Schedule 13

Department of Personnel & Administration

Funding Request for The FY 2021-22 Budget Cycle		
Request Title		
	NP-01 COE Program Financial Restructure	
Dept. Approval By:	Abbey H. Clymer	**Supplemental FY 2020-21**
OSPB Approval By:	Cynthia Kelly	**Budget Amendment FY 2021-22**
	X	**Change Request FY 2021-22**

Summary Information	Fund	FY 2020-21 Initial Appropriation	FY 2020-21 Supplemental Request	FY 2021-22 Base Request	FY 2021-22 Change Request	FY 2022-23 Continuation
Total of All Line Items Impacted by Change Request	**Total**	**$0**	**$0**	**$0**	**$6,239**	**$6,239**
	FTE	0.0	0.0	0.0	0.0	0.0
	GF	$0	$0	$0	$1,931	$1,931
	CF	$0	$0	$0	$185	$185
	RF	$0	$0	$0	$4,123	$4,123
	FF	$0	$0	$0	$0	$0

Line Item Information	Fund	FY 2020-21 Initial Appropriation	FY 2020-21 Supplemental Request	FY 2021-22 Base Request	FY 2021-22 Change Request	FY 2022-23 Continuation
01. Executive Director's Office, (A) Department Administration, (1) Department Administration - Statewide Training	**Total**	**$0**	**$0**	**$0**	**$6,239**	**$6,239**
	FTE	0.0	0.0	0.0	0.0	0.0
	GF	$0	$0	$0	$1,931	$1,931
	CF	$0	$0	$0	$185	$185
	RF	$0	$0	$0	$4,123	$4,123
	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 2021-22 Budget Cycle

Request Title

NP-02 Annual Fleet Request

Dept. Approval By: Abbey H. Clymer

OSPB Approval By:

	Supplemental FY 2020-21
	Budget Amendment FY 2021-22
X	**Change Request FY 2021-22**

Summary Information	Fund	FY 2020-21 Initial Appropriation	FY 2020-21 Supplemental Request	FY 2021-22 Base Request	FY 2021-22 Change Request	FY 2022-23 Continuation
Total of All Line Items Impacted by Change Request	**Total**	**$262,054**	**$0**	**$262,054**	**$23,623**	**$23,623**
	FTE	0.0	0.0	0.0	0.0	0.0
	GF	$0	$0	$0	$0	$0
	CF	$0	$0	$0	$0	$0
	RF	$262,054	$0	$262,054	$23,623	$23,623
	FF	$0	$0	$0	$0	$0

Line Item Information	Fund	FY 2020-21 Initial Appropriation	FY 2020-21 Supplemental Request	FY 2021-22 Base Request	FY 2021-22 Change Request	FY 2022-23 Continuation
01. Executive Director's Office, (A) Department Administration, (1) Department Administration - Vehicle Lease Payments	**Total**	**$262,054**	**$0**	**$262,054**	**$23,623**	**$23,623**
	FTE	0.0	0.0	0.0	0.0	0.0
	GF	$0	$0	$0	$0	$0
	CF	$0	$0	$0	$0	$0
	RF	$262,054	$0	$262,054	$23,623	$23,623
	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 2021-22 Budget Cycle

Request Title

NP-03 OIT FY22 Budget Request Package

Dept. Approval By:	Abbey H. Clymer		**Supplemental FY 2020-21**
OSPB Approval By:	Cynthia Kelly		**Budget Amendment FY 2021-22**
		X	**Change Request FY 2021-22**

Summary Information	Fund	FY 2020-21 Initial Appropriation	FY 2020-21 Supplemental Request	FY 2021-22 Base Request	FY 2021-22 Change Request	FY 2022-23 Continuation
Total of All Line Items Impacted by Change Request	**Total**	**$6,113,666**	**$0**	**$4,903,922**	**($203,962)**	**($203,962)**
	FTE	0.0	0.0	0.0	0.0	0.0
	GF	$1,778,468	$0	$1,518,196	($63,145)	($63,145)
	CF	$247,614	$0	$145,051	($6,033)	($6,033)
	RF	$4,087,584	$0	$3,240,675	($134,784)	($134,784)
	FF	$0	$0	$0	$0	$0

Line Item Information	Fund	FY 2020-21 Initial Appropriation	FY 2020-21 Supplemental Request	FY 2021-22 Base Request	FY 2021-22 Change Request	FY 2022-23 Continuation
01. Executive Director's Office, (A) Department Administration, (1) Department Administration - Payments to OIT	**Total**	**$6,113,666**	**$0**	**$4,903,922**	**($203,962)**	**($203,962)**
	FTE	0.0	0.0	0.0	0.0	0.0
	GF	$1,778,468	$0	$1,518,196	($63,145)	($63,145)
	CF	$247,614	$0	$145,051	($6,033)	($6,033)
	RF	$4,087,584	$0	$3,240,675	($134,784)	($134,784)
	FF	$0	$0	$0	$0	$0

Auxiliary Data

Requires Legislation?	NO		
Type of Request?	Department of 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 2021-22 Budget Cycle

Request Title

NP-04 Wildfire Stimulus Package

Dept. Approval By: Abbey H. Clymer

OSPB Approval By: Cynthia Kelly

	Supplemental FY 2020-21
	Budget Amendment FY 2021-22
X	**Change Request FY 2021-22**

Summary Information	Fund	FY 2020-21 Initial Appropriation	FY 2020-21 Supplemental Request	FY 2021-22 Base Request	FY 2021-22 Change Request	FY 2022-23 Continuation
Total of All Line Items Impacted by Change Request	**Total**	**$23,390,363**	**$0**	**$23,390,363**	**$145,510**	**$145,510**
	FTE	0.0	0.0	0.0	0.0	0.0
	GF	$0	$0	$0	$0	$0
	CF	$0	$0	$0	$0	$0
	RF	$23,390,363	$0	$23,390,363	$145,510	$145,510
	FF	$0	$0	$0	$0	$0

Line Item Information	Fund	FY 2020-21 Initial Appropriation	FY 2020-21 Supplemental Request	FY 2021-22 Base Request	FY 2021-22 Change Request	FY 2022-23 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**	**$23,390,363**	**$0**	**$23,390,363**	**$145,510**	**$145,510**
	FTE	0.0	0.0	0.0	0.0	0.0
	GF	$0	$0	$0	$0	$0
	CF	$0	$0	$0	$0	$0
	RF	$23,390,363	$0	$23,390,363	$145,510	$145,510
	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 2021-22 Budget Cycle

Request Title

R-01 COE Program Financial Restructure

Dept. Approval By:	Abbey H. Clymer		Supplemental FY 2020-21
OSPB Approval By:	Cynthia Kelly		Budget Amendment FY 2021-22
		X	Change Request FY 2021-22

Summary Information	Fund	FY 2020-21 Initial Appropriation	FY 2020-21 Supplemental Request	FY 2021-22 Base Request	FY 2021-22 Change Request	FY 2022-23 Continuation
Total of All Line Items Impacted by Change Request	**Total**	**$1,714,426**	**$0**	**$1,714,503**	**($417,212)**	**($417,212)**
	FTE	4.0	0.0	4.0	(1.7)	(1.7)
	GF	$0	$0	$0	$0	$0
	CF	$48,962	$0	$48,962	($48,962)	($48,962)
	RF	$1,665,464	$0	$1,665,541	($368,250)	($368,250)
	FF	$0	$0	$0	$0	$0

Line Item Information	Fund	FY 2020-21 Initial Appropriation	FY 2020-21 Supplemental Request	FY 2021-22 Base Request	FY 2021-22 Change Request	FY 2022-23 Continuation
02. Division of Human Resources, (A) Human Resource Services, (3) Training Services - Training Services	**Total**	**$1,714,426**	**$0**	**$1,714,503**	**($417,212)**	**($417,212)**
	FTE	4.0	0.0	4.0	(1.7)	(1.7)
	GF	$0	$0	$0	$0	$0
	CF	$48,962	$0	$48,962	($48,962)	($48,962)
	RF	$1,665,464	$0	$1,665,541	($368,250)	($368,250)
	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 Priority: R-01
Request Detail: Center for Organizational Effectiveness Program Financial Restructure

Summary of Funding Change for FY 2021-22				
	Totals		**Incremental Change**	
	FY 2020-21 Appropriation	**FY 2021-22 Base**	**FY 2021-22 Request**	**FY 2022-23 Request**
Total Funds	*$1,714,426*	*$1,714,503*	*($1,417,212)*	*($1,417,212)*
FTE	4.0	4.0	(1.7)	(1.7)
General Fund	$0	$0	$0	$0
Cash Funds	$48,962	$48,962	($48,962)	($48,962)
Reappropriated Funds	$1,665,464	$1,665,541	($1,368,250)	($1,368,250)
Federal Funds	$0	$0	$0	$0

Summary of Request

The Department of Personnel & Administration (DPA) is requesting an overarching program restructure of the Center for Organizational Effectiveness (COE). The program restructure request also includes a program refinance to ensure fundamental training needs for each department are met and customers are receiving training using a consistent approach, and will allow the COE to focus on development, maintenance, delivery, and tracking of statewide Equity, Diversity, and Inclusion (EDI) training, as required in Executive Order D 2020-175.

