Department of Local Affairs

Funding Request for the FY 2022-23 Budget Cycle

Request Title

R-01 Operational Staff Adjustment

Dept. Approval By: Scott Olene

OSPB Approval By: Meredith Moon Digitally signed by Meredith Moon Date: 2021.10.25 10:16:57 -06'00'

	Supplemental FY 2021-22
	Budget Amendment FY 2022-23
X	**Change Request FY 2022-23**

Summary Information	**Fund**	**FY 2021-22** Initial Appropriation	**FY 2021-22** Supplemental Request	**FY 2022-23** Base Request	**FY 2022-23** Change Request	**FY 2023-24** Continuation
Total of All Line Items Impacted by Change Request	**Total**	**$1,521,406**	**$0**	**$1,521,406**	**$274,395**	**$253,395**
	FTE	14.2	0.0	14.2	3.0	3.0
	GF	$0	$0	$0	$0	$0
	CF	$0	$0	$0	$0	$0
	RF	$1,521,406	$0	$1,521,406	$274,395	$253,395
	FF	$0	$0	$0	$0	$0

Line Item Information	**Fund**	**FY 2021-22** Initial Appropriation	**FY 2021-22** Supplemental Request	**FY 2022-23** Base Request	**FY 2022-23** Change Request	**FY 2023-24** Continuation
01. Executive Director's Office, (A) Executive Director's Office, (1) Executive Director's Office - Personal Services	**Total**	**$1,521,406**	**$0**	**$1,521,406**	**$274,395**	**$253,395**
	FTE	14.2	0.0	14.2	3.0	3.0
	GF	$0	$0	$0	$0	$0
	CF	$0	$0	$0	$0	$0
	RF	$1,521,406	$0	$1,521,406	$274,395	$253,395
	FF	$0	$0	$0	$0	$0

Auxiliary Data

Requires Legislation? NO

Type of Request? Local Affairs Prioritized Request

Interagency Approval or Related Schedule 13s: No Other Agency Impact

Department Priority: R-01
Request Detail: Operational Staff Adjustment

Summary of Funding Change for FY 2022-23			
		Incremental Change	
	FY 2021-22 Appropriation	FY 2022-23 Request	FY 2023-24 Request
Total Funds	$1,655,235	$274,395	$253,395
FTE	14.2	3.0	3.0
General Fund	$0	$0	$0
Cash Funds	$0	$0	$0
Reappropriated Funds	$1,655,235	$274,395	$253,395
Federal Funds	$0	$0	$0

Summary of Request

The Department of Local Affairs (DOLA) requests $274,395 reappropriated funds and 3.0 FTE to address ongoing and increasing workload in its Accounting and Financial Services and Human Resources sections of the Executive Director's Office (EDO). Over the past eight fiscal years (FY 2012-13 to FY 2019-20), DOLA's accounting transactions per fiscal year increased over 75% from 606,320 in FY 2013 to 1,064,857 in FY 2020. Over the same time period, the number of funds and sub-accounts required to administer DOLA's programs increased 34%, from 35 to 47 respectively. DOLA's annual contracts and purchase orders increased on average 4.5% each year over the past 8 years, doubled for FY 2019-20 and returned to average for FY 2020-21. This increase will likewise lead to an increase in accounting transactions. In addition to this increased financial activity, from FY 2013-14 through FY 2020-21, the department's program staff FTE has increased nearly 23% from 164.3 to 199.4. This growth in departmental programs and staff has come without any increases in appropriated FTE in the EDO to accommodate the additional accounting, contracting, and administrative workload. The requested staff will allow DOLA to process transactions, contracts, and purchase orders more quickly and accurately, resulting in disbursed payments to grantees, housing providers, and recipients in a more timely manner; will improve HR administration and position recruitment for DOLA staff and programs; and will result in successful program implementation and evaluation.

Current Program

The Department of Local Affairs (DOLA) is responsible for building community and local government capacity by providing training, technical, and financial assistance to localities for provision of public services. The DOLA Executive Director's Office (EDO) helps with these responsibilities by overseeing three divisions (Housing, Local Government, Property Taxation) as well as providing administrative support for the divisions in the areas of accounting, human resources, procurement, budget, performance planning, process improvement, and public information. EDO is responsible for administrative oversight of a $312 million annual budget, including $39 million GF for FY 2021-22 and nearly 230 permanent and temporary employees within DOLA.

The EDO's offices include: Executive Leadership, Accounting and Financial Services (AFS), Human Resources (HR), and Budget and Procurement (BP). Within the EDO's administrative responsibilities, the AFS is responsible for: (1) review and approval of accounting documents; (2) allocating and approving spending authority in the State's accounting system ("CORE") consistent with the Long Bill, special bills, and non-appropriated grants; (3) approving department payments to vendors, contractors, and employees; (4) ensuring department expenditures are consistent with state law, state fiscal rules, department policies, and generally accepted accounting principles; (5) conducting solicitations in conformance with Colorado procurement laws and rules; and (6) negotiating and issuing purchase orders, vendor agreements, interagency agreements, contracts, and contract amendments. EDO administration staff, including both Accounting and Financial Services and HR personnel, are currently funded by reappropriated indirect cost recoveries from DOLA's three divisions and the State Board of Assessment Appeals.

Problem or Opportunity

Funding for EDO administration costs has been relatively flat for the last eight years, only increasing as related to the annual salary survey, while EDO administration FTE have remained constant. Staff consist of 4.0 FTE in Executive Leadership, 7.0 FTE in AFS, 2.0 FTE in HR, and 1.2 FTE in the BP office.

EDO resources have not kept pace with inflation or programmatic growth in other parts of the DOLA budget. EDO staffing over time has become insufficient to manage the total workload of the increased number of accounting and procurement transactions, the complexity of the department's accounting and budget structure, and the growing number of programs and employees.

