Schedule 13

Department of Personnel & Administration

Funding Request for The FY 2020-21 Budget Cycle

Request Title

NP-01 Annual Fleet Vehicle Request

Dept. Approval By: [signature]

OSPB Approval By: [signature]

____	Supplemental FY 2019-20
____	Budget Amendment FY 2020-21
X	Change Request FY 2020-21

Summary Information	Fund	FY 2019-20 Initial Appropriation	FY 2019-20 Supplemental Request	FY 2020-21 Base Request	FY 2020-21 Change Request	FY 2021-22 Continuation
Total of All Line Items Impacted by Change Request	Total	$256,499	$0	$256,499	($10,345)	$0
	FTE	0.0	0.0	0.0	0.0	0.0
	GF	$0	$0	$0	$0	$0
	CF	$2,480	$0	$2,480	($2,480)	$0
	RF	$254,019	$0	$254,019	($7,865)	$0
	FF	$0	$0	$0	$0	$0

Line Item Information	Fund	FY 2019-20 Initial Appropriation	FY 2019-20 Supplemental Request	FY 2020-21 Base Request	FY 2020-21 Change Request	FY 2021-22 Continuation
01. Executive Director's Office, (A) Department Administration, (1) Department Administration - Vehicle Lease Payments	Total	$256,499	$0	$256,499	($10,345)	$0
	FTE	0.0	0.0	0.0	0.0	0.0
	GF	$0	$0	$0	$0	$0
	CF	$2,480	$0	$2,480	($2,480)	$0
	RF	$254,019	$0	$254,019	($7,865)	$0
	FF	$0	$0	$0	$0	$0

Auxiliary Data

Requires Legislation? NO

Type of Request? Department of Personnel & Administration Non-Prioritized Request

Interagency Approval or Related Schedule 13s: Impacts DPA

Schedule 13

Department of Personnel & Administration

Funding Request for The FY 2020-21 Budget Cycle

Request Title

NP-02 OIT FY21 Budget Request Package

Dept. Approval By:			**Supplemental FY 2019-20**
OSPB Approval By:			**Budget Amendment FY 2020-21**
		X	**Change Request FY 2020-21**

Summary Information	Fund	FY 2019-20 Initial Appropriation	FY 2019-20 Supplemental Request	FY 2020-21 Base Request	FY 2020-21 Change Request	FY 2021-22 Continuation
Total of All Line Items Impacted by Change Request	**Total**	**$5,415,057**	**$0**	**$6,148,020**	**$27,578**	**$46,887**
	FTE	0.0	0.0	0.0	0.0	0.0
	GF	$1,491,878	$0	$1,704,501	$7,647	$13,001
	CF	$509,173	$0	$576,332	$2,585	$4,397
	RF	$3,414,006	$0	$3,867,187	$17,346	$29,489
	FF	$0	$0	$0	$0	$0

Line Item Information	Fund	FY 2019-20 Initial Appropriation	FY 2019-20 Supplemental Request	FY 2020-21 Base Request	FY 2020-21 Change Request	FY 2021-22 Continuation
01. Executive Director's Office, (A) Department Administration, (1) Department Administration - Payments to OIT	**Total**	**$5,415,057**	**$0**	**$6,148,020**	**$27,578**	**$46,887**
	FTE	0.0	0.0	0.0	0.0	0.0
	GF	$1,491,878	$0	$1,704,501	$7,647	$13,001
	CF	$509,173	$0	$576,332	$2,585	$4,397
	RF	$3,414,006	$0	$3,867,187	$17,346	$29,489
	FF	$0	$0	$0	$0	$0

Auxiliary Data

Requires Legislation?	NO		
Type of Request?	Department of Personnel & Administration Non-Prioritized Request	**Interagency Approval or Related Schedule 13s:**	Requires OIT Approval

Schedule 13

Department of Personnel & Administration

Funding Request for The FY 2020-21 Budget Cycle

Request Title

NP-03 Creation of a Contract Management Office

Dept. Approval By:			**Supplemental FY 2019-20**
OSPB Approval By:			**Budget Amendment FY 2020-21**
		X	**Change Request FY 2020-21**

Summary Information	**Fund**	**FY 2019-20** Initial Appropriation	**FY 2019-20** Supplemental Request	**FY 2020-21** Base Request	**FY 2020-21** Change Request	**FY 2021-22** Continuation
Total of All Line Items Impacted by Change Request	**Total**	**$22,032,820**	**$0**	**$22,051,510**	**$3,361**	**$0**
	FTE	0.0	0.0	0.0	0.0	0.0
	GF	$0	$0	$0	$0	$0
	CF	$0	$0	$0	$0	$0
	RF	$22,032,820	$0	$22,051,510	$3,361	$0
	FF	$0	$0	$0	$0	$0

Line Item Information	**Fund**	**FY 2019-20** Initial Appropriation	**FY 2019-20** Supplemental Request	**FY 2020-21** Base Request	**FY 2020-21** Change Request	**FY 2021-22** Continuation
07. Division of Capital Assets, (C) Fleet Management Program and Motor Pool Services, (1) Fleet Management Program and Motor Pool Services - Vehicle Replacement Lease/Purchase	**Total**	**$22,032,820**	**$0**	**$22,051,510**	**$3,361**	**$0**
	FTE	0.0	0.0	0.0	0.0	0.0
	GF	$0	$0	$0	$0	$0
	CF	$0	$0	$0	$0	$0
	RF	$22,032,820	$0	$22,051,510	$3,361	$0
	FF	$0	$0	$0	$0	$0

Auxiliary Data

Requires Legislation?	NO		
Type of Request?	Department of Personnel & Administration Non-Prioritized Request	**Interagency Approval or Related Schedule 13s:**	Impacts Other Agency

Schedule 13

Department of Personnel & Administration

Funding Request for The FY 2020-21 Budget Cycle

Request Title

NP-04 Paid Family Leave

Dept. Approval By:

OSPB Approval By:

____	**Supplemental FY 2019-20**
____	**Budget Amendment FY 2020-21**
X	**Change Request FY 2020-21**

Summary Information	Fund	FY 2019-20 Initial Appropriation	FY 2019-20 Supplemental Request	FY 2020-21 Base Request	FY 2020-21 Change Request	FY 2021-22 Continuation
Total of All Line Items Impacted by Change Request	**Total**	**$0**	**$0**	**$0**	**$52,681**	**$0**
	FTE	0.0	0.0	0.0	0.0	0.0
	GF	$0	$0	$0	$0	$0
	CF	$0	$0	$0	$1,195	$0
	RF	$0	$0	$0	$51,486	$0
	FF	$0	$0	$0	$0	$0

Line Item Information	Fund	FY 2019-20 Initial Appropriation	FY 2019-20 Supplemental Request	FY 2020-21 Base Request	FY 2020-21 Change Request	FY 2021-22 Continuation
01. Executive Director's Office, (A) Department Administration, (1) Department Administration - Paid Family Leave	**Total**	**$0**	**$0**	**$0**	**$52,681**	**$0**
	FTE	0.0	0.0	0.0	0.0	0.0
	GF	$0	$0	$0	$0	$0
	CF	$0	$0	$0	$1,195	$0
	RF	$0	$0	$0	$51,486	$0
	FF	$0	$0	$0	$0	$0

Auxiliary Data

Requires Legislation? NO

Type of Request? Department of Personnel & Administration Non-Prioritized Request

Interagency Approval or Related Schedule 13s: Impacts DPA

Schedule 13

Department of Personnel & Administration

Funding Request for The FY 2020-21 Budget Cycle

Request Title

R-01 Paid Family Leave

Dept. Approval By: [signature]

OSPB Approval By: [signature]

____	**Supplemental FY 2019-20**
____	**Budget Amendment FY 2020-21**
X	**Change Request FY 2020-21**

Summary Information	Fund	FY 2019-20 Initial Appropriation	FY 2019-20 Supplemental Request	FY 2020-21 Base Request	FY 2020-21 Change Request	FY 2021-22 Continuation
Total of All Line Items Impacted by Change Request	**Total**	**$0**	**$0**	**$0**	**$0**	**$0**
	FTE	0.0	0.0	0.0	0.0	0.0
	GF	$0	$0	$0	$0	$0
	CF	$0	$0	$0	$0	$0
	RF	$0	$0	$0	$0	$0
	FF	$0	$0	$0	$0	$0

Line Item Information	Fund	FY 2019-20 Initial Appropriation	FY 2019-20 Supplemental Request	FY 2020-21 Base Request	FY 2020-21 Change Request	FY 2021-22 Continuation
01. Executive Director's Office, (A) Department Administration, (1) Department Administration - Paid Family Leave	**Total**	**$0**	**$0**	**$0**	**$0**	**$0**
	FTE	0.0	0.0	0.0	0.0	0.0
	GF	$0	$0	$0	$0	$0
	CF	$0	$0	$0	$0	$0
	RF	$0	$0	$0	$0	$0
	FF	$0	$0	$0	$0	$0

Auxiliary Data

Requires Legislation? NO

Type of Request? Department of Personnel & Administration Prioritized Request

Interagency Approval or Related Schedule 13s: Impacts Other Agency

Department of Personnel & Administration

FY 2020-21 Funding Request

November 1, 2019

Jared Polis
Governor

Kara Veitch
Executive Director

Department Priority: R-01
Request Detail: Paid Family Leave

Summary of Incremental Funding Change for FY 2020-21			
	FY 2019-20	**FY 2020-21**	**FY 2021-22**
Total Funds*	**$0**	$9,996,442	$10,296,333
FTE	0.0	0.0	0.0
General Fund	$0	$5,494,624	$5,659,462
Cash Funds	$0	$0	$0
Reappropriated Funds	$0	$0	$0
Federal Funds	$0	$0	$0

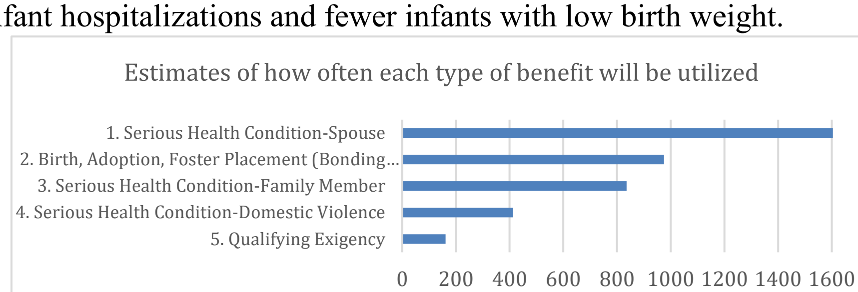
*The General Fund amount is estimated; actual fund splits will be determined by departments in their non-prioritized requests. The remaining funds not included in General Fund will be based on fund splits to Cash Funds, Reappropriated Funds and Federal Funds by each department.

Summary of Request:

The Department of Personnel & Administration is requesting spending authority of $9,996,442 statewide to cover the backfill costs associated with state employees utilizing 8 weeks of paid family leave in FY 2020-21 and an additional spending authority of $10,296,333 in FY 2021-22 and ongoing. This aligns with the Department's wildly important goal to make State Government an "employer of choice."

Currently, the Department is aware of six states that have passed legislation for paid family leave for state employees. Paid family leave refers to partially or fully compensated time away from work for caring and bonding with a newly arrived child, whether through circumstances such as birth, adoption, or foster placement of a child under 18 years of age, or caring for a family member that has a serious health condition including domestic abuse, sexual assault or abuse, and stalking, as well as for qualifying events for military exigency. The chart below demonstrates the frequency of each type of leave that the Department expects state employees to utilize.

Paid Family Leave has been shown through academic research to move the needle on a variety of social outcomes, including increased labor force participation, employee retention, lifetime earnings and retirement security (especially among women), and a reduction in the gender pay gap as a result of increasing usage of leave among working fathers. Research has also identified improved infant and child health outcomes, including reduced infant hospitalizations and fewer infants with low birth weight. This request will cover the costs to backfill critical positions. This would apply to departments that have critical positions that must be filled, including 24 by 7 work centers, direct care positions, and hourly non-exempt positions.



REVISED

Current Program:

The Family Medical Leave Act (FMLA), passed in 1993, entitles eligible employees that have worked at least 1,250 hours in a 12-month period, to take up to 12 weeks per year of unpaid job-protected leave for the specified family and medical reasons: to recover from a serious illness, to care for an ill family member, to care for a newborn or a newly adopted or fostered child, or for certain military purposes.

The State Personnel Director is granted the authority to prescribe procedures for the types, amounts, and conditions for all leave benefits, that are typically consistent with prevailing practices in 24-50-104, C.R.S. Pursuant to State Personnel Rule, state employees that have been employed by the State for at least 12 months are eligible for up to 13 weeks (520 hours) of family and medical leave (FML) in a single 12-month period following the birth of a child or placement of a child through adoption or foster care and guarantees job protection only. Under the existing state policies, employees are required to use all sick leave, annual leave and compensatory time before being placed on unpaid FML. In addition, the State, as an employer, offers short-term disability (STD) benefits, when utilized covers 60 percent of the employee's salary for a maximum of $3,000 a week for up to 150 days in a 12 month period and runs concurrent with FML.

Problem or Opportunity:

More than half of all American workers have access to unpaid, job-protected leave through the Family Medical Leave Act (FMLA). Since its passage, FMLA has been used more than 100 million times by American workers to help balance the demands of the workplace and home. While these protections cover about sixty percent of the workforce, many eligible employees cannot afford unpaid leave and return to work early, while other employees quit rather than returning, which increases costs to recruit and train new employees.[1] According to the Bureau of Labor Statistics, approximately only 14 percent of all American workers have access to paid family leave. According to the FY 2020-2021 Annual Compensation Report, for those employers who do offer the benefit, most (the median and the average) offer 7 weeks of leave. The State of Colorado may have recruitment and retention challenges by not maintaining competitive benefit packages with other employers.

Proposed Solution:

The Department is requesting $9,996,442 total funds, including an estimate of $5,494,624 in General Fund in FY 2020-21, to cover the cost to backfill critical positions for state employees taking up to 8 weeks of paid family leave. This would apply to departments that have critical positions that must be filled, including 24 by 7 work centers, direct care positions, and hourly non-exempt positions, with an estimated one-third of all positions requiring backfill. As the paid family leave and subsequent backfill costs will be paid simultaneously, additional appropriations are required as existing budgets may not have adequate funds to cover this cost.

If approved, requested funds will be appropriated directly to departments within a centrally appropriated line in each Executive Director's Office (EDO), which will allow departments the flexibility to move appropriations to the necessary personal services line items as needed when employees utilize paid family leave.

[1] https://www.dol.gov/asp/evaluation/fmla/FMLA-2012-Technical-Report.pdf

Table 1 below provides the estimated total amount needed to implement state employee family leave.

Table 1: Summary of Spending Authority Requested for Statewide Agencies*

Estimated Annual Cost to Backfill Critical Positions	$9,996,442
% of Utilized Benefit that will be Backfilled	31.3%

*The estimated annual paid family leave utilized is included in the existing appropriation, as employees would receive 8 weeks of pay whether they work or take leave. The estimated annual cost to backfill critical positions is the additional appropriation needed. The remaining 68.7% of costs will be absorbed by agencies and is expected to result in improvements in turnover and recruitment.

The request only applies to permanent state employees (classified and non-classified). As for Institutions of Higher Education, classified employees were included and non-classified employees were excluded. The Department assumes that temporary employees will not be impacted, as they are not eligible for benefits and paid leave in general.

The costs outlined in this request are reflective of the proposed paid family leave benefit, which is limited to the definitions under FMLA with the addition of domestic abuse. The request will provide paid family leave for as applicable under FMLA for use by new-parent employees, to recover from the birth of a child and/or to care for and bond with a child, and for employees that are caring for a family member with a serious health condition and beyond FMLA to includedomestic abuse, sexual assault or abuse, and stalking, and for those employees that have a qualifying military exigency event (When a reservist is called up, we hold their position open but they are paid by the US Government they don't also get their paid leave under this benefit).

The paid family leave benefit will cover salaries based on the average weekly wage of the employees base salary. Any overtime or other premiums paid in addition to the base pay will not be included as part of paid family leave. Similar to the requirements in Public Law 103-3, as amended, 29 U.S.C. sec. 2601, to take leave under FMLA, it is assumed the paid family leave will require employees to have worked 1,250 hours in a 12-month period prior to the date paid family leave commences. The paid family leave benefit will be granted for up to 320 hours (8 weeks) per rolling 12-month period. Further, the paid family leave will run concurrently with the unpaid, job-secured leave available through FMLA and for those qualifying for short-term disability, the combination of STD and paid family leave cannot exceed the covered individual's maximum weekly wage. An employee may supplement the paid family leave benefit through annual leave, sick, or other paid time off, but is not required and the utilization of paid family leave will not affect the employee's annual or sick leave balances. The State Personnel Board and the Division of Human Resources will most likely require rulemaking to fully implement the coordination of benefits for this policy.

Anticipated Outcomes:

Research indicates that paid leave benefits workers and employers while also providing positive economic impacts. The economic benefits of paid leave can be summarized into five key factors:

- Increased labor-force participation
- Increased employee retention
- Has limited or positive impacts on business operations.
- Increases lifetime earnings and retirement security among workers, especially women.
- Increases the use of leave among working fathers

Research shows that paid leave increases the likelihood that workers will return to work after a qualifying event and saves employers the expenses associated with recruiting and training new employees. Higher labor force participation, either by men or women (or both), affects economic growth by increasing inputs to production. Since the effect of paid leave on labor force participation rates is typically much higher for women than men, offering paid leave can help push the economy towards gender equality in labor force participation. Further, it improves employee morale, has positive or at least no negative effects on workplace productivity, reduces costs to employers through improved employee retention, and improves family incomes. Research further suggests that expanding paid leave is likely to have economy-wide benefits such as reduced government spending on public assistance, which would bring significant economic gains, generating a larger tax base and increased consumer spending. Additionally paid leave for fathers helps to foster gender equity, both in the workplace and in the home, since it shortens leaves for mothers, increasing their job tenure and potentially their wage growth[2].

The utilization of a paid family leave may drive a decreased usage of the STD benefit for the State, which may generate cost savings in future fiscal years. Also, the utilization of paid family leave will result in State employees utilizing less annual leave (AL) and sick leave (SL) which may increase overall balances; these balances are liabilities that departments will eventually need to pay out as employees leave the State (annual leave only) or retire (annual leave and a portion of sick leave). These impacts were not estimated for this request.

Assumptions and Calculations:

Table 2 outlines the estimated appropriations requested (total dollars) for critical position backfill, and the estimated appropriations requested as a percentage of the total benefit utilization.

[2] https://iwpr.org/wp-content/uploads/wpallimport/files/iwpr-export/publications/B334-Paid%20Parental%20Leave%20in%20the%20United%20States.pdf

Table 2: Department Allocations

Department	Estimated Annual Cost to Backfill Positions	% of Total Utilized Benefit that will be Backfilled
Personnel & Administration	$52,681	14.7%
Agriculture	$85,111	40.0%
Corrections	$3,671,815	79.0%
Education	$67,392	9.2%
Governor's Office	$0	0.0%
Public Health & Environment	$429,684	28.7%
Higher Education	$1,401,371	37.1%
Transportation	$51,120	1.9%
Human Services	$2,935,547	75.5%
Judicial Branch	$0	0.0%
Labor & Employment	$545,397	49.5%
Law	$0	0.0%
General Assembly	$0	0.0%
Local Affairs	$11,203	5.9%
Military & Veterans Affairs	$26,574	21.4%
Natural Resources	$209,401	18.2%
Public Safety	$86,105	4.3%
Regulatory Agencies	$81,688	14.3%
Revenue	$296,356	24.4%
Health Care Policy & Financing	$33,121	6.1%
State	$11,876	9.1%
Treasury	$0	0.0%
Total	**$9,996,442**	**31.3%**

*Existing appropriations in FY2020-21 are expected to cover the benefit utilization costs.

To estimate the overall fiscal impact, the following assumptions were utilized:

- Employee demographics included in the analysis were pulled from the most recent workforce data (April 2019) and summarized at the Department level for state agencies. Estimated usage of paid family leave utilizes an average base salary by department and assumes that employees who have been employed for 1,250 hours in a 12-month period prior to the date family leave will begin are eligible for the benefit, similar to the requirements under FMLA.
- The overall utilization rate of 10.2% is based on the number of employees that are currently eligible for FML, combined with the estimated occurrence of all qualifying events including for birth, adoption, foster placement (bonding with child), caring for a family member that has a serious health condition including domestic abuse, sexual assault or abuse, and stalking, as well as for military exigency events. The utilization rate assumes that each employee has an average of four family members. The table below outlines the calculations and assumptions.

Table 3: Utilization Estimates and Assumptions

Qualifying Event	State Employee Occurrence per Fiscal Year	Calculation
Birth, Adoption, Foster Placement (Bonding with Child)	975	CDC fertility rates by age bands by department*
Serious Health Condition- Domestic Violence	413	(# of Domestic Violence crisis calls / State of CO population) **multiplied by** # of state employees
Serious Health Condition- Spouse	1,604	((CDC State of CO marriage rate - State of CO divorce rate) / State of CO population)) **multiplied by** # of state employees
Serious Health Condition- Family Member	835	(CDC State illnesses and death rate / State of CO population) **multiplied by** # of state employees; assuming 4 family members per employee
Qualifying Exigency	161	(# of active duty members + # of army national guard in CO / State of CO population) **multiplied by** # of state employees
Total Estimated Use (# of Occurrences)	3,987	
Total State Employee Population	39,133	Count from April 2019 Workforce data
Estimated Utilization	*10.2%*	Total estimated use (3,987) / State employee population (39,133)

*Based on November 2018 workforce data resulted in an estimate of 2.5% utilization, this rate was applied to April 2019 workforce data.

- The calculation assumes that each eligible employee will utilize the full paid family leave available. It is assumed that the 8 weeks of paid family leave will be taken concurrently with the current length of time allowed by FMLA under State Personnel Rule, which is 13 weeks per rolling twelve-month period. If an employee utilizes more than 8 weeks of family leave, it is assumed the additional weeks will be covered through annual leave, sick leave, or both.

The assumptions above were applied to a list of job classifications that are critical to daily business operations and therefore require additional funding to backfill. The list of job classifications that were deemed critical is included as Attachment A.

Supplemental, 1331 Supplemental or Budget Amendment Criteria:

Not applicable.