The Department requests $782,539 in General Fund for the Training Services line item within the (2) Division of Human Resources, (A) Human Resource Services, (3) Training Services program in FY 2020-21. This request encompasses a total reduction of 1.0 FTE, as well as reductions of $48,962 in cash funds and $665,464 in reappropriated funds, for a total net change adjustment of $68,113, leaving the Department with funding of $1,782,539 from all fund sources. Part of this adjustment includes an adjustment to cover the unrestricting of $422,234 in reappropriated funds in FY 2020-21 for the amount of negative fund balance that resulted at the end of FY 2019-20.

The Department also requests a reduction in total funds of $1,417,212 within (2) Division of Human Resources, (A) Human Resource Services, (3) Training Services line in FY 2021-22, reflecting reductions of $48,962 in cash funds and $1,368,250 in reappropriated funds. These amounts reflect a reduction of 1.7 FTE, as well as subsequent modified personal services costs, operating expenses, allocated expenses, and a change in billing methodology for the program.

In a separate decision item, R-08, the Department is requesting a reduction of $1,000,000 in reappropriated funds spending authority for the Training Services line item within the (2) Division of Human Resources, (A) Human Resource Services, (3) Training Services program in FY 2021-22 and ongoing, a reduction which is also included in this decision item, R-01. These two requests, R-08 and R-01, should be considered independently, however, only one should be approved so as not to cause duplicative reductions within the aforementioned line item.

This request is considered on the evidence-based policy continuum. The evidence-based policy continuum lists types of evaluation (i.e. randomized controlled trial (RCT), quasi-experimental design (QED), etc.), the amount of confidence that can be had by each (i.e. high, moderate, etc.), and labels evaluation types based on their rigor (i.e. proven, evidence-informed, etc.). This request is at a step 3 of assessing outcomes.

Current Program:

The Center for Organizational Effectiveness (COE), housed in the (2) Division of Human Resources within the Department of Personnel & Administration (DPA), has traditionally offered many training and professional development opportunities for State employees. The role of COE is to assist in the provision of training for State employees in the most cost-effective manner. The COE offers direct training opportunities such as leadership coaching, workforce competencies, self-awareness assessments, compliance training, and many others that are listed on the COE website. If COE’s offerings do not meet the specific needs of an agency, COE has the unique role of approving contracted employee training offered in State agencies. In cases such as this, agencies must request a training waiver. The COE has identified key learning and development leaders across state agencies and has created a Training Advisory Council. Once a quarter, the COE hosts the advisory council to discuss learning and development best practices, review vendor offerings, and identify agency and statewide needs. This allows COE to identify trends, assess programs, and provide the most effective and appropriate methods of learning and development statewide. In a recent Training Advisory Council meeting, leaders stressed the need for mandatory baseline trainings for state employees, and the COE is requesting to incorporate those into this restructure.

Pursuant to Section 24-50-122, C.R.S., this program provides training courses that includes topics such as supervision, project management, leadership, diversity, conflict resolution, business writing, computer skills, change management, customer service, violence prevention, and performance management to State employees.

Problem or Opportunity:

The COE is currently funded primarily with reappropriated funds and generates revenue based on fees charged for class tuition and overhead for vendor-provided classes. The current rates are calculated based on a projection of the next fiscal year’s class enrollment projections, including number of classes, enrollment volume, material costs, fixed expenses, and cash fund balance targets; tuition rates are set to bring in sufficient revenue to cover fixed program expenses, variable costs associated with external trainers providing special classes, and the cost of materials associated with class enrollments.

Historically, the COE earns between 25%-40% of its annual revenue through direct training opportunities for which students can sign up individually directly through the COE website. The remaining 60%-75% of its annual revenue is earned from contracting with state agencies who express a need for agency-wide training topics such as effective online meetings and providing exceptional customer service. Approximately 60% to 80% of the annual revenue is earned in the 2nd half of the fiscal year, since this is when most state agencies have a better understanding of their available operating budgets and are willing to contract with the COE for training. The 2nd half of FY 2019-20 was particularly troublesome for the COE due to the economic crisis caused by the Coronavirus pandemic, which affected the State of Colorado and its programs beginning in March 2020. State agencies that under normal circumstances would have had funds to spend on in-person training programs from March to July 2020 were now seeing their employees begin to work from home on a day-to-day basis, and were being asked to limit spending and propose cuts to their budgets.

The COE has taken steps to improve the program over the past few fiscal years. A conceptual link between the activities of the COE and their objectives can be seen on the COE website https://www.colorado.gov/pacific/dhr/training. The program was also involved in the initiative to make the State an employer of choice, with many additional courses anticipated to meet the goal of talent growth and development. Additionally, the program has created new courses specifically designed for working from home after the State workforce started working remotely during the Coronavirus pandemic in 2020.

The COE Visibility Report is used to track data related to the use of spending authority, number of participants in open enrollment classes, certificate program and waiver usage, as well as the click rate in the COE newsletter and other program activities. Utilizing this data, along with rate setting analyses like the one described above and from feedback gathered from Employer of Choice listening tours, the COE was able to come up with some program goals in order to best assess the needs of its customers, as well as the needs of the program. **As a result, the Department notes that the COE program current resides at 'Level 3: Data Informed' level of the evidence based continuum.** The goals the COE is working towards implementing during FY 2020-21 are as follows:

- Partner with State Agencies to develop work flow and communications in support of delivering statewide Learning Management System (LMS) functionality. COE will convene LMS administrators statewide who currently work in several different LMS platforms to develop training standards and work toward an ideal future state of one common LMS platform. Additionally, COE will ensure that agencies who do not currently have an LMS are provided appropriate options for an effective, modern platform for delivering compliance and other online trainings.

- Develop and deliver new certificate programs that provide options for online learning and completion of certificate courses in cohorts.

- Partner with the Division of Human Resources (DHR) Consulting Services to develop and deliver training for human resource professionals, supervisors, and employees related to how to build and/or use career path models based on Class Series and Class level.

Despite these goals and actions taken, the COE ended FY 2019-20 with a negative fund balance of $422,234, and projections indicate the program will end the following fiscal year FY 2020-21 in a deficit unless additional actions are taken to reduce expenses and create additional revenue. Additionally, for the last several years, agency customers have expressed dissatisfaction with the overhead fees that are added to training provided by vendors to cover space costs, costs associated with enrollment systems, among other expenses. While these fees are essential to ensuring that COE meets their revenue targets and remains financially viable, agencies are reluctant to procure services they feel have inflated prices.

As shown in the table below, the Department is requesting to supplement the program with General Fund in FY 2020-21 to both make up for the negative fund balance, as well as restructure the COE for FY 2021-22, which is described later in the Proposed Solution section of this request. The Department is also requesting for FY 2020-21 the unrestricting of $422,234 in reappropriated funds for the amount of negative fund balance in FY 2019-20. Due to the anticipated prolonged nature of the economic impact of the Coronavirus, the Department does not anticipate that agencies will be able to support the Center for Organizational Effectiveness as it is currently structured.

(2) Division of Human Resources, (A) Human Resource Services, (3) Training Services	**FTE**	**Total**	**General Fund**	**Cash Funds**	**Reappropriated Funds**	**Federal Funds**
FY 2020-21 Long Bill	4.0	1,714,426	-	48,962	1,665,464	-
FY 2020-21 LEAN Talent Challenge		-	-	-	1,000,000	-
FY 2020-21 Personal Services	3.0	250,670	250,670	-	-	-
FY 2020-21 Operating Expenses		61,843	61,843	-	-	-
FY 2020-21 Personal Services Contracts		-	-	-	-	-
FY 2020-21 Fund Balance Adjustment		47,792	47,792	-	-	-
FY 2020-21 Payback Negative Fund Balance		422,234	422,234	-	-	-
New Appropriation Needed	**3.0**	**1,782,539**	**782,539**	-	**1,000,000**	-
Adjustment Request	**(1.0)**	**68,113**	**782,539**	**(48,962)**	**(665,464)**	-
FY 2020-21 Indirect Cost Assessment		*30,017*	-	-	*30,017*	-
FY 2020-21 Departmental Allocations		-	*140,574*	-	*(140,574)*	-
FY 2020-21 Unrestrict Over-Expenditure		*(422,234)*	-	-	*(422,234)*	-

Shown below the adjustment request above in *italics* are indirect and allocated expenses requested for the line items listed below. The Department is requesting a refinance of the allocated expenses.

