund transferred to the Correctional Treatment Fund so that the balance of the fund can support all appropriations from the fund. The Committee will vote on the transfer amount during the Judicial Department figure setting presentation.

CENTRALLY APPROPRIATED LINE ITEMS: The Department’s request includes adjustments to centrally appropriated line items for the following:

CENTRALLY APPROPRIATED LINE ITEMS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
Merit pay adjustment	\$5,071,319	\$1,195,126	\$3,337,525	\$392,821	\$145,847	0.0
PERA Direct Distribution	3,989,992	945,668	2,615,455	428,869	0	0.0
Health, life, and dental adjustment	1,859,793	534,702	1,097,366	240,185	(12,460)	0.0
Payments to OIT adjustment	557,077	492,870	50,797	(20,660)	34,070	0.0
AED adjustment	500,895	144,411	306,252	56,111	(5,879)	0.0
SAED adjustment	500,895	144,411	306,252	56,111	(5,879)	0.0
Utilities adjustment	23,206	762	22,347	97	0	0.0
Short-term disability adjustment	16,007	4,673	9,729	1,841	(236)	0.0

CENTRALLY APPROPRIATED LINE ITEMS

	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
Salary survey adjustment	11,510	9,053	1,862	595	0	0.0
Legal services adjustment	8,393	0	0	8,393	0	0.0
SWICAP adjustment	0	(1,208,436)	0	1,208,436	0	0.0
Workers' compensation adjustment	(443,205)	0	241,899	(685,104)	0	0.0
Payment to risk management / property funds adjustment	(437,744)	0	(225,832)	(211,912)	0	0.0
Capitol Complex leased space adjustment	(215,054)	(158,237)	(47,467)	(9,350)	0	0.0
Shift differential adjustment	(60,951)	(12,450)	(41,233)	(6,173)	(1,095)	0.0
CORE adjustment	(42,914)	(11,153)	(28,305)	(3,456)	0	0.0
TOTAL	\$11,339,219	\$2,081,400	\$7,646,647	\$1,456,804	\$154,368	0.0

INDIRECT COST ASSESSMENT: The Department's request includes an increase of \$6,539, 825 total funds, including a reduction of \$744,065 General Fund, in the Department's indirect cost assessment.

NON-PRIORITIZED DECISION ITEMS: The Department's request includes seven decision items originating in other departments. The following table summarizes the non-prioritized requests, which are addressed in separate staff briefings.

NON-PRIORITIZED DECISION ITEMS

	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
DOR Marijuana enforcement division operations	\$914,416	\$0	\$914,416	\$0	\$0	5.0
OIT Securing IT operations	712,408	712,408	0	0	0	0.0
DPA Annual fleet vehicle request	478,192	42,431	348,382	14,435	72,944	0.0
OIT Essential database support	79,783	79,783	0	0	0	0.0
OIT Application refresh and consolidation	38,862	38,862	0	0	0	0.0
OIT Optimize self-service capabilities	20,033	20,033	0	0	0	0.0
DPA IDS Increased Input Costs	2,537	0	0	2,537	0	0.0
TOTAL	\$2,246,231	893,517	\$1,262,798	\$16,972	\$72,944	5.0

ANNUALIZE PRIOR YEAR LEGISLATION: The Department's request includes adjustments for the second- and third-year impact of prior year legislation.

ANNUALIZE PRIOR YEAR LEGISLATION

	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
SB 18-200 (PERA)	\$404,821	\$96,425	\$266,945	\$32,626	\$8,825	0.0
SB 18-027 (Nurse licensure compact)	39,378	0	39,378	0	0	0.2
HB 18-1251 (OCC transition payments)	14,597	14,597	0	0	0	0.2
SB 18-158 (School Access to ICT)	0	0	0	0	0	0.2
HB 18-1339 (Fed tax info record checks)	(103,549)	0	0	(103,549)	0	(0.5)
SB 18-229 (CDE Student teacher record checks)	(12,541)	0	(12,541)	0	0	(0.1)
HB 18-1020 (Civil asset forfeiture)	(2,785)	0	(2,785)	0	0	0.2
TOTAL	\$339,921	\$111,022	\$290,997	(\$70,923)	\$8,825	0.2

LEAP YEAR ADJUSTMENT: The request includes an increase of \$194,130 total funds, including \$175,344 General Fund, to adjust for the additional leap year day for line items that pay a daily rate.

TECHNICAL CHANGES: The Department's request includes minor technical adjustments that result in a \$0 net effect in total funds.

ANNUALIZE PRIOR YEAR BUDGET ACTIONS: The Department’s request includes adjustments for the second- and third-year impact of prior year budget actions.

ANNUALIZE PRIOR YEAR BUDGET ACTIONS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 18-19 Salary survey	\$538,639	\$126,707	\$354,391	\$41,577	\$15,964	0.0
FY 18-19 Safe2Tell funding	76,064	76,064	0	0	0	2.3
FY 18-19 Trooper increase	64,435	0	69,138	(4,703)	0	3.5
FY 18-19 OCC Pace	15,040	15,040	0	0	0	0.4
FY 18-19 Record backlog funding	0	0	0	0	0	0.0
FY 18-19 School safety funding	(35,000,000)	(35,000,000)	0	0	0	0.0
FY 18-19 Officer equipment package	(916,740)	0	(916,740)	0	0	0.0
FY 18-19 Subsistence payment	(275,000)	(275,000)	0	0	0	0.0
FY 18-19 Black market marijuana	(37,624)	0	(37,624)	0	0	0.0
TOTAL	(\$35,535,186)	(\$35,057,189)	(\$530,835)	\$36,874	\$15,964	6.2

SUMMARY OF ISSUES PRESENTED TO THE JOINT BUDGET COMMITTEE

R2 ADDITIONAL CIVILIAN AND UNIFORM STAFF (CSP): This issue examines the Department’s FY 2019-20 funding request for \$1,985,136 cash funds from the Highway Users Tax Fund (HUTF), and an additional 20.0 FTE for the Colorado State Patrol. The Department is requesting an additional 10.0 FTE Troopers to increase visibility, reduce incident response times, reduce road closure times, and improve highway safety. The request also includes 10.0 FTE civilian positions needed in the Central Records Unit, Project Management, Policy & Research Departments, and Media Relations. In many instances, these new civilian positions would allow Troopers - currently serving in these roles – to return to the road and focus on primary Trooper duties.

R5 MARIJUANA TAX CASH FUNDS FOR THE TOXICOLOGY LABORATORY (CBI): This issue examines the Department’s FY 2019-20 funding request for \$520,000 in cash funds to support the operations of the CBI Toxicology Laboratory. By fund, the request includes a \$1,696,626 increase in Marijuana Tax Cash Funds and a \$1,176,626 decrease in Toxicology Cash Funds resulting in a \$520,000 net increase for one-time capital equipment expenditures. This request does not affect FTE, and the request annualizes to a \$0 increase in FY 2020-21. The request would eliminate the toxicology laboratory fees paid by coroners, local law enforcement officials, and criminal justice agencies by refinancing laboratory operations with Marijuana Tax Cash Funds and Law Enforcement Assistance Funds (LEAF).

PERFORMANCE BASED CONTRACTING: This issue discusses the current budgeting and contracting structure in Community Corrections (ComCor), which creates a disincentive for quality programs and for providers and boards to “up their game.” The current funding model is not transparent, creates difficulty in determining funding levels for the program, and has become a hindrance to quality outcomes within ComCor.

EVIDENCED-BASED PRACTICES IMPLEMENTATION FOR CAPACITY (EPIC): This issue discusses the Evidenced-based Practices Implementation for Capacity (EPIC), which was established to provide assistance with implementation of evidenced-based practices within the Departments of Corrections, Public Safety, Human Services, and the Judicial Department.

DISASTER AND WILDFIRE FUNDING: The Department of Public Safety plays a major role in the mitigation, response, and recovery of natural disasters in the state. This issue brief provides an overview of wildfire and other disaster funding within the Divisions of Fire Prevention and Control (DFPC) and Homeland Security and Emergency Management (DHSEM).

2013 FLOOD RECOVERY: From September 9 through September 12, 2013, several communities along the Front Range were affected by a series of catastrophic floods, causing approximately \$4 billion in damage. In FYs 2017-18 and 2018-19, the General Assembly provided a total of \$25.0 million General Fund for recovery efforts. The FY 2019-20 request for \$12.5 million General Fund is the third of a four year request.

SCHOOL SAFETY PROGRAMS: Several school safety programs are administered out of the Department of Public Safety, including the School Safety Resource Center. The General Assembly appropriated \$35.0 million in FY 2018-19 for school safety grant programs. This issue brief provides an overview of the Department's school safety programs.

Department of Regulatory Agencies

The Department of Regulatory Agencies is statutorily-tasked with ensuring that individuals and businesses who provide Colorado with professional services are doing so ethically and responsibly. These duties are carried out through regulatory programs that license, establish standards, approve rates, investigate complaints, and conduct enforcement through boards, commissions, and advisory committees. The Department's FY 2018-19 appropriation represents 0.3 percent of statewide operating total funds appropriations and 0.0 percent of statewide General Fund appropriations.