Attachment A
State of Colorado Job Classifications that Require Backfill

Job Classifications	
CHAPLAIN I	LABOR/EMPLOYMENT SPEC II
CHILD CARE AIDE	LABOR/EMPLOYMENT SPEC III
CLIENT CARE AIDE I	LABOR/EMPLOYMENT SPEC INT
CLIENT CARE AIDE II	LABOR/EMPLOYMENT SPEC IV
CLINICAL THERAPIST I	LABOR/EMPLOYMENT SPEC V
CLINICAL THERAPIST II	LABORATORY TECHNOLOGY I
CLINICAL THERAPIST III	LABORATORY TECHNOLOGY II
CLINICAL THERAPIST IV	LABORATORY TECHNOLOGY III
CORR SUPP TRADES SUPV I	LABORATORY TECHNOLOGY IV
CORR/YTH/CLIN SEC OFF I	MENTAL HLTH CLINICIAN I
CORR/YTH/CLIN SEC OFF II	MENTAL HLTH CLINICIAN II
CUSTODIAN I	MENTAL HLTH CLINICIAN III
CUSTODIAN II	MID-LEVEL PROVIDER
CUSTODIAN III	MUSEUM GUIDE
CUSTODIAN IV	NURSE I
DENTAL CARE I	NURSE II
DENTAL CARE II	NURSE III
DENTAL CARE IV	PHARMACIST I
DENTAL CARE V	PHARMACIST II
DENTIST I	PHARMACIST III
DENTIST II	PHARMACY TECHNICIAN I
DENTIST III	PHARMACY TECHNICIAN II
DIETITIAN II	PHYSICIAN I
DINING SERVICES I	PHYSICIAN II
DINING SERVICES II	SOCIAL WORK/COUNSELOR I
DINING SERVICES III	SOCIAL WORK/COUNSELOR II
DINING SERVICES IV	SOCIAL WORK/COUNSELOR III
DINING SERVICES V	SOCIAL WORK/COUNSELOR IV
EARLY CHILDHOOD EDUC I	STATE TEACHER AIDE
EARLY CHILDHOOD EDUC II	STATE TEACHER I
GUARDSMEN	STATE TEACHER II
HCS TRAINEE I	STATE TEACHER III
HCS TRAINEE II	STATE TEACHER IV
HCS TRAINEE III	TECHNICIAN I
HEALTH CARE TECH I	TECHNICIAN II
HEALTH CARE TECH II	TECHNICIAN III
HEALTH CARE TECH III	TECHNICIAN IV
HEALTH CARE TECH IV	TECHNICIAN V
HEALTH PROFESSIONAL I	THERAPY ASSISTANT I
HEALTH PROFESSIONAL II	THERAPY ASSISTANT II
HEALTH PROFESSIONAL III	THERAPY ASSISTANT III
HEALTH PROFESSIONAL IV	THERAPY ASSISTANT IV
HEALTH PROFESSIONAL V	VETERINARY TECHNOLOGY I
HEALTH PROFESSIONAL VI	VETERINARY TECHNOLOGY II
HEALTH PROFESSIONAL VII	VETERINARY TECHNOLOGY III
LABOR/EMPLOYMENT SPEC I	VETERINARY TECHNOLOGY IV

REVISED

Department of Personnel & Administration

FY 2020-21 Funding Request

November 1, 2019

Jared Polis
Governor

Kara Veitch
Executive Director

Department Priority: R-01
Request Detail: Paid Family Leave

Summary of Incremental Funding Change for FY 2020-21			
	FY 2019-20	**FY 2020-21**	**FY 2021-22**
Total Funds*	**$0**	$9,996,442	$10,296,333
FTE	0.0	0.0	0.0
General Fund	$0	$5,494,624	$5,659,462
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Reappropriated Funds	$0	$0	$0
Federal Funds	$0	$0	$0

*The General Fund amount is estimated; actual fund splits will be determined by departments in their non-prioritized requests. The remaining funds not included in General Fund will be based on fund splits to Cash Funds, Reappropriated Funds and Federal Funds by each department.

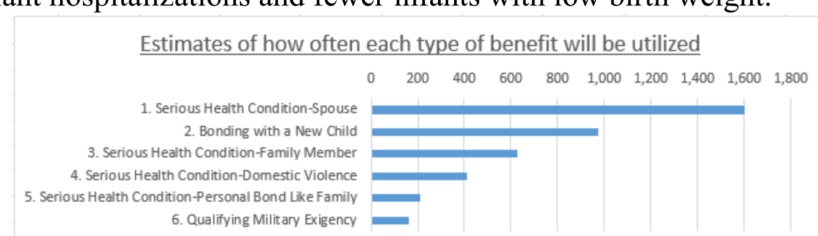
Summary of Request:

The Department of Personnel & Administration is requesting spending authority of $9,996,442 statewide to cover the backfill costs associated with state employees utilizing 8 weeks of paid family leave in FY 2020-21 and an additional spending authority of $10,296,333 in FY 2021-22 and ongoing. This aligns with the Department's wildly important goal to make State Government an "employer of choice."

Currently, the Department is aware of six states that have passed legislation for paid family leave for state employees. Paid family leave refers to partially or fully compensated time away from work for caring and bonding with a newly arrived child, whether through circumstances such as birth, adoption, or foster placement of a child under 18 years of age, or caring for a family member or person with a significant bond that is like a family relationship that has a serious health condition including domestic abuse, sexual assault or abuse, and stalking, as well as for qualifying events for military exigency. The chart below demonstrates the frequency of each type of leave that the Department expects state employees to utilize.

Paid Family Leave has been shown through academic research to move the needle on a variety of social outcomes, including increased labor force participation, employee retention, lifetime earnings and retirement security (especially among women), and a reduction in the gender pay gap as a result of increasing usage of leave among working fathers. Research has also identified improved infant and child health outcomes, including reduced infant hospitalizations and fewer infants with low birth weight.

This request will cover the costs to backfill critical positions. This would apply to departments that have critical positions that must be filled, including 24 by 7 work centers, direct care positions, and hourly non-exempt positions.



ORIGINAL

Current Program:

The Family Medical Leave Act (FMLA), passed in 1993, entitles eligible employees that have worked at least 1,250 hours in a 12-month period, to take up to 12 weeks per year of unpaid job-protected leave for the specified family and medical reasons: to recover from a serious illness, to care for an ill family member, to care for a newborn or a newly adopted or fostered child, or for certain military purposes.

The State Personnel Director is granted the authority to prescribe procedures for the types, amounts, and conditions for all leave benefits, that are typically consistent with prevailing practices in 24-50-104, C.R.S. Pursuant to State Personnel Rule, state employees that have been employed by the State for at least 12 months are eligible for up to 13 weeks (520 hours) of family and medical leave (FML) in a single 12-month period following the birth of a child or placement of a child through adoption or foster care and guarantees job protection only. Under the existing state policies, employees are required to use all sick leave, annual leave and compensatory time before being placed on unpaid FML. In addition, the State, as an employer, offers short-term disability (STD) benefits, when utilized covers 60 percent of the employee's salary for a maximum of $3,000 a week for up to 150 days in a 12 month period and runs concurrent with FML.

Problem or Opportunity:

More than half of all American workers have access to unpaid, job-protected leave through the Family Medical Leave Act (FMLA). Since its passage, FMLA has been used more than 100 million times by American workers to help balance the demands of the workplace and home. While these protections cover about sixty percent of the workforce, many eligible employees cannot afford unpaid leave and return to work early, while other employees quit rather than returning, which increases costs to recruit and train new employees.[1] According to the Bureau of Labor Statistics, approximately only 14 percent of all American workers have access to paid family leave. According to the FY 2020-2021 Annual Compensation Report, for those employers who do offer the benefit, most (the median and the average) offer 7 weeks of leave. The State of Colorado may have recruitment and retention challenges by not maintaining competitive benefit packages with other employers.

Proposed Solution:

The Department is requesting $9,996,442 total funds, including an estimate of $5,494,624 in General Fund in FY 2020-21, to cover the cost to backfill critical positions for state employees taking up to 8 weeks of paid family leave. This would apply to departments that have critical positions that must be filled, including 24 by 7 work centers, direct care positions, and hourly non-exempt positions, with an estimated one-third of all positions requiring backfill. As the paid family leave and subsequent backfill costs will be paid simultaneously, additional appropriations are required as existing budgets may not have adequate funds to cover this cost.

If approved, requested funds will be appropriated directly to departments within a centrally appropriated line in each Executive Director's Office (EDO), which will allow departments the flexibility to move appropriations to the necessary personal services line items as needed when employees utilize paid family leave.

[1] https://www.dol.gov/asp/evaluation/fmla/FMLA-2012-Technical-Report.pdf

Table 1 below provides the estimated total amount needed to implement state employee family leave.

Table 1: Summary of Spending Authority Requested for Statewide Agencies*

Estimated Annual Cost to Backfill Critical Positions	$9,996,442
% of Utilized Benefit that will be Backfilled	31.3%

*The estimated annual paid family leave utilized is included in the existing appropriation, as employees would receive 8 weeks of pay whether they work or take leave. The estimated annual cost to backfill critical positions is the additional appropriation needed. The remaining 68.7% of costs will be absorbed by agencies and is expected to result in improvements in turnover and recruitment.

The request only applies to permanent state employees (classified and non-classified). As for Institutions of Higher Education, classified employees were included and non-classified employees were excluded. The Department assumes that temporary employees will not be impacted, as they are not eligible for benefits and paid leave in general.

The costs outlined in this request are reflective of the proposed paid family leave benefit, which includes types of qualifying events that extend beyond the protections offered under FMLA. The request will provide paid family leave for use by new-parent employees, to recover from the birth of a child and/or to care for and bond with a child or for employees that are caring for a family member or person with a signification bond that is like a family relationship with a serious health condition, including domestic abuse, sexual assault or abuse, and stalking, and for those employees that have a qualifying military exigency event.

The paid family leave benefit will cover salaries based on the average weekly wage of the employees base salary. Any overtime or other premiums paid in addition to the base pay will not be included as part of paid family leave. Similar to the requirements in Public Law 103-3, as amended, 29 U.S.C. sec. 2601, to take leave under FMLA, it is assumed the paid family leave will require employees to have worked 1,250 hours in a 12-month period prior to the date paid family leave commences. The paid family leave benefit will be granted for up to 320 hours (8 weeks) per rolling 12-month period. Further, the paid family leave will run concurrently with the unpaid, job-secured leave available through FMLA and for those qualifying for short-term disability, the combination of STD and paid family leave cannot exceed the covered individual's maximum weekly wage. An employee may supplement the paid family leave benefit through vacation, sick, or other paid time off, but is not required and the utilization of paid family leave will not affect the employee's annual or sick leave balances. The State Personnel Board and the Division of Human Resources will most likely require rulemaking to fully implement the coordination of benefits for this policy.

Anticipated Outcomes:

Research indicates that paid leave benefits workers and employers while also providing positive economic impacts. The economic benefits of paid leave can be summarized into five key factors:

- Increased labor-force participation
- Increased employee retention
- Has limited or positive impacts on business operations.
- Increases lifetime earnings and retirement security among workers, especially women.
- Increases the use of leave among working fathers

Research shows that paid leave increases the likelihood that workers will return to work after a qualifying event and saves employers the expenses associated with recruiting and training new employees. Higher labor force participation, either by men or women (or both), affects economic growth by increasing inputs to production. Since the effect of paid leave on labor force participation rates is typically much higher for women than men, offering paid leave can help push the economy towards gender equality in labor force participation. Further, it improves employee morale, has positive or at least no negative effects on workplace productivity, reduces costs to employers through improved employee retention, and improves family incomes. Research further suggests that expanding paid leave is likely to have economy-wide benefits such as reduced government spending on public assistance, which would bring significant economic gains, generating a larger tax base and increased consumer spending. Additionally paid leave for fathers helps to foster gender equity, both in the workplace and in the home, since it shortens leaves for mothers, increasing their job tenure and potentially their wage growth[2].

The utilization of a paid family leave may drive a decreased usage of the STD benefit for the State, which may generate cost savings in future fiscal years. Also, the utilization of paid family leave will result in State employees utilizing less annual leave (AL) and sick leave (SL) which may increase overall balances; these balances are liabilities that departments will eventually need to pay out as employees leave the State (annual leave only) or retire (annual leave and a portion of sick leave). These impacts were not estimated for this request.

Assumptions and Calculations:

Table 2 outlines the estimated appropriations requested (total dollars) for critical position backfill, and the estimated appropriations requested as a percentage of the total benefit utilization.

[2] https://iwpr.org/wp-content/uploads/wpallimport/files/iwpr-export/publications/B334-Paid%20Parental%20Leave%20in%20the%20United%20States.pdf

Table 2: Department Allocations

Department	Estimated Annual Cost to Backfill Positions	% of Total Utilized Benefit that will be Backfilled
Personnel & Administration	$52,681	14.7%
Agriculture	$85,111	40.0%
Corrections	$3,671,815	79.0%
Education	$67,392	9.2%
Governor's Office	$0	0.0%
Public Health & Environment	$429,684	28.7%
Higher Education	$1,401,371	37.1%
Transportation	$51,120	1.9%
Human Services	$2,935,547	75.5%
Judicial Branch	$0	0.0%
Labor & Employment	$545,397	49.5%
Law	$0	0.0%
General Assembly	$0	0.0%
Local Affairs	$11,203	5.9%
Military & Veterans Affairs	$26,574	21.4%
Natural Resources	$209,401	18.2%
Public Safety	$86,105	4.3%
Regulatory Agencies	$81,688	14.3%
Revenue	$296,356	24.4%
Health Care Policy & Financing	$33,121	6.1%
State	$11,876	9.1%
Treasury	$0	0.0%
Total	**$9,996,442**	**31.3%**

*Existing appropriations in FY2020-21 are expected to cover the benefit utilization costs.

To estimate the overall fiscal impact, the following assumptions were utilized:

- Employee demographics included in the analysis were pulled from the most recent workforce data (April 2019) and summarized at the Department level for state agencies. Estimated usage of paid family leave utilizes an average base salary by department and assumes that employees who have been employed for 1,250 hours in a 12-month period prior to the date family leave will begin are eligible for the benefit, similar to the requirements under FMLA.
- The overall utilization rate of 10.2% is based on the number of employees that are currently eligible for FML, combined with the estimated occurrence of all qualifying events including for birth, adoption, foster placement (bonding with child), caring for a family member or person with a significant bond that is like a family relationship that has a serious health condition including domestic abuse, sexual assault or abuse, and stalking, as well as for military exigency events. The utilization rate assumes that each employee has an average of three family members, and one additional person with a significant bond like family. The table below outlines the calculations and assumptions.

Table 3: Utilization Estimates and Assumptions

Qualifying Event	State Employee Occurrence per Fiscal Year	Calculation
Birth, Adoption, Foster Placement (Bonding with Child)	975	CDC fertility rates by age bands by department*
Serious Health Condition-Domestic Violence	413	(# of Domestic Violence crisis calls / State of CO population) **multiplied by** # of state employees
Serious Health Condition-Personal Bond Like Family	209	(CDC State illnesses and death rate / State of CO population) **multiplied by** # of state employees; assuming one personal bond like family per employee
Serious Health Condition-Spouse	1,604	((CDC State of CO marriage rate - State of CO divorce rate) / State of CO population)) **multiplied by** # of state employees
Serious Health Condition-Family Member	626	(CDC State illnesses and death rate / State of CO population) **multiplied by** # of state employees; assuming 3 family members per employee
Qualifying Exigency	161	(# of active duty members + # of army national guard in CO / State of CO population) **multiplied by** # of state employees
Total Estimated Use (# of Occurrences)	3,987	
Total State Employee Population	39,133	Count from April 2019 Workforce data
Estimated Utilization	*10.2%*	Total estimated use (3,987) / State employee population (39,133)

*Based on November 2018 workforce data resulted in an estimate of 2.5% utilization, this rate was applied to April 2019 workforce data.

- The calculation assumes that each eligible employee will utilize the full paid family leave available. It is assumed that the 8 weeks of paid family leave will be taken concurrently with the current length of time allowed by FMLA under State Personnel Rule, which is 13 weeks per rolling twelve-month period. If an employee utilizes more than 8 weeks of family leave, it is assumed the additional weeks will be covered through annual leave, sick leave, or both.

The assumptions above were applied to a list of job classifications that are critical to daily business operations and therefore require additional funding to backfill. The list of job classifications that were deemed critical is included as Attachment A.

Supplemental, 1331 Supplemental or Budget Amendment Criteria:

Not applicable.

Attachment A

State of Colorado Job Classifications that Require Backfill

Job Classifications	
CHAPLAIN I	LABOR/EMPLOYMENT SPEC II
CHILD CARE AIDE	LABOR/EMPLOYMENT SPEC III
CLIENT CARE AIDE I	LABOR/EMPLOYMENT SPEC INT
CLIENT CARE AIDE II	LABOR/EMPLOYMENT SPEC IV
CLINICAL THERAPIST I	LABOR/EMPLOYMENT SPEC V
CLINICAL THERAPIST II	LABORATORY TECHNOLOGY I
CLINICAL THERAPIST III	LABORATORY TECHNOLOGY II
CLINICAL THERAPIST IV	LABORATORY TECHNOLOGY III
CORR SUPP TRADES SUPV I	LABORATORY TECHNOLOGY IV
CORR/YTH/CLIN SEC OFF I	MENTAL HLTH CLINICIAN I
CORR/YTH/CLIN SEC OFF II	MENTAL HLTH CLINICIAN II
CUSTODIAN I	MENTAL HLTH CLINICIAN III
CUSTODIAN II	MID-LEVEL PROVIDER
CUSTODIAN III	MUSEUM GUIDE
CUSTODIAN IV	NURSE I
DENTAL CARE I	NURSE II
DENTAL CARE II	NURSE III
DENTAL CARE IV	PHARMACIST I
DENTAL CARE V	PHARMACIST II
DENTIST I	PHARMACIST III
DENTIST II	PHARMACY TECHNICIAN I
DENTIST III	PHARMACY TECHNICIAN II
DIETITIAN II	PHYSICIAN I
DINING SERVICES I	PHYSICIAN II
DINING SERVICES II	SOCIAL WORK/COUNSELOR I
DINING SERVICES III	SOCIAL WORK/COUNSELOR II
DINING SERVICES IV	SOCIAL WORK/COUNSELOR III
DINING SERVICES V	SOCIAL WORK/COUNSELOR IV
EARLY CHILDHOOD EDUC I	STATE TEACHER AIDE
EARLY CHILDHOOD EDUC II	STATE TEACHER I
GUARDSMEN	STATE TEACHER II
HCS TRAINEE I	STATE TEACHER III
HCS TRAINEE II	STATE TEACHER IV
HCS TRAINEE III	TECHNICIAN I
HEALTH CARE TECH I	TECHNICIAN II
HEALTH CARE TECH II	TECHNICIAN III
HEALTH CARE TECH III	TECHNICIAN IV
HEALTH CARE TECH IV	TECHNICIAN V
HEALTH PROFESSIONAL I	THERAPY ASSISTANT I
HEALTH PROFESSIONAL II	THERAPY ASSISTANT II
HEALTH PROFESSIONAL III	THERAPY ASSISTANT III
HEALTH PROFESSIONAL IV	THERAPY ASSISTANT IV
HEALTH PROFESSIONAL V	VETERINARY TECHNOLOGY I
HEALTH PROFESSIONAL VI	VETERINARY TECHNOLOGY II
HEALTH PROFESSIONAL VII	VETERINARY TECHNOLOGY III
LABOR/EMPLOYMENT SPEC I	VETERINARY TECHNOLOGY IV

Schedule 13

Department of Personnel & Administration

Funding Request for The FY 2020-21 Budget Cycle

Request Title

R-02 Telematics for State Fleet Vehicles

Dept. Approval By:			Supplemental FY 2019-20
OSPB Approval By:			Budget Amendment FY 2020-21
		X	Change Request FY 2020-21

Summary Information	Fund	FY 2019-20 Initial Appropriation	FY 2019-20 Supplemental Request	FY 2020-21 Base Request	FY 2020-21 Change Request	FY 2021-22 Continuation
Total of All Line Items Impacted by Change Request	**Total**	**$8,595,921**	**$0**	**$8,623,707**	**$404,643**	**$745,084**
	FTE	16.0	0.0	16.0	1.0	1.0
	GF	$2,303,809	$0	$2,303,809	$0	$0
	CF	$621,526	$0	$621,526	$0	$0
	RF	$5,670,586	$0	$5,698,372	$404,643	$745,084
	FF	$0	$0	$0	$0	$0

Line Item Information	Fund	FY 2019-20 Initial Appropriation	FY 2019-20 Supplemental Request	FY 2020-21 Base Request	FY 2020-21 Change Request	FY 2021-22 Continuation
01. Executive Director's Office, (A) Department Administration, (1) Department Administration - Health, Life and Dental	**Total**	**$4,273,241**	**$0**	**$4,273,241**	**$10,042**	**$10,042**
	FTE	0.0	0.0	0.0	0.0	0.0
	GF	$1,288,137	$0	$1,288,137	$0	$0
	CF	$403,645	$0	$403,645	$0	$0
	RF	$2,581,459	$0	$2,581,459	$10,042	$10,042
	FF	$0	$0	$0	$0	$0
01. Executive Director's Office, (A) Department Administration, (1) Department Administration - Short-term Disability	**Total**	**$45,912**	**$0**	**$45,912**	**$87**	**$87**
	FTE	0.0	0.0	0.0	0.0	0.0
	GF	$16,822	$0	$16,822	$0	$0
	CF	$3,609	$0	$3,609	$0	$0
	RF	$25,481	$0	$25,481	$87	$87
	FF	$0	$0	$0	$0	$0
01. Executive Director's Office, (A) Department Administration, (1) Department Administration - Amortization Equalization Disbursement	**Total**	**$1,365,023**	**$0**	**$1,365,023**	**$2,570**	**$2,570**
	FTE	0.0	0.0	0.0	0.0	0.0
	GF	$499,425	$0	$499,425	$0	$0
	CF	$107,136	$0	$107,136	$0	$0
	RF	$758,462	$0	$758,462	$2,570	$2,570
	FF	$0	$0	$0	$0	$0

Line Item Information	Fund	FY 2019-20 Initial Appropriation	FY 2019-20 Supplemental Request	FY 2020-21 Base Request	FY 2020-21 Change Request	FY 2021-22 Continuation
	Total	**$1,365,023**	**$0**	**$1,365,023**	**$2,570**	**$2,570**
01. Executive Director's Office, (A) Department Administration, (1) Department Administration - Supplemental Amortization Equalization Disbursement	FTE	0.0	0.0	0.0	0.0	0.0
	GF	$499,425	$0	$499,425	$0	$0
	CF	$107,136	$0	$107,136	$0	$0
	RF	$758,462	$0	$758,462	$2,570	$2,570
	FF	$0	$0	$0	$0	$0
	Total	**$1,058,106**	**$0**	**$1,085,892**	**$57,756**	**$57,756**
07. Division of Capital Assets, (C) Fleet Management Program and Motor Pool Services, (1) Fleet Management Program and Motor Pool Services - Personal Services	FTE	16.0	0.0	16.0	1.0	1.0
	GF	$0	$0	$0	$0	$0
	CF	$0	$0	$0	$0	$0
	RF	$1,058,106	$0	$1,085,892	$57,756	$57,756
	FF	$0	$0	$0	$0	$0
	Total	**$488,616**	**$0**	**$488,616**	**$331,618**	**$672,059**
07. Division of Capital Assets, (C) Fleet Management Program and Motor Pool Services, (1) Fleet Management Program and Motor Pool Services - Operating Expenses	FTE	0.0	0.0	0.0	0.0	0.0
	GF	$0	$0	$0	$0	$0
	CF	$0	$0	$0	$0	$0
	RF	$488,616	$0	$488,616	$331,618	$672,059
	FF	$0	$0	$0	$0	$0

Auxiliary Data

Requires Legislation?	NO		
Type of Request?	Department of Personnel & Administration Prioritized Request	**Interagency Approval or Related Schedule 13s:**	No Other Agency Impact

Department of Personnel & Administration

FY 2020-21 Funding Request

November 1, 2019

Jared Polis
Governor

Kara Veitch
Executive Director

Department Priority: R-02
Request Detail: Telematics for State Fleet Vehicles

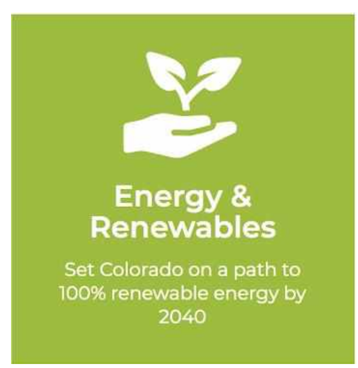
Summary of Incremental Funding Change for FY 2020-21			
	FY 2019-20	**FY 2020-21**	**FY 2021-22**
Total Funds	**$0**	**$404,643**	**$745,084**
FTE	0.0	1.0	1.0
General Fund	$0	$0	$0
Cash Funds	$0	$0	$0
Reappropriated Funds	$0	$404,643	$745,084
Federal Funds	$0	$0	$0

Summary of Request:

The Department of Personnel & Administration's State Fleet Management Program requests $404,643 in reappropriated funds spending authority for FY 2020-21, $745,084 for FY 2021-22 and annualized amounts for subsequent years within (7) Division of Capital Assets, (C) Fleet Management Program and Motor Pool Services. The additional appropriations will be used for the installation and ongoing support of telematics units in all fleet vehicles managed by the Department's State Fleet Management Program. This phased in approach is necessary given the considerable size and geographic dispersion of the vehicles within the State of Colorado Fleet. Additionally, the Department is seeking 1.0 FTE starting in FY 2020-21 in order to manage and provide change management associated with the information and data coming from the telematics devices. The Department has sufficient fund balance to pay for this adjustment until mid-year FY 2021-22.