FY 2020-21 Indirect and Allocated Expenses					
	Total	General Fund	Cash Funds	Reappopriated Funds	Federal Funds
(2) Division of Human Resources, (A) Human Resource Services, (3) Training Services, Indirect Cost Assessment					
FY 2020-21 Long Bill	30,017	-	-	30,017	-
FY 2020-21 Estimate	30,017	-	-	30,017	-
Variance	-	-	-	-	-
(1) Executive Office, (A) Departmental Administation, Workers' Compensation					
FY 2020-21 Long Bill	2,729	-	-	2,729	-
FY 2020-21 Estimate	2,729	2,729	-	-	-
Variance	-	**2,729**	-	**(2,729)**	-
(1) Executive Office, (A) Departmental Administation, Payment to Risk Management and Property Funds					
FY 2020-21 Long Bill	8,729	-	-	8,729	-
FY 2020-21 Estimate	8,729	8,729	-	-	-
Variance	-	**8,729**	-	**(8,729)**	-
(1) Executive Office, (A) Departmental Administation, Capitol Complex Leased Space					
FY 2020-21 Long Bill	64,606	-	-	64,606	-
FY 2020-21 Estimate	64,606	64,606	-	-	-
Variance	-	**64,606**	-	**(64,606)**	-
(1) Executive Office, (A) Departmental Administation, Payments to OIT					
FY 2020-21 Long Bill	60,682	-	-	60,682	-
FY 2020-21 Estimate	60,682	60,682	-	-	-
Variance	-	**60,682**	-	**(60,682)**	-
(1) Executive Office, (A) Departmental Administation, CORE Operations					
FY 2020-21 Long Bill	3,828	-	-	3,828	-
FY 2020-21 Estimate	3,828	3,828	-	-	-
Variance	-	**3,828**	-	**(3,828)**	-

The COE aims to restructure the program in a way that will make meeting these goals attainable. General Fund is needed to keep the program sustainable in FY 2020-21. Additionally, the COE LEAN spending authority of $1,000,000 in FY 2020-21 will be used for standard COE programs in order to maximize revenue in FY 2020-21.

Proposed Solution:

In order to compensate for the negative fund balance in FY 2019-20 and a substantial change in demand for COE services following the pandemic and the ensuing economic crisis, the Department is asking for General Fund in the amount of $782,539 for FY 2020-21, while also proposing a restructure for COE beginning in FY 2021-22. The Department also requests for FY 2020-21 the unrestricting of $422,234 in reappropriated funds for the amount of negative fund balance in FY 2019-20.

The program restructure request also includes a program refinance to ensure fundamental training needs for each agency are met and customers are receiving training using a consistent approach for the nearly 26,000 employees covered under a Common Policy within Executive Branch agencies, exclusive of Institutions of Higher Education, hereinafter referred to as "covered employees". Please note that within this document, the term “covered employees” has a different meaning than under Section 24-50-1102 CRS (2020).

The restructure will allow the COE to focus on courses that are necessary for state workers. Most importantly, the restructure and refinance will also reduce expenses for the program and instead implement a common policy methodology utilized by other programs that impact agencies within the State. Lastly, COE will set up competitive price agreements for vendor-provided training that will not include additional overhead, and will allow agencies to work directly with vendors to procure their services to meet the specific needs of their agency.

The Department proposes moving the funding source for COE to a common policy beginning in FY 2021-22. Common policies represent a standard method of determining the budget need, by department, for services that are centrally provided by the Department of Personnel & Administration, Department of Law, and the Governor's Office of Information Technology. Funding requests for these services are developed using a common methodology for each department. This ensures that consistent assumptions are used while developing budget requests for specific line item appropriations within individual departments.

By utilizing a common policy methodology, the COE can rely on a stable funding source without charging overhead costs for vendor services. By funding the COE in such a way, training becomes more accessible to covered employees within the State at a rate of $17 per FTE for FY 2021-22, described further in the Assumptions and Calculations section of this request. Additionally, agencies can consume COE services without additional charges to training budgets, allowing for more employees to receive training as requested in Employer of Choice listening tours. Agencies can also procure vendor services in a way that is consistent and transparent to their specific needs.

The Department request for FY 2021-22 will reflect revenue being billed through a common policy. Spending authority needed will be reduced as shown in the table below.

(2) Division of Human Resources, (A) Human Resource Services, (3) Training Services	FTE	Total	General Fund	Cash Funds	Reappropriated Funds	Federal Funds
FY 2021-22 Base Request	4.0	1,714,503	-	48,962	1,665,541	-
FY 2021-22 LEAN Talent Challenge		-	-	-	-	-
FY 2021-22 Personal Services	2.3	201,248	-	-	201,248	-
FY 2021-22 Operating Expenses		61,843	-	-	61,843	-
FY 2021-22 Personal Services Contracts		34,200	-	-	34,200	-
FY 2021-22 Payback Negative Fund Balance		-	-	-	-	-
New Appropriation Needed	**2.3**	**297,291**	-	-	**297,291**	-
Adjustment Request	**(1.7)**	**(1,417,212)**	-	**(48,962)**	**(1,368,250)**	-
FY 2021-22 Departmental Allocations		*94,632*	-	-	*94,632*	-
FY 2021-22 Indirect Cost Assessment		*30,017*	-	-	*30,017*	-

Shown below the adjustment request above in *italics* are indirect and allocated expenses requested for the line items listed below.

FY 2021-22 Indirect and Allocated Expenses					
	Total	General Fund	Cash Funds	Reappopriated Funds	Federal Funds
(2) Division of Human Resources, (A) Human Resource Services, (3) Training Services, Indirect Cost Assessment					
FY 2021-22 Long Bill	30,017	-	-	30,017	-
FY 2021-22 Estimate	30,017	-	-	30,017	-
Variance	-	-	-	-	-
(1) Executive Office, (A) Departmental Administation, Workers' Compensation					
FY 2021-22 Long Bill	1,557	-	-	1,557	-
FY 2021-22 Estimate	1,557	-	-	1,557	-
Variance	-	-	-	-	-
(1) Executive Office, (A) Departmental Administation, Payment to Risk Management and Property Funds					
FY 2021-22 Long Bill	4,981	-	-	4,981	-
FY 2021-22 Estimate	4,981	-	-	4,981	-
Variance	-	-	-	-	-
(1) Executive Office, (A) Departmental Administation, Capitol Complex Leased Space					
FY 2021-22 Long Bill	51,283	-	-	51,283	-
FY 2021-22 Estimate	51,283	-	-	51,283	-
Variance	-	-	-	-	-
(1) Executive Office, (A) Departmental Administation, Payments to OIT					
FY 2021-22 Long Bill	34,627	-	-	34,627	-
FY 2021-22 Estimate	34,627	-	-	34,627	-
Variance	-	-	-	-	-
(1) Executive Office, (A) Departmental Administation, CORE Operations					
FY 2021-22 Long Bill	2,184	-	-	2,184	-
FY 2021-22 Estimate	2,184	-	-	2,184	-
Variance	-	-	-	-	-

The Department is requesting the program be supplemented with funds created by the common policy billing of $17 per FTE for FY 2021-22 spread across the 25,839 FTE by Department within the Executive Branch. This amount per FTE was calculated based on the projected expenses in FY 2021-22 of $431,969.