FY 2018-19 APPROPRIATION AND FY 2019-20 REQUEST

DEPARTMENT OF REGULATORY AGENCIES						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2018-19 APPROPRIATION:						
HB 18-1322 (Long Bill)	\$99,162,135	\$1,941,431	\$90,759,586	\$5,211,298	\$1,249,820	572.9
Other legislation	456,148	10,000	446,148	0	0	1.8
TOTAL	\$99,618,283	\$1,951,431	\$91,205,734	\$5,211,298	\$1,249,820	574.7
FY 2019-20 REQUESTED APPROPRIATION:						
FY 2018-19 Appropriation	\$99,618,283	\$1,951,431	\$91,205,734	\$5,211,298	\$1,249,820	574.7
R1 Division of Securities operating expenses adjustment	40,000	0	40,000	0	0	0.0
Centrally appropriated line items	2,639,060	146,391	2,212,603	254,823	25,243	0.0
Non-prioritized request items	396,016	15,291	380,667	58	0	0.0
Annualize prior year budget actions	0	9,530	0	0	(9,530)	0.0
Indirect cost assessment	(33,491)	0	(32,708)	0	(783)	0.0
Annualize prior year legislation	(7,905)	(10,000)	2,095	0	0	0.2
TOTAL	\$102,651,963	\$2,112,643	\$93,808,391	\$5,466,179	\$1,264,750	574.9
INCREASE/(DECREASE)	\$3,033,680	\$161,212	\$2,602,657	\$254,881	\$14,930	0.2
Percentage Change	3.0%	8.3%	2.9%	4.9%	1.2%	0.0%

R1 DIVISION OF SECURITIES OPERATING EXPENSES ADJUSTMENT: The request includes an increase of \$40,000 cash funds spending authority from the Division of Securities Cash Fund to allow for additional expenditures for operating expenses. If approved, this request would not drive a fee increase, as the Department is able to cover this extra amount with the existing fund balance in the Division of Securities Cash Fund.

CENTRALLY APPROPRIATED LINE ITEMS: The request includes an increase of \$2,639,060 total funds, including \$146,391 General Fund, for adjustments to centrally appropriated line items for the following: state contributions for health, life, and dental benefits; short-term disability; supplemental state contributions to the Public Employees' Retirement Association (PERA) pension fund; merit pay; workers' compensation; legal services; administrative law judges; payment to risk management and property funds; leased space; payments to the Governor's Office of Information Technology (OIT); and CORE operations. The following table itemizes each requested centrally appropriated line item change.

CENTRALLY APPROPRIATED LINE ITEMS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
Merit pay adjustment	\$1,348,746	\$50,754	\$1,191,730	\$94,366	\$11,896	0.0
PERA Direct Distribution	1,068,890	37,914	947,774	72,749	10,453	0.0
Health, life, and dental adjustment	439,163	14,989	382,103	64,670	(22,599)	0.0
Leased space adjustment	158,700	39,060	97,902	(19,613)	41,351	0.0
AED adjustment	116,694	5,816	94,536	24,515	(8,173)	0.0

CENTRALLY APPROPRIATED LINE ITEMS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
SAED adjustment	116,694	5,816	94,536	24,515	(8,173)	0.0
CORE adjustment	24,064	926	21,618	1,229	291	0.0
Workers' compensation adjustment	21,685	(430)	24,122	(2,810)	803	0.0
Short-term disability adjustment	4,038	195	3,286	829	(272)	0.0
Payments to OIT adjustment	(369,949)	(1,322)	(368,627)	0	0	0.0
Legal services adjustment	(250,835)	(4,817)	(242,846)	(2,413)	(759)	0.0
Administrative law judges adjustment	(37,538)	(1,455)	(36,083)	0	0	0.0
Payment to risk management / property funds adjustment	(1,292)	(1,055)	2,552	(3,214)	425	0.0
TOTAL	\$2,639,060	\$146,391	\$2,212,603	\$254,823	\$25,243	0.0

NON-PRIORITIZED REQUEST ITEMS: The request includes an increase of \$396,016 total funds, including \$15,291 General Fund, for items requested by other departments that impact the agencies covered in this briefing document. The following table itemizes each requested non-prioritized decision item.

NON-PRIORITIZED REQUEST ITEMS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
Securing IT operations (OIT)	\$226,512	\$9,375	\$217,137	\$0	\$0	0.0
Essential database support (OIT)	80,653	3,338	77,315	0	0	0.0
Application refresh and consolidation (OIT)	52,060	2,155	49,905	0	0	0.0
Annual fleet vehicle request (DPA)	27,592	0	27,592	0	0	0.0
Optimize self-service capabilities (OIT)	6,369	264	6,105	0	0	0.0
IDS increased input costs (DPA)	2,830	159	2,613	58	0	0.0
TOTAL	\$396,016	\$15,291	\$380,667	\$58	\$0	0.0

ANNUALIZE PRIOR YEAR BUDGET ACTIONS: The request includes a net zero refinance of \$9,530 federal funds with \$9,530 General Fund for adjustments related to prior year budget actions. The following table itemizes each annualization.

ANNUALIZE PRIOR YEAR BUDGET ACTIONS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2018-19 salary survey	\$0	\$9,530	\$0	\$0	(\$9,530)	0.0

INDIRECT COST ASSESSMENT: The request includes a decrease of \$33,491 total funds to realign the Department's indirect cost plan. The following table itemizes each requested adjustment by division.

INDIRECT COST ASSESSMENT ADJUSTMENTS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
Division of Professions and Occupations	(\$12,735)	\$0	(\$12,735)	\$0	\$0	0.0
Public Utilities Commission	(5,808)	0	(5,808)	0	0	0.0
Division of Insurance	(5,652)	0	(5,292)	0	(360)	0.0
Division of Real Estate	(3,365)	0	(3,365)	0	0	0.0
Division of Banking	(2,544)	0	(2,544)	0	0	0.0
Division of Securities	(1,527)	0	(1,527)	0	0	0.0
Division of Financial Services	(992)	0	(992)	0	0	0.0
Office of Consumer Counsel	(445)	0	(445)	0	0	0.0
Civil Rights Division	(423)	0	0	0	(423)	0.0
TOTAL	(\$33,491)	\$0	(\$32,708)	\$0	(\$783)	0.0

ANNUALIZE PRIOR YEAR LEGISLATION: The request includes a decrease of \$7,905 total funds, including a decrease of \$10,000 General Fund, and an increase of 0.2 FTE for adjustments related to prior year legislation. The following table itemizes each annualization.

ANNUALIZE PRIOR YEAR LEGISLATION						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
S.B. 18-234 (Human Remains Disposition Sale Businesses)	\$17,317	\$0	\$17,317	\$0	\$0	0.3
S.B. 18-027 (Enhanced Nurse Licensure Compact)	6,525	0	6,525	0	0	0.0
H.B. 18-1256 (Sunset Continue Civil Rights Division And Commission)	(10,000)	(10,000)	0	0	0	0.0
S.B. 18-132 (1332 State Waiver Catastrophic Health Plans)	(9,200)	0	(9,200)	0	0	0.0
H.B. 18-1357 (Behavioral Health Care Ombudsperson Parity Reports)	(8,355)	0	(8,355)	0	0	(0.1)
H.B. 18-1017 (Psychology Interjurisdictional Compact)	(4,192)	0	(4,192)	0	0	0.0
TOTAL	(\$7,905)	(\$10,000)	\$2,095	\$0	\$0	0.2

SUMMARY OF ISSUES PRESENTED TO THE JOINT BUDGET COMMITTEE

ADMINISTRATION FUNDING FOR CONSERVATION EASEMENTS: House Bill 18-1291 (Sunset Conservation Easement Oversight Commission) extended the repeal date for the functions of the conservation easement tax credit program by one year from July 1, 2018 to July 1, 2019 and made a series of policy and programmatic changes. The legislation, however, did not include spending authority for FY 2018-19 for the Department to administer the program.

UPDATE ON RURAL BROADBAND DEPLOYMENT GRANTS: The General Assembly passed legislation in recent years to repurpose a portion of money collected through the High Cost Support Mechanism from supporting basic telephone services to supporting the build out of broadband service in unserved areas. This money is used to fund projects across the state that increase the number of addresses serviced by broadband.

Department of Revenue

The Department has three functional groups: the Taxation Business Group collects revenue for the state and for many local governments and assists taxpayers in tax related matters; the Division of Motor Vehicles regulates motor vehicle safety, issues personal identification documents, and regulates commercial vehicles; and the Enforcement Business Group regulates alcohol, tobacco, marijuana, horse racing and off-track betting, limited gaming, and automobile dealers and sales persons. The three functional groups are supported by the Executive Director's Office and Information Technology Divisions. The Department also operates the Colorado Lottery. The Department's FY 2018-19 appropriation represents approximately 1.2 percent of statewide operating appropriations and 1.0 percent of statewide General Fund appropriations.