This technology solution allows real-time, accurate collection of data on fleet usage, speed, location, idling time, maintenance concerns, and more. The implementation of this kind of data infrastructure will allow the agency to manage several outputs of the state's fleet system, making it a strong candidate for a level 2 on the evidence-based continuum. The request's inclusion of 1 FTE, who will manage the system, develop and help agencies use reports, as well as assist in setting long-term measurable outcomes for the state fleet, will elevate the request to a level 3 over time. For example, a well-implemented system that changes behavior could result in long-term outcomes like reducing maintenance costs, reducing emissions, improving safety for state employees, and more.

This request will also assist the administration in its goals of transitioning to more electric vehicles. This real-time data will help determine vehicles that will are strong candidates for conversion to alternative fuel vehicles, including electric vehicles.



Current Program:

The State Fleet Management Program (SFM) manages all aspects of a vehicle's life from the time of acquisition through disposal for the approximately 6,300 permanent vehicles within the State Fleet so that the agencies and programs that SFM supports are able to more effectively focus on their programs' missions. The SFM Program manages these vehicle assets for all State agencies, while gaining economies of scale and significant price reductions by aggregating purchasing opportunities and funding resources. The program facilitates all maintenance, repairs, fuel expense, and accident repairs and maintains a database with detailed history for each vehicle. Reporting on these data points is critical for decision makers when decisions are being made on investing in alternate fuel vehicles or expanding the fleet. Each year, vehicles in the state fleet drive approximately 71 million miles and utilize 4.4 million gallons of fuel, and SFM currently relies on the fuel card to report fueling information and individual reporting of miles driven through spreadsheets and a homegrown database.

Problem or Opportunity:

The Department received funding to replace the outdated system (called CARS) used to track all state fleet vehicles through their entire life cycle from acquisition to disposal with a commercial-off-the-shelf system that incorporates enhanced tracking and reporting capabilities during the FY 2019-20 budget cycle. The Department is on target to implement the new system by early summer 2020, and the system is specifically designed to work seamlessly with a telematics program, rather than relying on the manual reporting that SFM currently utilizes to track data such as miles driven, maintenance costs, accident repairs and related costs, and other crucial data.

Manual reporting of data does not necessarily provide the correct information needed to implement management policies, nor is it available in a timely manner for decision makers' needs when setting overarching policies for the fleet. Industry best practices are moving towards telematics systems that have consistently been shown to improve data reporting and reduces operational costs for fleets.

Historically, the SFM process did not allow for timely and targeted reporting of information to ensure compliance with policies. With the implementation of the new CARS system, SFM's ability to provide timely and targeted reporting will be enhanced, but it is not as robust or on-demand as the reporting provided by a linked telematics system.

Proposed Solution:

The Department proposes the installation of telematics devices on all State Fleet vehicles within the State Fleet. Telematics devices installed in vehicles gather, transmit, store, and process vehicle data for the purpose of tracking and monitoring vehicle measurements and utilization. Data analytics transmitted from vehicles managed through a commercial off the shelf web-based system can be used to more effectively manage the State Fleet and increase compliance with fuel policies, safety and risk policies, and reduction of fraud, among others. Additionally, the Department is requesting 1.0 FTE at the Data Management III level to review and analyze data that is generated by the telematics system, provide analysis on the data received, and make recommendations for policies that can be put into place to increase both the cost effectiveness and efficiency of the State of Colorado's Fleet.

Industry literature indicates that the implementation of telematics programs have been shown to reduce fuel costs, reduce accident costs, reduce maintenance costs, reduce unnecessary vehicle requests and replacements, and increase productivity. According to a study done by the State of Utah, a properly implemented telematics program can increase driver safety, improve driving behavior, and reduce the total overall cost of ownership of a fleet. A beneficial and commonly understood side effect of a properly managed fleet is less greenhouse gas (GHG) emissions based on reduced resource consumption through modified drive patterns and operator coaching. These general benefits of a telematics program align with the Governor's goal of 100 percent renewable energy by 2040.

The State of California, the State of Utah, the Federal General Services Administration, or GSA (the largest federal fleet), the New York City Fleet (the largest municipal fleet), and the State of North Carolina have successfully implemented telematics. Additionally, portions of the State of Colorado Fleet that have been piloted in a telematics system through the National Renewable Energy Laboratory (NREL) and other State programs have also implemented telematics on a limited basis. Evidence-based reporting has been completed, and demonstrates substantial efficiencies when systems are implemented on a highly standardized platform. The State of Utah's Geotab Pilot Study: Year One Summary Report, which notes a significant positive correlation between the installation of telematics units in agency customer vehicles and improvements in key cost saving areas for the Utah state fleet, is attached in Appendix A of this document.

Overall, the Department anticipates that improved efficiencies, as outlined in the text and bullets below, would be experienced for all vehicles owned and operated by the State being tracked within the same platform, producing standardized reports of vehicle activity. The telematics solution proposed within this request will provide benefits to agencies via cost sharing of ongoing maintenance and support expenses, in addition to better reporting of data analytics that will make it easier for decision makers to implement overarching policies in areas such as alternate fuel utilization. A crucial component of making telematics work for any entity is having an in-house data expert so that the data generated by the devices can be used to develop policies which will ultimately generate the efficiencies demonstrated utilizing telematics. The State of California and the State of Utah each had dedicated 1.0 FTE to their telematics program, while the City of New York implemented an entire team dedicated to data analysis and support.

The use of telematics solutions is becoming the industry standard, and other benefits include being able to manage fleet policies while utilizing information reported in the following areas:

- Optimization, predictive maintenance abilities, remote diagnostics, fuel management by tracking idling and other fuel habits
- Compliance, logging of hours, usage, vehicle inspections, CO_2 emissions
- Safety, accident notifications, locate vehicles, risk and driver behavior reporting
- Productivity, improved customer service with trip reporting, GPS real time tracking

In addition to the evidence based summaries provided by the other governments that have implemented a telematics solution, SFM has experienced proof of concept in their own pilot program with NREL and the Colorado Energy Office which demonstrated the need for a telematics program when evaluating the need for electric vehicles.

During FY 2018-19, SFM studied drive patterns of 57 suspected Electric Vehicle (EV) opportunities using telematics. Ultimately, SFM only purchased 27 EVs based on standard EV drive ranges, and avoided purchasing vehicles that were not suited for the needs of the program. Under the previous methodology of just purchasing AFVs without data based decision making, the result would have been the purchase of an additional 30 EVs that would not have been sufficient to accomplish the task at hand. Additionally, it would have cost an additional $8,500 per vehicle in the initial purchase, or $255,000 in total. Please note that grant funding was utilized in this scenario for purchase.

As a result of these pilot programs, SFM has already completed a competitive solicitation for a vendor for the telematics program, and no lead time will be necessary for the procurement process prior to implementation of the proposed solution within this request. This vendor has established pricing for the State regardless of the number of telematics devices installed by SFM.

Baselining and measuring the success of the telematics program within the State of Colorado Fleet will be undertaken as soon as data from the implemented devices becomes available. In addition to annual reporting to the General Assembly required in statute, the Department also provides metrics on utilization during the annual fleet vehicles replacement request. It is anticipated that the information available from a telematics program will be instrumental in providing more accurate recommendations on alternate fuel vehicles, in addition to underutilized vehicles.

If this request is not funded, a telematics program will not be installed in the Colorado State Fleet, except for those state agency vehicles required under the Federal Motor Carrier Safety Administration (FMCSA) Electronic Logging Devices (ELD) mandate affecting commercial motor vehicle operations. Without this funding, SFM will continue to track fuel consumption through the fuel card system and track miles using manual reporting. Failing to implement a telematics program will maintain the current level of data reporting available, which will preclude the ability to reduce costs using strategies targeting areas that telematics data could specifically define as areas of improvement for the State of Colorado's drivers and vehicles.

Given the size and geographic dispersions of the State of Colorado Fleet, the Department is proposing a phased in approach where full implementation will be reached in FY 2024-25.

Anticipated Outcomes:

Reduced operating costs for fleets as a result of the implementation of a telematics program occur as a result of reduced fuel costs, reduced accident costs, reduced maintenance costs, elimination of unnecessary vehicle requests and replacements, and increased productivity. While the State of California, New York City, and the State of North Carolina experienced these outcomes, the State of Utah's experience was documented in detail in their summary report (Appendix A). The outcomes experienced by the State of Utah are summarized below.

As noted above, the State of Utah's phased implementation of the telematics program managed by the same vendor selected through a competitive procurement process by SFM showed benefits in all of the areas identified above, and SFM anticipates similar results when implemented in the Colorado State Fleet.

The State of Utah recognized savings of $138,460 in fuel savings; $90,000 in maintenance savings, $56,760 in accident related savings, and $89,500 in increased efficiency due to vehicle utilization. These savings were realized on a sample population of 1,296 vehicles utilizing in-cab real-time alerts and supervisor feedback to discourage speeding, other aggressive driving patterns and unnecessary idling. The average fuel efficiency increased by 2 miles-per-gallon, or 8 percent, and carbon emissions were also reduced by 75,000 pounds. Maintenance savings were generated through the proactive management of check engine warnings and low battery notifications, which eliminated failures as well as reduced roadside assistance instances. Real-time, in-cab alerts increased seat belt use and reduced aggressive driving. Utah has reported that first-party collision costs have been lowered by $36,700 when compared to historical trends. Finally, Utah reported that based on data received through telematics, it was determined that four vehicles did not meet the monthly minimum standards and could be reduced from their fleet.

SFM anticipates increase efficiency in management in the following areas:

- Reduced Fuel Costs: According to the U.S. Department of Energy, rapid acceleration and heavy braking can reduce fuel economy by up to 33% for highway driving and 5% on city roads. Similar to Utah, the use of in-cab, real-time notifications can be utilized to reduce speeding and unnecessary idling, which will increase fuel efficiency and reduce emissions.
- Reduced Maintenance Costs and Accident Costs: Real-time, in-cab notifications will also be utilized to provide coaching to limit aggressive driving and/or vehicle abuse. According to the Utah study, unscheduled repairs can drive up the indirect cost of repairs through lost employee time and productivity and telematics has shown to reduce maintenance and repair costs by as much as 14%. Additionally, a whitepaper produced by Geotab, Inc. and titled "Increasing Profitability with Telematics", the author references V. Taylor and K. Zhukov stating "insurance companies have reported a 45% reduction in accidents and a 50% reduction in accident payout costs via the use of telematics. Moreover, this reduction in accident claims can translate into a 5% to 25% reduction in comprehensive insurance costs." As a self-insured entity, the State of Colorado would benefit directly from these outcomes.
- Reduced Unnecessary Fleet Vehicles and Increased Productivity: Currently SFM uses manual tracking of mileage to monitor vehicle utilization and determine if the vehicle is underutilized. While for fleets where telematics has not been implemented, this is the industry standard, it does not show a full picture. There are cases where high mileage might only be indicative of a few days of use per month, whereas a low mileage would traditionally indicate an underutilized vehicle, but could really be representative of a vehicle driven daily (such as a correctional facility). Data from telematics can facilitate conversations around vehicle utilization and may reduce the need for certain vehicles.

Assumptions and Calculations:

As noted above, the Department has already gone through the procurement process for the telematics provider so that the pilot programs described above could be undertaken and in order to provide a solution to support programs that are required to comply with the federal ELD mandate that will be in effect in December 2019 and affect commercial motor vehicles. As a result, pricing structure for the telematics devices is already known and contractual, regardless of the number of devices and service purchased. This cost is $18.25 per vehicle per month for the service, which doesn't include installation costs (shown below).

The State Fleet currently has 6,300 active permanent vehicles, with a replacement cycle of approximately ten percent annually. SFM anticipates that they will be able to install telematics devices into approximately 25 percent of the vehicles in the fleet per year. Installation must be done in a precise way to ensure that the devices are secured in the vehicle and cannot be removed unless SFM intends to service the device. This installation cost is approximately $70 per vehicle one-time, and will be done by a yet to be determined external vendor. When a vehicle is scheduled for removal from the Fleet, the telematics device will be disabled and sold with the vehicle. New vehicle replacements through the annual replacement cycle requests will also have telematics devices installed, and those costs are detailed in the column titled Year 5 and Ongoing in the chart below.

Installation	FY 2020-21 Year 1	FY 2021-22 Year 2	FY 2022-23 Year 3	FY 2023-24 Year 4	FY 2024-25 & Onging Year 5 & Ongoing
Number of Vehicles Scheduled for Installation*	1,575	1,575	1,575	945	630
Installation Cost	$ 70	$ 70	$ 70	$ 70	$ 70
Total Annual Installation Cost	**$ 110,250**	**$ 110,250**	**$ 110,250**	**$ 66,150**	**$ 44,100**
Subscription					
Monthly Subsciption Cost Per Vehicle	$ 18.25	$ 18.25	$ 18.25	$ 18.25	$ 18.25
Total Vehicles Ungergoing Installed Each Quarter	394	394	394	236	315
Additional Vehicles	1,576	1,576	1,576	944	630
Subscription Costs for Vehicles Installed in Prior Year	$ -	$ 345,144.00	$ 690,288.00	$ 1,035,432.00	$ 1,242,168.00
Annual Cost for Vehicles Installed in Q1	$ 86,286.00	$ 86,286.00	$ 86,286.00	$ 51,684.00	$ -
Annual Cost for Vehicles Installed in Q2	$ 64,714.50	$ 64,714.50	$ 64,714.50	$ 38,763.00	$ 51,738.75
Annual Cost for Vehicles Installed in Q3	$ 43,143.00	$ 43,143.00	$ 43,143.00	$ 25,842.00	$ 34,492.50
Annual Cost for Vehicles Installed in Q4	$ 21,571.50	$ 21,571.50	$ 21,571.50	$ 12,921.00	$ -
Annual Subscription Amount	**$ 215,715.00**	**$ 560,859.00**	**$ 906,003.00**	**$ 1,164,642.00**	**$ 1,328,399.25**
Total Cost					
Total Cost (Installation and Subsciption Cost)	***325,965***	***671,109***	***1,016,253***	***1,230,792***	***1,372,499***

* Year 4 Installation will exclude vehicles identified for replacement in the next replacement cycle. Those vehicles are captulred in Year 5 and ongoing.

The table below provides information on the calculation of costs associated with the 1.0 FTE requested within this document. As noted above, having an in-house resource who can provide analysis and context around the data received by the system is a critical component in creating policies and influencing driver behavior to generate cost savings and greater efficiencies. A crucial component of making telematics work for any entity is having an in-house data expert so that the data generated by the devices can be used to develop policies which will ultimately generate the efficiencies demonstrated utilizing telematics. The FTE dedicated to supporting telematics will provide subject matter expertize on the telematics system, ensure that upgrades will enhance the system and data provided, will resolve complex functional issues, provide functional input into end user training materials, and identify impacts and make recommendations to reporting.

Implementing a telematics system without this type of dedicated, in-house support threatens the viability of commonly seen results. The State of Utah, the State of California, New York City, and PepsiCo/FritoLay each are examples of organizations that dedicate employees to monitor review and integrate telematics into the management of their fleets. In addition to coaching and policies on driving patterns such as aggressive driving or idling, policies must be written covering how telematics data will be used and what will be enforced, if and how telematics data will be used during employee assessment, penalties for tampering with devices, if vehicles will be monitored 24/7/365 or just during working hours, etc. Introducing telematics to employees is a common concern for many businesses during implementation, and the FTE requested in this document will ensure that the data received from the telematics devices are used to inform management decisions around policies addressing the issues and behaviors demonstrated in the data generated by the State of Colorado Fleet.

FTE Calculation Assumptions:

Operating Expenses -- Base operating expenses are included per FTE for $500 per year. In addition, for regular FTE, annual telephone costs assume base charges of $450 per year.

Standard Capital Purchases -- Each additional employee necessitates the purchase of a Personal Computer ($900), Office Suite Software ($330), and office furniture ($3,473).

General Fund FTE -- Beginning July 1, 2019, new employees will be paid on a bi-weekly pay schedule; therefore **new full-time General Fund positions are reflected in Year 1 as 0.9615 FTE** to account for the pay-date shift (25/26 weeks of pay). **This applies to personal services costs only; operating costs are not subject to the pay-date shift.**

Expenditure Detail			FY 2020-21		FY 2021-22	
Personal Services:						
Classification Title	Biweekly Salary	FTE			FTE	
DATA MANAGEMENT III	$1,977	1.0		$51,408	1.0	$51,408
PERA				$5,603		$5,603
AED				$2,570		$2,570
SAED				$2,570		$2,570
Medicare				$745		$745
STD				$87		$87
Health-Life-Dental				$10,042		$10,042
Subtotal Position 1, 1.0 FTE		**1.0**		**$73,025**	**1.0**	**$73,025**
Subtotal Personal Services		1.0		**$73,025**	1.0	**$73,025**
Operating Expenses:						
		FTE			FTE	
Regular FTE Operating	$500	1.0		$500	1.0	$500
Telephone Expenses	$450	1.0		$450	1.0	$450
PC, One-Time	$1,230	1.0		$1,230	-	
Office Furniture, One-Time	$3,473	1.0		$3,473	-	
Other						
Other						
Other						
Other						
Subtotal Operating Expenses				**$5,653**		**$950**
TOTAL REQUEST		1.0		**$78,678**	1.0	**$73,975**
	General Fund:					
	Cash funds:					
	Reappropriated Funds:			*$78,678*		*$73,975*
	Federal Funds:					

	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25 & Onging
	Year 1	Year 2	Year 3	Year 4	Year 5 & Ongoing
(7) Division of Capital Assets, (C) Fleet Management Program and Motor Pool Services, Personal Services	73,025	73,025	73,025	73,025	73,025
(7) Division of Capital Assets, (C) Fleet Management Program and Motor Pool Services, Operating Expenses	331,618	672,059	1,017,203	1,231,742	1,373,449
Total Funding Request	***404,643***	***745,084***	***1,090,228***	***1,304,767***	***1,446,474***

In anticipation of the replacement of the Fleet Information System (CARS) that was approved during the FY 2019-20 Budget Cycle, and industry best practices moving towards telematics, State Fleet Management has established a fund balance with the intention of paying for these costs without raising the administrative fee charged to Departments. The chart below shows a cash flow projection for the State Fleet Fund, and indicates that the administrative fee would need to be increased in September of FY 2021-22 in order to cover the monthly subscription charges for the telematics devices. Departments will need to be appropriated approximately $641,683 from the vehicle lease purchase line item at that time to cover the expense associated with implementation and ongoing costs. Fund splits and impacted Departments will be determined during the base adjustment process for FY 2021-22. This amount will continue to annualize following the same methodology as established in this request until full implementation is reached and can be included in the annual fleet request decision item; Departments will need to be appropriated $1,016,253 in FY 2022-23, $1,230,792 in FY 2023-24 and finally $1,372,499 in FY 2024-25 and ongoing.

	FY 2020-21 Year 1	FY 2021-22 Year 2	FY 2022-23 Year 3	FY 2023-24 Year 4	FY 2024-25 & Onging Year 5 & Ongoing
Beginning Cash Balance	$ 8,056,259.00	$ 7,651,616.00	$ 7,548,215.17	$ 7,548,215.17	$ 7,548,215.17
Total Telematics Expenses Covered By Cash Balance	**$ 404,643.00**	**$ 103,400.83**	**$ -**	**$ -**	**$ -**
Ending Cash Balance	$ 7,651,616.00	$ 7,548,215.17	$ 7,548,215.17	$ 7,548,215.17	$ 7,548,215.17
Targeted Fund Balance	$ 7,373,869.48	$ 7,498,050.14	$ 7,679,754.81	$ 7,897,215.98	$ 8,138,294.98
Variance To Targeted Fund Balance	*$ 277,746.52*	*$ 50,165.02*	*$ (131,539.64)*	*$ (349,000.81)*	*$ (590,079.81)*

Supplemental, 1331 Supplemental or Budget Amendment Criteria:

Not applicable.

Schedule 13

Department of Personnel & Administration

Funding Request for The FY 2020-21 Budget Cycle

Request Title

R-03 CORE Information Security Audit Finding

Dept. Approval By: [signature]

OSPB Approval By: [signature]

____	**Supplemental FY 2019-20**
____	**Budget Amendment FY 2020-21**
X	**Change Request FY 2020-21**

Summary Information	Fund	FY 2019-20 Initial Appropriation	FY 2019-20 Supplemental Request	FY 2020-21 Base Request	FY 2020-21 Change Request	FY 2021-22 Continuation
Total of All Line Items Impacted by Change Request	**Total**	**$6,592,280**	**$0**	**$6,592,280**	**$79,376**	**$79,376**
	FTE	0.0	0.0	0.0	0.0	0.0
	GF	$0	$0	$0	$0	$0
	CF	$3,712,371	$0	$2,948,595	$0	$0
	RF	$2,879,909	$0	$3,643,685	$79,376	$79,376
	FF	$0	$0	$0	$0	$0

Line Item Information	Fund	FY 2019-20 Initial Appropriation	FY 2019-20 Supplemental Request	FY 2020-21 Base Request	FY 2020-21 Change Request	FY 2021-22 Continuation
05. Division of Accounts and Control, (C) CORE Operations, (1) CORE Operations - Payments for CORE and Support Modules	**Total**	**$6,592,280**	**$0**	**$6,592,280**	**$79,376**	**$79,376**
	FTE	0.0	0.0	0.0	0.0	0.0
	GF	$0	$0	$0	$0	$0
	CF	$3,712,371	$0	$2,948,595	$0	$0
	RF	$2,879,909	$0	$3,643,685	$79,376	$79,376
	FF	$0	$0	$0	$0	$0

Auxiliary Data

Requires Legislation? NO

Type of Request? Department of Personnel & Administration Prioritized Request

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

Jared Polis
Governor

Kara Veitch
Executive Director

Department Priority: R-03
Request Detail: CORE Information Security Audit Finding

Summary of Incremental Funding Change for FY 2020-21			
	FY 2019-20	**FY 2020-21**	**FY 2021-22**
Total Funds	**$0**	**$79,376**	**$79,376**
FTE	0.0	0.0	0.0
General Fund	$0	$0	$0
Cash Funds	$0	$0	$0
Reappropriated Funds	$0	$79,376	$79,376
Federal Funds	$0	$0	$0

Summary of Request:

The Department of Personnel & Administration requests an ongoing annual appropriation of $79,376 in reappropriated funds spending authority in FY 2020-21 and ongoing within the (5) Division of Accounts and Control, (C) CORE Operations, Payments for CORE and Support Modules line item to address an audit finding related to the CORE system within the Statewide Single Audit Fiscal Year Ended June 30, 2017. This requested increase represents a 1.2% increase to the existing appropriation.