COE Cost Pool for FY 2021-22	
FY 2021-22 Projected Expenditures	
FY 2021-22 Projected Personal Services	$ 201,248
FY 2021-22 Projected Operating Costs	$ 11,843
FY 2021-22 Projected Personal Services Contracts (Vendor Contracts for Specialized Trainings)	$ 34,200
HLD	$ 23,255
AED/SAED	$ 17,453
STD	$ 297
Indirect Cost Assessment Line Item	$ 30,017
Workers' Comp	$ 1,557
Payments to Risk Management and Property Funds	$ 4,981
Payments to OIT	$ 34,627
Capitol Complex Leased Space	$ 51,283
PERA Direct Distribution	$ 19,024
CORE Operations	$ 2,184
Sub-Total of Projected Expenses	***$ 431,969***
Fund Balance Target	***$ 47,792***
FY 2021-22 Fund Balance Analysis	
Final Fund Balance (FY2019-20 Year End)	$ (422,234)
General Fund Backfill	$ 422,234
General Fund Supplement	$ 47,792
FY 2020-21 Cash Expense	$ (103,898)
FY 2020-21 Cash Revenue	$ 103,898
Projected FY 2020-21 Fund Balance	**$ 47,792**
Fund Balance Adjustments	$ -
Revenue Target	**$ 431,969**
Allocation Methodology	
Total Allocable Pool for FY 2021-22	$ 431,969
Allocation Basis - Total FTE	25,839
Cost per FTE	$ 17.00

Anticipated Outcomes:

The Department believes that by moving to a common policy methodology, not only will the customer base of the COE expand to covered employees within the state, but will also allow the COE to provide a more focused and relevant package of courses and foundational training, in addition to working with new customers and vendors. COE will be able to operate in a more responsive space that is centered on providing the training that covered employees truly need, while also being able to negotiate price agreements with vendors, which agencies will be able to utilize directly with no markup by COE, that leverage the buying power of the state.

The new structure for COE will allow the team to focus on development, maintenance, delivery, and tracking of statewide EDI training, as required in Executive Order D 2020-175 as follows:

- Develop and distribute EDI Training modules for all CO State employees and CO State Supervisors and collect data on completion of training in alignment with DPA's WIG.

- Conduct quarterly meetings with statewide LMS administrators to identify opportunities for improvement, and to share best practices.

- Provide training and support for the agencies that purchase TalentLMS as the system for providing EDI and Compliance training to employees, and distribute updated content to agencies using other LMS platforms.

- Incorporate EDI concepts into supervisor certification program, and consult with agency training teams to recommend and refer EDI vendors.

If the program restructure is not approved, it is possible that the program will need to make significant changes to course offerings, which will limit learning opportunities for current staff and negatively impact the State's initiative to be an employer of choice and its goal of strengthening our equity, diversity, and inclusion (EDI) mindset as an employer. By restructuring the program and increasing vendor involvement, the COE can offer a more diverse range of programs and keep the limited staff focused on broadening the reach of employee training, being responsive to new training needs, negotiating competitive price agreements, and increasing cost effectiveness.

Assumptions and Calculations:

A common policy will allow the COE to deliver courses to covered employees at a rate of $17 per FTE in FY 2021-22, charged to the Departments listed below. The average number of covered employees per Department for the period June 2019 – May 2020 is shown in the table below. The employee count excludes the Judicial and Legislature branches, as well as temporary employees. It does not include Institutions of Higher Education (IHEs), with the exception of History Colorado (GCA) and the Department of Higher Education (GAA). Employees with multiple State of Colorado roles are represented within each agency that employs them, and an employee with multiple roles within one agency is reported using the sum of their FTEs.

Department	Average Employee Count (12 Months)
Personnel & Administration	367
Agriculture	292
Corrections	6,092
Education	730
Governor's Office	747
Public Health	1,414
Higher Education	212
Transportation	2,982
Human Services	4,880
Labor	1,234
Law	478
Local Affairs	191
Military Affairs	162
Natural Resources	1,489
Public Safety	1,839
Regulatory Agencies	547
Revenue	1,495
HCPF	570
State	88
Treasury	30
Total	**25,839**

Utilizing the numbers in the table above, the Department estimates that the COE will be able to continue to provide training to covered employees at a rate of $17 per FTE in FY 2021-22, utilizing a common policy billing method beginning in FY 2021-22. The total cost per Department uses an estimated General Fund impact of 55 percent based on total compensation. The Department estimates a statewide General Fund impact of $241,595. User agencies will need an allocation for this common policy within their Executive Director's Office Long Bill group with a suggested name of "Training Expenses".

Supplemental, 1331 Supplemental or Budget Amendment Criteria:

This request encompasses FY 2020-21 and ongoing, and meets the supplemental criteria for FY 2020-21 due to new information regarding the COE that was not available when the COE budget was initially submitted. The Department has attempted to resolve current issues through methods discussed above, but it has become clear that a common policy model will meet the needs of the State and its customers most effectively.

Schedule 13

Department of Personnel & Administration

Funding Request for The FY 2021-22 Budget Cycle

Request Title

R-02 DOR Printing and Mail Migration to IDS

Dept. Approval By: Abbey H. Clymer — Supplemental FY 2020-21

OSPB Approval By: Cynthia Kelly — Budget Amendment FY 2021-22

X — Change Request FY 2021-22

Summary Information	Fund	FY 2020-21 Initial Appropriation	FY 2020-21 Supplemental Request	FY 2021-22 Base Request	FY 2021-22 Change Request	FY 2022-23 Continuation
Total of All Line Items Impacted by Change Request	**Total**	**$18,654,067**	**$0**	**$18,654,067**	**$0**	**$0**
	FTE	0.0	0.0	0.0	0.0	0.0
	GF	$0	$0	$0	$0	$0
	CF	$980,537	$0	$980,537	$0	$0
	RF	$17,673,530	$0	$17,673,530	$0	$0
	FF	$0	$0	$0	$0	$0

Line Item Information	Fund	FY 2020-21 Initial Appropriation	FY 2020-21 Supplemental Request	FY 2021-22 Base Request	FY 2021-22 Change Request	FY 2022-23 Continuation
04. Central Services, (B) Integrated Document Solutions, (1) Integrated Document Solutions - Operating Expenses	**Total**	**$8,680,543**	**$0**	**$8,680,543**	**$9,973,524**	**$9,973,524**
	FTE	0.0	0.0	0.0	0.0	0.0
	GF	$0	$0	$0	$0	$0
	CF	$240,239	$0	$240,239	$740,298	$740,298
	RF	$8,440,304	$0	$8,440,304	$9,233,226	$9,233,226
	FF	$0	$0	$0	$0	$0
04. Central Services, (B) Integrated Document Solutions, (1) Integrated Document Solutions - IDS Postage	**Total**	**$9,973,524**	**$0**	**$9,973,524**	**($9,973,524)**	**($9,973,524)**
	FTE	0.0	0.0	0.0	0.0	0.0
	GF	$0	$0	$0	$0	$0
	CF	$740,298	$0	$740,298	($740,298)	($740,298)
	RF	$9,233,226	$0	$9,233,226	($9,233,226)	($9,233,226)
	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 2021-22 Funding Request

November 2, 2020

Jared Polis
Governor

Kara Veitch
Executive Director

Department Priority: R-02
Request Detail: Department of Revenue Printing and Mail Migration to Integrated Document Solutions

Department of Personnel & Administration - Summary of Funding Change for FY 2021-22				
	Totals		**Incremental Change**	
	FY 2020-21 Appropriation	**FY 2021-22 Base**	**FY 2021-22 Request**	**FY 2022-23 Request**
Total Funds	*$18,654,067*	*$18,654,067*	*$0*	*$0*
FTE	0	0	0	0
General Fund	$0	$0	$0	$0
Cash Funds	$980,537	$980,537	$0	$0
Reappropriated Funds	$17,673,530	$17,673,530	$0	$0
Federal Funds	$0	$0	$0	$0

Department of Revenue - Summary of Funding Change for FY 2021-22				
	Totals		**Incremental Change**	
	FY 2020-21 Appropriation	**FY 2021-22 Base**	**FY 2021-22 Request**	**FY 2022-23 Request**
Total Funds			*$347,116*	*($343,883)*
FTE			(5.0)	(5.0)
General Fund			$347,116	($343,883)
Cash Funds			$0	$0
Reappropriated Funds			$0	$0
Federal Funds			$0	$0

Summary of Request

The Department of Personnel & Administration (DPA), in coordination with the Department of Revenue (DOR), requests the adjustments necessary to consolidate printing and mail volumes at the Department of Personnel & Administration's Integrated Document Solutions (IDS) in order to eliminate duplication, generate a statewide savings, and resolve a recommendation from the Office of the State Auditor.