FY 2018-19 APPROPRIATION AND FY 2019-20 REQUEST

DEPARTMENT OF REVENUE						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2018-19 APPROPRIATION:						
HB 18-1322 (Long Bill)	369,581,396	113,169,403	249,268,695	6,318,910	824,388	1,469.8
Other legislation	426,206	102,447	260,759	63,000	0	2.2
TOTAL	\$370,007,602	\$113,271,850	\$249,529,454	\$6,381,910	\$824,388	1,472.0
FY 2019-20 REQUESTED APPROPRIATION:						
FY 2018-19 Appropriation	\$370,007,602	113,271,850	\$249,529,454	\$6,381,910	\$824,388	1,472.0
R1 GenTax Support Enhancements	1,420,355	1,420,355	0	0	0	6.0
R2 Sales and Use Tax Collection	1,057,808	1,057,808	0	0	0	14.6
R3 Lottery Back Office Restructure	2,198,993	0	2,198,993	0	0	(2.0)
R4 Drivers License Documents	1,312,872	0	1,312,872	0	0	0.0
R5 DMV Leased Space	3,172,536	0	3,172,536	0	0	8.0
R6 Lottery Walmart Expansion	5,719,000	0	5,719,000	0	0	0.0
R7 Marijuana Enforcement Division Operations	2,138,418	0	2,138,418	0	0	8.0
NP1 DPA-IDS Increased Input Costs	28,903	0	28,903	0	0	0.0
NP2 Lottery OIT Staffing	0	0	0	0	0	(13.0)
OIT non-prioritized requests	708,456	274,857	433,599	0	0	0.0
Annualize prior year budget actions	3,662,659	0	3,662,659	0	0	0.0
PERA Direct Distribution common policy allocation	2,218,687	850,875	1,345,119	3,965	18,728	0.0
Centrally appropriated line items	245,424	(126,017)	156,719	25,847	188,875	0.0
Annualize prior year legislation	511,190	324,387	249,803	(63,000)	0	4.4
Indirect cost adjustments	164,346	384,485	(20,077)	(200,062)	0	0.0
Technical adjustments	(420,325)	(1,333,985)	913,660	0	0	1.0
TOTAL	\$394,146,924	\$116,124,615	\$270,841,658	\$6,148,660	\$1,031,991	1,499.0
INCREASE/(DECREASE)	\$24,139,322	\$2,852,765	\$21,312,204	(\$233,250)	\$207,603	27.0
Percentage Change	6.5%	2.5%	8.5%	(3.7%)	25.2%	1.8%

R1 GEN TAX SUPPORT ENHANCEMENTS: The FY 2019-20 request includes \$1.4 million General Fund and 12.0 FTE, including 6.0 FTE for the Department and 6.0 FTE for OIT. The request annualizes to \$2.8 million General Fund and 26.0 FTE (13.0 DOR, 13.0 OIT) in FY 2020-21. These Department and OIT staff resources are requested to enhance the Department's management of its tax administration IT system known as GenTax, provided by vendor, FAST Enterprises. This request item is addressed in an issue brief.

R2 SALES AND USE TAX COLLECTION: The request includes an increase of \$1.1 million General Fund and 14.6 FTE for FY 2019-20. The request annualizes to \$815,000 and 10.6 FTE for FY 2020-21 and ongoing. The request is for staff resources to enable the Department to collect sales taxes from out-of-state retailers as result of the Supreme Court's, *South Dakota v. Wayfair* decision on June 21, 2018. This request item is addressed in an issue brief.

R3 LOTTERY BACK OFFICE RESTRUCTURE: The request includes an increase of \$2.2 million cash funds from the Lottery Fund and a decrease of 2.0 FTE in FY 2019-20 and ongoing. The request is to allow the Lottery to purchase a "back office system" from the Lottery's current gaming system vendor. Currently the back office system is an internal, legacy IT system serviced by OIT. The Department and OIT have determined that the system has reached its end of life and requires replacement. Staff addresses the Lottery-related requests in an issue brief.

R4 DRIVERS LICENSE DOCUMENTS: The request includes an increase of \$1.3 million cash funds spending authority from the Licensing Services Cash Fund for FY 2019-20 and annualizing to an increase of \$1.7 million cash funds in FY 2020-21. The request is entirely related to volume projections for driver's license documents. The Department pays a \$4.60 per-card cost to a vendor to provide the document materials as well as all verification processing related to the document. This cost is driven generally by population growth and specifically by actual customer demand for documents. The Department also requests continuous spending authority for this line item due to the non-discretionary nature of this expense. The Department typically submits this "true-up" request every few years to maintain adequate spending authority. *Staff recommends that rather than providing statutory continuous spending authority for this line item, that annual adjustments be treated as technical adjustments rather than request items in the budget process.*

R5 DMV LEASED SPACE: The request includes an increase of \$3.2 million cash funds spending authority from the Licensing Services Cash Fund and 8.0 FTE for FY 2019-20. The request annualizes to \$954,000 cash funds and 8.0 FTE in FY 2020-21 and ongoing. This request addresses the first-year move and build-out costs for expiring leases for driver's license offices (DLOs) in Littleton, Parker, Boulder, and Longmont. The Department operates 34 DLOs across the State and this is essentially an annual request for funds to address increased and changed space needs for four or five of those DLOs. This request item is further addressed in an issue brief.

R6 LOTTERY WALMART EXPANSION: The request includes an increase of \$5.7 million cash funds spending authority from the Lottery Fund for FY 2019-20; annualizing to \$2.3 million cash funds in FY 2020-21 and ongoing. This request is to lease 200 additional Gemini vending machines to be located in Walmart Super Centers. The Department states that this expansion should increase Lottery sales by \$29 to \$40 million, providing approximately \$6 to \$9 million in additional proceeds for Lottery beneficiaries. Staff addresses the Lottery-related requests in an issue brief.

R7 MARIJUANA ENFORCEMENT DIVISION OPERATIONS: The request includes an increase of \$2.1 million cash funds from the Marijuana Cash Fund (not the Marijuana Tax Cash Fund), the Department's marijuana regulation program cash fund, and 8.0 FTE for FY 2019-20. Of the \$2.1 million, \$914,416 will be transferred to the Marijuana Tax Cash Fund (MTCF) to fund 5.0 FTE in the Colorado Bureau of Investigation (CBI) to combat black market activity. The request annualizes to \$1.8 million and 8.0 FTE (including \$890,901 transferred to the MTCF to fund 5.0 FTE in the CBI) in FY 2020-21 and \$949,000 and 8.0 FTE in FY 2021-22 and ongoing, with no continuation of funding for CBI resources from the Marijuana Cash Fund beyond the second year. The Department states that this request is the result of a request from local law enforcement across the state for CBI to address illegal and unregulated residential cultivation of marijuana.

NP1 DPA-IDS INCREASED INPUT COSTS: The request includes a decrease of \$1,216,425 General Fund for FY 2018-19 and ongoing. This appropriation was included in H.B. 11-1300 (Conservation

NP2 LOTTERY OIT STAFFING: The request includes a net-neutral funding adjustment and a decrease of 13.0 FTE for FY 2019-20 and ongoing.

OIT NON-PRIORITIZED REQUESTS: The request includes adjustments related to budget requests made by the Governor's Office of Information Technology that affect the Department of Revenue in FY 2019-20, which are summarized in the following table.

OIT NON-PRIORITIZED REQUESTS				
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	FTE
NP5 OIT Securing IT operations	\$567,896	\$220,324	\$347,572	0.0
NP4 OIT Essential database support	79,130	30,700	48,430	0.0
NP6 OIT Application refresh and consolidation	45,461	17,639	27,822	0.0
NP7 OIT Optimize self-service capabilities	15,969	6,194	9,775	0.0
TOTAL	\$708,456	274,857	\$433,599	0.0

ANNUALIZE PRIOR YEAR BUDGET ACTIONS: The request includes a net increase of \$3,662,659 total funds for prior year budget actions, summarized in the following table.

ANNUALIZE PRIOR YEAR BUDGET ACTIONS					
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FTE
Annualize FY18-19 R1 DRIVES maintenance and support (FAST Enterprises contract)	\$3,802,240	\$0	\$3,802,240	\$0	0.0
Annualize prior year salary survey	0	0	0	0	0.0
Annualize FY18-19 BA2 DMV Staffing	(128,971)	0	(128,971)	0	0.0
Annualize FY18-19 BA1 DRIVES production support	(10,610)	0	(10,610)	0	0.0
TOTAL	\$3,662,659	0	\$3,662,659	\$0	0.0

PERA DIRECT DISTRIBUTION COMMON POLICY ALLOCATION: The request includes an increase of \$2.2 million total funds including \$850,875 General Fund for the PERA Direct Distribution allocation submitted for all agencies by the Governor's Office of State Planning and Budgeting. This adjustment is summarized in the following table for comparison to the items included in the centrally appropriated line items table that follows.