DOLA EDO Expenditure FY 2013-14 TO FY 2021-22

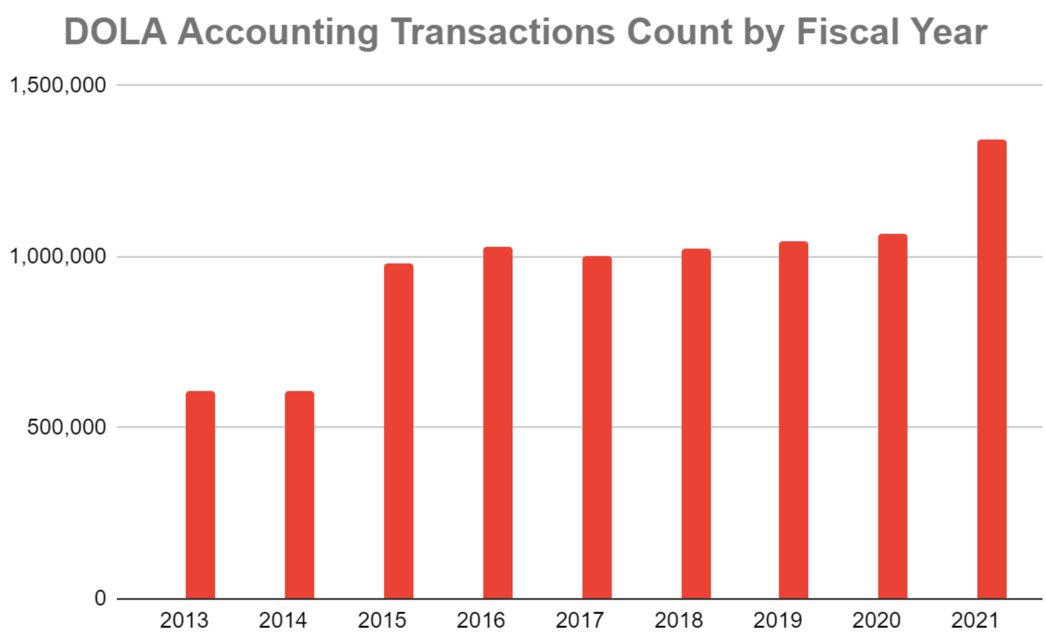
Fiscal Year	Total EDO FTE	EDO Personal Services $	EDO Operating Expenses $	Total EDO Funding $	Change $	Change %
FY 2021-22 (LB)	14.2	1,521,406	133,829	1,655,235		
FY 2020-21	14.2	1,521,406	133,829	1,655,235	42,118	2.61%
FY 2019-20	14.2	1,479,288	133,829	1,613,117	48,215	3.08%
FY 2018-19	14.2	1,432,014	132,888	1,564,902	49,033	3.23%
FY 2017-18	14.2	1,382,981	132,888	1,515,869	1,955	0.13%
FY 2016-17	14.2	1,381,026	132,888	1,513,914	28,391	1.91%
FY 2015-16	14.2	1,352,635	132,888	1,485,523	30,720	2.11%
FY 2014-15	14.2	1,310,153	144,650	1,454,803	40,902	2.89%
FY 2013-14	14.2	1,269,251	144,650	1,413,901	0	0.00%

FY 2021-22 Personal Services will increase 3.0% for the across-the-board pay increase.

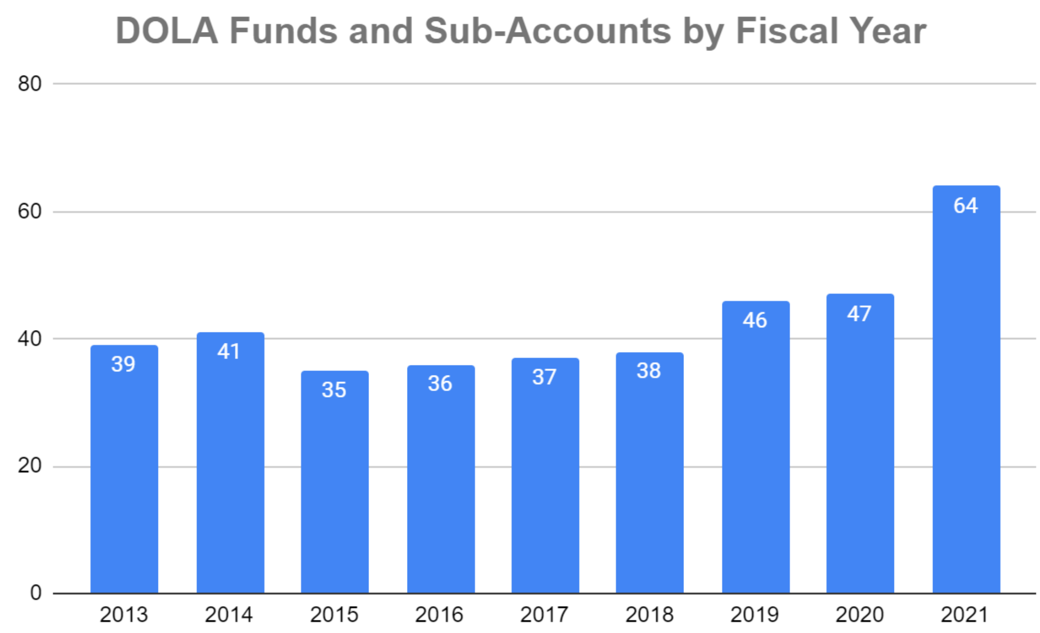
Increasing Workload for Accounting, Procurement, and Budget

Over the previous eight fiscal years, the number of staff allocated to AFS has remained constant. The total number of accounting transactions grew by over 75% from FY 2012-13 through FY 2019-20 while the number of required funds and sub accounts since implementation of CORE in FY 2012-13 through FY 2019-20 has increased by 8 (or more than a fifth) with additional programs and subprograms created through legislative action.

In addition to these increasing workload trends, the total number of accounting transactions and fund complexity is expected to continue to grow. Significant drivers of future growth in DOLA AFS and BP workload can be anticipated by the growth of housing and local government grant programs.