The movement of all volumes from DOR to IDS was initiated due to the Office of the State Auditor's 2011 audit report (control number 2157), guiding DOR to move all printing and metering mail services to IDS. As part of this transfer, DOR's appropriations will be adjusted and an allocation of common policy funding will be included in an existing Document Solution Group (DSG) Common Policy line item, so that DOR is funded to pay IDS for print and mail services. Additionally, all customers who utilize IDS' services will benefit from reduced rates as fixed indirect costs will be able to be spread over an approximate 20% increase in volume for IDS North Campus, where the IDS printing and metering services are held.

Initial estimates indicate that the costs associated with the transfer will require a minor increase in appropriations at the Department of Revenue in the first year. All other customers will experience a decrease in rates, and a corresponding decrease in the amount billed to them due to the spread of fixed overhead costs over a larger volume (assuming print and mail volumes return to pre-COVID levels). This incremental need at DOR is driven by an unavoidable decrease in volumes projected at IDS due to COVID-19 and the associated tightening of operating budgets. In a year when volumes return to normal, the Department anticipates that all customers will benefit from the additional volumes processed by IDS. Even if volumes stabilize at a lower volume count, the State will still benefit from the elimination of duplicative services.

With this movement of volume into IDS, the program requests the combination of two line items to maximize efficiencies for the program. The Department requests that the (4) Division of Central Services (B) Integrated Document Solutions Postage line item be combined with the (4) Division of Central Services (B) Integrated Document Solutions Operating Expenses line item beginning FY 2021-22 and ongoing. Combining the Postage line item into the Operating line item enables IDS to take over the DOR volume without a request to increase appropriation through efficient utilization of existing spending authority.

To pay IDS common policy for the services of mailing and printing, the Department of Revenue will need to move appropriations in the amount of $4,033,565 from a combination of personal services, benefits, operating, and postage lines to the IDS Common Policy line item. Also, DOR will need appropriation movement of $250,575 from the DOR Office of Information Technology (OIT) Payment Common Policy line to the IDS Common Policy line item. OIT has been part of this request process, and calculated the amount of appropriation to be moved from the OIT common policy to the IDS Common Policy line item, as shown in appendix (A). This will total $4,284,140, which is the current cost associated at DOR for printing and mailing services. For FY 2021-22, DOR will need an additional $347,116 in appropriation within the IDS Common Policy to equal the total estimated cost for DOR print and mail volume migrating to IDS of $4,631,256.

Although this request is not considered on the evidence-based policy continuum, it is a highly critical funding request that will sustain the program's operations. The evidence-based policy continuum lists types of evaluation (i.e. randomized controlled trial (RCT), quasi-experimental design (QED), etc.), the amount of confidence that can be had by each (i.e. high, moderate, etc.), and labels evaluation types based on their rigor (i.e. proven, evidence-informed, etc.). While the goal of evidence-based policy is to make decisions using data, research, and evidence, and to invest in activities that allow for continual monitoring and evaluation, this request falls into the category of critical administrative funding request and therefore does not require evidence-based research to support its criticality.

Current Program:

The Division of Central Services (DCS) provides a diverse set of services that include design, imaging, mail, delivery, and print management services. Within DCS, Integrated Document Solutions (IDS) is the Colorado State Printer and is an end-to-end document management operation, serving all government entities across Colorado. IDS advises, assists, and supports each agency's needs and provides a wide variety of document solutions at a professional level, all at a fraction of the cost of private vendors. From business cards, graphic design, and scanning, to print, mail delivery, and warehousing, IDS partners with each agency to offer professional services tailored to each program's need and budget. Since IDS provides so many business services/solutions in-house, it is relatively simple to integrate any number of these services into a seamless operation for agencies, resulting in more efficient processes and lower costs.

Pursuant to statutes 24-30-1102, C.R.S. and 24-30-1108, C.R.S., IDS sets rates for the services performed by the program, ensuring that all direct and indirect costs of running the program are covered and that the rates charged by the program are competitive with the market. Utilizing the anticipated volumes for each service, the process targets a zero-profit rate based on the anticipated volumes and total estimated costs of production. These costs for the upcoming year include program overhead, labor, and operational expenses. The main goal of the rate setting process is to ensure that the state agencies that use IDS services are getting the best price possible. The FY 2017-18 market rate comparison data shows IDS rates are on average 35% below market price.

Within IDS there are two locations that process all IDS production. The main location, North Campus, is located within Denver and will handle the DOR print and mail volume migration. The second site is in Pueblo, and is known as the Document Solutions Group (DSG). DSG handles the DOR tax pipeline and scanning operations, which Secretary of State (SOS) is also a large customer. In an effort to provide more stability in the rates for its two largest customers, the Department has implemented the DSG Common Policy in FY 2019-20 for those two customers. With this request DOR will be paying DPA for the services at both locations through a single common policy allocation.

Problem or Opportunity:

Unlike many private print and mail operations, IDS' rate setting process specifically excludes the need to generate a profit and simply targets a break even with a small fund balance cushion to protect against volatility in demand or prices, such as unexpected changes to volumes. As noted above, IDS is able to provide rates that fall substantially below market because of this process.

Rates for IDS' services cover program overhead, labor, and operational expenses. Program overhead includes Division of Central Services Administration costs, allocated portions of the Department's common policies such as Vehicle Leases, Leased Space, Payments to OIT, Capitol Complex Leased Space, Worker's Compensation, Risk Management Payments, CORE Operations Payments, and Indirect Cost Assessments. As volumes increase, these fixed program overheads are spread across additional volumes, thereby reducing the overall rates for each of IDS' customers.

The Department of Revenue has been operating a print production and mail center to service DOR's specific needs, and the volumes processed in this DOR center represent volumes that can be folded seamlessly into IDS' existing infrastructure without increasing program overhead. Both the Department of Revenue and the Department of Personnel & Administration recognize the value of moving the volumes previously processed by DOR to IDS to ensure that all state agency customers are receiving the best value possible.

Additionally, the consolidation of these services within IDS represents the final stage of compliance with a performance audit completed by the Office of the State Auditor. The audit found that the Department of Revenue was not fully utilizing Department of Personnel & Administration's Division of Central Services for services including the processing of outgoing mail, warrants, and printing tax-related documents. The DOR Printing and Mail Migration to IDS decision item will transfer the final remaining business function within DOR that is not fully utilizing DCS and address the concerns of the audit report.

Proposed Solution:

The Department of Revenue and the Department of Personnel & Administration jointly recognize the value to the State of consolidating print production services at IDS. This request includes all of the necessary adjustments for both agencies to move DOR print production volume to IDS. Given that IDS is built to achieve efficiencies through automation and does not upcharge products for a profit, any production volume increase that moves through IDS spreads the cost of the program over a larger customer base. This increased cost sharing in turn lowers the rates for the billable tasks charged to each department that uses IDS services. The Department of Personnel & Administration proposes folding the print and mail billing into a common policy line item already appropriated at DOR to help with the predictability of billing. The methodology for that common policy is outlined below.

General DPA Common Policy Methodology:

Current DPA common policies such as Payments to Risk Management, Workers' Compensation, Administrative Law Judge Services, Colorado Operations Resource Engine (CORE) Operations, Vehicle Lease Payments and Capitol Complex Leased Space, and DSG common policy utilizes the same type of methodology: the Department estimates the total cost pool for the following fiscal year, determines the allocation percentages by department using a specific metric, and then determines the target fund balance estimate and any fund balance adjustments that may be needed. The total billing amount by cabinet/department is determined by taking the total allocable cost base plus or minus any fund balance adjustment, and multiplying this total cost by the allocation percentages by department.

Proposed IDS Common Policy Methodology for DOR:

The billing methodology DPA is proposing for this particular action represents a material departure from the standard methodology outlined above. The Department is proposing that the proposed common policy cost pool is mixed within the IDS standard billing cost pool. This combination ensures that the cost sharing of the overheads are still achieved to maximize savings for all departments. To calculate the DOR IDS common policy, the Department will use current fiscal year IDS rates. These rates will include all anticipated volumes and needed expenses, including DOR, to calculate the rates for all customers. These rates will then be multiplied by DOR's average of the past two full fiscal years' volumes split out by billable task. This process will not only create stable billing for DOR, but also guarantee that cost sharing principles are applied equitably throughout the customer base. The Department also proposes that each year during the common policy build process, a review and comparison of revenue collected to actual expenses will be undertaken. If either the expense or revenue is out of balance, an adjustment will be made in the common policy rates.

Anticipated Outcomes:

Once all of the print production from DOR has moved over completely to IDS and the IDS common policy is fully implemented, the State will experience an overall decrease in expenditures on print production costs. This decrease in cost is attributed to the elimination of duplication in printing production, and a distribution of fixed cost over a larger customer base.