Within the Office of the State Auditor's (OSA's) Statewide Single Audit Fiscal Year Ended June 30, 2017, the audit team concluded there were three findings related to CORE information security within the CORE application. Two of the three findings were resolved quickly. OSA has determined that the outstanding audit finding needs to be resolved because, ultimately, the problem identified could affect the data reliability of the State's financial information and lead to misstatements of the State's financial statements or potential fraudulent activity. The Office of the State Controller (OSC) agrees with the OSA's finding, and plans to implement the OSA's recommendation; however, this is conditional upon receiving additional funding. If this request is not approved, the additional database layer controls and alignment with the State's fiscal year will not be in place, and the Department anticipates having additional audit findings in the future Statewide Single Audit reports published by the OSA.

Current Program:

The Department of Personnel & Administration's Office of the State Controller (OSC) has overall responsibility for the State's financial information recorded in the Colorado Operations Resource Engine (CORE) application. Currently, all statewide departments utilize the CORE application, which is funded through the operating common policy for CORE Operations, primarily with reappropriated funds spending authority with a small cash funds spending authority offset from DPA's Supplier Database Fund. The OSC is specifically responsible for establishing statewide policies and procedures, including account management workflow procedures, for the departments and users to follow in the CORE applications. As a standard industry practice, the CORE application is designed to allow various information security settings to be managed by the OSC through CORE application settings.

The OSC also works closely with CORE's third party "service organization," CGI, who maintains and houses the CORE system infrastructure components remotely in its hosting facilities. As part of the contract between CGI and the State, CGI provides an annual internal controls audit report, which covers those controls that CGI applies to the primary hosting facility and associated activities provided to the State. To meet this contractual requirement, CGI contracts with third party independent auditors to perform an examination of their internal controls. Examinations of this type are governed by the American Institute of Certified Public Accountants' Statement on Standards for Attestation Engagements (SSAE) 18 and result in a Service Organization Control (SOC) report. Specifically, a SOC 1, Type II report provides the service auditors' opinion as to whether the service organization's internal controls have been suitably designed and operating effectively, over a specified period, for the user entity to rely on those controls as they relate to financial reporting.

The CGI SOC 1, Type II report, which is produced by CGI's third party auditors, is issued directly to the OSC on an annual basis and is used by the Office of the State Auditor (OSA) to assess whether CGI had adequately designed and operated its system of internal controls over financial reporting, including IT general controls, during the fiscal year, in order to rely on the accuracy and completeness of the data contained within the CORE system. This assessment and reliance relates to the OSA's annual statewide financial and compliance audit and the OSA's opinion on the State's financial statements.

Problem or Opportunity:

Within the OSA's Statewide Single Audit Fiscal Year Ended June 30, 2017, the audit team concluded there were three findings related to CORE information security within the CORE application. Two of the three findings were resolved quickly.

The third finding resulted from the OSA's audit work, which reviewed the CORE application security to determine if logical access controls were properly designed, in place, and operating effectively to prevent unauthorized access. The audit team reviewed and tested the information security and logical access controls over the CORE system, which included interviewing relevant staff, reviewing policies and procedures, analyzing system configurations, user account settings and audit logs. They inquired with CGI, as they maintain and monitor the database supporting CORE, to determine whether logging was configured, enabled, and recording changes to user access to the application. They also obtained and reviewed the current CGI SOC 1, Type II audit report determine whether the scope of the IT controls asserted to by CGI and audited by the third party service auditors were adequate and whether an IT control issues were noted as having an impact on internal controls over financial reporting. Based on this review, the OSA issued the following recommendation:

The Office of the State Controller (OSC) should strengthen information security system operations and controls over the Colorado Operations Resource Engine (CORE) system by working with CGI to ensure that the SOC 1, Type II report covering the CGI managed components of the CORE system contains database layer controls over financial reporting.

The OSA has determined that this outstanding audit finding needs to be resolved because, ultimately, the problem identified could affect the data reliability of the State's financial information and lead to misstatements of the State's financial statements or potential fraudulent activity. The OSC agrees with the

OSA's finding, and plans to implement the OSA's recommendation; however, this is conditional upon receiving additional funding.

Proposed Solution:

The Department proposes implementing the OSA's recommendation, which will require additional ongoing funding. The OSC will work with CGI to ensure that the SOC 1, Type II report covering the CGI managed components of the CORE system contain database layer controls relevant to internal controls over financial reporting. CGI's third party auditors will need to perform additional audit work beyond the previous SOC 1, Type II report, to include database layer controls and to capture the State's fiscal year properly in order to comply with the OSA findings, which will result in additional costs to the Department. The OSC received estimates from CGI to implement the recommendation, which is estimated to cost $79,376 reappropriated funds spending authority annually beginning in FY 2020-21 and ongoing.

Currently, the Department has an acceptable workaround in place, since the OSA does additional work without the recommended SOC 1, Type II report being in place. However, the Department is unable to quantify the workload performed by the OSA on the workaround process, or the estimated savings that will result if this report is added to CGI's third-party audit.

The Department has considered alternative solutions to this, and has determined that because CGI currently contracts with specific third party auditors for the SOC 1, Type II report, the only alternative to this is not moving forward with the recommendation from the auditor. The Department does not have the flexibility to contract with a separate third party auditor. If this request is not approved, the additional database layer controls and alignment with the State's fiscal year will not be in place, and the Department anticipates having additional audit findings in the future Statewide Single Audit reports published by the OSA.

Anticipated Outcomes:

If this request is approved, the OSC will modify the contract with CGI to include review of database layer controls and receipt of the related report no later than August each year. This will result in the OSC fully implementing the OSA's audit recommendation by FY 2020-21.

Assumptions and Calculations:

The Department received two quotes from CGI that, when combined, represent the total cost of $79,376 each year, over six years. The first quoted $29,643 annually for the database controls, and the second quoted $49,733 annually to adjust the annual SOC 1 Type II audit for the Colorado fiscal year reporting period of July through June. The Department received these quotes from CGI on June 24, 2019 and assumes these represent the actual cost to implement this audit recommendation if the Joint Budget Committee approves the additional funding requested.

Supplemental, 1331 Supplemental or Budget Amendment Criteria:

Not applicable.

Schedule 13

Department of Personnel & Administration

Funding Request for The FY 2020-21 Budget Cycle

Request Title

R-04 Streamlining Electronic Document Processing

Dept. Approval By: Alan H Cozmer ________ Supplemental FY 2019-20

OSPB Approval By: Ben [illegible] ________ Budget Amendment FY 2020-21

X Change Request FY 2020-21

Summary Information	Fund	FY 2019-20 Initial Appropriation	FY 2019-20 Supplemental Request	FY 2020-21 Base Request	FY 2020-21 Change Request	FY 2021-22 Continuation
Total of All Line Items Impacted by Change Request	**Total**	**$159,675**	**$0**	**$159,675**	**$15,910**	**$14,160**
	FTE	0.0	0.0	0.0	0.0	0.0
	GF	$0	$0	$0	$3,605	$1,855
	CF	$475	$0	$475	$0	$0
	RF	$159,200	$0	$159,200	$12,305	$12,305
	FF	$0	$0	$0	$0	$0

Line Item Information	Fund	FY 2019-20 Initial Appropriation	FY 2019-20 Supplemental Request	FY 2020-21 Base Request	FY 2020-21 Change Request	FY 2021-22 Continuation
01. Executive Director's Office, (A) Department Administration, (1) Department Administration - Operating Expenses	**Total**	**$101,337**	**$0**	**$101,337**	**$3,605**	**$1,855**
	FTE	0.0	0.0	0.0	0.0	0.0
	GF	$0	$0	$0	$3,605	$1,855
	CF	$475	$0	$475	$0	$0
	RF	$100,862	$0	$100,862	$0	$0
	FF	$0	$0	$0	$0	$0
01. Executive Director's Office, (B) Statewide Special Purpose, (1) Colorado State Employees Assistance Program - Operating Expenses	**Total**	**$58,338**	**$0**	**$58,338**	**$12,305**	**$12,305**
	FTE	0.0	0.0	0.0	0.0	0.0
	GF	$0	$0	$0	$0	$0
	CF	$0	$0	$0	$0	$0
	RF	$58,338	$0	$58,338	$12,305	$12,305
	FF	$0	$0	$0	$0	$0

Auxiliary Data

Requires Legislation? NO

Type of Request? Department of Personnel & Administration Prioritized Request

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

Department Priority: R-04
Request Detail: Streamlining Electronic Document Processing

Summary of Incremental Funding Change for FY 2020-21			
	FY 2019-20	**FY 2020-21**	**FY 2021-22**
Total Funds	**$0**	**$15,910**	**$14,160**
FTE	0.0	0.0	0.0
General Fund	$0	$3,605	$1,855
Cash Funds	$0	$0	$0
Reappropriated Funds	$0	$12,305	$12,305
Federal Funds	$0	$0	$0

Summary of Request:

The Department of Personnel & Administration (the Department) is requesting $12,305 in reappropriated funds spending authority for FY 2020-21 and ongoing to support the operating expenses line item for the Colorado State Employees Assistance Program (CSEAP) for costs associated with the increased utilization of DocuSign for CSEAP clients who have requested counseling services as a secure, HIPAA compliant means of completing and signing documents prior to counseling sessions and a more efficient means of transferring client intake data to CSEAP operational and clinical databases. The Department also requests $3,605 General Funds for FY 2020-21 and $1,855 General Funds in FY 2021-22 and ongoing for the Executive Director's Office (EDO), Operating Expenses line item for the electronic processing of contract documents including contracts, amendments, option letters, task orders, interagency agreements, and intergovernmental agreements. This request aligns with the Department's wildly important goal to make State Government an "employer of choice."

The Colorado State Employee Assistance Program (CSEAP) follows federal (HIPAA) and state laws that require strict confidentiality of all client records. CSEAP would like to expand the use of DocuSign as a secure, digital solution which allows CSEAP clients complete, sign, and submit forms electronically as part of the intake process when requesting counseling services. The information provided by clients on these forms include Protected Health Information (PHI) which can be critical in forming an approach to be used by the counselor during sessions improving quality of care. DocuSign is HIPAA compliant. Should this request be approved, CSEAP will migrate from a manual, paper-driven intake process to a more efficient digital process. CSEAP's potential clients will be able to complete, sign, and return necessary forms electronically and CSEAP's intake staff will be able to migrate this data more efficiently to CSEAP's databases saving staff time which can then be redirected to serving potential and current CSEAP clients

Current Program:

Employee Assistance Programs (EAP) are offered by many employers in an effort to support the wellbeing of employees and the workplace. EAPs typically provide short-term counseling, referrals and resources, as well as training and organizational development services. CSEAP, the EAP for Colorado state employees, is unique in that it is a dedicated program of the Department of Personnel & Administration funded by Colorado state statute to "address personal problems and workplace issues faced by state employees and employers." CSEAP is a team of professionals who provide confidential counseling and referrals, mediation, coaching, group facilitation, crisis response, organizational consultation/development, and educational services free-of-charge to state employees and state agencies. CSEAP's function is to address workplace and personal issues before they impact safety, productivity, working relationships, healthcare costs, and absenteeism, and before they have a negative impact on the efficiency and effectiveness of state employees and managers. CSEAP has offices located in Denver, Colorado Springs, Golden, Grand Junction, Pueblo, Loveland, Sterling, Durango, Alamosa, and Canon City but also offers phone or video sessions. The program is currently funded with reappropriated funds through the Risk Management common policy from the Liability Program.

The Department's procurement and contracts unit located within the Executive Director's Office handles procuring products and services for the Department. The unit is responsible for posting, evaluating, awarding of all solicitations and the drafting of all departmental contracts, as well as managing and administering all contracts for the Department.

Problem or Opportunity:

The Colorado State Employee Assistance Program (CSEAP) follows federal (HIPAA) and state laws that require strict confidentiality of all client records. Records are released only when there is a written client request, by court order or by a licensing agency (i.e. DOPL). The law mandates that in cases of child abuse, or when a person may be a threat to his or someone else's safety, the counselor must notify the proper authorities. All records are maintained in a secure, locked location. The computer database of client information is accessible only to employees of CSEAP. Individual data is not shared with anyone without the written permission of the client. Utilization reports are provided to employers that contain aggregate data for the company. No report contains information that could identify an individual client.

The current process for clients when preparing for a CSEAP appointment begins when a client calls to request an appointment. An Intake Coordinator spends about 10 minutes on the phone, at the time of this appointment request, collecting pertinent information and includes a brief assessment of the client's situation and/or symptoms. Based on the conversation with the Intake Coordinator during the intake phone call, the Intake Coordinate crafts and sends an email attaching the appropriate forms for the client to complete, the client prints and completes the appropriate forms and brings them to the first appointment or returns them via encrypted email. If the forms are encrypted and returned via email, the Intake Coordinator then prints the forms, labels the paperwork, scans it into CSEAP's secure drive then attaches it into Premier (the program's secure client clinical database) and finally the paperwork is shredded and disposed of securely. If forms are not complete or completed incorrectly, additional time before the scheduled appointment is necessary which may cause scheduling issues for both the client and the counselor. In some instances, clients complete these forms when they arrive in the office for their initial appointments. This can be problematic as clients do not always anticipate enough lead time regarding the completion of paperwork resulting in sessions starting late and running over the allotted time.

During FY 2018-19 program management began investigating the benefits of using DocuSign as a safe means of communicating electronically with potential CSEAP clients and as a means of efficiently transferring data to internal secure systems. Clients complete, sign and return forms entirely online and the Intake Coordinator processes documentation without generating physical paperwork. The program has already used existing resources to purchase the one-time initial costs for DocuSign, one year's support costs and has additionally purchased 500 electronic "envelopes" for initial use. Given that in FY 2018-19 CSEAP processed documentation for over 2,100 new clients 500 "envelopes" is significantly short of need. Program management has maximized spending authority to this point but lacks spending authority to fully adopt DocuSign as a digital solution for client data communication.

The Department's procurement and contracts unit located within the Executive Director's Office handles procuring products and services for the Department. Currently the process for getting any contract documents signed involves having vendors print the document and provide a signature. While the Department has permission from the Central Contracts Unit which allows the vendor to email the Department a scanned version of the signed copy for internal signature routing. The vendor must still mail the signed copy and the Department prints three separate versions of the scanned copy and route those simultaneously to the necessary signatories which can include the Attorney General's Office (AG), and the Governor's Office of Information Technology (OIT), along with either the Department's Executive Director or Deputy Executive Director, and finally the Department's Controller. This process can take anywhere from a few days to a few weeks depending on the complexity of the contract.

Proposed Solution:

The Department of Personnel & Administration is requesting $12,305 in reappropriated funds spending authority for FY 2020-21 and ongoing in support of the CSEAP Operating Expenses line item. The funding request would cover costs associated with the increased utilization of DocuSign for CSEAP clients who have requested counseling services as a secure, HIPAA compliant means of completing and submitting documents prior to counseling sessions.

CSEAP would like to expand the use of DocuSign as a secure, digital solution which allows CSEAP clients complete, sign, and submit forms electronically as part of the intake process when requesting counseling services. These documents may include a disclosure form required by the Department of Regulatory Agencies (DORA) and may also include various clinical assessment questionnaires. Electronic submission of these forms would eliminate potential errors due to illegible handwriting or omitted data. Digital forms cannot be submitted until they are 100% complete, and data is captured and automatically sent to back to CSEAP; a much more efficient and accurate process. The information provided by clients on these forms include Protected Health Information (PHI) which can be critical in forming an approach to be used by the counselor during sessions improving quality of care. Patients can fill out forms completely and thoughtfully without feeling rushed as they might in the office before a scheduled appointment and counselors can review client's information before the clients' first appointment. HIPAA Privacy Rule provides federal protections for PHI held by covered entities and gives patients' rights with respect to that information. DocuSign is HIPAA compliant. Because of the process efficiencies generated in the Intake Coordinator's workflow, time savings can be guided to tasks such as answering phone calls from clients. These phone calls are currently directed to voicemail and wait for program attention as time allows.

The program's current operating expenses appropriation of $53,338 reappropriated funds has been maximized in order for CSEAP to adopt the DocuSign solution at an initial level of 500 "envelopes" however given that CSEAP processes documentation for approximately 2,100 new clients, additional funding would allow the program to fully implement the DocuSign platform. Carving $12,305 out of the existing Operating Expenses appropriation is not an option as this would require more than 21% of the program's current operating budget. Given that the program fully utilizes its operating line's spending authority each year, there is no surplus available for the increased utilization of DocuSign.

Should this request not be approved, CSEAP will continue operating two diverse processes experiencing the limited benefits partial implementation of the new system allows. The program's Intake Coordinator will continue manually processing forms for approximately 80% of potential new clients while processing the remaining portion of digital documents. A majority of potential new clients will continue to download, complete, scan, and return documents to CSEAP's program staff. CSEAP staff will continue to print incoming forms, label the paperwork, scan it into CSEAP's secure drive and then attach it into Premier (the program's secure client clinical database). The minimal time savings generated with the use of the 500 "envelopes" by the Intake Coordinator will be redirected to answering potential client phone calls but a significant number of calls will still flow to voicemail.

The Department is also requesting $3,605 General Funds appropriated in the EDO's Operating Expenses line item in FY 2020-21 and $1,855 General Funds in FY 2021-22 and ongoing to utilize DocuSign for the processing of a variety of the Department's contract documents. In practice, once the terms of the contract are finalized and no more edits are required, the Department's contracts personnel would send the document electronically through approved workflow in order to capture electronic signatures of the vendor, potentially OIT and/or the AG, the Department's Executive Director or Deputy Executive Director, and finally the Department's Controller. Once all signatures are collected, the final signed document is stored electronically. There is no need to print or store hard copies in files.

Anticipated Outcomes:

Should this request be approved, CSEAP will migrate from a manual, paper-driven intake process to a more efficient digital process. CSEAP's potential clients will be able to complete, sign, and return necessary forms electronically and CSEAP's intake staff will be able to migrate this data more efficiently to CSEAP's databases saving staff time which can then be redirected to serving potential and current CSEAP clients by answering phone calls. Other tasks the Intake Coordinator could better be utilized for related to time savings are better and more efficient customer service at the front window, timely completion of client surveys, email responses, and record keeping. Having extra time would allow the Intake Coordinator to send text reminders to clients for upcoming appointments to reduce "no shows." Additionally, the Intake Coordinator would be able to better support CSEAP staff.

Support for the State's Employee Assistance Program, a confidential resource to state employees for over 30 years, aligns with Governor Polis' focus on lowering healthcare costs. CSEAP staff provide assistance to state agencies and employees in every region of the state and provide these services free of charge. Additionally, investing in the State's workforce is a component toward making Colorado state government an employer of choice which is one of the Department's goals.

Additionally, approval of this request would impact the efficiency of processing of multiple types of contracts documents for the Department. Contracts would be executed faster (potentially within a single day) ensuring programs are able to have their contractors start or continue working in a more efficient time frame which would assist programs in meeting critical deadlines. EDO's procurement team resources could be redirected to devote more time to solicitations, potentially process more purchases for program and help programs spend money more efficiently, offer more trainings to program staff helping them understand the purchasing and contracting process, and devote time to evaluating and improving purchasing staff processes including the solicitation process. The EDO would experience small savings in printing costs as a single electronic document is routed and stored rather than multiple copies of documents ranging from a single page option letter to a large contract amendment which can be anywhere from five to two hundred pages.

Assumptions and Calculations:

New clients requesting services from CSEAP will utilize DocuSign while completing and returning forms online. The Intake Coordinator will no longer spend time printing, labeling and scanning these returned forms as they are downloaded directly to the CSEAP databases. The time savings for the Intake Coordinator can be seen in the following table.

Intake Coordinator Task Processing Comparison

	Current Process	DocuSign	
draft email/attach forms	5	5	minutes per outbound packet
print, label, scan forms	5	0	minutes per inbound packet
database(s) processing	3	3	minutes per inbound packet
	13	8	total minutes per new client
	2,180	2,180	total new clients YTD June 13, 2019
	28,340	17,440	annual minutes used
		182	annual savings/hours
		23	workdays gained (8 hour workdays)

Both CSEAP and the Department's contracts and procurement unit would experience small savings related to printing costs. The Department assumes an average contract document would be forty print pages (single sided) for the 300 potential contract documents processed. CSEAP assumes an average of 5 print pages per each of the clients processed.

Estimated Printing Costs Savings		
	CSEAP	EDO
FY 2019-20 printing cost per page	$0.023	$0.023
average pages per instance	5	40
estimated annual instances	2500	300
Total	$288	$276

The table below demonstrates the requested funding for the Colorado State Employees Assistance Program and the Executive Director's Office contracts and procurements unit.

DocuSign Costs			
		CSEAP	EDO
FY19	Envelopes	$0	$0
	Enterprise Support	$0	$0
	Adoption Consulting	$1,774	$0
FY20	Envelopes	$1,950	$0
	Enterprise Support	$430	$0
	Adoption Consulting	$0	$0
FY21	Envelopes	$11,875	$1,425
	Enterprise Support	$430	$430
	Adoption Consulting	$0	$1,774
FY22	Envelopes	$11,875	$1,425
	Enterprise Support	$430	$430
	Adoption Consulting	$0	$0

Supplemental, 1331 Supplemental or Budget Amendment Criteria:

Not applicable.