Year	Number of Transactions
2013	606,320
2014	607,350
2015	982,372
2016	1,031,454
2017	1,004,450
2018	1,023,501
2019	1,043,832
2020	1,064,857
2021	1,344,888



The State's accounting system (CORE) was implemented for FY 2014-15. This system requires more entry and more interrelated transactions than the previous system. Because more time is required to enter, review and approve transactions, there is more opportunity for errors needing correction. The budget structure and grant structures in CORE are very complex, contributing to errors that require regular manual corrections. This systemic complexity has increased the need for staff capacity in the AFS and BP offices.

Increasing Workload for Human Resources Office

During the 2013-2022 time period, the number of staff in the HR office has remained constant at 2.0 FTE while the department's number of classified employees, department employee turnover rate, temporary staff, term-limited positions, and personal services contracts have all increased. This has resulted in increased workload for the department's HR staff in coordinating position classification, recruitment and selection; administering new training, timekeeping and performance management systems; administering and record keeping for an increasing variety of leave; and training on HR requirements for supervisors and employees.

DOLA Employee Turnover FY 2013-14 TO FY 2021-22

Fiscal Year	Total FTE	DOLA Turnover Rate	State Turnover Rate
FY 2013-14	164.3	7.50%	10.40%
FY 2014-15	168.4	11.40%	11.70%
FY 2015-16	171.5	13.20%	11.80%
FY 2016-17	173.9	18.20%	14.40%
FY 2017-18	179.2	19.10%	14.70%
FY 2018-19	181.1	10.80%	15.50%
FY 2019-20	189.7	14.30%	13.90%
FY 2020-21	199.4		
FY 2021-22*	202.1		

*FY 2021-22 total FTE is from the Long Bill (S.B. 21-205) plus special bills; all other years' FTE is from the Annual JBC Appropriations Report. Turnover rate is from DPA's Annual Workforce Report.

Impacts of Increasing Accounting & Procurement Workload

The challenges with an increasing workload in the accounting and procurement offices have presented in various ways, including:

Audit Findings:

The increased workload burden on staff leaves DOLA more susceptible to negative audit findings. DOLA's most recent Financial and Single Audits for FY 2019-20 resulted in several findings requiring corrective action plans regarding internal controls and record-keeping related to federal funds. DOLA took immediate corrective action. However, given AFS understaffing, ensuring these controls continue in place and monitoring their adherence by program staff will be an increasing challenge, considering the expected programmatic growth.

Turnover Rates:

While turnover across the department has generally increased over the past eight years, the AFS and BP offices have had higher turnover rates than DOLA on average. Due to the pressures associated with increasing internal and external customer wait times for payments, contracts, transactions, reports and analysis, turnover is increasing among these staff. DOLA has broadened the availability of professional development opportunities to address this issue. Six of the nine staff that are represented by the 8.2 FTE of these two offices are newly in their positions since January 1, 2021, and three of these positions have been vacated twice in the past three years. Turnover in the department compounds the backlog of work in both offices and results in additional inefficiencies while new staff are being onboarded.

Impacts of Increasing Human Resources Workload

Wait times for assisting with position classification, recruitment, and selection for new positions and increasing amounts of turnover are frustrating for DOLA's administrators and program staff. The commencement of important DOLA projects, hiring staff to stand up and administer new programs, and personal services contract reviews are being delayed multiple weeks. As a result, the department must pay increasing amounts for HR overtime. Unfortunately, overtime does not alleviate displacement of position recruitment by the amount of time spent of coordinating, administrating, and reporting on all leave types; coordinating FMLA documentation and reporting; administering short term disability documentation, payroll coordination; and administering and providing FLSA oversight and training for supervisors and nonexempt staff.

Proposed Solution

DOLA requests an increase of 3.0 FTE (a 21% increase in staffing) to address workload issues, including: (1) a full-time housing program accountant; (2) a budget analyst, and a (3) an HR specialist position.

These positions will be funded from a variety of cash and federal sources with the greatest amount of these coming from federal vouchers and rental subsidies and community development/services grants; the local government severance and mineral impact cash funds; and then other lesser amounts from various cash funds. The requested Accountant II will be assigned to the increased work in the Division of Housing while the Human Resources Specialist III and Budget Analyst II will be allocated to reappropriated cash and federal funds in both Division of Local Government and Division of Housing. The other divisions and their cash funds will not fund the increase from this request.

Accountant II

To better address the increased workload associated with accounting transactions and fund complexity, DOLA requests 1.0 FTE as an Accountant II. This position will work with the assigned division and programs on a wide variety of accounting transactions. Work will include: (1) helping to set up appropriated and grant spending authority in CORE as well as providing review of CORE spending authority; (2) reviewing and approving payment transactions in CORE, which will include ensuring compliance with administrative procedures, fiscal rules, grant/contract provisions, and federal regulations; (3) reviewing fiscal aspects on contracts to ensure they follow proper fiscal rules and procedures; (4) maintaining and reconciling financial records for assigned programs/divisions to ensure accuracy and completeness of account balances, revenue entries, and contract encumbrances; and (5) maintaining and reconciling financial records. Because some of these tasks only occur during fiscal year open and close, a significant portion of this position's time will be spent specifically on payment transactions.

Budget Analyst II

To better understand and evaluate DOLA operations, programs and outcomes, DOLA requests 1.0 FTE as a Budget Analyst II. This position will work with the Executive Leadership team to: (1) perform departmental and program budget and operations analysis and administration; (2) conduct program outcome research and evaluation; (3) provide fiscal and policy analysis; (4) develop program evaluation capacity, promote process consistency throughout the department, and provide related training and evaluation assistance to division program managers; (5) assist with procurement processes; and (6) collaborate with the Office of State Planning and Budgeting and other department staff in evaluating and developing evidence-based policy.