PERA DIRECT DISTRIBUTION COMMON POLICY ALLOCATION						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
PERA Direct Distribution	\$2,218,687	\$850,875	\$1,345,119	\$3,965	\$18,728	0.0
TOTAL	\$2,218,687	850,875	\$1,345,119	\$3,965	\$18,728	0.0

CENTRALLY APPROPRIATED LINE ITEMS: The request includes an increase of \$245,424 total funds including a decrease of \$126,017 General Fund related to employee benefits and other centrally appropriated items. This total includes the following changes:

CENTRALLY APPROPRIATED LINE ITEMS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
Merit pay adjustment	\$2,549,907	\$1,060,062	\$1,463,678	\$4,903	\$21,264	0.0
Legal services adjustment	1,065,055	659,611	405,444	0	0	0.0
Leased space adjustment	224,063	20,044	204,019	0	0	0.0
AED adjustment	223,944	(28,715)	213,971	2,741	35,947	0.0
SAED adjustment	223,944	(28,715)	213,971	2,741	35,947	0.0
Salary survey adjustment	28,227	364	27,863	0	0	0.0
Health, life, and dental adjustment	22,779	(98,255)	11,160	15,371	94,503	0.0
Payment to risk management/property funds adjustment	18,448	4,756	13,692	0	0	0.0
Short-term disability adjustment	6,354	(1,477)	6,526	91	1,214	0.0
Payments to OIT adjustment	(3,640,303)	(1,412,326)	(2,227,977)	0	0	0.0
Capitol Complex leased space adjustment	(223,384)	(195,253)	(28,131)	0	0	0.0
Workers' compensation adjustment	(145,754)	(65,448)	(80,306)	0	0	0.0
CORE adjustment	(71,141)	(34,994)	(36,147)	0	0	0.0
DPA Annual fleet vehicle request	(22,685)	(5,671)	(17,014)	0	0	0.0
Shift differential adjustment	(11,971)	0	(11,971)	0	0	0.0
ALJ adjustment	(2,059)	0	(2,059)	0	0	0.0
TOTAL	\$245,424	(126,017)	\$156,719	\$25,847	\$188,875	0.0

ANNUALIZE PRIOR YEAR LEGISLATION: The request includes a net decrease of \$511,190 total funds to reflect the FY 2019-20 impact of bills passed in previous sessions, summarized in the following table.

ANNUALIZE PRIOR YEAR LEGISLATION					
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FTE
Annualize HB18-1185 Market Sourcing for Bus Inc Tax Apport	\$260,662	\$260,662	\$0	\$0	0.0
Annualize SB18-141 Income Tax Check-off Nonprofit Donation	239,510	0	239,510	0	1.8
Annualize SB17-267 Sustainability of Rural Colorado	53,064	53,064	0	0	0.6
Annualize HB18-1217 Inc Tax Credit for Employer 529 Contrib	50,000	0	50,000	0	0.0
Annualize HB18-1060 Income Tax Deduction Mil Retirement	35,038	35,038	0	0	0.0
Annualize HB18-1350 Machine Tool Sales Tax Exemption	24,328	24,328	0	0	0.4
Annualize HB18-1267 Income Tax Credit for Retrofitting	12,162	12,162	0	0	0.1
Annualize HB18-1208 Expand Child Care Exp Inc Tax Credit	11,040	11,040	0	0	0.0
Annualize HB13-1110 Alternative Fuels	10,196	0	10,196	0	0.0
Annualize SB18-108 Eligibility CO Road and Comm Safety Act	6,879	0	6,879	0	1.5
Annualize HB17-1012 Pueblo Chile License Plate	183	0	183	0	0.0
Annualize HB17-1212 Aviation Special License Plate	182	0	182	0	0.0
Annualize SB18-233 Elections Clean-up	(63,000)	0	0	(63,000)	0.0
Annualize HB18-1339 Background checks employees access	(35,590)	(35,590)	0	0	0.0
Annualize SB18-243 Retail Sales Alcohol Beverages	(17,796)	0	(17,796)	0	0.0
Annualize SB18-259 Local Government Retail Marijuana Taxes	(15,840)	(15,840)	0	0	0.0
Annualize HB18-1280 Court Appointees for Marijuana Bus	(14,032)	0	(14,032)	0	0.0
Annualize SB18-271 Improve Funding for Marijuanan Research	(10,656)	0	(10,656)	0	0.0
Annualize HB18-1042 Private Interstate Comm Vehicle Reg	(10,607)	(10,607)	0	0	0.0
Annualize HB18-1285 Remuneration-exempt Disability Parking	(9,870)	(9,870)	0	0	0.0
Annualize HB18-1255 Childhood Cancer License Plate	(7,252)	0	(7,252)	0	0.0
Annualize HB18-1025 Move Title 12 Liquor to Title 44	(3,091)	0	(3,091)	0	0.0
Annualize HB18-1244 Submarine Veterans License Plate	(2,220)	0	(2,220)	0	0.0
Annualize SB18-036 Relocate Title 24 Tobacco Sales	(2,100)	0	(2,100)	0	0.0
TOTAL	\$511,190	324,387	\$249,803	(\$63,000)	4.4

INDIRECT COST ADJUSTMENT: The request includes net adjustments to indirect costs across the Department.

TECHNICAL ADJUSTMENTS: The request includes technical adjustments, summarized in the following table.

TECHNICAL ADJUSTMENTS				
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	FTE
DPA-IDS Tax Pipeline adjustment	\$932,415	\$932,415	\$0	0.0
Limited Gaming continuous appropriation adjustments	868,667	0	868,667	1.0
FAST Enterprises contract escalator	341,160	166,440	174,720	0.0
Adjustment for revenue forecast	(2,562,567)	(2,432,840)	(129,727)	0.0
TOTAL	(\$420,325)	(1,333,985)	\$913,660	1.0

SUMMARY OF ISSUES PRESENTED TO THE JOINT BUDGET COMMITTEE

R1 GEN TAX SUPPORT ENHANCEMENTS AND GEN TAX IT SYSTEM CONCERNS: The Department requests a two-year build-out of an in-house technical team in the Department and in the Governor's Office of Information Technology (OIT) for GenTax, the State's tax administration IT system. This build-out represents a change in strategy for managing the GenTax system in which the Department and OIT expect to play a more hands-on and directed management approach to the system, which previously was relinquished by default to the vendor, FAST Enterprises. While the Department's objective appears to be a step in the right direction, the State should more aggressively address the fundamental problems with the GenTax system as well as its weak economic position relative to the vendor.

R2 SALES AND USE TAX COLLECTION AND OUT-OF-STATE RETAILER SALES TAX COLLECTION: States were previously prohibited from imposing sales tax obligations on retailers who lacked a physical presence within a state. The U.S. Supreme Court reversed its position on the physical presence requirement in its South Dakota v. Wayfair decision on June 21, 2018. With the elimination of the physical presence requirement, the Department is now required to collect sales taxes from out-of-state retailers. The Department promulgated two rules related to this change and the Department requests resources to update the GenTax registration process to minimize or eliminate manual registration processes and increase staff resources to provide customer service related to these sales tax collections.

R5 DMV LEASED SPACE, STATE-BUILD-AND-OWN DLOs, AND DOR SPACE NEEDS: The Department requests additional cash funds resources for leased space increases and improvements for Division of Motor Vehicles, driver's license offices (DLOs) in Littleton, Parker, Boulder, and Longmont. The Department operates 34 DLOs across the state, and typically includes a request for leased space renewals, increases, and improvements for 4 to 5 of the DLOs each year. The Department leases space for DLOs from private commercial property owners and there may be an opportunity for the State to save money over a 20- to 30-year lifecycle by building and owning DLOs rather than leasing. Further, the Department's current occupancy of the Capitol Annex building – identified as the highest priority renovation project in the Capitol Complex Master Plan – may not be the best long-term location for the Department's public-facing operations. With funding becoming available in FY 2019-20 in the Capitol Complex Master Plan Implementation Fund, the Statewide Planning Unit in the Office of the State Architect might be directed to initially focus their efforts on identifying a long-term location and plan for a consolidated Department of Revenue headquarters building or campus.

R3 AND R6 LOTTERY REQUESTS: The Department includes two requests for the Lottery. The Department seeks to replace its back-office, legacy IT system maintained by the Governor's Office of Information Technology (OIT) with access to a seamless IT system available from and hosted by the current gaming system vendor that would be paid on the basis of a percentage of total Lottery sales. Additionally, the Department seeks to lease 200 lottery vending machines to be located at Walmart Super Centers. Both items increase Lottery expenses by \$7.8 million in the first year, or approximately 7.7 percent on the Lottery's base appropriation, reducing net lottery proceeds to beneficiaries by the same amount. However, the Department projects that the additional vending machines may result in increased annual sales of \$29 to \$40 million.

Department of State

The Department of State administers statutory provisions that pertain to elections; manages the statewide voter registration database; oversees campaign finance reporting; registers lobbyists and monitors the filing of required disclosures; collects, maintains, and provides public access to business filings; regulates charities and charitable gaming; and certifies notaries public. The Department's FY 2018-19 appropriation represents 0.1 percent of statewide operating appropriations and does not include any General Fund.

FY 2018-19 APPROPRIATION AND FY 2019-20 REQUEST

DEPARTMENT OF STATE						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2018-19 APPROPRIATION:						
H.B. 18-1322 (Long Bill)	\$25,217,382	\$0	\$25,217,382	\$0	\$0	142.9
Other legislation	158,555	0	158,555	0	0	0.0
TOTAL	\$25,375,937	\$0	\$25,375,937	\$0	\$0	142.9
FY 2019-20 REQUESTED APPROPRIATION:						
FY 2018-19 Appropriation	\$25,375,937	\$0	\$25,375,937	\$0	\$0	142.9
R1 Market-driven IT maintenance costs	594,758	0	594,758	0	0	0.0
R2 Transfer of Lobbyist Program to Elections Division	0	0	0	0	0	0.0
Annualize prior year legislation	6,206,194	6,300,000	(93,806)	0	0	0.0
Annualize prior year budget actions	318,351	0	318,351	0	0	0.0
Centrally appropriated line items	148,514	0	148,514	0	0	0.0
Non-prioritized request items	57,765	0	57,765	0	0	0.0
TOTAL	\$32,701,519	\$6,300,000	\$26,401,519	\$0	\$0	142.9
INCREASE/(DECREASE)	\$7,325,582	\$6,300,000	\$1,025,582	\$0	\$0	0.0
Percentage Change	28.9%	n/a	4.0%	n/a	n/a	0.0%

R1 MARKET-DRIVEN IT MAINTENANCE COSTS: The request includes an increase of \$594,758 cash funds from the Department of State Cash Fund in FY 2019-20 and ongoing to address increases in IT maintenance costs. The Information Technology Services Division provides hardware and software maintenance and support for the entire Department of State. This appropriation would be to the Hardware/Software Maintenance line item in the Information Technology Services Division.