Schedule 13

Department of Personnel & Administration

Funding Request for The FY 2020-21 Budget Cycle

Request Title

R-05 Annual Fleet Vehicle Request

Dept. Approval By: Alan H Cramer

OSPB Approval By: Ken B

___	Supplemental FY 2019-20
___	Budget Amendment FY 2020-21
X	Change Request FY 2020-21

Summary Information	Fund	FY 2019-20 Initial Appropriation	FY 2019-20 Supplemental Request	FY 2020-21 Base Request	FY 2020-21 Change Request	FY 2021-22 Continuation
	Total	**$22,032,820**	**$0**	**$22,051,510**	**$1,416,155**	**$0**
	FTE	0.0	0.0	0.0	0.0	0.0
Total of All Line Items Impacted by Change Request	GF	$0	$0	$0	$0	$0
	CF	$0	$0	$0	$0	$0
	RF	$22,032,820	$0	$22,051,510	$1,416,155	$0
	FF	$0	$0	$0	$0	$0

Line Item Information	Fund	FY 2019-20 Initial Appropriation	FY 2019-20 Supplemental Request	FY 2020-21 Base Request	FY 2020-21 Change Request	FY 2021-22 Continuation
	Total	**$22,032,820**	**$0**	**$22,051,510**	**$1,416,155**	**$0**
07. Division of Capital Assets, (C) Fleet Management Program and Motor Pool Services, (1) Fleet Management Program and Motor Pool Services - Vehicle Replacement Lease/Purchase	FTE	0.0	0.0	0.0	0.0	0.0
	GF	$0	$0	$0	$0	$0
	CF	$0	$0	$0	$0	$0
	RF	$22,032,820	$0	$22,051,510	$1,416,155	$0
	FF	$0	$0	$0	$0	$0

Auxiliary Data

Requires Legislation?	NO		
Type of Request?	Department of Personnel & Administration Prioritized Request	**Interagency Approval or Related Schedule 13s:**	Impacts DPA

Department of Personnel & Administration

FY 2020-21 Funding Request

November 1, 2019

Jared Polis
Governor

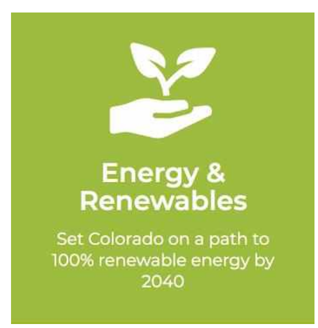
Kara Veitch
Executive Director

Department Priority: R-05
Request Detail: FY 2020-21 Annual Fleet Request

Summary of Incremental Funding Change for FY 2020-21			
Annual Fleet Request – DPA	**FY 2019-20**	**FY 2020-21**	**FY 2021-22**
Total Funds	**$0**	**$1,416,155**	**$0**
FTE	0	0	0
General Fund	$0	$0	$0
Cash Funds	$0	$0	$0
Reappropriated Funds	$0	$1,416,155	$0
Federal Funds	$0	$0	$0
Summary of Incremental Funding Change for FY 2020-21			
Annual Fleet Request – Agency Appropriations	**FY 2019-20**	**FY 2020-21**	**FY 2021-22**
Total Funds	**$0**	**$143,012**	**$0**
FTE	0	0	0
General Fund	$0	($167,012)	$0
Cash Funds	$0	$346,735	$0
Reappropriated Funds	$0	($24,537)	$0
Federal Funds	$0	($12,174)	$0

Summary of Request:

This request is submitted on an annual basis through the combined efforts of State Fleet Management (SFM), the Office of State Planning and Budgeting, and the State agencies that participate in the State Fleet Management Program. This request is for one year as a supplemental true-up and will be completed for SFM to correctly align appropriations with the actual expenditures associated with the new vehicles delivered in a fiscal year. This specific request aligns with the Governor's goals of sustainability, and includes funding to transition to use of electric vehicles (EVs), whenever it is suitable. This request would replace 740 vehicles, 325 of which would be alternative fuel vehicles. This request is complementary to two other requests by the department, including the telematics request, as well as a request to install EV charging stations within the Merrick Parking Garage.



Fleet replacements are necessary to control maintenance expenses. For example, from FY 2009-10 to FY 2010-11 the cost per mile for maintenance decreased by 7.1 percent due to a large replacement cycle in FY 2009-10. From FY 2010-11 through FY 2011-12, a 56.0 percent decrease in fleet replacements resulted in a 12.0 percent increase in total maintenance costs. In addition, using established economic rationale for replacement decisions, and consistent funding of reasonable levels of replacements is the most cost effective approach to fleet management, and will allow State Fleet Management to minimize future increases in vehicle maintenance and minimize the net impact to all fund sources.

The Department's original analysis identified 2,021 vehicles for replacement using the standard criteria. However, due to the limited personnel and physical resources (such as lot space) available to the State Fleet Management Program, the Department has revised the list to only include 740, or the "worst of the worst" vehicles for FY 2020-21. Understanding the importance of the ongoing substantial energy goals, the Department has identified, within the "worst of the worst" replacement list, all vehicles eligible for an Alternative Fuel Vehicle (AFV) replacement.

Current Program:

The State Fleet Management Program (SFM) manages all aspects of a vehicle's life from the time of acquisition through disposal for the approximately 6,300 permanent vehicles within the State Fleet so that the agencies and programs that SFM supports are able to more effectively focus on their programs' missions. The SFM Program manages these vehicle assets for all State agencies, while gaining economies of scale and significant price reductions by aggregating purchasing opportunities and funding resources. The program facilitates all maintenance, repairs, fuel expense, and accident repairs and maintains a database with detailed history for each vehicle. Reporting on these data points are critical for decision makers when decisions are being made on investing in alternate fuel vehicles or expanding the fleet. Each year, vehicles in the state fleet drive approximately 71 million miles and utilize 4.4 million gallons of fuel, and SFM currently relies on the fuel card to report fueling information and individual reporting of miles driven through a spreadsheets and a homegrown database.

Problem or Opportunity:

On an annual basis, the Department submits a fleet replacement request to address the needs of individual state agencies across the State. The Department's Fleet Management Program analyzes each vehicle on an annual basis to determine its replacement eligibility. This year 2,021 vehicles were identified as potentially eligible. Due to budget and resource constraints, for FY 2020-21 the Department requests 740 critical need replacement vehicles.

Proposed Solution:

The Department of Personnel & Administration requests 740 replacement vehicles for the State Fleet, including 325 potential AFVs: 193 Hybrid, 129 Electric, and 3 Compressed Natural Gas Vehicles. To accomplish this, the Department will require an increase of $1,416,155 in reappropriated funds spending authority to its (7) Division of Capital Assets, (C) Fleet Management Program and Motor Pool Services, Vehicle Replacement Lease/Purchase line item. For individual State agencies, this request will require an increase of $143,012 in funding for the respective Vehicle Lease Payments appropriations, with an estimated $167,012 decrease in General Fund in FY 2020-21. Replacing the 740 vehicles, in FY 2020-21, that are in need of the most upkeep will produce a projected maintenance and fuel savings of $1,591,374.

The following table shows the number of requested replacements and potential AFV vehicles by agency and vehicle type:

FY 2020-21 Summary of Requested Replacement Vehicles by Department			
Department	**Standard**	**Alternate Fuel Vehicles**	**Total**
Agriculture	7	11	18
Corrections	22	48	70
Governor's Office	4	1	5
Education	1	1	2
Health	0	9	9
Higher Education	76	52	128
Human Services	22	11	33
Judicial	0	9	9
Law	0	5	5
Labor & Employment	2	3	5
Local Affairs	0	4	4
Military & Veterans Affairs	2	0	2
Natural Resources	71	47	118
Personnel	1	7	8
Public Safety	172	12	184
Regulatory Agencies	3	10	13
Revenue	0	25	25
Secretary of State	0	1	1
Transportation	32	69	101
Total	415	325	740

The following table shows the incremental appropriation increase or decrease by department.

FY 2020-21 Annual Fleet Request							
Department	**FY 2019-20 Appropriation**	**Estimated FY 2020-21 Appropriation**	**Total Incremental**	**GF**	**CF**	**RF**	**FF**
Agriculture	$ 301,300	$ 292,563	$ (8,737)	$ (3,434)	$ (5,178)	$ -	$ (125)
Corrections	$ 3,478,263	$ 3,341,090	$ (137,173)	$ (111,824)	$ (25,349)	$ -	$ -
Education	$ 23,667	$ 26,196	$ 2,529	$ 2,138	$ -	$ 391	$ -
Governor's Office	$ 101,534	$ 136,945	$ 35,411	$ 5,259	$ -	$ 30,152	$ -
Human Services	$ 1,172,030	$ 1,046,268	$ (125,762)	$ (70,242)	$ -	$ (55,520)	$ -
Judicial Branch	$ 243,161	$ 228,410	$ (14,751)	$ (14,751)	$ -	$ -	$ -
Labor And Employment	$ 198,169	$ 198,733	$ 564	$ 56	$ 236	$ 6	$ 267
Law (Attorney General's Office)	$ 66,876	$ 61,432	$ (5,444)	$ (2,329)	$ (1,649)	$ (1,421)	$ (44)
Local Affairs	$ 102,033	$ 93,280	$ (8,753)	$ (7,864)	$ -	$ (889)	$ -
Military and Veterans Affairs	$ 94,479	$ 64,566	$ (29,913)	$ (12,744)	$ -	$ -	$ (17,169)
Natural Resources	$ 4,238,560	$ 4,424,332	$ 185,772	$ 12,907	$ 168,550	$ 1,904	$ 2,411
Personnel & Administration	$ 256,499	$ 262,054	$ 5,555	$ -	$ 54	$ 5,501	$ -
Public Health and Environment	$ 446,938	$ 366,588	$ (80,350)	$ -	$ (57,049)	$ (16,070)	$ (7,231)
Public Safety	$ 8,842,604	$ 9,201,432	$ 358,828	$ 38,119	$ 299,582	$ 11,409	$ 9,718
Regulatory Agencies	$ 261,291	$ 233,807	$ (27,484)	$ -	$ (27,484)	$ -	$ -
Revenue	$ 655,143	$ 645,798	$ (9,345)	$ (2,302)	$ (7,043)	$ -	$ -
State	$ 6,175	$ 8,239	$ 2,064	$ -	$ 2,064	$ -	$ -
Total Appropriated	**$ 20,488,722**	**$ 20,631,734**	**$ 143,012**	**$ (167,012)**	**$ 346,735**	**$ (24,537)**	**$ (12,174)**

Anticipated Outcomes:

If this request is funded, the State will maintain a fleet of vehicles that is sufficient to address the needs of State agencies. With respect to law enforcement vehicles, the vehicle replacements help ensure that the maximum safety standards are met for the patrolmen that must travel at high speeds in various conditions. For the rest of the State's agencies, the replacement vehicles will allow the State to operate an efficient fleet, as well as follow the statutory guidance to migrate towards a more environmentally friendly fleet. Finally, with the exception of the State Patrol vehicles, the vehicles requested for replacement are estimated to cost the State more in maintenance costs than would otherwise be required to replace the vehicle. If all 740 vehicles, of which 168 vehicles for State Patrol, are replaced, the maintenance and fuel savings is projected to be $1,591,374.

Assumptions and Calculations:

Please see the appendix of this request for a detailed description of the Department's methodology for identifying replacement vehicles, as well as detail on how the incremental funding request is developed.

Supplemental, 1331 Supplemental or Budget Amendment Criteria:

Not Applicable

Appendix

Development of Incremental Budget Need

The budget assumptions for this request include preliminary estimates of the impacts of a FY 2019-20 vehicle reconciliation performed by State Fleet Management, and a further estimated reconciliation of leases ending and increasing during the budget period. Finally, the pro-rated impact of the requested vehicles has been added to the reconciled appropriation.

For FY 2020-21, the Department has assumed continuation funding for the vehicles being replaced since the vehicles arrive at various times during the year and the Department cannot reasonably estimate the arrival of each vehicle. Therefore, the Department will true-up the appropriations for FY 2019-20 during the annual fleet supplemental in the request year.

Estimated State Agency Need

The Department estimated the projected need for State agencies in FY 2019-20 and FY 2020-21 by performing the following steps, as shown in the Summary of Appropriated Department Need tables:

Summary of Appropriated Department Need for FY 2019-20		
Line	**Agency Lease Line Analysis**	**FY 2019-20**
1	FY 2019-20 Base Long Bill Appropriation	$20,488,722
2	Non-Appropriated Vehicle Lease Payments	$3,525,352
3	Total FY 2019-20 Base Funding (All Agencies)	$24,014,074
4	Estimated Reduction to FY 2019-20 Based on Current Lease Payments	($1,143,189)
5	Approved Additions (Prorated)	$39,482
6	Approved Replacements (Prorated)	$1,125,057
7	Remaining Payment Obligations	$292,668
8	Leases Ending in FY 2019-20 (impact to FY 2019-20)	($1,433,332)
9	Estimated FY 2019-20 Statewide Need After FY 2019-20 Supplemental	$22,894,760
10	Non-Appropriated Vehicle Lease Payments	($3,150,261)
11	**Net Appropriated Agency Need for FY 2019-20**	**$19,744,499**
12	**Net FY 2019-20 Estimated Increase from Current LB Appropriation**	**($744,223)**

1) Begin with the appropriated (Line 1) and non-appropriated (Line 2) vehicle lease payments and develop a total base funding (Line 1 + Line 2 = Line 3)
2) Reduce the base by the difference between actual lease payments and the total base (Line 4)
3) Add the approved additions (Line 5), the approved replacements (Line 6), and Remaining Payment Obligation (Line 7)
4) Reduce the total need by the value of the leases that will terminate in that year (Line 8) to determine the total statewide need (Line 9)
5) Then, reduce the total Statewide appropriation by the payments that will be made on behalf of non-appropriated agencies (Line 10) to develop the total appropriated agency need for FY 2019-20 (Line 11)
6) Finally, line 12 of the table takes the difference between Line 11 and Line 1. This is the incremental need for State agency appropriations in FY 2019-20 and serves as the base for determining FY 2020-21 total need.

The FY 2020-21 Agency Lease Line Analysis table is calculated the same way that the FY 2019-20 Agency Lease Line Analysis table is. That table below shows the calculation for FY 2020-21 and a description of the calculation steps:

1) Add Line 11 of the FY 2018-19 Lease Line analysis table to the payments for non-appropriated agencies (Line 14) to get to the total base funding (Line 15).
2) To this, the following adjustments are entered:
    a. the impact of FY 2019-20 leases ending in FY 2020-21 (Line 16)
    b. the annualization of FY 2019-20 leases approved for FY 2020-2021 (Line 17)
    c. a reduction for leases ending in FY 2020-21 (Line 18)
    d. the FY 2020-21 costs for the replacement of the 740 vehicles (Line 19)
    e. remaining payment obligations (Line 20).
3) The actions above are aggregated into the Estimated FY 2020-21 Statewide Need for FY 2020-21 Replacement line (Line 21).
4) Line 22 calculates the incremental need for the entire State, and the non-appropriated funds (Line 23) are reduced from Line 20 to drive the total need for appropriated agencies in FY 2020-21 (Line 24).
5) The FY 2019-20 appropriated amount is subtracted from Line 24 to arrive at the incremental need for State agencies (Line 25).

Summary of Appropriated Department Need for FY 2020-21		
Line	**Agency Lease Line Analysis**	**FY 2020-21**
13	FY 2020-21 Estimated Need after Additions/Subtractions	$19,744,499
14	Non-Appropriated Vehicle Lease Payments	$3,150,261
15	Total FY 2020-21 Base Funding (All Agencies)	$22,894,760
16	Leases ending in FY 2019-20 (impact on FY 2020-21)	($1,634,866)
17	New FY 2019-20 Leases annualized for FY 2020-21	$2,425,017
18	Leases ending in FY 2020-21 (impact on FY 2020-21)	($1,284,257)
19	740 Vehicle Replacements for FY 2020-21	$1,592,468
20	Remaining Payment Obligations	$75,337
21	Estimated FY 2020-21 Statewide Need After FY 2020-21 Replacements	$24,068,460
22	Net Statewide Increase Over FY 2020-21 Long Bill	$54,386
23	Non-Appropriated Vehicle Lease Payments	($3,436,725)
24	**Net Appropriated Agency Need for FY 2020-21**	**$20,631,734**
25	**Net Increase Over FY 2020-21 Base Long Bill (Appropriated Agencies)**	**$143,012**

Detailed Analysis of Departmental Need

The following tables show the Department's detailed calculations regarding the need of individual agencies for FY 2018-19 and FY 2019-20 that tie to the values presented in the tables above.

Lease Line Reconciliation for FY 2019-20											
Dept	Division	Long Bill Vehicle Lease Payment Appropriation for FY 2019-20	CARS Agency Billing Thru October 2019	CARS Monthly Billing for October 2019	Annualized Fixed Payments for FY 2019-20	Approved Additions Fixed Payments (Prorated) for FY 2019-20	Approved Replacements Fixed Payments (Prorated) for FY 2019-20	Remaining Revenue FY 2019-20	Vehicle Leases (Prorated) Ending by 6/30/19	Total Need FY 2019-20	Projected Variance from Appropriation for FY 2019-20
Long Bill Appropriated Agencies											
CDPS	EDO	665,310	110,623	44,990	515,537	8,419	15,960	-	(29,291)	510,625	(154,685)
CDPS	Colorado State Patrol	7,784,422	1,672,019	716,408	8,119,686	7,321	531,328	-	(792,104)	7,866,231	81,809
CDPS	CBI	392,872	83,861	31,564	367,932	8,334	41,812	2,298	(41,389)	378,987	(13,885)
CDPS	**CDPS Total**	**8,842,604**	**1,866,502**	**792,961**	**9,003,156**	**24,074**	**589,100**	**2,298**	**(862,785)**	**8,755,843**	**(86,761)**
CDA	Agriculture	301,300	50,893	21,106	240,850	-	11,648	-	(2,188)	250,311	(50,989)
CDHS	Department of Human Services	1,172,030	252,137	95,545	1,112,038	-	29,412	13,924	(66,632)	1,088,741	(83,289)
CDLE	Labor and Employment	198,169	45,599	16,182	191,232	-	6,296	-	(6,906)	190,622	(7,547)
DOC	Department of Corrections	3,478,263	753,843	282,889	3,299,845	-	96,736	27,705	(138,581)	3,285,704	(192,559)
DOE	Department of Education	23,667	5,644	1,881	22,577	-	2,208	-	(2,282)	22,503	(1,164)
DOL	Attorney General	66,876	12,229	4,076	48,916	-	3,028	-	(2,738)	49,205	(17,671)
DOLA	Local Affairs	102,033	24,306	8,102	97,225	-	3,932	-	(8,067)	93,090	(8,943)
DOMA	Military Affairs	94,479	12,257	5,973	66,010	-	1,104	-	(852)	66,262	(28,217)
DONR	Natural Resources	4,238,560	942,050	345,557	4,052,059	15,408	168,368	136,048	(149,790)	4,222,094	(16,466)
DOR	Department of Revenue	655,143	138,989	50,974	597,753	-	27,656	12,214	(38,963)	598,661	(56,482)
DORA	Regulatory Agencies	261,291	39,697	14,856	173,405	-	11,880	8,947	(401)	193,831	(67,460)
DOS	Secretary of State	6,175	1,535	512	6,139	-	-	-	-	6,139	(36)
DPA	Dept of Personnel	256,499	49,052	18,814	218,375	-	6,208	5,064	(7,117)	222,531	(33,968)
DPHE	Department of Health	446,938	89,283	31,531	373,064	-	12,648	13,843	(5,617)	393,938	(53,000)
GOV	Economic Development	12,042	3,002	1,399	15,588	-	-	-	-	15,588	3,546
GOV	CEO	3,036	97	32	389	-	2,616	-	-	3,005	(31)
GOV	OIT	86,456	21,847	7,875	92,724	-	6,444	-	(3,298)	95,871	9,415
JUD	Public Defender	121,872	18,766	6,255	75,064	-	7,928	10,899	(1,191)	92,700	(29,172)
JUD	Courts	121,289	23,609	7,870	94,435	-	5,480	2,304	(4,361)	97,858	(23,431)
Total Long Bill Appropriated Agencies		**20,488,722**	**4,351,337**	**1,714,390**	**19,780,845**	**39,482**	**992,692**	**233,248**	**(1,301,768)**	**19,744,499**	**(744,223)**
Non Long Bill Appropriated Agencies											
CDOT	Department of Transportation	2,425,510	528,004	202,008	2,346,078	-	78,953	55,168	(97,802)	2,382,398	(43,112)
DOHE	Higher Education Total	1,099,842	163,540	64,491	743,961	-	53,412	4,253	(33,762)	767,864	(331,978)
Total Non Appropriated Agencies		**3,525,352**	**691,544**	**266,500**	**3,090,039**	**-**	**132,365**	**59,421**	**(131,564)**	**3,150,261**	**(375,091)**
Statewide Total		**24,014,074**	**5,012,885**	**1,980,889**	**22,870,885**	**39,482**	**1,125,057**	**292,668**	**(1,433,332)**	**22,894,760**	**(1,119,314)**

	Division	Total Projected Need FY 2019-20	Payments Included in Current Year Not Needed in FY 2020-21	New Leases Annualized for Full Year in FY 2020-21	Leases (Prorated) for Leases Ending by 6/30/20	Base Need Without Requested Replacements	Replacement Leases Being Requested (Prorated)	FY 2020-21 Remaining Revenue	Total Need After Requested Replacements	Decision Item Figures for Agencies' Schedule 13
Replacement Analysis for FY 2020-21										
Long Bill Appropriated Agencies										
CDPS	EDO	510,625	(13,213)	48,758	(109,642)	436,528	47,688	-	484,216	(181,094)
CDPS	Colorado State Patrol	7,866,231	(460,912)	1,085,962	(894,478)	7,596,804	669,600	-	8,266,404	481,982
CDPS	CBI	378,987	(31,107)	108,464	(11,512)	444,832	5,980	-	450,812	57,940
CDPS	**CDPS Total**	**8,755,843**	**(505,232)**	**1,243,184**	**(1,015,632)**	**8,478,164**	**723,268**	**-**	**9,201,432**	**358,828**
CDA	Agriculture	250,311	(10,829)	24,400	(1,363)	262,519	30,044	-	292,563	(8,737)
CDHS	Department of Human Services	1,088,741	(130,099)	62,796	(28,358)	993,080	53,188	-	1,046,268	(125,762)
CDLE	Labor and Employment	190,622	(8,383)	13,696	(8,287)	187,649	8,280	2,804	198,733	564
DOC	Department of Corrections	3,285,704	(245,614)	232,916	(55,905)	3,217,101	118,504	5,485	3,341,090	(137,173)
DOE	Department of Education	22,503	(3,195)	4,416	-	23,724	2,472	-	26,196	2,529
DOL	Attorney General	49,205	(5,705)	9,356	-	52,856	8,576	-	61,432	(5,444)
DOLA	Local Affairs	93,090	(7,330)	8,284	(8,132)	85,912	7,368	-	93,280	(8,753)
DOMA	Military Affairs	66,262	(4,631)	2,208	(1,813)	62,026	2,540	-	64,566	(29,913)
DONR	Natural Resources	4,222,094	(311,694)	371,788	(80,541)	4,201,647	196,900	25,785	4,424,332	185,772
DOR	Department of Revenue	598,661	(37,473)	60,412	(13,029)	608,570	37,228	-	645,798	(9,345)
DORA	Regulatory Agencies	193,831	(4,411)	24,864	(3,862)	210,423	23,384	-	233,807	(27,484)
DOS	Secretary of State	6,139	-	-	-	6,139	2,100	-	8,239	2,064
DPA	Dept of Personnel	222,531	(9,963)	13,520	(590)	225,497	23,904	12,653	262,054	5,555
DPHE	Department of Health	393,938	(62,267)	28,128	(9,566)	350,234	14,424	1,930	366,588	(80,350)
GOV	Economic Development	15,588	-	-	-	15,588	3,456	-	19,044	7,002
GOV	CEO	3,005	-	5,232	-	8,237	-	-	8,237	5,201
GOV	OIT	95,871	(4,617)	12,888	-	104,142	5,104	418	109,663	23,207
JUD	Public Defender	92,700	(5,956)	15,856	(1,204)	101,396	8,696	-	110,092	(11,780)
JUD	Courts	97,858	(1,872)	16,852	(1,204)	111,634	6,684	-	118,318	(2,971)
Total Long Bill Appropriated Agencies		**19,744,499**	**(1,359,271)**	**2,150,796**	**(1,229,484)**	**19,306,540**	**1,276,120**	**49,074**	**20,631,734**	**143,012**
								Variance to Long Bill for FY 2019-20	**143,012**	
Non Long Bill Appropriated Agencies										
CDOT	Department of Transportation	2,382,398	(221,124)	158,997	(52,414)	2,267,857	146,820	16,902	2,431,579	49,181
DOHE	Higher Education Total	767,864	(54,470)	115,224	(2,360)	826,258	169,528	9,361	1,005,146	237,283
Total Non Appropriated Agencies		**3,150,261**	**(275,594)**	**274,221**	**(54,774)**	**3,094,115**	**316,348**	**26,263**	**3,436,725**	**286,464**
Statewide Total		**22,894,760**	**(1,634,866)**	**2,425,017**	**(1,284,257)**	**22,400,655**	**1,592,468**	**75,337**	**24,068,460**	**429,476**

Detailed Description of Replacement Methodology

Step 1. Initial Screen: The initial candidate list is generated from the Colorado Automotive Reporting System (CARS) using a minimum threshold for further replacement consideration. An extraction is done that lists all vehicles projected to meet the following requirements by time of replacement in the final quarter of FY 2020-21. In order to be considered for analysis, a vehicle must meet one of the following criteria:

- Non Colorado State Patrol (CSP) vehicles must be projected to have greater than 100,000 miles.
- CSP vehicles must have greater than 80,000 miles for patrol vehicles and be four years old and greater than 40,000 miles for motorcycles.
- A vehicle that will be 19 years old or older at the time that the proposed replacement would occur. This is consistent with one of the elements of Executive Order 0012 07, which specified that a priority be placed on the replacement of vehicles model year 1999 and older as a means of improving fuel efficiency.