Human Resources Specialist III

To better address the increased workload associated with the nearly 23% increase in the number of staff over the past eight years, DOLA requests 1.0 FTE as a Human Resources Specialist III. This position will work with the HR Director and existing HR Specialist by: (1) coordinating, administrating, and reporting on all leave types and managing the annual leave bank; (2) coordinating FMLA documentation and reporting; (3) administering short term disability documentation, and payroll coordination; (4) administering and providing staff training for new training, timekeeping, and performance management systems; (5) assisting with position classification, recruitment, and selection; and (6) administering and providing FLSA oversight and training for supervisors and nonexempt staff.

Theory of Change	DOLA will have strong internal controls and financial recordkeeping, maintain high grantee and employee satisfaction, and properly support program objectives with adequate operational staff.
Program Objective	Ensure that DOLA can process a wide variety and increased number of transactions, contracts, and purchase orders more quickly and accurately in order to disburse payments to grantees, housing providers, and recipients in a more timely manner; provide more responsive HR administration and position recruitment for DOLA staff and programs; and allow for the variety of important projects and programs assigned to the department to be more quickly and successfully implemented and evaluated.
Outputs being measured	● Number of payments processed; ● average time to process payments; ● number of statutory violations; ● number of applications processed; and ● number of HR complaints resolved.
Outcomes being measured	● Financial audits with no findings by auditor (percent decrease); ● reduction of statutory findings to historical average; ● improved employee satisfaction; and ● increased average employee tenure.
Cost/Benefit ratio	N/A

Evaluations	Pre-Post	Quasi-Experimental Design	Randomized Control Trial
Results of Evaluation	Turnover rates higher than state average		
Continuum Level	Step 3		

The department has increasingly made use of temporary services to assist with administrative HR tasks. Currently, improved time keeping, leave monitoring, and performance management systems are being developed. Due to the growing number and complexity of programs and associated accounting, the department has specialized labor by assigning accountants to specific department programs. Temporary services have also been used to assist with accounting tasks.

Anticipated Outcomes

The addition of 3.0 FTE will contribute to an increase in overall productivity in both the AFS and HR offices. Specifically, DOLA anticipates reductions in turnover will provide better customer service in terms of shorter wait times for contractors and vendors being paid. Further, all of the department's individual and community financial assistance programs will be able to contract and expend funds more quickly and accurately.

Additional staff capacity will allow the AFS and BP offices to serve a more proactive role in developing and implementing various policies and procedures; increase capacity for contract and expense processing; improve monitoring and evaluation; and prevent negative audit findings (violations of fiscal rules and procedures).

Assumptions and Calculations

Funding for the 3.0 FTE in this request is an estimated ongoing cost of $241,262. This assumes the minimum salary range for one Accountant II position, one Budget Analyst II position, and one Human Resources Specialist III position. The total amount of operating expenses in FY 2022-23 is $23,850, including standard assumptions about the cost of a computer, desk, and chair in the first year. Operating expenses annualize to a lesser amount of $2,850 in FY 2023-24 and beyond. All expenses from this decision item will be paid using indirect cost recoveries on cash and federal revenue sources within the Department.

FTE Calculations

Department of Local Affairs

Funding Request for the FY 2022-23 Budget Cycle

Request Title

R-02 Mobile Home Park Oversight Program Capacity Increase

Dept. Approval By: Scott Olene

OSPB Approval By: Meredith Moon Digitally signed by Meredith Moon Date: 2021.10.25 10:17:13 -06'00'

	Supplemental FY 2021-22
	Budget Amendment FY 2022-23
X	**Change Request FY 2022-23**

Summary Information	**Fund**	**FY 2021-22** Initial Appropriation	**FY 2021-22** Supplemental Request	**FY 2022-23** Base Request	**FY 2022-23** Change Request	**FY 2023-24** Continuation
Total of All Line Items Impacted by Change Request	**Total**	**$505,540**	**$0**	**$505,540**	**$187,438**	**$173,438**
	FTE	4.8	0.0	4.8	2.0	2.0
	GF	$0	$0	$0	$0	$0
	CF	$505,540	$0	$505,540	$187,438	$173,438
	RF	$0	$0	$0	$0	$0
	FF	$0	$0	$0	$0	$0

Line Item Information	**Fund**	**FY 2021-22** Initial Appropriation	**FY 2021-22** Supplemental Request	**FY 2022-23** Base Request	**FY 2022-23** Change Request	**FY 2023-24** Continuation
03. Division of Housing, (B) Field Services, (1) Field Services - Mobile Home Park Act Oversight	**Total**	**$505,540**	**$0**	**$505,540**	**$187,438**	**$173,438**
	FTE	4.8	0.0	4.8	2.0	2.0
	GF	$0	$0	$0	$0	$0
	CF	$505,540	$0	$505,540	$187,438	$173,438
	RF	$0	$0	$0	$0	$0
	FF	$0	$0	$0	$0	$0

Auxiliary Data			
Requires Legislation?	NO		
Type of Request?	Local Affairs Prioritized Request	**Interagency Approval or Related Schedule 13s:**	No Other Agency Impact

Department Priority: R-02
Request Detail: Mobile Home Park Oversight Program Capacity Increase

Summary of Funding Change for FY 2022-23			
		Incremental Change	
	FY 2021-22 Appropriation	FY 2022-23 Request	FY 2023-24 Request
Total Funds	$505,540 (I)	$187,438	$173,438
FTE	4.3	2.0	2.0
General Fund	$0	$0	$0
Cash Funds	$505,540	$187,438	$173,438
Reappropriated Funds	$0	$0	$0
Federal Funds	$0	$0	$0

Summary of Request

The Department of Local Affairs (DOLA) Division of Housing's Mobile Home Park Oversight Program (MHPOP), created in 2019, requests $187,438 cash fund spending authority (37% increase) and 2.0 additional FTE to perform ongoing administrative and technical support work related to the annual registration of over 720 mobile home parks and address mobile home owner complaints. MHPOP is cash-funded and the cost of the added FTE will be covered by registration fees collected by the program. DOLA anticipates that the resultant revenues will remain sufficient to operate the program with these additional staff. The requested staff will allow DOLA to address registrations, complaints, and program violations in a timely manner.