R2 TRANSFER OF LOBBYIST PROGRAM TO ELECTIONS DIVISION: The request includes a net-zero internal transfer of the Lobbyist Program from Business and Licensing Division to the Elections Division. The regulation and reporting requirements for lobbyists are similar to campaign finance reporting. It is anticipated that the Lobbyist Program will leverage the customer service model of the Campaign and Political Finance Unit within the Elections Division.

ANNUALIZE PRIOR YEAR LEGISLATION: The request includes adjustments for the second- and third-year impact of prior year legislation.

ANNUALIZE PRIOR YEAR LEGISLATION						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
S.B. 17-305 (Primary Election Clean-up)	\$6,323,200	\$6,300,000	\$23,200	\$0	\$0	0.0
SB 18-200 (PERA)	27,759	0	27,759	0	0	0.0
SB 15-288 (Compensation of State & County Public Officials)	13,790	0	13,790	0	0	0.0
SB 18-150 (Voter Registration Individuals Criminal Justice System)	(95,555)	0	(95,555)	0	0	0.0
SB 18-233 (Elections Clean-up)	(63,000)	0	(63,000)	0	0	0.0
TOTAL	\$6,206,194	\$6,300,000	(\$93,806)	\$0	\$0	0.0

ANNUALIZE PRIOR YEAR BUDGET ACTIONS: The request includes an increase of \$318,351 cash funds to reflect the annualization of FY 2018-19 salary survey.

CENTRALLY APPROPRIATED LINE ITEMS: The request includes an increase of \$148,514 cash funds for centrally appropriated line items summarized in the table below:

CENTRALLY APPROPRIATED LINE ITEMS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
Merit pay adjustment	\$341,742	\$0	\$341,742	\$0	\$0	0.0
PERA Direct Distribution	256,802	0	256,802	0	0	0.0
Health, life, and dental adjustment	42,192	0	42,192	0	0	0.0
Leased space adjustment	20,068	0	20,068	0	0	0.0
Payment to risk management / property funds adjustment	3,751	0	3,751	0	0	0.0
Workers' compensation adjustment	3,651	0	3,651	0	0	0.0
Indirect cost assessment adjustment	2,097	0	2,097	0	0	0.0
CORE adjustment	435	0	435	0	0	0.0
Salary survey adjustment	(318,351)	0	(318,351)	0	0	0.0
Legal services adjustment	(130,110)	0	(130,110)	0	0	0.0
ALJ adjustment	(48,792)	0	(48,792)	0	0	0.0
Payments to OIT adjustment	(10,107)	0	(10,107)	0	0	0.0
AED adjustment	(7,338)	0	(7,338)	0	0	0.0
SAED adjustment	(7,338)	0	(7,338)	0	0	0.0
Short-term disability adjustment	(188)	0	(188)	0	0	0.0
TOTAL	\$148,514	\$0	\$148,514	\$0	\$0	0.0

NON-PRIORITIZED REQUESTED CHANGES: The request includes an increase of \$57,765 cash funds for the non-prioritized request items summarized in the table below.

NON-PRIORITIZED REQUEST ITEMS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
OIT Securing IT operations	\$54,369	\$0	\$54,369	\$0	\$0	0.0
DPA Annual fleet vehicle request	1,867	0	1,867	0	0	0.0
OIT Optimize self-service capabilities	1,529	0	1,529	0	0	0.0
TOTAL	\$57,765	\$0	\$57,765	\$0	\$0	0.0

SUMMARY OF ISSUES PRESENTED TO THE JOINT BUDGET COMMITTEE

PRESIDENTIAL PRIMARY REIMBURSEMENTS TO COUNTIES: The Department of State is responsible for implementing Senate Bill 17-305 (Primary Election Cleanup), which directs the state to reimburse counties for their actual direct costs associated with administering the presidential primary elections. The Department estimates that the cost of reimbursing counties the actual direct costs for the preparation and conduct of the 2020 presidential primary election will be \$6.3 million General Fund.

R1 MARKET-DRIVEN IT MAINTENANCE COSTS: The Department of State requests an increase of \$594,758 cash funds from the Department of State Cash Fund in FY 2019-20 and ongoing to address increases in IT maintenance costs. This appropriation would be to the Hardware/Software Maintenance line item in the Information Technology Services Division.

ELECTRONIC RECORDING TECHNOLOGY BOARD: The Electronic Recording Technology Board (ERTB) is a nine-member board established to develop, maintain, improve, replace or preserve land records systems in Colorado. The Board oversees a grant program intended to assist counties in developing and modernizing their electronic filing systems. This is an informational briefing issue intended to provide background on the recently formed Electronic Recording Technology Board.

Department of Transportation

The Colorado Department of Transportation (CDOT) is responsible for operating and maintaining Colorado's state highway system under the policy direction of the Transportation Commission, with additional responsibilities relating to aviation, transit, rail, and multimodal transportation. Its duties include managing highway construction projects, implementing the state's Highway Safety Plan, repairing and maintaining roads, providing technical support to local airports regarding aviation safety, and administering aviation-fuel-tax reimbursements and discretionary grants to airports. The Department's FY 2018-19 appropriation represents 5.7 percent of statewide operating appropriations. The Department does not receive General Fund appropriations, but it does receive periodic transfers from the General Fund and other sources. In FY 2018-19 it received a \$420.75 million transfer authorized by S.B. 18-001 and \$425.5 million from lease-purchase agreements authorized by S.B. 17-267.

FY 2018-19 APPROPRIATION AND FY 2019-20 REQUEST

DEPARTMENT OF TRANSPORTATION						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2018-19 APPROPRIATION:						
HB 18-1322 (Long Bill)	\$1,753,538,544	0	\$1,134,947,195	\$6,672,645	\$611,918,704	3,326.8
TOTAL	\$1,753,538,544	\$0	\$1,134,947,195	\$6,672,645	\$611,918,704	3,326.8
FY 2019-20 REQUESTED APPROPRIATION:						
FY 2018-19 Appropriation	\$1,753,538,544	0	\$1,134,947,195	\$6,672,645	\$611,918,704	3,326.8
<u>Adjustments in Administration Division</u>						
A. Non prioritized common policies	3,989,391	0	3,989,391	0	0	0.0
B. Annualize Administration share of prior budget actions	339,690	0	339,690	0	0	0.0
C. Annualize Administration share of prior legislation	29,952	0	29,952	0	0	0.0
D. Administration share of centrally appropriated line items	(1,985,916)	0	(1,985,867)	(49)	0	0.0
<u>Adjustments in CM&O and the Enterprises*</u>						
E. Revenue adjustments for CM&O Division	335,386,702	0	325,838,582	0	9,548,120	0.0
F. Revenue adjustments for enterprises	(729,887)	0	(729,887)	0	0	0.0
G. Adjust CM&O expenditure to reflect Administration and Enterprise changes	(2,394,609)	0	(2,394,609)	0	0	0.0
H. Increase fees CM&O pays HPTE* for services	405,500	0	0	405,500	0	0.0
I. Annualize prior legislation for the enterprises	18,185	0	18,185	0	0	0.0
<u>Adjustments elsewhere</u>						
J. R2 Southwest Chief and Front Range Rail Commission	1,380,447	0	1,380,447	0	0	0.6
K. R1 First time drunk driver program stability	0	0	0	0	0	0.0
TOTAL	\$2,089,977,999	\$0	\$1,461,433,079	\$7,078,096	\$621,466,824	3,327.4
INCREASE/(DECREASE)	\$336,439,455	\$0	\$326,485,884	\$405,451	\$9,548,120	0.6
Percentage Change	19.2%	0.0%	28.8%	6.1%	1.6%	0.0%

* CM&O = Construction, Maintenance, and Operations Division,

The Enterprises are the High Performance Transportation Enterprise Division and the Bridge Enterprise Division,

HPTE = High Performance Transportation Enterprise Division.

NON PRIORITIZED COMMON POLICIES. The request includes \$3,989,391 of cash fund adjustments for non-prioritized OIT common policies.

ANNUALIZE ADMINISTRATION SHARE OF PRIOR BUDGET ACTIONS: The request includes \$339,690 cash funds to annualize the Administration Division's share of CDOT's FY 2018-19 salary survey.

ANNUALIZE ADMINISTRATION SHARE OF PRIOR LEGISLATION: The request includes \$29,952 to annualize the Administration Division's share of the additional PERA employer contributions required by S.B. 18-200.