For FY 2020-21, this initial screen produced 2,021 potential replacements meeting the minimum criteria.
Rationale: This initial screen limits the replacement candidates based upon a logical minimum standard. Mileage is projected through June of the budget request year to include all vehicles that will meet the criteria within the request year. Vehicles that meet this criteria proceed to the next step.
Step 2. Manual Adjustments: Decisions for vehicle replacement are not made on the basis of the mileage criterion or vehicle age alone. The ideal process would involve a detailed mechanical evaluation of each replacement candidate by a qualified technician, and the decision would be based on the projected costs involved to maintain the vehicle over the next one to two years. This level of analysis is not always practical for the State. However, State Fleet Management can use additional information and resources that are readily available to further refine the replacements list to make sure the right vehicles are ultimately replaced.

- **Agency retention requests:** State Fleet Management confers with agencies concerning proposed replacements, taking into consideration factors such as internal rotations, cascading vehicle assignments for additional use, and other extensions to a vehicle's life. No one knows the individual vehicles better than agency Vehicle Coordinators and the users of the vehicles. State Fleet Management uses agency input to eliminate vehicles from the replacement analysis that, in an agency's opinion, are in good condition considering mileage and age. State Fleet Management also uses agency input to keep vehicles on the replacement list that are in exceptionally poor condition, create an unacceptable safety risk, or are not meeting the functional requirements of the agency, even in some cases when the vehicle does not meet typical replacement criteria.
- **Vehicles with major recent repairs (New engine, transmission, etc.):** The most recent 12 months of repairs are analyzed to identify any individual repairs that required significant expenditures (typically in excess of $5,000 for an individual repair). If the State has recently made a significant investment replacing a major component of a vehicle, the State should expect that the cost to operate the vehicle over the short-term should be reduced, and the State should not replace such vehicles until it has had the opportunity to benefit from that investment.
- **Vehicles in the low cost, low mile work functions:** Vehicles in this category are typically maintenance and support vehicles used in campus type environments. They are typically low mileage (approximately 1,000 miles per year), are often very old, and may have a high cost per mile even though the total annual operating cost is very low. Ideally, these vehicles should be replaced with used, but safe and operable vehicles out of the vehicle turn-in pool. Vehicles that are no longer suitable for high usage functions can often be used in these maintenance type roles without incurring significant repairs, and it is often not economically justifiable to purchase brand new vehicles for low use

assignments. Therefore, only the very worst of these maintenance and support vehicles are included in the final submission for replacement.

- **Very high mileage vehicles (>160,000):** Vehicles with this mileage projection are at least 50 percent over the State's minimum mileage replacement criterion. At this point, vehicles tend to deteriorate rapidly, with costly major component breakdowns, decreased reliability, and increased safety concerns. The cost effective operation of such vehicles is highly unlikely after this mileage threshold is reached. In fact, in a less restrictive fiscal environment, State Fleet Management would typically recommend lower thresholds.

Step 3. Rank Highest Priority to Lowest Priority: All of the vehicles that passed through the initial screening criteria meet the basic requirements for replacement. These vehicles are nearly all high-mileage, high-cost and are primarily older vehicles. While all of these vehicles meet the basic criteria for the replacement cycle, the challenge is to make sure that the worst of these vehicles are identified, so that only the worst of the worst will be replaced given any level of funding. By comparing these vehicles to the average vehicle of similar age and type, the State will be able to identify the vehicles that display the greatest operational cost variance from the average. Those that have a considerably higher than average cost will rank out higher than those with lower than average costs. This way the State can identify the worst vehicles (from a cost standpoint) and make sure these are assigned the highest replacement priority.
Note that all State Patrol vehicles meeting the minimum criteria will be submitted; therefore State Patrol vehicles are not included in this ranking. State Patrol vehicles have unique utilization, performance, and safety needs that require replacement on a 4-year cycle. Though State Patrol have these unique qualifications the "Suspect" replacement list does rank the patrol vehicles internally against each other.

Step 4. AFV Analysis: For the request, SFM identified all vehicles that could be replaced with a known AFV vehicle to maximize the number of AFV vehicles in the fleet. For model year 2020 Hybrid technologies have become much more broadly available offering significant fuel savings across the spectrum of the vehicle platforms. Additional focus on Electric Vehicle powertrains are envisioned for model year 2020 and beyond.

For all other AFV vehicle selections the location of the vehicle was not used as the variety of AFV vehicles give the agencies more flexibility in where they are assigned. Location is important when assigning the new AFV vehicles, but it was not used to eliminate any vehicles off the suspect list. This is in alignment with SFM's methodology of only replacing the "worst of the worst" (WOW) vehicles for this proposal.

Each year SFM conducts an AFV Vehicle Cost Analysis for awarded vehicles against their gasoline equivalents to ensure they are cost effective, and are within the 10% life cycle cost thresholds per S.B. 13-070.

Step 5. Further Considerations to Determine Final List: The State Fleet Management program does not operate in a static environment. Changes in the budgetary environment, evolving agency needs, historical funding patterns for the fleet, regulatory changes, legislative actions, and the impact of recent internal fleet initiatives can, and should, be taken into consideration in developing the final request for any given year.

- **State funding capabilities:** In any given year, it is impractical to replace all the vehicles necessary to maintain an optimal fleet, from a total cost of fleet perspective. When funds are scarce, it is especially important that the highest mileage vehicles that present immediate safety concerns are replaced so that the funds that are spent on the fleet can provide the optimal financial benefit to the State.
- **Impact of Fleet or Agency reduction initiatives:** Initiatives undertaken by State Fleet Management and individual agencies to reduce the total number of vehicles in the fleet can affect the replacement process

in two ways. First, by reducing the overall size of the fleet, the percentage of optimal replacements necessary to maintain the fleet each year produces a smaller number of candidates. Second, a large number of vehicles leaving the fleet inevitably includes some of the worst vehicles in the fleet. These are also the same vehicles that should be the highest priority for replacement, and since they no longer need to be replaced, the number of requested replacements in that year might be reduced.

- **Prior year funding and replacement levels:** Reduced funding of replacements in previous years has put additional pressure on the fleet, and will require reasonable levels of replacements in subsequent years. With an average vehicle life of 10 years the State should be replacing approximately 1/10 of the non-CSP fleet or 550+ non-CSP vehicles each year. This level of replacement allows for maintenance costs to remain relatively unchanged year over year.
- This year's request represents vehicle replacements returning to near normal levels. If all 740 vehicles are replaced, the maintenance and fuel savings is projected to be $1,591,374 across appropriated and non-appropriated vehicles.

Step 6: Economic Validation: The final step involves a financial analysis of the alternatives to make sure that the proposed replacements have a solid economic justification and represent an optimal financial decision for the State.

Additional Request Calculations

DPA Vehicle Replacement Lease/Purchase Line Item Calculation: Based on recommended replacement vehicles for FY 2020-21, the following table outlines the calculation of the (7) Division of Capital Assets, (C) Fleet Management Program and Motor Pool Services, Vehicle Replacement Lease/Purchase line item.

STATE FLEET LEASE LINE APPROPRIATION ANALYSIS						
SFM Lease Payments Due by Trust Year	**FY 2019-20**		**FY 2020-21**		**FY 2021-22**	
TRUST 2009 (Exhibit B)	$	289,628	$	-	$	-
TRUST 2010 (Exhibit B)	$	613,738	$	32,296	$	-
TRUST 2011 (Exhibit B)	$	32,305	$	15,290	$	2,061
TRUST 2012 (Exhibit B)	$	219,466	$	108,568	$	102,358
TRUST 2013 (Exhibit B)	$	1,063,547	$	986,876	$	634,996
TRUST 2014 (Exhibit B)	$	1,778,999	$	1,657,065	$	1,587,705
TRUST 2015 (Exhibit B)	$	2,253,761	$	1,783,755	$	1,455,849
TRUST 2016 (Exhibit B)	$	3,618,161	$	2,149,295	$	1,747,022
TRUST 2017 (Exhibit B)	$	3,075,021	$	3,067,920	$	2,090,649
TRUST 2018 (Exhibit B)	$	4,076,816	$	4,076,816	$	4,067,825
TRUST 2019 (19 Pro-Ration)	$	4,467,191	$	4,722,255	$	4,722,255
TRUST 2020 (20 Pro-Ration) Pending	$	741,418	$	3,471,110	$	3,471,110
TRUST 2021 (21 Pro-Ration) Pending	$	-	$	959,134	$	4,777,404
Total Known Lease Payments Due	**$**	**22,230,052**	**$**	**23,030,379**	**$**	**24,659,233**
UNFORESEEN (Accident totals, denied repairs, etc.) @1.5%	$	333,451	$	345,456	$	369,889
ACCIDENT TOTALS (Known YTD)	$	-	$	-	$	-
Total SFM Lease Spending Authority Need for FY 19-20=	**$**	**22,563,503**	**$**	**23,375,835**	**$**	**25,029,122**
FY 19-20 APPROPRIATION						
Current Year Base Spending Authority (FY 19-20 Base)	$	21,959,680	$	21,959,680	$	21,959,680
Required Additional Spending Authority (over FY 19-20 Base)=	**$**	**603,823**	**$**	**1,416,155**	**$**	**3,069,442**

Schedule 13

Department of Personnel & Administration

Funding Request for The FY 2020-21 Budget Cycle

Request Title

R-06 Technical Correction SB 19-135 Appropriation

Dept. Approval By: [signature] ______ **Supplemental FY 2019-20**

OSPB Approval By: [signature] ______ **Budget Amendment FY 2020-21**

X **Change Request FY 2020-21**

Summary Information	Fund	FY 2019-20 Initial Appropriation	FY 2019-20 Supplemental Request	FY 2020-21 Base Request	FY 2020-21 Change Request	FY 2021-22 Continuation
Total of All Line Items Impacted by Change Request	Total	$2,333,961	$0	$2,382,632	$0	$0
	FTE	17.7	0.0	17.7	0.0	0.0
	GF	$736,164	$0	$686,969	$0	$0
	CF	$1,597,797	$0	$1,695,663	$0	$0
	RF	$0	$0	$0	$0	$0
	FF	$0	$0	$0	$0	$0

Line Item Information	Fund	FY 2019-20 Initial Appropriation	FY 2019-20 Supplemental Request	FY 2020-21 Base Request	FY 2020-21 Change Request	FY 2021-22 Continuation
05. Division of Accounts and Control, (B) Procurement and Contracts, (1) Procurement and Contracts - Personal Services	Total	$1,646,992	$0	$1,695,663	$650,000	$0
	FTE	17.7	0.0	17.7	0.0	0.0
	GF	$86,164	$0	$0	$650,000	$0
	CF	$1,560,828	$0	$1,695,663	$0	$0
	RF	$0	$0	$0	$0	$0
	FF	$0	$0	$0	$0	$0
05. Division of Accounts and Control, (B) Procurement and Contracts, (1) Procurement and Contracts - Operating Expenses	Total	$686,969	$0	$686,969	($650,000)	$0
	FTE	0.0	0.0	0.0	0.0	0.0
	GF	$650,000	$0	$686,969	($650,000)	$0
	CF	$36,969	$0	$0	$0	$0
	RF	$0	$0	$0	$0	$0
	FF	$0	$0	$0	$0	$0

Auxiliary Data

Requires Legislation? NO

Type of Request? Department of Personnel & Administration Prioritized Request

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

Jared Polis
Governor

Kara Veitch
Executive Director

Department Priority: R-06
Request Detail: Technical Correction SB 19-135 Appropriation

Summary of Incremental Funding Change for FY 2020-21			
	FY 2019-20	**FY 2020-21**	**FY 2021-22**
Total Funds	**$0**	**$0**	**$0**
FTE	0.0	0.0	0.0
General Fund	$0	$0	$0
Cash Funds	$0	$0	$0
Reappropriated Funds	$0	$0	$0
Federal Funds	$0	$0	$0

Summary of Request:

The Department of Personnel & Administration request a technical correction moving funding for SB 19-135 from the originally appropriated line item in (5) Division of Accounts and Control (B) Procurement and Contracts, Operating Expenses line item to the (5) Division of Accounts and Control (B) Procurement and Contracts, Personal Services line item in order to comply with statute when making vendor payments in both FY 2019-20 and FY 2020-21. The Department requests rollforward authority of the FY 2019-20 funding as timing of the vendor payments is undetermined.

During the FY 2018-19 legislative session, the General Assembly passed SB 19-135 which requires the Department of Personnel & Administration (the Department) to commission an independent study of the state procurement process to determine whether disparities exist between the participation of historically underutilized businesses and other businesses. The Department was appropriated $1.3 million to commission the disparity study required under the bill, in the operating line. Expenditures for the commissioning of external vendors are classified in statute as “personal services” expenses, C.R.S. 24-75-112 (1)(m)(II) rather than operating expenses leaving the Department unable to utilize the funding for its designated purpose.

If the Department’s request is approved, payments to the vendor commissioned for the study will be made in compliance with statute. Granting rollforward authority would allow flexibility given the uncertain timing of vendor payments.

Current Program:

During the FY 2018-19 legislative session, the General Assembly passed SB 19-135 which requires the Department of Personnel & Administration (the Department) to commission an independent study of the state procurement process to determine whether disparities exist between the participation of historically underutilized businesses and other businesses. The study must be completed by December 1, 2020, and the Department must include the findings of the study and any additional recommendations in the Department's State Measurement for Accountable, Responsive, and Transparent (SMART) Government Act hearing.

Problem or Opportunity:

The Department was appropriated $1.3 million to commission the disparity study required under the bill. The fiscal note assumed the study will be paid for over two fiscal years and that the Department will contract for the study. The FY 2019-20 appropriation to the Department of Personnel & Administration as expressed in the bill states the Department may use $650,000 for operating expenses related to procurement and contracts and the funding was booked to the Procurement and Contracts, Operating Expenses line item. However, expenditures for the commissioning of external vendors are classified in statute as "personal services" expenses, C.R.S. 24-75-112 (1)(m)(II) rather than operating expenses leaving the Department unable to utilize the funding for its designated purpose.

Proposed Solution:

While the appropriations clause in the bill designates the funding to be used for operating expenses, the statutory definition of operating expenses specifically excludes personal services. In order to comply with statute, the Department requested an emergency supplemental for the bill's funding be moved from the (5) Division of Accounts and Control (B) Procurement and Contracts, Operating Expenses line item to the (5) Division of Accounts and Control (B) Procurement and Contracts, Personal Services line item in FY 2019-20. The Department requests rollforward authority of the FY 2019-20 to FY 2020-21 funding as timing of the vendor payments is undetermined.

Anticipated Outcomes:

If the Department's request is approved, payments to the vendor commissioned for the study may be made in compliance with statute and granting rollforward authority would allow flexibility given the uncertain timing of vendor payments.

Assumptions and Calculations:

The Department's original cost estimates for the disparity study ranged from $1.3 million to $5.5 million given the broad scope of the study. The Department strongly supports the goals of SB 19-135, however, in order to complete an evaluation of this size and scope, more resources than appropriated in the bill may be required.

Supplemental, 1331 Supplemental or Budget Amendment Criteria:

This requests encompasses FY 2020-21, and meets the supplemental criteria for FY 2020-21 due to new information regarding the appropriation of SB19-135 program was not available when the Procurement & Contracts budget was initially submitted.

Schedule 13

Department of Personnel & Administration

Funding Request for The FY 2020-21 Budget Cycle

Request Title

R-07 Unused Authority for License Plate Registrations

Dept. Approval By: Alm Hegemen

OSPB Approval By: Ben Co

____	**Supplemental FY 2019-20**
____	**Budget Amendment FY 2020-21**
X	**Change Request FY 2020-21**

Summary Information	Fund	FY 2019-20 Initial Appropriation	FY 2019-20 Supplemental Request	FY 2020-21 Base Request	FY 2020-21 Change Request	FY 2021-22 Continuation
Total of All Line Items Impacted by Change Request	**Total**	**$1,665,976**	**$0**	**$1,747,976**	**($1,000,000)**	**($1,000,000)**
	FTE	0.0	0.0	0.0	0.0	0.0
	GF	$0	$0	$0	$0	$0
	CF	$1,665,976	$0	$1,747,976	($1,000,000)	($1,000,000)
	RF	$0	$0	$0	$0	$0
	FF	$0	$0	$0	$0	$0

Line Item Information	Fund	FY 2019-20 Initial Appropriation	FY 2019-20 Supplemental Request	FY 2020-21 Base Request	FY 2020-21 Change Request	FY 2021-22 Continuation
01. Executive Director's Office, (B) Statewide Special Purpose, (4) Other Statewide Special Purpose - Disability Funding Committee	**Total**	**$1,665,976**	**$0**	**$1,747,976**	**($1,000,000)**	**($1,000,000)**
	FTE	0.0	0.0	0.0	0.0	0.0
	GF	$0	$0	$0	$0	$0
	CF	$1,665,976	$0	$1,747,976	($1,000,000)	($1,000,000)
	RF	$0	$0	$0	$0	$0
	FF	$0	$0	$0	$0	$0

Auxiliary Data

Requires Legislation? NO

Type of Request? Department of Personnel & Administration Prioritized Request

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

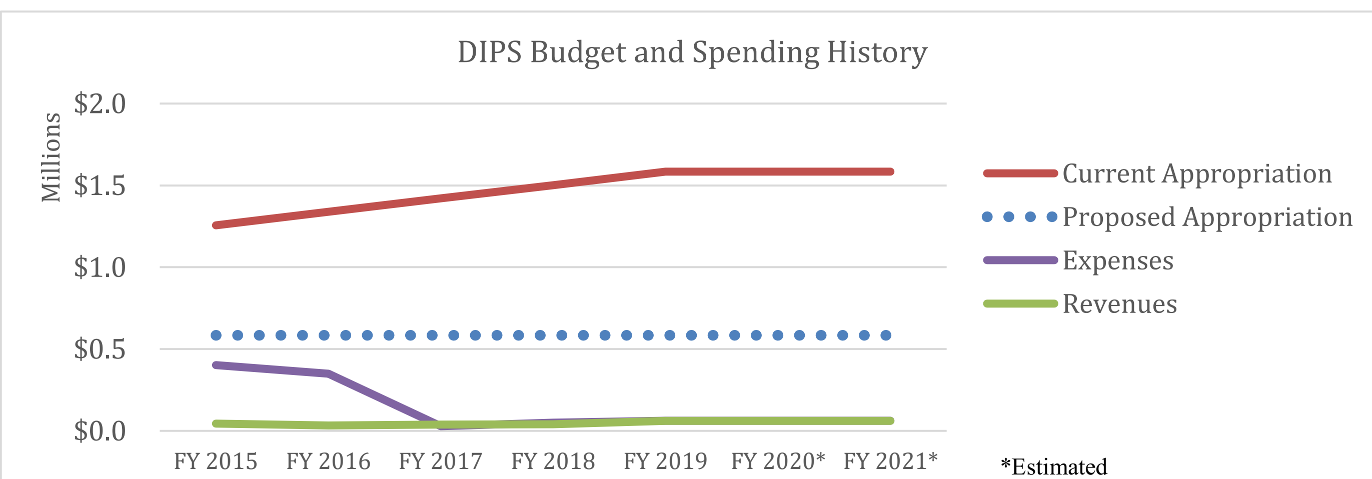
Department Priority: R-07
Request Detail: Unused Authority for License Plate Registrations

Summary of Incremental Funding Change for FY 2020-21			
	FY 2019-20	**FY 2020-21**	**FY 2021-22**
Total Funds	**$0**	**($1,000,000)**	**($1,000,000)**
FTE	0.0	0.0	0.0
General Fund	$0	$0	$0
Cash Funds	$0	($1,000,000)	($1,000,000)
Reappropriated Funds	$0	$0	$0
Federal Funds	$0	$0	$0

Summary of Request:

The Department of Personnel & Administration (DPA) proposes a reduction of $1,000,000 in cash funds spending authority in FY 2020-21 and ongoing for the Disability Investigational and Pilot Support Procurement program line item within the (1) Executive Director's Office (B) Statewide Special Purpose, (3) Other Statewide Special Purpose, Disability Funding Committee.

The Disability Investigational and Pilot Support Procurement program (DIPS) was created to maximize support for new and innovative programs benefiting Colorado's disability community by raising and distributing funds as authorized by the Laura Hershey Disability Support Act. The program recently obtained the authority to contract with an entity to sell registration numbers for motor vehicle license plates. Due to the relatively newness of this authority within the Department, there has not been enough revenue generated from the sale of registration numbers to adequately support the existing spending authority. The Department proposes a reduction of $1,000,000 cash fund spending authority for the DIPS program to align the appropriation with historical spending levels.



Current Program:

DPA is granted statutory authority for the program within Section 24-30-2200 to 2212, C.R.S. The Disability Investigational and Pilot Support Procurement program (DIPS) was created to maximize support for new and innovative programs benefiting Colorado's disability community by raising and distributing funds as authorized by the Laura Hershey Disability Support Act. House Bill 11-1216 established the Disability-Benefit Support Contract Committee to award state contracts to nonprofit organizations that assist disabled persons with obtaining benefits and the License Plate Auction Group, housed in the Governor's Office, to market and manage the sales of vehicle registration numbers to fund the Disability-Benefit Support Contract Committee, along with gifts, grants, and donations.