Current Program

On May 23, 2019, Governor Jared Polis signed H.B. 19-1309, Mobile Home Park Act Oversight, into law. H.B. 19-1309 was the result of a 2018 Sunrise Review conducted by the Department of Regulatory Agencies (DORA), which found that: "Clearly, harm is occurring in manufactured housing communities...The harm largely stems from the lack of enforcement of existing laws, bad actors exploiting a relatively loose regulatory structure, and the inevitable tension that arises when the house belongs to one person but the land beneath it belongs to someone else." H.B. 19-1309 assigned the Division of Housing (DOH) oversight of the Mobile Home Park Act and Mobile Home Park Dispute Resolution and Enforcement Program. The program allows mobile home owners, park owners, and park managers to file complaints for dispute resolution through the DOH, instead of taking issues to court, which can be costly.

H.B. 19-1309 allocated 2.0 FTE for the program in FY 2019-20, and 2.3 additional FTE in FY 2020-21. Colorado's program currently has 4.3 FTE that handle complaints, annual registrations, and oversight of the opportunity-to-purchase law. A similar mobile home park dispute resolution program in Washington State has four FTE that work on complaints only, while a different state agency handles registrations. Colorado's program staff are also responsible for drafting, sending, and enforcing written determinations, notices of violation, and penalty assessments; tasks that are handled by a separate attorney for Washington's program.

The program, now known as MHPOP, is responsible for:

- enforcing the provisions of the act and program;
- registering all mobile home parks (MHPs) and renewing park registrations annually;
- operating a statewide toll-free telephone number for responding to inquiries;
- making and distributing educational materials on the act and program, in English and Spanish;
- producing a homeowner notice that summarizes residents' rights and responsibilities, and ensuring landlords post and share the notice with homeowners annually;
- providing an equitable, less costly, and more efficient way for homeowners and MHP landlords to resolve disputes arising from violations of the act or program;
- receiving complaints and performing dispute resolution activities, including investigating, negotiating, determining violations, and imposing penalties;
- promulgating rules to implement and clarify the act and program;
- creating and maintaining a database of park registrations and complaints;

- receiving and reviewing notices of proposed park sales and changes in use;
- receiving and reviewing affidavit forms after park sales for compliance with the act's homeowner opportunity to purchase provisions; and
- preparing and distributing an annual report that includes the results of an annual constituent survey conducted by an independent contractor.

The program serves the residents of over 47,077 tenant-owned mobile homes and the owners and managers of over 720 registered parks statewide. When writing the original fiscal note in April 2019, DOH data suggested that there would be about 34,320 owner occupied mobile homes and 878 open parks throughout the state. The number of mobile home homeowners (i.e. potential customers of the complaint program) has turned out to be 37% higher than originally estimated.

To date, MHPOP has received 226 complaints from tenants and landlords and opened an additional 176 cases related to late registration or failure of a landlord to post the required homeowner notices. MHPOP's December 2020 Program Report summarizes the program's accomplishments in Calendar Year (CY) and is available on DOH's website. In CY 2020, MHPOP prevented nine eviction hearings by helping homeowners and landlords reach alternative solutions, including withdrawing improper Notices to Quit, submitting outstanding rent, and negotiating additional time for residents to move.

Problem or Opportunity

H.B. 19-1309 created a staggered timeline for implementing and staffing the new registration and complaint programs. The initial deadline for DOH to register all existing MHPs was February 1, 2020, and the start date for DOH to begin receiving complaints was May 1, 2020. H.B. 19-1309 allocated 2.0 FTE for FY 2019-20, when the new program was being built and DOH began receiving registrations and complaints, and an additional 2.3 FTE in FY 2020-21.

Early on, DOH learned that MHP registration would take more time and effort than initially anticipated. In CY 2020, over 500 initial registrations were submitted on paper instead of electronically, which required program staff and temporary workers to manually enter the registration information and payments into MHPOP's online database. In addition, about 130 registration forms were incomplete or required follow up from staff to clarify the information provided.

Since 2020, the program's responsibilities have been growing, rather than shrinking. On June 30, 2020, two additional bills were passed to amend the act: H.B. 20-1196, Mobile Home Park Act Updates, and H.B. 20-1201, Mobile Home Park Residents Opportunity To Purchase. In particular, H.B. 20-1201 gives tenant mobile home owners greater advance notice if their landlord intends to change the use of the land comprising the mobile home park or sell the park, as well as a 90-day period to make an offer-to-purchase the park from the landlord.

While the fiscal notes for both bills indicated the impacts of the legislation on MHPOP would be minimal, unfortunately that has not turned out to be the case, particularly with respect to H.B. 20-1201. Over the last year, over 60 mobile home parks have gone up for sale or been sold and DOH has seen a significant increase in inquiries, correspondence, and complaints related to park sales and opportunity-to-purchase.

During the first 12 months of complaints, many customers experienced long wait times between the date a complaint or response was submitted, and the date of the next DOH action on a case. These wait times were due to a number of factors (staggered implementation timeline, large number of paper registrations, IT challenges), and have led to frustration among customers. If MHPOP is not able to resolve complaints in a timely manner, mobile home homeowners face the risk of financial loss (for example, from improper fees or maintenance costs from landlords) or eviction. Eviction judgments can be particularly damaging to mobile home homeowners, because "[m]oving mobile homes is costly and it is challenging to find an alternative mobile home park with vacancies willing to accept a mobile home. . . A mobile home owner may be forced to sell their home for an unreasonably low price due to the abbreviated timeline to move it or the inability to do so [resulting in] needless loss of property or equity" (H.B. 19-1309).