ADMINISTRATION SHARE OF CENTRALLY APPROPRIATED LINE ITEMS: The appropriation includes the Administration Division's share of the adjustments to centrally appropriated line items for the following: state contributions for health, life, and dental benefits; short-term disability; supplemental state contributions to the Public Employees' Retirement Association (PERA) pension fund; salary survey; merit pay; shift differential; workers' compensation; legal services; indirect cost assessment; PERA Direct Distribution; payments to the Governor's Office of Information Technology (OIT), payment to risk management and property funds; and CORE operations

REVENUE ADJUSTMENTS FOR CM&O AND THE ENTERPRISES: Each year the amount of state and federal revenue that CDOT expects to receive to support the activities of the CM&O division and the two enterprises changes. As revenues change, the Department adjusts the expenditures of CM&O and the Enterprises. The Department's request provides a projected expenditure adjustment for each of the three divisions, here titled "Revenue adjustments," to emphasize the fact that spending by these divisions is driven by the amount of available revenue. These adjustments equal the revenue projected for next year relative to the revenue for this year that was predicted a year ago.

REDUCED FUNDING FOR CONSTRUCTION, MAINTENANCE, AND OPERATIONS TO PAY FOR ADMINISTRATION DIVISION INCREASES: The amount of revenue that CDOT has available to support the activities of the Construction, Maintenance, and Operations division depends on the amount spent by the Administration Division. Increased expenditures in the Administration Division for centrally appropriated items, prior budget actions, and non-prioritized requests translate into less available funding for CM&O.

INCREASE FEES CM&O (THE CONSTRUCTION, MAINTENANCE, AND OPERATIONS DIVISION) PAYS HPTE (THE HIGH PERFORMANCE TRANSPORTATION ENTERPRISE) FOR SERVICES: The request includes a \$405,500 reappropriation to the HPTE for services the HPTE performs for the CM&O. The HPTE provides a number of services to the CM&O, many of them related to express lanes on roads that the CM&O is involved in building or operating. Payments for the services are set at levels that let HPTE recoup the fair market value of its services.

ANNUALIZE PRIOR LEGISLATION IN THE ENTERPRISES: The request includes \$18,185 to annualize the Enterprise Divisions' share of the additional PERA employer contributions required by S.B. 18-200.

R2 SOUTHWEST CHIEF AND FRONT RANGE RAIL COMMISSION: The request includes \$1,380,447 cash funds from the Southwest Chief Rail Line Economic Development, Rural Tourism, and Infrastructure Repair and Maintenance Fund and 0.6 FTE to facilitate the future of Front Range passenger rail.

R1 FIRST TIME DRUNK DRIVER PROGRAM STABILITY: The request includes \$500,000 from the Marijuana Tax Cash Fund for the Department's impaired driving enforcement program, through which the Department allocates funding to local law enforcement agencies to conduct high visibility enforcement efforts aimed at reducing accidents and fatalities involving the use of alcohol and marijuana. The Department's existing appropriation of \$1.5 million for this purpose is from the First Time Drunk Driving Offender Account within the Highway Users Tax Fund. The Department anticipates that the amount available from this account will decline, and is thus requesting this appropriation from the MTCF to refinance \$500,000 of the existing appropriation. The Department indicates that it will submit a budget amendment that will increase the amount refinanced to \$1,000,000 if, at a later time, it is determined that \$1 million is available from the Marijuana Tax Cash Fund.

SUMMARY OF ISSUES PRESENTED TO THE JOINT BUDGET COMMITTEE

THE SOUTHWEST CHIEF REQUEST (R2) AND THE MISSING MULTIMODAL REQUEST. Senate Bill 18-01 transfers almost \$100 million of General Fund to a new Multimodal Transportation Options Fund and to another fund that facilitates the development of Front Range passenger rail. Senate Bill 18-01 also refers a 2019 ballot measure to voters that could provide another \$350 million for the Multimodal Fund. Statute provides limited guidance concerning the expenditure of these funds and CDOT has not requested an appropriation. Staff recommends that the Department explain its plans for these programs.

SENATE BILL 17-267 UPDATE. Senate Bill 17-067 permits the State to enter into \$2 billion of lease-purchase agreements over the four years that begin in FY 2018-19. Colorado entered into the first set of agreements in September, when it collateralized 25 buildings and received \$545.5 million in return, almost 10 percent more than expected. The bill may provide the Colorado Department of Transportation (CDOT) with more than \$2 billion of transportation funding over 4 years if voter approval of a referred measure in S.B. 18-001 does not cancel the last three years of agreements.

*Department of Treasury
and PERA*

The Department of the Treasury is responsible for the following primary duties: (1) acts as the State's banker and investment officer, providing investment, accounting, and cash management services and preparing related reports; (2) administers the Unclaimed Property Program; (3) disburses Senior Citizen and Disabled Veteran Property Tax Exemption payments to local governments; (4) provides short-term interest-free financing to school districts by issuing tax and revenue anticipation notes and making loans from the General Fund; (5) assists charter schools with long-term financing by making direct bond payments; (6) distributes Highway Users Tax Fund (HUTF) revenues to counties and municipalities; (7) distributes federal mineral leasing funds received for the State's share of sales, bonuses, royalties, and rentals of public lands within Colorado; (8) manages certain state public financing transactions; and (9) reimburses certain property taxes owed or paid for real and business personal property destroyed in a natural disaster. The Department's funding for FY 2018-19 consists of 49.2 percent General Fund, 48.7 percent cash funds, and 2.2 percent reappropriated funds.

FY 2018-19 APPROPRIATION AND FY 2019-20 REQUEST

DEPARTMENT OF THE TREASURY						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2018-19 APPROPRIATION:						
HB 18-1322 (Long Bill)	589,099,929	175,329,817	396,084,849	17,685,263	0	32.9
Other legislation	225,000,000	225,000,000	0	0	0	0.0
TOTAL	\$814,099,929	\$400,329,817	\$396,084,849	\$17,685,263	\$0	32.9
FY 2019-20 REQUESTED APPROPRIATION:						
FY 2018-19 Appropriation	\$814,099,929	400,329,817	\$396,084,849	\$17,685,263	\$0	32.9
R1 Public School Fund Investment Board - fund managers	1,260,000	0	1,260,000	0	0	0.0
Non-prioritized requests	52,436	52,436	0	0	0	0.0
Revenue forecast adjustments	60,594,971	10,004,277	50,841,707	(251,013)	0	0.0
Centrally appropriated line items	427,671	240,144	187,527	0	0	0.0
Annualize prior year legislation and budget actions	6,925	4,385	2,540	0	0	0.0
PERA direct distribution adjustment	(56,471,099)	(56,471,099)	0	0	0	0.0
TOTAL	\$819,970,833	\$354,159,960	\$448,376,623	\$17,434,250	\$0	32.9
INCREASE/(DECREASE)	\$5,870,904	(\$46,169,857)	\$52,291,774	(\$251,013)	\$0	0.0
Percentage Change	0.7%	(11.5%)	13.2%	(1.4%)	n/a	0.0%

R1 PUBLIC SCHOOL FUND INVESTMENT BOARD – FUND MANAGERS: The request includes an increase of \$1.3 million cash funds spending authority from interest earnings from the Public School Fund for FY 2019-20 for investment vehicle fund managers. For more information, see issue 1.

NON-PRIORITIZED REQUESTS: The request includes an increase of \$52,436 General Fund, which includes \$39,046 for an OSPB/Governor's request for a 3.0 percent General Fund set-aside for elected officials and \$13,390 for two requests from the Governor's Office of Information Technology (OIT).

NON-PRIORITIZED REQUESTS			
	TOTAL FUNDS	GENERAL FUND	FTE
Treasury 3% GF Placeholder	\$39,046	\$39,046	0.0
NP1 OIT Securing IT operations	13,024	13,024	0.0
NP2 OIT Optimize self-service capabilities	366	366	0.0
TOTAL	\$52,436	\$52,436	0.0

REVENUE FORECAST ADJUSTMENTS: The request includes an increase of \$60.6 million total funds, including an increase of \$10.0 million General Fund and \$50.8 million cash funds for FY 2019-20 for revenue forecast adjustments for special purpose pass-through payments made by the Department.

REVENUE FORECAST ADJUSTMENTS					
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FTE
Lease purchase COP adjustment	\$37,748,987	\$16,500,000	\$21,500,000	(\$251,013)	0.0
HUTF forecast adjustment	29,339,207	0	29,339,207	0	0.0
Charter school facilities financing svcs adjustment	2,500	0	2,500	0	0.0
Property tax exemption forecast adj	(6,495,723)	(6,495,723)	0	0	0.0
TOTAL	\$60,594,971	10,004,277	\$50,841,707	(\$251,013)	0.0

Centrally appropriated line items: The request includes adjustments to centrally appropriated line items including the following: health, life, and dental; short-term disability; supplemental state contributions to the Public Employees' Retirement Association (PERA) pension fund; merit pay; workers' compensation and payments to risk management; legal services; Capitol complex leased space; payments to the Governor's Office of Information Technology (OIT); and CORE operations.