The increased volume and small corresponding increase in expenses for IDS could potentially produce a savings across existing printing and metering customers of $1,601,890 total funds, and a potential General Fund savings of $467,627. Combined with the additional allocation of GF at DOR, this represents a net $120,511 GF savings to the State. In addition, savings to IDS' other customers will be realized as early as FY 2021-22. Because of the lag associated with a common policy, the lower costs to DOR are projected to be realized in FY 2022-23.

Given that the first year of integrating DOR print and mail into IDS' business is in the middle of the COVID pandemic, the estimated volumes processed by IDS will be lower than a normal year. Because of this, the first year of expenses for DOR utilization of IDS' services is estimated to be $4,631,256. In the second fiscal year, when volumes presumably return to equilibrium, the estimated cost is $4,287,375. Within the year two estimate the Department is anticipating the COVID crisis has subsided, and IDS volumes have returned to normal levels. Once IDS volumes return to normal, the cost for DOR to use IDS for its print services is approximately the same cost DOR currently pays for its in-house print production. As additional volumes are brought into IDS, DOR and other customers will continue to pay less for the same services.

Assumptions and Calculations:

In FY 2021-22, the Department of Revenue plans on vacating the Annex Building within the Capitol Complex. This is where the current print and mailing production is housed for DOR. If the migration of volume from DOR to IDS is not approved, the Department of Revenue would have an estimated additional expense of $200,000 to move out of the Annex Building and up fit a building to house the DOR printing facility, or remain in the Annex Building and pay the Capitol Complex Lease Space FY 2021-22 square footage rate.

An initial review, using the common policy methodology, places the estimated costs for DOR around $4,631,256 for FY 2021-22, compared to current spend of $4,284,140. This estimate includes all services and goods needed by IDS to fulfill DOR current obligations based on estimates for FY 2021-22 and provided by DOR's current print operations.

The movement of print production over to IDS in FY 2021-22 will cost DOR an estimated $347,116 above current production costs due to the temporary decline in volumes associated with COVID. This estimated increase is approximately the same additional cost needed for moving the DOR Print Shop out of the Annex Building. The established FY 2020-21 rates, used to calculate the FY 2021-22 common policy estimate for DOR, have a large drop off in anticipated volumes due to the unprecedented COVID crisis that currently occurring within Colorado. This anticipated volume decrease caused the FY 2020-21 rates to be higher than average years. To help with keeping IDS rates at an affordable amount for the State, the Department subsidized the FY 2020-21 rates using a large portion of the IDS fund balance to keep year-over-year rate growth to just 3 percent, even though volumes are down 10.5%, excluding the DSG Common Policy volumes. As operations begin to normalize and IDS services get back to normal volume amounts, the estimated cost for DOR could potentially decrease to $4,287,373 in FY 2022-23, which is around the same cost DOR is currently incurring for print production.

Additional volumes for DOR will lower rates, and this in turn may contribute to new volume coming to IDS. The savings associated with the additional volume will be passed on to all customers.

The only increase in cost to IDS for this migration of volume from DOR to IDS is $7,000 per year. IDS is able to absorb the DOR volume increase without any increased appropriations due to IDS' large scale automated production facility. To estimate the potential savings to the existing customers, a high level analysis was completed assuming volumes return to pre-COVID levels after the pandemic.

Table 1 - Calculation of DOR Estimated Cost for FY 2021-22 Common Policy

DOR Print Shop IDS Billable Tasks	Current FY 2020-21 IDS Rates by Billable Task	DOR Estimated FY 2021-22 Volumes	Potential Cost Estimate for FY 2021-22
Cost of Goods Sold (Postage & Paper)			$2,678,483
Inkjet Web	$0.038	9,000,000	$342,990
Warrants	$0.502	1,080,000	$541,739
B&W Toner 5,001-24,999	$0.054	1,920,000	$102,835
Letters First Class/Postcards (Metered)	$0.180	115,200	$20,765
Flats Meter/Sort 03B,03B1,03B2, 03Z	$0.847	240,000	$203,198
Accountable (Certified) 03L1,03N,03O,03P	$12.089	2,700	$32,641
Inserter(1-4 / 1 OZ) 03F,03S	$0.065	5,760,000	$373,766
Inserter Flats High Volume (11+ Sheets)	$0.188	240,000	$45,238
FedEx	$15.671	12,000	$188,051
In Line Sort (Postcards)	$0.017	6,000,000	$101,550
Total Cost			**$4,631,256**
DOR Communicated Total Print Production Cost			**$4,284,140**
Variance			**$347,116**

Table 2 - Calculation of DOR Estimated Cost for FY 2022-23 Common Policy			
DOR Print Shop IDS Billable Tasks	Estimated FY 2021-22 IDS Rates by Billable Task	DOR Estimated FY 2022-23 Volumes	Potential Cost Estimate for FY 2022-23
Cost of Goods Sold (Postage & Paper)			$2,678,483
Inkjet Web	$0.033	9,000,000	$295,459
Warrants	$0.431	1,080,000	$465,299
B&W Toner 5,001-24,999	$0.049	1,920,000	$93,616
Letters First Class/Postcards (Metered)	$0.146	115,200	$16,821
Flats Meter/Sort 03B,03B1,03B2, 03Z	$0.660	240,000	$158,473
Accountable (Certified) 03L1,03N,03O,03P	$9.433	2,700	$25,469
Inserter(1-4 / 1 OZ) 03F,03S	$0.051	5,760,000	$292,566
Inserter Flats High Volume (11+ Sheets)	$0.147	240,000	$35,216
FedEx	$12.228	12,000	$146,734
In Line Sort (Postcards)	$0.013	6,000,000	$79,237
Total Cost			**$4,287,373**
DOR Communicated Total Print Production Cost			**$4,284,140**
Variance			**$3,233**

The estimate for the potential savings across all funds for existing printing and metering customers is calculated by taking the estimated total cost for DOR in year two, $4,287,373, subtracting out the Cost of Goods Sold, $2,678,483, and removing the $7,000 increase in per click cost for IDS. This total provides the total cost pool that will be shared with the rest of IDS customers, thus decreasing the rates.

As demonstrated in the table below, the savings across all funds is estimated to be $1,601,890. To calculate the savings for the top three customers and all other state agencies, the Department took the difference in rates with and without DOR volumes and multiplied that amount by the anticipated volumes for FY 2020-21. The potential General Fund savings was calculated by applying the current General Fund participation rate for CBMS and the 2007 General Fund participation rate for all other IDS customers. These amounts are estimates and the potential savings will not be fully recognized until IDS has a true understanding of the cyclical nature of the DOR volume. The tables for these calculations are below:

Table 3 - Other State Agencies Total Savings Calculation	
DOR Total Cost	$4,287,373
DOR Cost of Goods Sold	($2,678,483)
Increase Operating Cost to IDS	($7,000)
Total Savings to Other State Agencies	**$1,601,890**

DOR Volume Increase Potential Savings Distribution	Potential Savings Across All Funds	General Funds Potential Savings
Colorado Benefits Management System	$550,665	$203,746
Colorado Department of Labor and Employment	$91,342	$0
Department of Motor Vehicles	$63,437	$4,441
All Other State Agencies	$896,446	$259,440
Total Savings to Other State Agencies	**$1,601,890**	**$467,627**

Supplemental, 1331 Supplemental or Budget Amendment Criteria:

None.

COLORADO
Governor's Office of
Information Technology

7/15/2020

Lauren Larson
Director
Office of State Planning and Budgeting
111 State Capitol
Denver, Colorado 80203

RE: FY 2021-22 Printing and Mail Migration Decision Item

Dear Director Larson:

Pursuant to OSPB instructions, this letter is to confirm that the Office of Information Technology (OIT) has collaborated in the development and submission of this proposed FY 2021-22 Printing Migration Operating Request for the Department of Personnel and Administration titled, DOR Printing and Mail Migration to IDS.

OIT has completed an internal review to ensure the project aligns with statewide IT goals and determined that OIT has the capacity to shift and reduce resources to meet the requirements of the project.