DOH brought on two full-time temporary workers starting in February 2020 to help process registrations, increasing this number to 2.5 temporary workers for registration year 2021. Program staff also made several improvements after the initial registration deadline to speed up the registration process in 2021 and beyond, including:

- providing more technical assistance to help landlords register online, including a step-by-step guide with pictures and a recorded webinar on park registration;
- creating new fillable forms for landlords to provide the required physical addresses and information on lots and homes;
- clarifying the definitions of "occupied" and "vacant" mobile homes as they relate to the registration through administrative rulemaking; and
- collecting contact information for both owners and managers, and clarifying who should be the primary contact for a park's registration.

These efforts resulted in a significant increase in the number of online registrations and reduction in paper forms in 2021. However, the improvements did not eliminate the need for additional temporary or temporary staff help. For instance, MHPOP still has about 140 incomplete and late registrations. Since roughly November 2020, MHPOP has had 2.5 temporary workers helping the program with registration and office management tasks, including:

- checking addresses and preparing mailings to 992 addresses with annual registration and homeowner notice information;
- processing hundreds of paper and online registration and renewal forms;

- following up with about 12 percent of parks regarding incomplete forms or payments;
- reviewing and counting mobile home address lists from over 700 mobile home parks that submitted their 2021 registration or renewal forms, to ensure the address lists matched the numbers submitted on the park's registration form;
- individually downloading over 720 lists of physical addresses of tenant-owned mobile homes for MHPOP's annual constituent survey; and
- preparing and sending penalty assessment letters to 19 percent of parks for late registrations.

Adding 2.0 FTE for registrations will allow MHPOP's existing staff to catch up on the current complaint backlog and process new complaints more quickly. The additional FTE will replace the current temporary staff and reduce MHPOP's need for temporary workers to one seasonal temporary worker for data entry of paper registration forms.

Proposed Solution

The department requests an increase of $187,438 cash fund spending authority in FY 2022-2023, and additional $173,438 cash fund spending authority in FY 2023-2024 and subsequent fiscal years for 2.0 FTE at the Administrator III level to administer the MHPOP.

Since early 2020, the division has relied on two to 2.5 temporary staff to send, process and review annual park registrations. Adding 2.0 FTE to the program will help cover the program's workload and reduce or eliminate the use of temporary workers. The change will improve customer service, help keep people housed, and promote mobile home parks as affordable housing.

The program's performance management plan for FY 2021-22 includes goals to reduce the backlog of complaints that are more than one-year old by 75% and resolve all outstanding registration issues carried over from the last performance year. Performance plans for FY 2022-23 and FY 2023-24 will gradually scale up these goals to increase program outputs, for example, by resolving 85% of complaints more than a year old and resolving all outstanding registration issues in the first six months of the registration year.

Where the solution falls on the evidence-continuum once the evaluation is complete
DOH will be at Step 3: Assess Outcomes on the evidence continuum at the end of FY 2022-23. MHPOP will have enough information and experience to measure whether four FTE assigned to dispute resolution and enforcement and two FTE assigned to park registration is adequate to prevent significant registration or complaint backlogs and is meeting the needs of customers. DOH recently received the draft results from the program's first annual constituent survey conducted by an independent contractor. The survey asks mobile home homeowners, park landlords, and other stakeholders questions related to their awareness of the annual registration requirement, the availability of the complaint program, and their satisfaction with MHPOP. DOH can use the results from the program's FY 2020-21, FY 2021-22, and FY 2022-23 constituent surveys to access outcomes from the intervention.

The Program Manager will evaluate the success/failure of adding two FTE to MHPOP based on the number of months it takes for MHPOP to approve all complete registrations and resolve all late and incomplete registration issues for each calendar year and the percentage of open complaints that are more than one year old resolved by MHPOP each fiscal year. The solution will be successful if MHPOP sees a reduction in the first criterion and an increase in the second criterion in FY 2022-23 and FY 2023-24. No additional budget is needed for evaluation. The program will be tracking the above criteria in connection with MHPOP's annual report.

Theory of Change	An adequately resourced MHPOP will relieve the administrative and financial burden of mobile home homeowners by resolving conflicts with mobile home park owners and providing resources for better ownership and movement between mobile home parks.		
Program Objective	Register all mobile home parks annually and provide an effective alternative for resolving disputes between mobile home homeowners and park landlords other than going to court. Reduce the time it takes for the program to approve annual registrations, resolve registration issues, and close customer complaints.		
Outputs being measured	• The number of constituents contacted by the division in regard to the program, • the number of program complaints resolved each year by the division, and • the number of park registrations completed each year by the division.		
Outcomes being measured	• Close all registrations and registration issues in eight months or less each year; • close more than 80% of cases that are more than one year old each fiscal year; and • decrease the amount of evictions annually.		
Cost/Benefit ratio	N/A		
Evaluations	Pre-Post	Quasi-Experimental Design	Randomized Control Trial
Results of Evaluation	MHPOP did not resolve all outstanding 2020 registration issues before January 1, 2021. MHPOP only fully closed a small number of complaint cases submitted in CY 2020.	N/A	N/A
Continuum Level	Step 3		

If the program's request for additional staff is not approved, registered landlords, complaints, and respondents may become increasingly frustrated with the program. Additionally, low priority complaints will be further deprioritized, and may become moot before they can be resolved by the program. This could lead mobile home owners to needlessly lose their homes as a result of unnecessary or unlawful evictions. Some mobile home owners will be left with evictions on their records or a lack of access to affordable housing.

As an alternative to increasing staffing for the program, the program could instead reduce the numbers of:

- public inquiries that program staff respond to;
- educational materials MHPOP creates, or public meetings MHPOP hosts or attends;
- times MHPOP sends reminders to registered landlords before imposing penalties;
- times MHPOP communicates with or accepts additional information from complaint parties; and/or
- complaints investigated by or negotiations facilitated by the program each year.