In 2013, a statutory change transferred the DIPS program and associated funding to DPA, which included the interest earnings from Breast and Cervical Cancer Prevention and Treatment fund and a fund balance of approximately $1.1 million. Interest earnings from the Breast and Cervical Cancer Prevention and Treatment Program Fund are credited to the DIPS Fund at a rate of approximately $2,000-$4,000 per month.

With the passage of HB16-1362 functions of the License Plate Auction Group were transferred to DPA from the Governor's Office. Additionally, the bill renamed the Disability-Benefit Support Contract Committee to the Colorado Disability Funding Committee, and granted authority for the committee to enter into a contract with an entity that oversees a process for the sale and auction of registration numbers to provide additional funds for DIPS. When adequate funding is available, through registration number sales, the committee then contracts with a nonprofit entity that will aid people with disabilities in accessing disability benefits, and may also make grants or loans to fund pilot projects or programs that aim to improve quality of life or increase independence for people with disabilities.

Problem or Opportunity:

The Disability Investigational and Pilot Support Procurement program provides funding opportunities for the disabled community. The program recently obtained the authority to contract with an entity to sell registration numbers for motor vehicle license plates. Due to the relatively newness of this authority within the Department, there has not been enough revenue generated from the sale of registration numbers to adequately support the existing spending authority.

Proposed Solution:

The Department proposes a reduction of $1,000,000 cash fund spending authority for the DIPS to align with the current funding available through the transfer of interest earnings and the sale of registration numbers for motor vehicle license plates.

Anticipated Outcomes:

The Department's mission is to provide quality services to enhance State government success. The Disability Investigational and Pilot Support Procurement program provides critical funding opportunities for the disabled community. The Department wholly supports the mission of this program and will continue its efforts to promote the sale of registration numbers for motor vehicle license plates to provide funding for critical services that allow people with disabilities access to innovative programs.

Assumptions and Calculations:

Table A below details the historical expenses from the Disability Funding Committee appropriation. Following the approval of this request, the FY 2020-21 appropriation will be reduced by $1,000,000.

Table A. DIPS Expenditure Information						
	FY 2015	**FY 2016**	**FY 2017**	**FY 2018**	**FY 2019****	**FY 2020**
Appropriation	$1,255,976	$1,337,976	$1,419,976	$1,501,976	$1,583,976	$1,583,976
Revenues	$45,214	$33,051	$38,214	$41,253	$61,043	-
Expenses	$401,847	$349,379	$28,440	$49,994	$61,043	-
*Fund Balance**	*$770,958*	*$454,630*	*$464,404*	*$455,393*	*$455,393*	-

*Fund 27Y0 - Disability Support Fund schedule 9's.
**Estimated after FY 2018-19.

In the event that revenues increase in the program in a short timeframe, the Department will seek an increase in appropriation through the normal budget process.

Supplemental, 1331 Supplemental or Budget Amendment Criteria:

Not applicable.

Schedule 13

Department of Personnel & Administration

Funding Request for The FY 2020-21 Budget Cycle

Request Title

R-08 Collections Services Refinance and Restructure

Dept. Approval By: Alan H Gomez

OSPB Approval By: Ben

X Supplemental FY 2019-20

Budget Amendment FY 2020-21

X Change Request FY 2020-21

Summary Information	Fund	FY 2019-20 Initial Appropriation	FY 2019-20 Supplemental Request	FY 2020-21 Base Request	FY 2020-21 Change Request	FY 2021-22 Continuation
Total of All Line Items Impacted by Change Request	**Total**	**$16,631,201**	**($677,373)**	**$17,263,803**	**($1,284,435)**	**($1,284,435)**
	FTE	97.3	(21.5)	97.3	(23.4)	(23.4)
	GF	$4,821,593	$1,388,354	$4,906,907	$166,394	$166,394
	CF	$5,308,215	($2,342,541)	$5,556,580	($1,763,923)	($1,763,923)
	RF	$6,501,393	$276,814	$6,800,316	$313,094	$313,094
	FF	$0	$0	$0	$0	$0

Line Item Information	Fund	FY 2019-20 Initial Appropriation	FY 2019-20 Supplemental Request	FY 2020-21 Base Request	FY 2020-21 Change Request	FY 2021-22 Continuation
01. Executive Director's Office, (A) Department Administration, (1) Department Administration - Workers' Compensation	**Total**	**$328,591**	**$0**	**$274,904**	**$0**	**$0**
	FTE	0.0	0.0	0.0	0.0	0.0
	GF	$90,529	$9,767	$76,215	$4,482	$4,482
	CF	$30,897	($21,120)	$25,770	($14,651)	($14,651)
	RF	$207,165	$11,353	$172,919	$10,169	$10,169
	FF	$0	$0	$0	$0	$0
01. Executive Director's Office, (A) Department Administration, (1) Department Administration - Payment to Risk Management and Property Funds	**Total**	**$1,225,710**	**$0**	**$879,487**	**$0**	**$0**
	FTE	0.0	0.0	0.0	0.0	0.0
	GF	$337,708	$36,418	$243,832	$14,340	$14,340
	CF	$115,235	($78,765)	$82,446	($46,874)	($46,874)
	RF	$772,767	$42,347	$553,209	$32,534	$32,534
	FF	$0	$0	$0	$0	$0
01. Executive Director's Office, (A) Department Administration, (1) Department Administration - Payments to OIT	**Total**	**$5,415,057**	**$0**	**$6,148,020**	**$0**	**$0**
	FTE	0.0	0.0	0.0	0.0	0.0
	GF	$1,491,878	$160,971	$1,704,501	$100,240	$100,240
	CF	$509,173	($348,051)	$576,332	($327,665)	($327,665)
	RF	$3,414,006	$187,080	$3,867,187	$227,425	$227,425
	FF	$0	$0	$0	$0	$0

Line Item Information	Fund	FY 2019-20 Initial Appropriation	FY 2019-20 Supplemental Request	FY 2020-21 Base Request	FY 2020-21 Change Request	FY 2021-22 Continuation
01. Executive Director's Office, (A) Department Administration, (1) Department Administration - CORE Operations	**Total**	**$325,975**	**$0**	**$385,648**	**$0**	**$0**
	FTE	0.0	0.0	0.0	0.0	0.0
	GF	$89,808	$9,691	$106,918	$6,288	$6,288
	CF	$30,651	($20,952)	$36,152	($20,554)	($20,554)
	RF	$205,516	$11,261	$242,578	$14,266	$14,266
	FF	$0	$0	$0	$0	$0
05. Division of Accounts and Control, (A) Financial Operations and Reporting, (1) Financial Operations and Reporting - Personal Services	**Total**	**$2,946,872**	**$37,042**	**$3,049,895**	**$41,044**	**$41,044**
	FTE	30.3	0.5	30.3	0.2	0.2
	GF	$2,725,506	$37,042	$2,775,441	$41,044	$41,044
	CF	$221,366	$0	$274,454	$0	$0
	RF	$0	$0	$0	$0	$0
	FF	$0	$0	$0	$0	$0
05. Division of Accounts and Control, (A) Financial Operations and Reporting, (2) Collections Services - Personal Services	**Total**	**$1,387,203**	**($630,786)**	**$1,404,629**	**($1,045,928)**	**($1,045,928)**
	FTE	28.0	(22.1)	28.0	(23.7)	(23.7)
	GF	$0	$506,915	$0	$0	$0
	CF	$1,387,203	($1,137,701)	$1,404,629	($1,045,928)	($1,045,928)
	RF	$0	$0	$0	$0	$0
	FF	$0	$0	$0	$0	$0
05. Division of Accounts and Control, (A) Financial Operations and Reporting, (2) Collections Services - Operating Expenses	**Total**	**$552,862**	**($132,862)**	**$552,862**	**($332,862)**	**($332,862)**
	FTE	0.0	0.0	0.0	0.0	0.0
	GF	$0	$420,000	$0	$0	$0
	CF	$552,862	($552,862)	$552,862	($332,862)	($332,862)
	RF	$0	$0	$0	$0	$0
	FF	$0	$0	$0	$0	$0
05. Division of Accounts and Control, (A) Financial Operations and Reporting, (2) Collections Services - Private Collection Agency Fees	**Total**	**$900,000**	**$0**	**$900,000**	**$0**	**$0**
	FTE	0.0	0.0	0.0	0.0	0.0
	GF	$0	$183,090	$0	$0	$0
	CF	$900,000	($183,090)	$900,000	$0	$0
	RF	$0	$0	$0	$0	$0
	FF	$0	$0	$0	$0	$0
05. Division of Accounts and Control, (B) Procurement and Contracts, (1) Procurement and Contracts - Personal Services	**Total**	**$1,646,992**	**$24,460**	**$1,703,935**	**$24,611**	**$24,611**
	FTE	17.7	0.1	17.7	0.1	0.1
	GF	$86,164	$24,460	$0	$0	$0
	CF	$1,560,828	$0	$1,703,935	$24,611	$24,611
	RF	$0	$0	$0	$0	$0
	FF	$0	$0	$0	$0	$0

Line Item Information	Fund	FY 2019-20 Initial Appropriation	FY 2019-20 Supplemental Request	FY 2020-21 Base Request	FY 2020-21 Change Request	FY 2021-22 Continuation
	Total	**$1,901,939**	**$24,773**	**$1,964,423**	**$28,700**	**$28,700**
	FTE	21.3	0.0	21.3	0.0	0.0
05. Division of Accounts and Control, (C) CORE Operations, (1) CORE Operations - Personal Services	GF	$0	$0	$0	$0	$0
	CF	$0	$0	$0	$0	$0
	RF	$1,901,939	$24,773	$1,964,423	$28,700	$28,700
	FF	$0	$0	$0	$0	$0

Auxiliary Data

Requires Legislation?	NO		
Type of Request?	Department of Personnel & Administration Prioritized Request	**Interagency Approval or Related Schedule 13s:**	No Other Agency Impact

Jared Polis
Governor

Kara Veitch
Executive Director

Department Priority: R-08
Request Detail: Collections Services Refinance & Restructure

Summary of Funding Change for FY 2019-20			
	FY 2019-20	**FY 2020-21**	**FY 2021-22**
Total Funds	**($677,373)**	**($1,284,435)**	**($1,284,435)**
FTE	(21.8)	(23.4)	(23.4)
General Fund	$1,499,330	$166,394	$166,394
Cash Funds	($2,453,517)	($1,763,923)	($1,763,923)
Reappropriated Funds	$276,814	$313,094	$313,094
Federal Funds	$0	$0	$0

Summary of Request:

The Department of Personnel & Administration requests a programmatic refinance and restructure of the Central Collections Services (CCS) program within the Division of Accounts and Control to refocus the program on the utilization of federal and State tax offsets.

As a result of limitations on collection sources, loss of clients, and personal services attrition, the CCS program is not collecting enough revenue to be sustainable. Recent statutory changes have granted clients that typically had high value debt the ability to opt-out of the program, leaving only low value debt to be forwarded to CCS. Additionally, major changes in Federal Tax laws, which increased the standard deduction amount, reduced most tax rates, and shifted tax filings to include standard deduction instead of itemized deductions, decreased the amount of federal tax offsets available to for interception to collect outstanding debts. This directly impacted the pool of available revenue for collection and as a result, revenue into the CCS has declined. The Department requests a refinancing and restructuring of the program to scale the program to prioritize debt to cater to clients more efficiently by leveraging the federal and State tax offsets and voluntary payments for debt collection, while maintaining the existing contracts with private collections agencies.

This refinance impacts several line items, the details of which are outlined in the Assumptions and Calculations section. In total, the Department is seeking a reduction of $677,373 across several fund sources and a reduction of 21.8 FTE in FY 2019-20. Additionally, the Department is seeking a total reduction of $1,284,435 from the base request across all fund sources and a reduction of 23.4 FTE in FY 2020-21.

Current Program:

Within the Division of Accounts and Control, the Central Collections Services (CCS) has the authority to collect debts owed to State agencies and certain political subdivisions of the State. Section 24-30-202.4, C.R.S. grants CCS the exclusive authority to add up to 18 percent on principal debt to support the associated administrative services and provides unique mechanisms for collection through tax, lottery, and gaming offsets.

CCS collects debt owed on behalf of three main classes of clients: Institutions of Higher Education, Political Subdivisions, and State Agencies, with the major clients within each class being Universities and Fire Districts, and the Colorado Department of Transportation, respectively. The addition of 18 percent on top of principal debt funds the program and offers the unique ability to allow clients to receive 100 percent of the collected debt. Among the many mechanisms for the collection of debt, a majority of the collection is completed through voluntary payments and federal and State tax offsets, a solution that is unique to the State and Institutions of Higher Education.

The current collection process provides that clients have 30 days to collect debt, and after 30 days, debt is transferred to CCS. CCS applies an 18 percent fee on the principal debt and if CCS can collect within 180 days, CCS retains the 18 percent fee and 100 percent of the debt collected is remitted to the client. If not collected within 180 days, the debt and the additional 18 percent is then forwarded to a private collection agency (PCA). The PCA has 27 months to collect on the debt. Upon collection, the PCA retains 11 percent and CCS retains 7 percent (on average), and 100 percent of the original debt is remitted to the client. If the PCA is unable to collect after 27 months, CCS recalls the debt for reprocessing. The historical average of the combination of PCA collections and CCS in-house collections results in a 15 percent blended rate of fees on debt collected through CCS. In addition to the collection process, successful debt collection is based on the probability of collection which is influenced by factors such as the age of the debt, the type and amount of debt, the ability for the debtor to pay, and the accuracy of debtor information.

Problem or Opportunity:

As a result of limitations on collection sources, loss of clients, and personal services attrition, the CCS program is not collecting enough revenue to be sustainable. The program ended FY 2018-19 with a deficit fund balance of ($249,502) and the program utilizes a clearinghouse account that requires reconciliation ($200,000). Further, the reduction in revenue has direct impacts on the program's ability to afford the costs associated with common policies. Like all other agencies within the State, the DPA's programs are required to recover expenses associated with operating and total compensation common policies. The allocations are beyond the control of the CCS and increases in these allocations are beyond the control of the CCS.

In addition to the costs incurred by CCS for collections associated with clients cancelling accounts that CCS has attempted to collect on, recent statutory changes have granted clients that typically had high value debt the ability to opt-out of the program, leaving only low value debt to be forwarded to CCS. Additionally, major changes in Federal Tax laws, which increased the standard deduction amount, reduced most tax rates, and shifted tax filings to include standard deduction instead of itemized deductions, decreased the amount of federal tax offsets available for interception. This directly impacted the pool of available revenue for collection and as a result, revenue into the CCS has declined.

Proposed Solution:

The Department requests a refinancing and restructuring of the program to scale the program to prioritize debt to cater to clients more efficiently by leveraging the federal and State tax offsets and voluntary payments for debt collection, while maintaining the existing contracts with PCA's. This approach would allow the State to continue active collection efforts, though on a diminished basis, by pushing a majority of the work to PCAs. CCS will offer optimal debt collection on behalf of the State because it has the authority to add 18 percent to cover administrative functions and leverage the tax offset and gaming offset collection mechanisms that would otherwise not exist.

	Supplemental Request *(all fund sources)*	Decision Item Request *(all fund sources)*
Collections, Personal Services	($630,786)	($1,045,928)
Collections, Operating Expenses	($132,862)	($332,862)
Collections, Private Collection Agency Fees	$0	$0
Allocated Expense and Overhead Adjustments	86,275	94,355
Total	**(677,373)**	**(1,284,435)**

Refinancing & Restructuring of CCS

The Department requests $1,499,330 in General Fund in FY 2019-20 to assist in the realignment of the program, which includes $506,915 in General Fund to offset personal services costs, $420,000 in General Fund for operating expenses, and $183,090 in General Fund for Private Collection Agency Fees. Additional General Fund of $389,325 and $276,814 in reappropriated spending authority is requested to cover allocated expenses and overhead costs that are realigned as a result of the programmatic adjustments requested in this document. These adjustments are offset by a reduction of $2,453,517 in cash fund spending authority department wide in FY 2019-20.

		Supplemental Request	Decision Item Request
Collections, Personal Services			
	Total	($630,786)	($1,045,928)
	FTE	(22.10)	(23.70)
	GF	506,915	-
	GFE	-	-
	CF	(1,137,701)	(1,045,928)
	RF	-	-
	FF	-	-
Collections, Operating Expenses			
	Total	($132,862)	($332,862)
	FTE	-	-
	GF	420,000	-
	GFE	-	-
	CF	(552,862)	(332,862)
	RF	-	-
	FF	-	-
Collections, Private Collection Agency Fees			
	Total	$0	$0
	FTE	-	-
	GF	183,090	-
	GFE	-	-
	CF	(183,090)	-
	RF	-	-
	FF	-	-
Allocated Expense and Overhead Adjustments			
	Total	$86,275	$94,355
	FTE	0.30	0.30
	GF	389,325	166,394
	GFE	-	-
	CF	(579,864)	(385,133)
	RF	276,814	313,094
	FF	-	-
Total			
	Total	($677,373)	($1,284,435)
	FTE	(21.80)	(23.40)
	GF	$1,499,330	$166,394
	GFE	$0	$0
	CF	($2,453,517)	($1,763,923)
	RF	$276,814	$313,094
	FF	$0	$0

Personal Services

As current staffing does not align with the proposed future structure of the program, the Department has eliminated certain positions that are no longer necessary. By allocating specific functions of the collection processes to specialized positions, the program will be able to effectively streamline processes to provide optimal debt collection, customer service, and accountability within the program. The Central Collections Services program intends on restructuring the program to a total of 5.9 FTE, resulting in a total reduction of $1,137,701 in cash fund spending authority within the programs Personal Services line item and the associated 22.1 FTE. In FY 2020-21 and ongoing, the program will require $358,701 in cash fund spending authority within the Personal Services line item for the associated 4.3 FTE. This further reduction in FTE is a reflection of the future state of the program, whereas the higher FTE amount requested in FY 2019-20 reflects a midyear restructuring of staff.

The Collections Services program has undertaken a restructure of the program to the following positions: (2) Accountant I, (1) Collections Representative II and (1) Accountant III. The positions that will be utilized to restructure the program and primary roles are outlined in the table below.

Collections Services Positions	
Position	**Primary Roles**
Collections Representative II	Coordinates/Manages Collections Receive/place calls Process Payments Back-up & administrative duties
Accountant I	Posting & reconciling payments Act as liaison between PCA's, Clients, & CCS Back-up & administrative duties
Accountant I	Posting & reconciling payments Act as liaison between PCA's, Clients, & CCS Back-up & administrative duties
Accountant III	Oversees & provides direction to CCS staff Manage processes and collections goals

Please note, the additional 0.3 FTE not noted above are reflective of division leadership and support staff being allocated to the program.

Operating Expenses

In FY 2019-20 the program is currently appropriated $552,862 in cash funds spending authority for the operating expenses line. The program plans to utilize approximately $200,000 to reconcile the clearinghouse account, and utilize $220,000 for general operating expenses in FY 2019-20, for a total reduction of $132,862 in operating expenses. In FY 20-2021 and ongoing, the Department expects operating expenses to remain at $220,000.

Allocated Expenses

The proposed restructure will required that certain allocated costs be redistributed following the reduction in the size of the program. Many costs that the Department is required to fund are further allocated to the programs within the Department utilizing FTE as an allocation basis. With such a sizable adjustment in the number of appropriated FTE within the Collections Services program, the same cost pool will need to be redistributed utilizing updated FTE amounts. This causes a redistribution of expenses throughout the Department, the details of which are provided in the Assumptions and Calculations section of this request.

Anticipated Outcomes:

The Department expects the restructuring of CCS will allow for better customer service and continue debt collection on behalf of agencies through PCA's and intercepts. Currently, the program has numerous vacancies, which allows for the migration from 28.0 FTE to 4.3 FTE, to occur with minimal layoff costs. With the reduction in staff, the program intends on collecting enough revenue to meet expenditures. Should the program experience additional collection limitations in the future, the Department will be forced to request additional General Fund or consider shutting down CCS altogether.

Assumptions and Calculations:

As noted above, the refinance of this program impacts both the programmatic line items, in addition to line items where expenses have been allocated utilizing FTE as an allocation basis.

Collections Program

The appropriations of the Collections Service program will require adjustments to downsize the program.

		FY 2019-20 Long Bill	Change	New Amount FY 2019-20	FY 2020-21 Base Request + Approved Policies	Change	New Amount FY 2020-21	Collections Program
Collections, Personal Services	Total	$1,387,203	($630,786)	$756,417	$1,404,629	($1,045,928)	$358,701	
	FTE	28.0	(22.10)	5.9	28.0	(23.70)	4.3	
	GF	$0	$506,915	$506,915	$0	$0	$0	
	GFE	$0	$0	$0	$0	$0	$0	
	CF	$1,387,203	($1,137,701)	$249,502	$1,404,629	($1,045,928)	$358,701	
	RF	$0	$0	$0	$0	$0	$0	
	FF	$0	$0	$0	$0	$0	$0	
Collections, Operating Expenses	Total	$552,862	($132,862)	$420,000	$552,862	($332,862)	$220,000	
	FTE	0.0	-	0.0	0.0	-	0.0	
	GF	$0	$420,000	$420,000	$0	$0	$0	
	GFE	$0	$0	$0	$0	$0	$0	
	CF	$552,862	($552,862)	$0	$552,862	($332,862)	$220,000	
	RF	$0	$0	$0	$0	$0	$0	
	FF	$0	$0	$0	$0	$0	$0	
Collections, Private Collection Agency Fees	Total	$900,000	$0	$900,000	$900,000	$0	$900,000	
	FTE	0.0	-	0.0	0.0	-	0.0	
	GF	$0	$183,090	$183,090	$0	$0	$0	
	GFE	$0	$0	$0	$0	$0	$0	
	CF	$900,000	($183,090)	$716,910	$900,000	$0	$900,000	
	RF	$0	$0	$0	$0	$0	$0	
	FF	$0	$0	$0	$0	$0	$0	
COLLECTIONS PROGRAM SUBTOTALS	Total	$2,840,065	($763,648)	$2,076,417	$2,857,491	($1,378,790)	$1,478,701	
	FTE	28.0	(22.10)	5.9	28.0	(23.70)	4.3	
	GF	$0	$1,110,005	$1,110,005	$0	$0	$0	
	GFE	$0	$0	$0	$0	$0	$0	
	CF	$2,840,065	($1,873,653)	$966,412	$2,857,491	($1,378,790)	$1,478,701	
	RF	$0	$0	$0	$0	$0	$0	
	FF	$0	$0	$0	$0	$0	$0	

Department-wide Adjustments

Due to allocated expenses, the Department is seeking adjustments to the appropriations outlined in the chart below.