CENTRALLY APPROPRIATED LINE ITEMS				
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	FTE
Legal services adjustment	\$203,933	\$101,967	\$101,966	0.0
Merit pay adjustment	80,167	49,753	30,414	0.0
CORE adjustment	69,071	31,082	37,989	0.0
PERA Direct Distribution	52,281	33,006	19,275	0.0
Health, life, and dental adjustment	10,638	10,815	(177)	0.0
Workers' comp and risk mgt and prop funds adjustment	6,422	6,422	0	0.0
Payments to OIT adjustment	5,216	4,419	797	0.0
AED adjustment	2,821	5,046	(2,225)	0.0
SAED adjustment	2,821	5,046	(2,225)	0.0
Leased space adjustment	1,733	0	1,733	0.0
Short-term disability adjustment	233	253	(20)	0.0
Capitol Complex leased space adjustment	(7,665)	(7,665)	0	0.0
TOTAL	\$427,671	240,144	\$187,527	0.0

ANNUALIZE PRIOR YEAR LEGISLATION AND BUDGET ACTIONS: The request includes an increase of \$12,994 General Fund to annualize prior year legislation and budget actions.

ANNUALIZE PRIOR YEAR LEGISLATION AND BUDGET ACTIONS				
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	FTE
Annualize SB 18-200 (PERA)	\$6,925	\$4,385	\$2,540	0.0
TOTAL	\$6,925	4,385	\$2,540	0.0

PERA DIRECT DISTRIBUTION ADJUSTMENT: The request includes a reflected decrease of \$56.5 million General Fund for FY 2018-19 for the statutory informational appropriation for the PERA Direct Distribution made by the Treasurer to PERA.

SUMMARY OF ISSUES PRESENTED TO THE JOINT BUDGET COMMITTEE

R1 PUBLIC SCHOOL FUND INVESTMENT BOARD – FUND MANAGERS: The Department, on behalf of the Public School Fund Investment Board, requests increased cash funds spending authority from interest and dividends earned from investments of the Public School Fund. A ruling from the Office of the State Controller has determined that the anticipated, non-discretionary, fund manager fees typically paid out of the return on investment, and included in a periodic net return on investment statement, must be accounted for within the administrative expenses appropriation located in the Department's special purposes budget.

S.B. 18-200 AND PERA UPDATE: Senate Bill 18-200 (Eliminate Unfunded Liability in PERA) made changes to PERA's funding and cost components to enable PERA to achieve full funding for all divisions within 30 years. This issue provides an overview of the specifics included in S.B. 18-200 as well as actuarial projections as result of the bill's passage and included in PERA's 2017 Comprehensive Annual Financial Report (CAFR).

Capital Construction

The capital construction section of the Long Bill includes funding appropriated to state departments and institutions of higher education for capital construction and controlled maintenance. Capital construction appropriations are primarily supported by General Fund transferred to the Capital Construction Fund. The FY 2018-19 General Fund transfers to the Capital Construction Fund (\$180.5 million) represents 1.4 percent of FY 2018-19 General Fund revenues, based on the September 2018 Legislative Council Staff forecast.

FY 2018-19 APPROPRIATION AND FY 2019-20 REQUEST

		Capital Construction				
		TOTAL FUNDS	CAPITAL CONSTRUCTION FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS
FY 2018-19 APPROPRIATION:						
		FY 2018-19 Long Bill (H.B. 18-1322 – bldg. capital only)				
		321,792,673	138,638,766	182,778,907	375,000	0
		TOTAL	\$321,792,673	\$138,638,766	\$182,778,907	\$375,000
Priority						
OSP	CCHE	FY 2019-20 PRIORITIZED REQUESTS (STATE-FUNDED) REQUESTED APPROPRIATION:				
1		Level I Controlled Maintenance (28 items)	27,963,348	27,963,348	0	0
2		DHS: DYS Facility Refurbishment	2,638,927	2,638,927	0	0
3	1	HED: UC-Denver CU Anschutz - Center for Personalized Medicine and Behavioral Health	31,251,986	19,846,986	11,405,000	0
4	2	HED: FRCC Larimer Campus Health Care Center	15,623,484	11,927,424	3,696,060	0
5	3	HED: CSU Shepardson Bldg Renov and Addition	22,482,700	13,482,700	9,000,000	0
6	4	HED: FLC Whalen Gymnasium Expansion and Renovation for Exercise Science	28,057,892	25,252,103	2,805,789	0
7		DOC: DRDC and CCF Population Swap	11,122,534	11,122,534	0	0
8		DHS: CMHIP Campus Utility Infrastructure Upgrade, ph 1 of 3 (capital renewal)	9,155,876	9,155,876	0	0
9		DOC: SCF Steam Conden Line Repl (cap renewal)	6,595,031	6,595,031	0	0
10		DOC:AVCF Util Water Lines Repl. (cap renewal)	7,038,924	7,038,924	0	0
11	12	HED: UNC Boiler #3 Replacement (cap renewal)	3,679,012	3,634,012	45,000	0
12		DMVA: GJ Veterans Memorial Cemetery Columbarium and Upgrade Steam Filter System	2,667,390	2,667,390	0	0
13		Level II Controlled Maintenance, part 1 (28 items)	26,598,340	26,598,340	0	0
14		DHS: CMHIIFL F2 and F3 Cottage Renovation	17,835,851	17,835,851	0	0
15-17		TRE/HED: CSU NWC COP Projects	0	0	0	0
18		DHS: Secure Treatment Facility for Restorations	11,544,347	11,544,347	0	0
		SUBTOTAL - Prioritized Requests	\$224,255,642	\$197,303,793	\$26,951,849	\$0
FY 2019-20 OSPB PRIORITIZED AS IT CAPITAL:						
		GOV-OIT: Microwave Infrastructure Repl.				
		10,316,372	10,316,372	0	0	0
		SUBTOTAL - Additional Prioritized Request	\$234,572,014	\$207,620,165	\$26,951,849	\$0
FY 2019-20 NON-PRIORITIZED REQUESTS (100% CASH-FUNDED) REQUESTED APPROPRIATION:						
		DHS: VCLC Homelake Rotunda/Wkshop Renov				
		197,573	0	197,573	0	0
		DHS: VCLC Fitzsimons Upgrades				
		199,635	0	199,635	0	0
		DNR: Infrastructure and Facilities				
		2,158,090	0	2,158,090	0	0
		DNR: Property Acquisitions				
		11,000,000	0	11,000,000	0	0

Capital Construction					
	TOTAL FUNDS	CAPITAL CONSTRUCTION FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS
DHS: Department-wide Facility Master Plan	1,101,159	0	1,101,159	0	0
DHS: DRCO Depreciation Fund Capital Improv	757,405	0	757,405	0	0
HistCO: Regional Property Preservation Projects	700,000	0	700,000	0	0
SUBTOTAL - Non-prioritized Requests	\$16,113,862	\$0	\$16,113,862	\$0	\$0
TOTAL	\$250,685,876	\$207,620,165	\$43,065,711	\$0	\$0
INCREASE/(DECREASE)	(\$71,106,797)	\$68,981,399	(\$139,713,196)	(\$375,000)	\$0
Percentage Change	(22.1%)	49.8%	(76.4%)	(100.0%)	n/a

SUMMARY OF ISSUES PRESENTED TO THE JOINT BUDGET COMMITTEE

THE CMTF AND DEPRECIATION-LEASE EQUIVALENT PAYMENTS: Section 24-30-1310, C.R.S., enacted in S.B. 15-211, requires depreciation-lease equivalent payments from the General Fund to the Capital Construction Fund and the Controlled Maintenance Trust Fund (CMTF) for state-funded capital construction projects. The CMTF was established to provide a consistent source of revenue to fund controlled maintenance from interest earnings. However, the CMTF is also a designated state emergency reserve which allows the Governor to draw from the principal for emergency declarations. Primarily due to draws for emergencies and due to the low interest rate environment since 2008, the reduced principal in the CMTF has not generated interest earnings to meaningfully fund controlled maintenance. Additionally, state agencies may be improperly expensing rather than depreciating capital construction expenditures, sidestepping the depreciation-lease equivalent payment mechanism intended to create a closed loop for capital construction funding.

S.B. 14-110 REQUIREMENT TO PROPOSE NEW FINANCING METHODS FOR CC: Section 2-3-203 (1)(g), C.R.S., enacted in S.B. 14-110, requires the JBC, in consultation with the Capital Development Committee (CDC), to develop and make recommendations concerning new methods of financing the state's ongoing capital construction, capital renewal, and controlled maintenance needs. This provision requires the JBC to develop and make recommendations by January 1, 2019, and recommend legislation to implement the recommendations by February 1, 2019.

PROPOSE A CAPITAL ASSET MANAGEMENT AND FINANCE AUTHORITY: The proposal for the creation of a capital asset management and finance authority for state agency buildings would satisfy the requirement that the JBC develop and make recommendations concerning new methods of financing the State's ongoing capital construction-related needs. The authority would be structured as an independent enterprise charged with a primary goal of maximizing the value of capital assets under management (stewardship) and a secondary goal of minimizing lease costs to state agencies (operating cost savings). The authority would be responsible for the lifecycle management of its portfolio of state buildings through the finance, construction, controlled maintenance, renovation, and demolition or sale of capital assets. The authority would lease buildings to state agencies for long-term (near-lifecycle) periods through formal lease agreements, hold ownership of capital assets in trust for the State, and return to the State, a majority of any realized profits on each building at the end of its lifecycle.