MHPOP has made some reductions to all of the items above, to account for the program's existing staff and workload. However, more severe versions of the options above - like only responding to calls from registered landlords, complainants, or respondents; imposing penalties on landlords for late registration without any reminders; or prohibiting complaint parties from submitting any additional information after a complaint is filed - will further compromise the effectiveness of the program and its benefits to Coloradans.

Anticipated Outcomes

The division will hire 2.0 FTE at the Administrator III level to provide technical support for annual mobile home park registrations and registration issues. The additional FTE will reduce the Division's need to bring on new temporary staff for the program each registration cycle. The proposed solution is the best possible alternative for better serving mobile home park residents and building trust in a relatively new regulatory program. DOH will evaluate the success of the solution by measuring whether the program comes close to, meets, or exceeds the Program Manager's performance goals around reducing the backlog of complaints that are more than one-year old, and resolving all registration submissions and outstanding registration issues more quickly each year.

Assumptions and Calculations

This request assumes 2.0 FTE for Administrator III's at the base minimum salary of the range with associated common policies costs and operating resources equivalent to $164,473 in FY 2022-23 and $150,473 in FY 2023-24.

MHPOP Projected Annual Fund Balance

		Fiscal Note	Actual	Estimated	Appropriation	Request	Projection
Variables/Measures		FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
# of Mobile Home Parks/Registrations		878 est	720	720	720	720	720
# of Tenant-Owned Mobile Homes		34,320	47,077	47,077	47,077	47,077	47,077
Fee / Mobile Home		$24.00	$24.00	$24.00	$24.00	$22.00	$22.00
Ending Fund Balance		-	$818,314	$1,112,760	$1,318,513	$1,294,503	$1,279,620
Est Fee Revenue		$823,680	$1,094,077	$1,129,848	$1,129,848	$1,035,694	$1,035,694

*H.B. 19-1329 fiscal note estimates

The revenue projections in the table above of $1,129,848 for FY 2022-23 is based on the registration fees to be collected from 47,077 tenant-owned mobile homes. The registration fees are projected to be sufficient to fund the increased costs of the 2.0 FTE (see Cash Flow exhibit).

Cash Flow/Schedule 9 for Fund MHPA (cells A1 to J64, pdf landscape exhibit)

FTE Calculations

Department of Local Affairs

Funding Request for the FY 2022-23 Budget Cycle

Request Title

R-03 Gray and Black Marijuana Program Adjustment

Dept. Approval By: Scott Olene

OSPB Approval By: Meredith Moon Digitally signed by Meredith Moon Date: 2021.10.25 10:17:31 -06'00'

	Supplemental FY 2021-22
	Budget Amendment FY 2022-23
X	**Change Request FY 2022-23**

Summary Information	Fund	FY 2021-22 Initial Appropriation	FY 2021-22 Supplemental Request	FY 2022-23 Base Request	FY 2022-23 Change Request	FY 2023-24 Continuation
	Total	**$950,673**	**$0**	**$5,950,673**	**($5,000,000)**	**($5,000,000)**
	FTE	2.5	0.0	2.5	0.0	0.0
Total of All Line Items Impacted by Change Request	GF	$0	$0	$0	$0	$0
	CF	$950,673	$0	$5,950,673	($5,000,000)	($5,000,000)
	RF	$0	$0	$0	$0	$0
	FF	$0	$0	$0	$0	$0

Line Item Information	Fund	FY 2021-22 Initial Appropriation	FY 2021-22 Supplemental Request	FY 2022-23 Base Request	FY 2022-23 Change Request	FY 2023-24 Continuation
	Total	**$950,673**	**$0**	**$5,950,673**	**($5,000,000)**	**($5,000,000)**
	FTE	2.5	0.0	2.5	0.0	0.0
04. Division of Local Government, (B) Field Services, (1) Field Services - Gray and Black Market Marijuana Enforcement Grants	GF	$0	$0	$0	$0	$0
	CF	$950,673	$0	$5,950,673	($5,000,000)	($5,000,000)
	RF	$0	$0	$0	$0	$0
	FF	$0	$0	$0	$0	$0

Auxiliary Data

Requires Legislation?	NO		
Type of Request?	Local Affairs Prioritized Request	**Interagency Approval or Related Schedule 13s:**	No Other Agency Impact

Department of Local Affairs

FY 2022-23 Funding Request

November 1, 2021

Jared Polis
Governor
Rick Garcia
Executive Director

Department Priority: R-03
Request Detail: Gray and Black Marijuana Program Adjustment

Summary of Funding Change for FY 2022-23			
		Incremental Change	
	FY 2021-22 Appropriation	FY 2022-23 Request	FY 2023-24 Request
Total Funds	($5,000,000)	($5,000,000)	($5,000,000)
FTE	0.0	0.0	0.0
General Fund	$0	$0	$0
Cash Funds	($5,000,000)	($5,000,000)	($5,000,000)
Reappropriated Funds	$0	$0	$0
Federal Funds	$0	$0	$0

Summary of Request

The Gray and Black Market Marijuana grant program was established by H.B. 17-1221 to provide funds to local governments to enforce and prosecute illegal marijuana activities. Program participation was slow to start, and in response the department changed the program model from a grant application and reimbursement model to a formula-based, opt-in distribution model. While the new model has been more successful at distributing grant dollars, it is not clear whether these dollars are efficiently targeting areas of the state with the greatest needs or investing to make the greatest impact on enforcement and prosecution activities. The department has established metrics to determine whether the new model is effectively reducing illegal marijuana activities.

The department requests a three-year reduction of $5,000,000 per year to the Gray and Black Market Marijuana Enforcement Grant Program (“Gray and Black Grant Program”) line item in FY 2022-23. The proposed reduction includes continued data collection to establish the effectiveness of the program.