		FY 2019-20 Long Bill	Change	New Amount FY 2019-20	FY 2020-21 Base Request + Approved Policies	Change	New Amount FY 2020-21	
Financial Operations and Reporting, Personal Services	Total	$2,946,872	$37,042	$2,983,914	$3,049,895	$41,044	$3,090,939	Allocated Staff Changes
	FTE	30.3	0.20	30.5	30.3	0.20	30.5	
	GF	$2,725,506	$37,042	$2,762,548	$2,750,830	$41,044	$2,791,874	
	GFE	$0	$0	$0	$0	$0	$0	
	CF	$221,366	$0	$221,366	$299,065	$0	$299,065	
	RF	$0	$0	$0	$0	$0	$0	
	FF	$0	$0	$0	$0	$0	$0	
Procurement and Conctracts, Personal Services *(Exclusive of changes from 1331 Request approved in September*	Total	$1,646,992	$24,460	$1,671,452	$2,353,935	$24,611	$2,378,546	
	FTE	17.7	0.10	17.8	17.7	0.10	17.8	
	GF	$86,164	$24,460	$110,624	$650,000	$0	$650,000	
	GFE	$0	$0	$0	$0	$0	$0	
	CF	$1,560,828	$0	$1,560,828	$1,703,935	$24,611	$1,728,546	
	RF	$0	$0	$0	$0	$0	$0	
	FF	$0	$0	$0	$0	$0	$0	
CORE Operations, Personal Services	Total	$1,901,939	$24,773	$1,926,712	$1,964,423	$28,700	$1,993,123	
	FTE	21.3	-	21.3	21.3	-	21.3	
	GF	$0	$0	$0	$0	$0	$0	
	GFE	$0	$0	$0	$0	$0	$0	
	CF	$0	$0	$0	$0	$0	$0	
	RF	$1,901,939	$24,773	$1,926,712	$1,964,423	$28,700	$1,993,123	
	FF	$0	$0	$0	$0	$0	$0	
Executive Director's Office, PERA Direct Distribution	Total	$704,134	$0	$704,134	$671,728	$0	$671,728	Departmental Allocations
	FTE	0.0	-	0.0	0.0	-	0.0	
	GF	$257,624	$31,618	$289,242	$260,137	$0	$260,137	
	GFE	$0	$0	$0	$0	$0	$0	
	CF	$55,265	($31,618)	$23,647	$32,064	$0	$32,064	
	RF	$391,245	$0	$391,245	$379,527	$0	$379,527	
	FF	$0	$0	$0	$0	$0	$0	
Executive Director's Office, Workers' Compensation	Total	$328,591	$0	$328,591	$274,904	$0	$274,904	
	FTE	0.0	-	0.0	0.0	-	0.0	
	GF	$90,529	$9,767	$100,296	$76,215	$4,482	$80,697	
	GFE	$0	$0	$0	$0	$0	$0	
	CF	$30,897	($21,120)	$9,777	$25,770	($14,651)	$11,119	
	RF	$207,165	$11,353	$218,518	$172,919	$10,169	$183,088	
	FF	$0	$0	$0	$0	$0	$0	
Executive Director's Office, Legal Services	Total	$57,792	$0	$57,792	$191,968	$0	$191,968	
	FTE	0.0	-	0.0	0.0	-	0.0	
	GF	$38,422	$1,311	$39,733	$126,117	$0	$126,117	
	GFE	$0	$0	$0	$0	$0	$0	
	CF	$11,013	($1,311)	$9,702	$33,199	$0	$33,199	
	RF	$8,357	$0	$8,357	$32,652	$0	$32,652	
	FF	$0	$0	$0	$0	$0	$0	
Executive Director's Office, Payment to Risk Management and Property Funds	Total	$1,225,710	$0	$1,225,710	$879,487	$0	$879,487	
	FTE	0.0	-	0.0	0.0	-	0.0	
	GF	$337,708	$36,418	$374,126	$243,832	$14,340	$258,172	
	GFE	$0	$0	$0	$0	$0	$0	
	CF	$115,235	($78,765)	$36,470	$82,446	($46,874)	$35,572	
	RF	$772,767	$42,347	$815,114	$553,209	$32,534	$585,743	
	FF	$0	$0	$0	$0	$0	$0	
Executive Director's Office, Capitol Complex Leased Space	Total	$2,305,344	$0	$2,305,344	$2,427,258	$0	$2,427,258	
	FTE	0.0	-	0.0	0.0	-	0.0	
	GF	$814,937	$78,047	$892,984	$788,532	$0	$788,532	
	GFE	$0	$0	$0	$0	$0	$0	
	CF	$100,490	($78,047)	$22,443	$23,647	$0	$23,647	
	RF	$1,389,917	$0	$1,389,917	$1,615,079	$0	$1,615,079	
	FF	$0	$0	$0	$0	$0	$0	
Executive Director's Office, Payments to OIT	Total	$5,415,057	$0	$5,415,057	$6,175,598	$0	$6,175,598	
	FTE	0.0	-	0.0	0.0	-	0.0	
	GF	$1,491,878	$160,971	$1,652,849	$1,712,148	$100,240	$1,812,388	
	GFE	$0	$0	$0	$0	$0	$0	
	CF	$509,173	($348,051)	$161,122	$578,917	($327,665)	$251,252	
	RF	$3,414,006	$187,080	$3,601,086	$3,884,533	$227,425	$4,111,958	
	FF	$0	$0	$0	$0	$0	$0	
Executive Director's Office, CORE Operations	Total	$325,975	$0	$325,975	$385,648	$0	$385,648	
	FTE	0.0	-	0.0	0.0	-	0.0	
	GF	$89,808	$9,691	$99,499	$106,918	$6,288	$113,206	
	GFE	$0	$0	$0	$0	$0	$0	
	CF	$30,651	($20,952)	$9,699	$36,152	($20,554)	$15,598	
	RF	$205,516	$11,261	$216,777	$242,578	$14,266	$256,844	
	FF	$0	$0	$0	$0	$0	$0	
Total	Total	$19,698,471	($677,373)	$19,021,098	$21,232,335	($1,284,435)	$19,947,900	Totals
	FTE	97.3	(21.80)	75.5	97.3	(23.40)	73.9	
	GF	$5,932,576	$1,499,330	$7,431,906	$6,714,729	$166,394	$6,881,123	
	GFE	$0	$0	$0	$0	$0	$0	
	CF	$5,474,983	($2,453,517)	$3,021,466	$5,672,686	($1,763,923)	$3,908,763	
	RF	$8,290,912	$276,814	$8,567,726	$8,844,920	$313,094	$9,158,014	
	FF	$0	$0	$0	$0	$0	$0	

Supplemental, 1331 Supplemental or Budget Amendment Criteria:

This request encompasses FY 2019-20 and ongoing, and meets the supplemental criteria for FY 2019-20 due to new information regarding the Collections Services program that was not available when the Collections Services budget was initially submitted. The collection services team has attempted to resolve current issues through collections, but unfortunately that has not remedied the situation, leading to the need to refinance and restructure the program.

Schedule 13

Department of Personnel & Administration

Funding Request for The FY 2020-21 Budget Cycle

Request Title

R-09 Postage Spending Authority Reduction

Dept. Approval By: ______________ ______ Supplemental FY 2019-20

OSPB Approval By: ______________ ______ Budget Amendment FY 2020-21

X Change Request FY 2020-21

Summary Information	Fund	FY 2019-20 Initial Appropriation	FY 2019-20 Supplemental Request	FY 2020-21 Base Request	FY 2020-21 Change Request	FY 2021-22 Continuation
Total of All Line Items Impacted by Change Request	**Total**	**$12,055,868**	**$0**	**$12,973,524**	**($3,000,000)**	**($3,000,000)**
	FTE	0.0	0.0	0.0	0.0	0.0
	GF	$0	$0	$0	$0	$0
	CF	$740,298	$0	$740,298	$0	$0
	RF	$11,315,570	$0	$12,233,226	($3,000,000)	($3,000,000)
	FF	$0	$0	$0	$0	$0

Line Item Information	Fund	FY 2019-20 Initial Appropriation	FY 2019-20 Supplemental Request	FY 2020-21 Base Request	FY 2020-21 Change Request	FY 2021-22 Continuation
04. Central Services, (B) Integrated Document Solutions, (1) Integrated Document Solutions - IDS Postage	**Total**	**$12,055,868**	**$0**	**$12,973,524**	**($3,000,000)**	**($3,000,000)**
	FTE	0.0	0.0	0.0	0.0	0.0
	GF	$0	$0	$0	$0	$0
	CF	$740,298	$0	$740,298	$0	$0
	RF	$11,315,570	$0	$12,233,226	($3,000,000)	($3,000,000)
	FF	$0	$0	$0	$0	$0

Auxiliary Data

Requires Legislation? NO

Type of Request? Department of Personnel & Administration Prioritized Request

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

Department of Personnel & Administration

FY 2020-21 Funding Request

November 1, 2019

Jared Polis
Governor

Kara Veitch
Executive Director

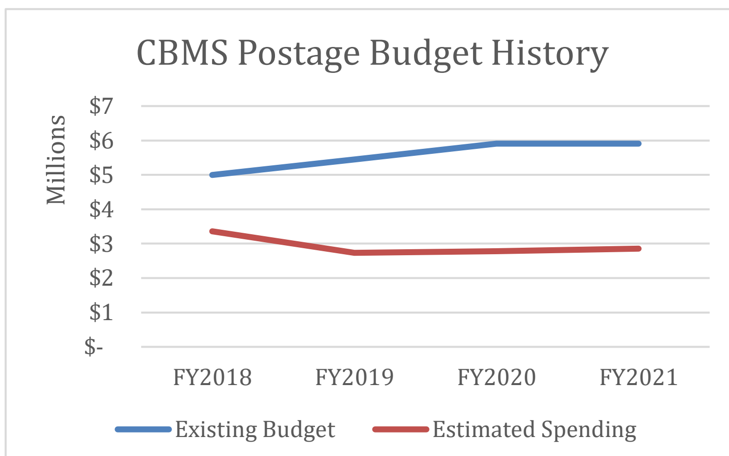
Department Priority: R-09
Request Detail: Postage Spending Authority Reduction

Summary of Incremental Funding Change for FY 2020-21			
	FY 2019-20	**FY 2020-21**	**FY 2021-22**
Total Funds	**$0**	**($3,000,000)**	**($3,000,000)**
FTE	0.0	0.0	0.0
General Fund	$0	$0	$0
Cash Funds	$0	$0	$0
Reappropriated Funds	$0	($3,000,000)	($3,000,000)
Federal Funds	$0	$0	$0

Summary of Request:

The Integrated Documents Solution (IDS) program within the Department of Personnel & Administration's (4) Central Services Division is requesting a reduction of $3,000,000 reappropriated funds spending authority in FY 2020-21 and ongoing for the IDS Postage line item to more closely align spending authority with need. Appropriations to other state agencies remain unaffected.

The IDS program provides a number of services for all State agencies, which includes the pickup, sorting, metering, and delivery of internal and external mail. The largest customer for IDS is the Colorado Benefits Management System (CBMS). The Affordable Care Act (ACA) required most individuals to have health insurance coverage or potentially to pay a penalty for noncompliance. As such, the federal government required the Department of Health Care Policy and Financing to mail a tax form to all individuals covered by Medicaid or CHP+ by January 31, 2016, through CBMS. In addition, Connect for Colorado, a non-profit insurance exchange servicing essentially the same clientele as CBMS, also utilized IDS services for several mailings at this time. ACA requirements have since changed, and Connect for Colorado has since contracted with a new entity for mailings. These changes, in combination with several new efficiencies in the mailing process for CBMS, the IDS Postage line item now reflects excess spending authority, as shown in the chart.



Current Program:

The IDS program provides a number of services for all State agencies. One of those services is mail processing which includes the pickup, sorting, insertion, metering, and delivery of internal and external mail. The consolidated functionality allows IDS the ability to leverage the volumes of all state agencies when purchasing the materials necessary to offer these services, as well as negotiate lower postage rates with the United State Postal Service (USPS) for all State mail. At JBC staff's recommendation, a discrete IDS Postage line item was added in FY 2014-15 and the operating expenses line item was adjusted by an offsetting amount. At that time, postage represented 54.7 percent of the program's operating expenses line item and both the rates and volume usage are outside of the program's discretionary control. Increases in Operating Expenses spending authority were generally tied to postage increases identified in Department prioritized request items and mail services purchased by state agencies identified in non-prioritized request items from other state agencies.

In FY 2015-16 and FY 2016-17, spending authority for the IDS Postage line item increased significantly with the approval of a supplemental and budget amendment submitted by the Governor's Office of Information Technology (OIT) for Colorado Benefits Management System (CBMS) correspondence which IDS mails. The Affordable Care Act (ACA) required most individuals to have health insurance coverage or potentially to pay a penalty for noncompliance. The federal government required the Department of Health Care Policy and Financing to send out a tax form to all individuals covered by Medicaid or CHP+ by January 31, 2016 indicating that these individuals had qualifying coverage during the months they were enrolled in these programs in calendar year 2015. The filing form is a 1095. Individuals used the 1095 as proof of insurance in order to avoid paying the penalty. Initial forecasts for the number of mailings underestimated the number of mailings and need for larger envelopes ("flats") requiring manual processing and significantly more postage.

Additional funding for IDS Postage was approved for FY 2018-19 and for FY 2019-20 for CBMS client correspondence growth. The request was based on projections using processes in effect at the time the request was written. However in the interim, IDS had worked to automate processes and was able to shift mailings from "flats" to 6 X 9 envelopes reducing CBMS postage costs significantly. OIT also achieved process efficiencies which reduced the need for "flats" by shifting to 6 X 9 envelopes which again reduced CBMS postage costs.

Based on their involvement with CBMS communications, OIT and IDS were also utilized by Connect for Colorado, a non-profit insurance exchange servicing essentially the same clientele as CBMS. Because Connect for Colorado had no means for communicating statements and notices to its clients, it partnered with OIT and IDS and used CBMS as its communications source the first several years of its existence. In October of 2018, it procured its own vendors for mailing and printing leaving additional surplus spending authority within IDS.

Problem or Opportunity:

The IDS program provides a number of services for all State agencies including mail processing of which IDS Postage is a component. The largest customer for IDS is CBMS and efficiencies generated in CBMS processing either by OIT or by IDS may have significant results. As both State agencies implemented process changes during FY 2018-19, IDS Postage line item now reflects excess spending authority resulting from these efficiencies generated by IDS and OIT. Furthermore, the departure of Connect for Colorado business from IDS has left additional surplus spending authority. The IDS Postage line item's spending authority no longer aligns with business needs.

Proposed Solution:

The Department proposes a reduction of $3,000,000 in reappropriated funds spending authority for the IDS Postage line item in an effort to more closely align spending authority with IDS customer needs. Appropriations to other state agencies remain unaffected.

Anticipated Outcomes:

The Integrated Document Solutions group will continue to advise, assist, and support each State agency's needs and provide a wide variety of document solutions as a partner with State agencies offering professional services tailored to each program's needs and budget. The reduction in spending authority for the IDS Postage line item reflects efficiencies gained and the loss of a substantial business customer while still reflecting current IDS customer needs. Appropriations to other state agencies remain unaffected.

Assumptions and Calculations:

The following table demonstrates the funding requested for IDS postage by OIT in the most recent CBMS requests which had impacts for the IDS Postage line item. The table also includes the FY 2017-18 actual CBMS postage expenditures as well as revised estimates for FY 2018-19 through FY 2020-21. The revisions include lower costs associated with the business process changes made by both OIT and IDS; changes which shifted CBMS mailings from flats to 6 X 9 envelopes as well as produced fewer pieces of mail in total. The revisions also reflect the loss of business from a significant partner in Connect for Colorado beginning the fall of 2018. For these estimates, the Department assumes a three percent mail volume growth for CBMS mail volume for FY 2019-20 and for FY 2020-21.

Integrated Document Solutions (IDS): CBMS Postage

	FY 2015-16, FY 2016-17 CBMS 1095-B Client Correspondence	FY 2018-19 CBMS/PEAK Budget Realignment	6 X 9 envelopes	flats	CBMS total postage	Variance
FY18 OIT request included in original estimates	YES	N/A	$ 3,719,430	$ 1,257,955	$ 4,977,385	
FY18 actuals	YES	N/A	$ 3,018,149	$ 341,154	$ 3,359,303	$ 1,618,082
FY19 OIT request included in original estimates	YES	YES	$ 4,037,968	$ 1,413,727	$ 5,451,695	
FY19 revised estimates	YES	YES	$ 2,676,688	$ 57,501	$ 2,734,189	$ 2,717,506
FY20 OIT request included in original estimates	YES	YES	$ 4,333,319	$ 1,574,532	$ 5,907,851	
FY20 revised estimates	YES	YES	$ 2,726,902	$ 49,632	$ 2,776,534	$ 3,131,317
FY21 OIT request included in original estimates	YES	YES	$ 4,333,319	$ 1,574,533	$ 5,907,852	
FY21 revised estimates	YES	YES	$ 2,808,709	$ 51,121	$ 2,859,830	$ 3,048,022

Supplemental, 1331 Supplemental or Budget Amendment Criteria:

Not applicable.

Schedule 13

Department of Personnel and Administration

Funding Request for The FY 2020-21 Budget Cycle

Request Title

R-10 Statewide Planning Svcs Unused Spending Authority

Dept. Approval By: [signature]

OSPB Approval By: [signature]

	Supplemental FY 2019-20
	Budget Amendment FY 2020-21
X	Change Request FY 2020-21

Summary Information	Fund	FY 2019-20 Initial Appropriation	FY 2019-20 Supplemental Request	FY 2020-21 Base Request	FY 2020-21 Change Request	FY 2021-22 Continuation
Total of All Line Items Impacted by Change Request	**Total**	**$1,000,000**	**$0**	**$1,000,000**	**($980,000)**	**$0**
	FTE	0.0	0.0	0.0	0.0	0.0
	GF	$1,000,000	$0	$1,000,000	($980,000)	$0
	CF	$0	$0	$0	$0	$0
	RF	$0	$0	$0	$0	$0
	FF	$0	$0	$0	$0	$0

Line Item Information	Fund	FY 2019-20 Initial Appropriation	FY 2019-20 Supplemental Request	FY 2020-21 Base Request	FY 2020-21 Change Request	FY 2021-22 Continuation
01. Executive Director's Office, (B) Statewide Special Purpose, (2) Office of the State Architect - Statewide Planning Services	**Total**	**$1,000,000**	**$0**	**$1,000,000**	**($980,000)**	**$0**
	FTE	0.0	0.0	0.0	0.0	0.0
	GF	$1,000,000	$0	$1,000,000	($980,000)	$0
	CF	$0	$0	$0	$0	$0
	RF	$0	$0	$0	$0	$0
	FF	$0	$0	$0	$0	$0

Auxiliary Data

Requires Legislation? NO

Type of Request? Department of Personnel & Administration Prioritized Request

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

Department of Personnel & Administration

FY 2020-21 Funding Request

November 1, 2019

Jared Polis
Governor

Kara Veitch
Executive Director

Department Priority: R-10
Request Detail: Statewide Planning Services Unused Spending Authority

Summary of Incremental Funding Change for FY 2020-21			
	FY 2019-20	**FY 2020-21**	**FY 2021-22**
Total Funds	**$0**	**($980,000)**	**$0**
FTE	0.0	0.0	0.0
General Fund	$0	($980,000)	$0
Cash Funds	$0	$0	$0
Reappropriated Funds	$0	$0	$0
Federal Funds	$0	$0	$0

Summary of Request:

The Department of Personnel & Administration requests a reduction of $980,000 in General Fund for (1) Executive Director's Office, (B) Statewide Special Purpose, (2) Office of the State Architect, Statewide Planning Services in FY 2020-21. This is a one-time request for the designated fiscal year only; the appropriation will return to $1,000,000 in FY 2021-22.

The State developed this new program in 2015 pursuant to SB 15-270 in order to mirror existing mechanisms that the Department of Higher Education utilizes to complete master plans for its agency. Since its creation in 2015, the Statewide Planning Services program receives an appropriation of $1,000,000 per fiscal year, with the statutory authority to roll forward unspent funding from each year, for up to a total of three fiscal years, as specified in the footnotes of each Long Bill. Furthermore, planning is a long-term process which can create a gap between project completions and payments. This flexibility and long-term approach allow the Program the ability to decrease the appropriation one time. This one-time reduction is to align historical use of these funds with the appropriation level, providing a savings to the state in FY 2020-2021, before returning to its original $1,000,000 appropriation level in FY 2021-2022.

Current Program:

Within the Department, the Office of the State Architect (OSA) is responsible for managing the Statewide Planning Services program (the Program). The Program was created to assist agencies in developing and creating their master plans for construction projects above $500,000.

The State developed this new program in 2015 pursuant to SB 15-270 in order to mirror existing mechanisms that the Department of Higher Education utilizes to complete master plans for its agency. With the exception to the Department of Higher Education, the Program supports all state agencies, and requires all capital construction requests to include operational master plans, facilities master plans, facilities program plans, and five-year plans to be submitted to OSA for review, according to 24-1-136.5 C.R.S.

The Statewide Planning Services program assists in developing a master plan for each state agency that is primordial in the long-range planning of their facility needs. A master plan assists in saving the State money by reviewing all alternative options, identifying duplicates, avoiding unnecessary construction projects, completing cost estimates, and addressing all other possibilities such as leasing, buying or renovating. This process ensures that the agency follows standards developed by OSA and the Governor. This allows all state agencies construction projects to move towards a unified direction.

Since the creation of the Statewide Planning Services program, the Department is the first state agency to benefit from the development of a master plan. The Department completed the Capitol Complex Master Plan, which includes the integration of eleven buildings and grounds in the Capitol Buildings Group, eight additional buildings and sites in the Denver metropolitan area and one building located in Grand Junction. Many other state agencies are currently developing master plans with the assistance of the Statewide Planning Services program. The spending authority allocated to the Statewide Planning Services program of $1,000,000 per fiscal year assists in offsetting some of the costs of developing a master plan for each agency.

Problem or Opportunity:

Since its creation in 2015, the Statewide Planning Services program receives an appropriation of $1,000,000 per fiscal year, with the statutory authority to roll forward unspent funding from each year, for up to a total of three fiscal years, as specified in the footnotes of each Long Bill. Furthermore, planning is a long-term process which can create a gap between project completions and payments. This flexibility and long-term approach allow the Program the ability to decrease the appropriation one time.

Proposed Solution:

The Department proposes a reduction of spending authority by $980,000 for one fiscal year only, to align with the current available budget for developing agency master plans.

Anticipated Outcomes:

The Statewide Planning Services program will continue to support state agencies in developing their master plans. With a one year reduction, it is possible that the Program may postpone the master plan developments and construction projects for state agencies. If spending authority for Statewide Planning Services is cancelled or reduced for more than a fiscal year, OSA may not be able to fulfill the mission of assisting agencies in master plan developments, as required by statute. Furthermore, as master plans creation has been initiated for state agencies, over time, the information for these plans may become obsolete and result in a lack of coordination in future planning development. Without the Program, the State would waste a lot of financial resources in the long run and the goals set by the governor would be harder to implement for state agencies.

Assumptions and Calculations:

Statewide Planning Services has some flexibility and could potentially postpone the state agencies master plan developments for one year, to provide a significant savings to the State. The Program would match the amount to encumber on the next two fiscal years (FY 2019-20 and FY 2020-21) with the spending authority available, to absorb the decrease of $980,000 in spending authority on FY 2020-21. In FY 2021-22, the spending authority would return to $1,000,000 and ongoing.

Supplemental, 1331 Supplemental or Budget Amendment Criteria:

Not applicable.