Sincerely,

Patricia Nord 07/15/2020

Patricia Nord, OIT Budget Director Glenn Newmin, OIT IT Director

Schedule 13

Department of Personnel & Administration

Funding Request for The FY 2021-22 Budget Cycle

Request Title

R-03 Decentralization of Collections Services

Dept. Approval By:	Abbey H. Clymer		**Supplemental FY 2020-21**
OSPB Approval By:	Cynthia Kelly		**Budget Amendment FY 2021-22**
		X	**Change Request FY 2021-22**

Summary Information	Fund	FY 2020-21 Initial Appropriation	FY 2020-21 Supplemental Request	FY 2021-22 Base Request	FY 2021-22 Change Request	FY 2022-23 Continuation
Total of All Line Items Impacted by Change Request	**Total**	**$1,667,477**	**$0**	**$1,653,571**	**($1,653,571)**	**($1,653,571)**
	FTE	4.3	0.0	4.3	(4.3)	(4.3)
	GF	$0	$0	$0	$0	$0
	CF	$1,667,477	$0	$1,653,571	($1,653,571)	($1,653,571)
	RF	$0	$0	$0	$0	$0
	FF	$0	$0	$0	$0	$0

Line Item Information	Fund	FY 2020-21 Initial Appropriation	FY 2020-21 Supplemental Request	FY 2021-22 Base Request	FY 2021-22 Change Request	FY 2022-23 Continuation
05. Division of Accounts and Control, (A) Financial Operations and Reporting, (2) Collections Services - Personal Services	**Total**	**$358,701**	**$0**	**$358,701**	**($358,701)**	**($358,701)**
	FTE	4.3	0.0	4.3	(4.3)	(4.3)
	GF	$0	$0	$0	$0	$0
	CF	$358,701	$0	$358,701	($358,701)	($358,701)
	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**	**$220,000**	**$0**	**$220,000**	**($220,000)**	**($220,000)**
	FTE	0.0	0.0	0.0	0.0	0.0
	GF	$0	$0	$0	$0	$0
	CF	$220,000	$0	$220,000	($220,000)	($220,000)
	RF	$0	$0	$0	$0	$0
	FF	$0	$0	$0	$0	$0

Line Item Information	Fund	FY 2020-21 Initial Appropriation	FY 2020-21 Supplemental Request	FY 2021-22 Base Request	FY 2021-22 Change Request	FY 2022-23 Continuation
05. Division of Accounts and Control, (A) Financial Operations and Reporting, (2) Collections Services - Private Collection Agency Fees	**Total**	**$900,000**	**$0**	**$900,000**	**($900,000)**	**($900,000)**
	FTE	0.0	0.0	0.0	0.0	0.0
	GF	$0	$0	$0	$0	$0
	CF	$900,000	$0	$900,000	($900,000)	($900,000)
	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 - Indirect Cost Assessment	**Total**	**$188,776**	**$0**	**$174,870**	**($174,870)**	**($174,870)**
	FTE	0.0	0.0	0.0	0.0	0.0
	GF	$0	$0	$0	$0	$0
	CF	$188,776	$0	$174,870	($174,870)	($174,870)
	RF	$0	$0	$0	$0	$0
	FF	$0	$0	$0	$0	$0

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

Department Priority: R-03
Request Detail: Decentralization of Collections Services

Summary of Funding Change for FY 2021-22				
	Totals		Incremental Change	
	FY 2020-21 Appropriation	FY 2021-22 Base	FY 2021-22 Request	FY 2022-23 Request
Total Funds	*$1,667,477*	*$1,653,571*	*($1,653,571)*	*($1,653,571)*
FTE	4.3	4.3	(4.3)	(4.3)
General Fund	$0	$0	$0	$0
Cash Funds	$1,667,477	$1,653,571	($1,653,571)	($1,653,571)
Reappropriated Funds	$0	$0	$0	$0
Federal Funds	$0	$0	$0	$0

Summary of Request

The Department of Personnel & Administration (DPA) requests a net total decrease of $1,653,571 in cash fund spending authority and associated 4.3 FTE in FY 2021-22 program within (5) Division of Accounts and Control, (A) Financial Operations and Reporting, (2) Collections Services, in addition to requesting a net total decrease of $1,370,478 in cash fund spending authority and associated 3.7 FTE in FY 2020-21. The Department is requesting an overarching restructure in how unpaid debts to the State are collected, focusing on allowing individual agencies to contract directly with private collection agencies through statewide price agreements set up through the Office of the State Controller. To implement this change, the Department will dismantle its Central Collections Services (CCS) Unit through this budget request and respectfully requests the Committee carry a bill to implement the necessary statutory change. Changes to existing statute within Section 24-30-202.4 C.R.S. will be required to fully implement this request.

This request is not considered on the evidence-based policy continuum. The evidence-based policy continuum lists types of evaluation (i.e. randomized controlled trial (RCT), quasi-experimental design (QED), etc.), the amount of confidence that can be had by each (i.e. high, moderate, etc.), and labels evaluation types based on their rigor (i.e. proven, evidence-informed, etc.). While the goal of evidence-based policy is to make decisions using data, research, and evidence, and to invest in activities that allow for continual monitoring and evaluation, this request falls into the category of an administrative reduction request and therefore does not require evidence-based research to support its criticality.

Current Program:

Within the Office of the State Controller, 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 and retain up to 18 percent on principal debt collected and provides unique mechanisms for collection through tax, lottery, and gaming offsets.

Before programmatic changes were implemented in FY 2019-20, the Central Collections Service Unit had the ability to collect on up to 70,000 accounts with in-house collectors, and used a combination of legal and private collection agencies (PCAs) to assist in collections. The addition of 18 percent on top of principal debt funded the program and offered the unique ability to allow clients to receive 100 percent of the collected debt. CCS collected 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, Fire Districts, and the Colorado Department of Labor & Employment, respectively. Among the many mechanisms for the collection of debt, a majority of the collection was completed through voluntary State tax offsets, a solution that was unique to the State.

Under the traditional collection process, clients had 30 days to collect debt, and after 30 days, debt was transferred to CCS. CCS applied an 18 percent fee on the principal debt and if CCS could collect within 180 days, CCS retained the 18 percent fee and 100 percent of the debt collected was remitted to the client. If not collected by 180 days, the debt and the additional 18 percent was then forwarded to a PCA. The PCA had 27 months to collect and upon collection, the PCA retained 11 percent and CCS retained 7 percent (on average), and 100 percent of the original debt was remitted to the client. If the PCA was unable to collect after 27 months, CCS recalled the debt for reprocessing in-house. The historical average of the combination of PCA collections and CCS in-house collections resulted in a 15 percent blended rate of fees on debt collected through CCS. In addition to the collection process, successful debt collection was based on the probability of collection which was 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.

Following a strategic restructure in FY 2019-20 and FY 2020-21, CCS was set up to prioritize debt and cater to clients by leveraging the State tax offsets and voluntary payments for debt collection, while maintaining the existing contracts with PCAs. This approach was established to allow the State to continue active collections efforts, though on a diminished basis, by pushing a majority of the work to PCAs. CCS offered 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.

As a result of limitations on collection sources, loss of clients, declining debt quality, and ongoing challenges with personal services attrition, the Central Collections Services (CCS) program is not collecting enough revenue to be sustainable. The cumulative impact of statutory changes that 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, have had a substantial impact on the program's revenue. 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 to collect outstanding debts. This directly impacted the pool of available revenue for collection and as a result, revenue into the CCS has declined.

Problem or Opportunity:

After several years of operating CCS with an outdated collections system, increasing limitations on collectable sources, and personal services attrition, the CCS program has not been able to regain its footing to generate enough revenue to be sustainable. After a restructure was requested for FY 2019-20 and staff was reduced, mostly through attrition, from 28.0 FTE to 4.3 FTE in an effort to reduce expenses, the program continued to struggle throughout the fiscal year, facing personal services attrition on an even grander scale than previous years and leaving the program unable to fill positions due to poor collection rates. Revenue earned was determined to not be enough to support staff on an ongoing basis, and after several vacancies were left unoccupied, the Department made the decision to ultimately submit this request to shut down the program.

In addition to the costs incurred by CCS for collections associated with clients cancelling accounts that CCS has attempted to collect on, historical statutory changes have allowed for 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 by some agencies. Additionally, due to major changes in Federal Tax laws that increased the standard deduction amount, reduced most tax rates and shifted tax filings to include standard deduction instead of itemized deductions, Federal tax offsets available for interception have decreased. This directly impacted the pool of available revenue for collection and as a direct result, a reduction of revenue for the CCS has occurred. Revenues are not expected to rebound in the future.

The confluence of these issues has made it impossible for CCS to return to stable operations, and therefore the Department is seeking to shut down the CCS unit and embark on a decentralized approach to collecting debts to the State. Feedback from CCS customers support this change and there have been no concerns with this new decentralized approach.