Current Program

Pursuant to H.B. 17-1221, the department's Division of Local Government (DLG) awards Gray and Black Grant Program funds to recipients according to the following priorities:

- To assist local governments in rural areas with limited law enforcement resources to address illegal, unlicensed marijuana cultivation or distribution operations;
- to support local law enforcement agencies and district attorneys in investigating and prosecuting large-scale unlicensed marijuana cultivation or distribution operations;
- to provide necessary financial assistance to local law enforcement agencies and district attorneys in the investigation and prosecution of organized crime involved in unlicensed marijuana cultivation or distribution operations; and
- to provide necessary financial assistance to local law enforcement agencies and district attorneys in the investigation and prosecution of unlicensed marijuana cultivation or distribution operations that divert marijuana outside of Colorado.

The inaugural appropriation in FY 2017-18 provided $5.8 million to the department for the grant program. In FY 2017-18, after extensive outreach and stakeholder engagement, only $1.6 million in grant funding was requested and awarded, representing 32 applications out of a possible 334 eligible entities. Pursuant to Section 24-32-119(2), C.R.S., each appropriation of nearly $6 million provided to the Gray and Black Grant Program remains available for two fiscal years, after which the dollars are returned to the Marijuana Tax Cash Fund (MTCF).

In FY 2018-19, the Gray and Black Grant Program received an additional $5.9 million for grants and rolled forward $5.1 million in grant funds from the year prior. In FY 2019-20, the program rolled forward $5.8 million in unused funds and was appropriated an additional $5.9 million in the Long Bill.

Considering the large amount of funding available for distribution and the low level of demand, the department worked with the State Controller's Office in FY 2018-19 to change the method of financial assistance from a reimbursement model to a formula-based distribution model, similar to that utilized by the Conservation Trust Fund program. Under the new model, local governments interested in receiving funds from the Gray and Black Grant Program opt-in to receive funding, and then later provide the department with information on how the funding was utilized for investigation and prosecution.

In FY 2018-19, 46 eligible entities opted-in under the new formula model, and by June 30, 2019, $3,306,663 was expended by recipients, while $809,075 was returned to the MTCF. For the July FY 2019-20 application cycle, 38 communities received $5,809,197. An additional 34 communities were awarded $5,863,501 for the December FY 2019-20 application cycle and $348,595 was returned to the MTCF. The department awarded $777,216 during the FY 2020-21 application cycle after the annual appropriation was reduced to $950,673. With a continued reduced allocation, the department expects to provide $903,140 in awards to communities for the 2021-22 program cycle.

Problem or Opportunity

The department is annually appropriated nearly $6 million in cash funds from the MTCF to support the Gray and Black Grant Program. However, demand for these dollars has not been as robust as the department and the General Assembly expected when H.B. 17-1221 was signed into law. Figures to date include:

- In FY 2017-18, $5,849,112 was appropriated for program grants but only $708,395 of grant funding was awarded and ultimately spent.
- In FY 2018-19, the program rolled forward $5,140,717 in unused funds, and was appropriated an additional $5,940,151. Under a new funding formula, $3,306,663 was awarded and spent, and $809,075 was returned to the MTCF.
- In FY 2019-20, the program rolled forward $5,858,965 in unused funds and was appropriated an additional $5,944,365 for a total appropriation of $11,803,330. Grant disbursements in FY 2019-20 totaled $11,330,589 with $155,603 spent on program administration and overhead. The remaining $291,317 was rolled-forward into FY 2020-21.
- In FY 2020-21, the Gray and Black Grant Program was appropriated $950,673 from the MTCF. This was the result of a one-time $4 million reduction submitted as part of the department's FY 2020-21 budget request and an additional $1 million reduction consequent to a Long Bill amendment. The total awarded was $777,216 for 27 communities in this cycle. At the end of this fiscal year, $625,560 was returned to the MTCF.
- In FY 2021-22, the Gray and Black Grant Program was appropriated $950,673 from the MTCF as a result of a $4 million continued reduction request and an additional $1 million reduction consequent to a Long Bill amendment. The program is expected to award $903,140 in grants this cycle.

Under the new formula-based distribution model, FY 2019-20 was the first year that the entire amount of available funding was disbursed to counties that opted-in for grants. At the close of FY 2020-21, the department determined that $348,595 was returned to the MTCF from the FY 2019-20 appropriation.

Proposed Solution

The department requests a three-year reduction to the Gray and Black Grant Program of $5,000,000 cash funds provided by the MTCF per year. The adoption of H.B. 17-1221 created a new grant program and demand for these types of enforcement grants was relatively unknown. As mentioned previously, FY 2019-20 was the first year that all available grant funding was disbursed to interested local governments. The three-year reduction is proposed to alleviate the state's increasing budget pressure with funding needed for the department's other grant programs. The program will begin to gather evidence of the program's effectiveness starting in the 2021-22 cycle. At the end of the reduction period, the department will examine that data to determine whether this program is an appropriate solution to the loss of marijuana tax revenue.

Theory of Change	The Gray & Black Marijuana Grant Program will prevent the loss of marijuana tax revenue due to illegal residential marijuana growth by providing resources to local law enforcement agencies to investigate illegal marijuana growth.		
Program Objective	To find and prevent further activity of illegal residential marijuana growing.		
Outputs being measured	• Number of formula grants awarded to local governments, and • number of law enforcement agencies assisted.		
Outcomes being measured	• Reduced illegal marijuana growth in the state, and • decreased loss of marijuana sales tax revenue.		
Cost/Benefit ratio	N/A		
Evaluations	Pre-Post	Quasi-Experimental Design	Randomized Control Trial
Results of Evaluation	N/A	N/A	N/A
Continuum Level	Step 1		

Anticipated Outcomes

It is anticipated that funding will continue to be made available to interested law enforcement agencies with this proposed three-year reduction. The proposed reduction will also make $15,000,000 in MTCF revenue available to address other critical needs or programs in the state's operating budget.

Assumptions and Calculations

The department's reduction proposal assumes maintaining all current support operations and reducing available grant dollars by $5,000,000 in cash funds provided by the MTCF per year for the next 3 fiscal years. At the end of the 3 years when there is comparative performance data for the program, DOLA will determine whether it is appropriate to resolve back to the base funding amount.