PROPOSE DISTINCT HIGHER EDUCATION CAPITAL CONSTRUCTION FUNDING: Institutions of higher education hold 74.5 percent of the state's building inventory. In comparison to state agencies, institutions of higher education, as enterprises, are treated with a substantial degree of independence and have access to multiple sources of revenue

beyond state funding. Institution of higher education building projects follow a separate request and approval process as established through the Colorado Commission on Higher Education (CCHE). In order to more effectively manage capital construction budgeting for state agency buildings, it may be appropriate to consider a separate and distinct system or model for capital construction funding and budgeting for institutions of higher education through a funding formula distribution in fee-for-service contract payments.

DHS FACILITIES MANAGEMENT PRACTICES AND CAPITAL CONSTRUCTION: The Department of Human Services (DHS) has requested substantial capital construction funding related to "competency services" for FY 2018-19 and FY 2019-20, including \$15.3 million of a \$34.2 million project to convert the Ridge View Youth Services Center to a mental health restoration facility. In an issue brief from the November 2015, Capital Construction Budget Briefing, JBC staff identified issues and concerns with Department facilities management practices which the Department has not changed or improved. The JBC staff analyst for the DHS behavioral services programs has expressed concerns and reservations about funding the Department's capital construction request related to competency services from a program perspective. For other reasons related to good stewardship of state assets, the JBC staff analyst for capital construction also cannot recommend additional state funding of DHS capital construction requests based on the continuing concerns and issues cited in that issue brief that have never been corrected.

Statewide Compensation

Statewide compensation refers to state employee salary and benefit costs. Compensation common policies are funded through a group of centrally appropriated line items generally found in each department's Executive Director's Office. The annual budget request for total compensation is driven by employee salaries, benefit elections, requested policy changes, and statutory contributions for amortization payments to improve PERA's funded status. The statewide FY 2018-19 appropriation for: the estimated salary base represents approximately 9.4 percent of statewide operating General Fund appropriations; compensation common policies represents approximately 1.7 percent of statewide operating General Fund appropriations; and PERA amortization payments (AED and SAED) represent approximately 0.9 percent of statewide operating General Fund appropriations.

FY 2018-19 APPROPRIATION AND FY 2019-20 REQUEST

Salary Base, Compensation Common Policies, and PERA Payroll Components					
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS
FY 2018-19 Appropriation					
Base Salary Estimate	\$1,754,667,548	\$962,225,256	\$425,461,473	\$193,384,011	\$173,596,808
PERA	184,113,600	102,030,030	44,606,578	19,794,183	17,682,809
Medicare (FICA)	25,442,675	13,952,266	6,169,189	2,804,067	2,517,153
Shift Differential	16,410,968	12,576,759	669,246	3,107,921	57,042
Salary Survey	59,670,368	33,183,213	14,166,687	6,500,090	5,820,378
Merit Pay	0	0	0	0	0
Health, Life, Dental	263,622,748	153,895,555	57,819,498	30,198,476	21,709,219
Short-term Disability	3,006,448	1,654,294	704,789	368,178	279,187
AED	89,787,143	48,828,430	21,920,944	10,053,414	8,984,355
SAED	89,578,799	48,621,349	21,919,681	10,053,414	8,984,355
PERA Direct Distribution	0	0	0	0	0
TOTAL	\$2,486,300,296	\$1,376,967,152	\$593,438,085	\$276,263,754	\$239,631,306
FY 2019-20 Request					
Base Salary Estimate	\$1,831,228,118	\$1,006,506,795	\$451,929,556	\$195,219,862	\$177,571,904
PERA	194,469,064	106,934,437	48,519,945	20,486,241	18,528,441
Medicare (FICA)	26,552,809	14,594,349	6,552,979	2,830,688	2,574,793
Shift Differential	16,867,804	12,995,020	669,294	2,217,581	985,909
Salary Survey	3,748,223	1,455,928	2,181,612	38,546	72,138
Merit Pay	60,721,423	33,976,610	14,364,437	6,465,150	5,915,226
Health, Life, Dental	274,791,018	158,044,701	63,967,663	27,617,490	25,161,164
Short-term Disability	3,052,066	1,646,704	760,294	338,489	306,579
AED	94,071,736	51,380,811	23,350,115	10,150,583	9,190,228
SAED	93,893,574	51,202,648	23,350,115	10,150,583	9,190,228
PERA Direct Distribution	56,471,099	29,217,114	17,466,244	5,572,830	4,214,912
TOTAL	\$2,655,866,933	\$1,467,955,116	\$653,112,253	\$281,088,043	\$253,711,521
Increase/(Decrease)	\$169,566,637	\$90,987,964	\$59,674,168	\$4,824,289	\$14,080,216
Percent Change	6.8%	6.6%	10.1%	1.7%	5.9%

THE FY 2019-20 TOTAL COMPENSATION REQUEST

The FY 2019-20 request is estimated at \$2.66 billion total funds, an increase of \$169.6 million over the prior year appropriation, which represents a 6.8 percent increase in total compensation-related appropriations. The FY 2019-20 total compensation request includes the following elements:

SALARY SURVEY: The Salary Survey request includes:

- No across-the-board or ATB salary increase for all occupational groups including all State Patrol Trooper classes;
- A 2.0 percent salary range adjustment for all occupational groups, with funding to move employees that are below the new range minimum to the new range minimum at a cost of \$206,942 total funds and \$119,848 General Fund; and
- A request to accelerate the state minimum wage adjustment to \$12 per hour, effective January 1, 2020, to July 1, 2019 (for the entire fiscal year) at a cost of \$2.4 million total funds, including \$206,048 General Fund and \$2.1 million cash funds.

The Salary Survey request totals \$3.7 million total funds, including \$1.5 million General Fund; the Judicial Department includes an independent salary survey increase request at a cost of \$1.2 million total funds, including \$1.1 million General Fund. Excluding the Judicial Department request, the executive branch request components total \$2.6 million, including \$325,896 General Fund.

MERIT PAY: A 3.0 percent average Merit Pay increase is requested at a cost of \$60.7 million total funds, including \$34.0 million General Fund.

SHIFT DIFFERENTIAL: Shift Differential funds increase adjustments for employee hours worked outside of normal work hours. Shift Differential is requested at 100 percent of prior year actual expenditures. In FY 2019-20, Shift Differential totals \$16.9 million, including \$13.0 million General Fund. Shift Differential increases by \$0.5 million total funds, including \$0.4 million General Fund; a 2.8 percent increase in total funds and a 3.3 percent increase in General Fund.

STD: Short Term Disability is requested at a continuation rate of 0.17 percent of revised base salaries. STD is estimated at \$3.1 million total funds, including \$1.6 million General Fund. The STD adjustment is estimated to increase by \$45,618 total funds, including a decrease of \$7,590 General Fund; a 1.5 percent increase in total funds and a 0.5 percent decrease in General Fund.

HLD: Request amounts submitted for Health, Life, and Dental are based on employee health and dental elections as of July of the current year. HLD is estimated at \$274.8 million total funds, including \$158.0 million General Fund. The base adjustment request reflects an increase of \$11.2 million total funds, including \$4.1 million General Fund; a 4.2 percent increase in total funds and a 2.7 percent increase in General Fund.

AED: Amortization Equalization Disbursement is set at a statutory rate of 5.0 percent in 2017 and future years, except for judges set at 3.4 percent in 2019 and 3.8 percent in 2020. AED is estimated at \$94.1 million total funds, including \$51.4 million General Fund. The AED increase is estimated to be \$4.3 million total funds, including \$2.6 million General Fund; a 4.8 percent increase in total funds and a 5.2 percent increase in General Fund.

SAED: Supplemental Amortization Equalization Disbursement is set at a statutory rate of 5.0 percent in 2017 and future years, except for judges set 3.4 percent in 2019 and 3.8 percent in 2020. SAED is estimated at \$93.9 million total funds, including \$51.2 million General Fund. The SAED increase is estimated to be \$4.3 million total funds, including \$2.6 million General Fund; a 4.8 percent increase in total funds and a 5.3 percent increase in General Fund.

SUMMARY OF ISSUES PRESENTED TO THE JOINT BUDGET COMMITTEE

STATEWIDE COMPENSATION CONCERNS AND COMPENSATION SPECIALIST: Departments continue to submit ad-hoc budget requests for increased funding to pay for salary increases for particular occupational classifications. The statewide Human Resources Director and the State Personnel Director believe state agencies have all the compensation tools they need to make adjustments internally and through the budget process, to better structure compensation on an ad hoc basis, and thus better address employee turnover and career ladder progression on a targeted basis. Staff has expressed concerns for several years that while some requests may be appropriately addressed at the department level, most requests address the single, statewide compensation problem of employees clustered at the bottom of the pay range with no opportunity for movement to the midpoint of the salary range. A third-party assessment from a contract compensation specialist might best identify and address structural and statewide compensation weaknesses or problems.

PERA DIRECT DISTRIBUTION COMMON POLICY: The November budget request includes a new, PERA Direct Distribution allocation to all departments through a compensation common policy which allocates \$56.5 million, including \$29.2 million to General Fund and \$27.3 million to cash and federal fund sources. While statute provides that OSPB "may include funding sources other than the general fund" in the budget request "For the purpose of allocating appropriate indirect, cash funded, or federal costs for the direct distribution", statute does not specify or expressly authorize the creation of a new compensation-related common policy in the form of an AED or SAED payment. Allocating the PERA legacy cost of the State – what is essentially a debt payment to improve PERA's unfunded liability – and which is not a current fiscal year staffing expense, is not an "appropriate" allocation of costs for the direct distribution.