Proposed Solution:

The Department proposes utilizing the Procurement & Contracts program to develop new statewide contracts with PCAs, and would allow each State agency to work with PCAs to collect debts, still allowing for debt collection accounts be forwarded to PCAs. In addition to granting each agency the authority to add-on 18 percent to the debt, the Department proposes allowing departments to individually utilize the existing mechanisms for collection through State tax offsets, lottery, and gaming offsets.

Following a restructure that focused on sending debt to the PCAs and limiting programmatic expenditures by downsizing collectors, expenses still border on exceeding revenue. As a result, the Department is proposing a budgetary adjustment that would eliminate the majority of programmatic expenditures from the Department. Proposed expenses that remain are limited to software costs in order to keep the Collections System open and searchable. To ensure that the State agency customers continue to have the ability to collect on their debts, the Department will set up statewide price agreements with several PCAs so that any agency in need of debt collections services will be able to easily contract with those vendors. 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 would remain with the decentralization approach. Although this represents a sizable adjustment in approach, CCS has already been in touch with its customers about this change and none have expressed concerns.

In order to accomplish this restructure, the Department anticipates ending two term-limited positions during FY 2020-21. The Department notes that no staff will be needed on an ongoing basis to support the decentralized collections approach, and therefore the Department anticipates eliminating all appropriations within the (5) Division of Accounts and Control, (A) Financial Operations and Reporting, (2) Collections Services Long Bill Group in FY 2021-22 and ongoing. Changes to existing statute within Section 24-30-202.4 C.R.S. will be required to fully implement this request.

Anticipated Outcomes:

Currently, the program has two term-limited positions and one permanent FTE, which will end in the 1st quarter of FY 2020-21. This allows for the program to close with minimal layoff costs.

The Department expects that closing CCS will allow state agencies to continue debt collection on their own by contracting directly with PCAs at the same cost offered by CCS. This approach would still allow for debt collection accounts to be forwarded to PCAs after 180 days and grant each agency the authority to add-on 18 percent to the debt. Again, CCS has already been in touch with its customers about this change and none have expressed concerns.

Assumptions and Calculations:

Allocated Position Costs

During the 1st quarter of FY 2020-21, CCS expects to end two remaining term-limited and one full-time positions, as well as redistribute allocated positions within the Office of the State Controller. Departmental overhead costs are allocated throughout the Department based on FTE and revenue sources. With the closure of CCS, the Department will need to redistribute allocated 0.6 FTE and associated costs, which total $7,011 and are absorbable by the remaining programs within the OSC as shown below.

	FY 2019-20 Collections FTE = 5.9			FY 2020-21 - 1st Quarter Collections FTE = 4.3			FY 2020-21 - 2nd Quarter Collections FTE = 0.0		
Office of State Controller Programs	**FTE**	**Allocated split**	**$7,011.00**	**FTE**	**Allocated split**	**$7,011.00**	**FTE**	**Allocated split**	**$7,011.00**
Financial Operations	30.5	0.40	$ **2,804**	30.5	0.41	$ **2,893**	30.5	0.44	$ **3,072**
Procurement and Contracts	17.8	0.24	$ **1,683**	17.8	0.24	$ **1,689**	17.8	0.26	$ **1,793**
CORE	21.3	0.28	$ **1,963**	21.3	0.29	$ **2,021**	21.3	0.31	$ **2,146**
Collections	5.9	0.08	$ **561**	4.3	0.06	$ **408**	0.0	0.00	$ -
Total OSC	**75.5**	**1.00**	**$ 7,011**	**73.9**	**1.00**	**$ 7,011**	**69.6**	**1.00**	**$ 7,011**

FY 2020-21 Spending Authority

Spending authority is being requested to be greatly reduced in FY 2020-21, leaving funding only to pay for the items listed below.

Personal services costs for 0.6 FTE includes staff salaries and fringe benefits for July through September 2020, as well as leave payouts for departing employees, and other associated expenses.

(5) Division of Accounts and Control, (A) Financial Operations and Reporting, (2) Collections Services	FTE	Total	General Fund	Cash Funds	Reappropriated Funds	Federal Funds
FY 2020-21 Long Bill	4.3	1,667,477	-	-	1,667,477	-
FY 2020-21 Personal Services	0.6	77,768	-	-	77,768	-
FY 2020-21 Operating Expenses		30,455	-	-	30,455	-
FY 2020-21 Private Agency Collection Fees		-	-	-	-	-
FY 2020-21 Indirect Cost Assessment		188,776	-	-	188,776	-
New Appropriation Needed	**0.6**	**296,999**	-	-	**296,999**	-
Adjustment Request	**(3.7)**	**(1,370,478)**	-	-	**(1,370,478)**	-

FY 2021-22 Spending Authority

Reflecting a complete closure of the program, spending authority is being requested to be reduced to $0 in FY 2021-22 and ongoing.

(5) Division of Accounts and Control, (A) Financial Operations and Reporting, (2) Collections Services	FTE	Total	General Fund	Cash Funds	Reappropriated Funds	Federal Funds
FY 2021-22 Base Request	4.3	1,653,571	-	1,653,571	-	-
FY 2021-22 Personal Services	0.0	(358,701)	-	(358,701)	-	-
FY 2021-22 Operating Expenses		(220,000)	-	(220,000)	-	-
FY 2021-22 Private Agency Collection Fees		(900,000)	-	(900,000)	-	-
FY 2021-22 Indirect Cost Assessment		(174,870)	-	(174,870)	-	-
New Appropriation Needed	-	-	-	-	-	-
Adjustment Request	**(4.3)**	**(1,653,571)**	-	**(1,653,571)**	-	-

Common Policy Costs

The Department is required to pay into the common policies, which are an array of statewide services provided by the Department of Personnel & Administration, the Office of Information Technology, and the Department of Law. Services include: Workers' Compensation, services from the Department of Law, as well as Administrative Law Judge services, Payments to Risk Management and Property Funds, services from the Governor's Office of Information Technology, and finally, CORE Operations. The Department allocates these costs to divisions by FTE and revenue source. The common policy costs for CCS total $87,317 for FY 2020-21, of which one quarter, or 25% of these costs can be paid by the program. The 2nd, 3rd, and 4th quarter payments, or 75 percent of the total cost in FY 2020-21 will be redistributed amongst other programs within the Department, allocated by total number of FTE. Beginning in FY 2021-22, the Department will request departmental allocations in a way that expenses are not allocated to the Central Collections Services program.

Departmental Allocations Total							
Departmental Allocation	**Workers' Comp**	**Legal Services**	**ALJ Services**	**Risk Payments**	**Payments to OIT**	**CORE Payments**	**Total**
FY 2020-21 Long Bill	2,933	5,032	620	9,384	65,233	4,115	**87,317**
FY 2021-22 Estimate	2,933	5,032	620	9,384	65,233	4,115	**87,317**

Supplemental, 1331 Supplemental or Budget Amendment Criteria:

This request encompasses FY 2020-21 and ongoing, and meets the supplemental criteria for FY 2020-21 due to new information regarding the Collections Services program that was not available when the Collections Services budget was initially submitted. The Department has attempted to resolve current issues through an initial restructure of the program, but it has become clear that a decentralized model will meet customers' needs most effectively.

Schedule 13

Department of Personnel & Administration

Funding Request for The FY 2021-22 Budget Cycle

Request Title

R-04 Office of Administrative Courts Translation Services

Dept. Approval By:	Abbey H. Clymer		**Supplemental FY 2020-21**
OSPB Approval By:	Cynthia Kelly		**Budget Amendment FY 2021-22**
		X	**Change Request FY 2021-22**

Summary Information	Fund	FY 2020-21 Initial Appropriation	FY 2020-21 Supplemental Request	FY 2021-22 Base Request	FY 2021-22 Change Request	FY 2022-23 Continuation
Total of All Line Items Impacted by Change Request	**Total**	**$4,137,018**	**$0**	**$4,138,513**	**$15,000**	**$15,000**
	FTE	44.7	0.0	44.7	0.0	0.0
	GF	$0	$0	$0	$0	$0
	CF	$0	$0	$0	$15,000	$0
	RF	$4,137,018	$0	$4,138,513	$0	$15,000
	FF	$0	$0	$0	$0	$0

Line Item Information	Fund	FY 2020-21 Initial Appropriation	FY 2020-21 Supplemental Request	FY 2021-22 Base Request	FY 2021-22 Change Request	FY 2022-23 Continuation
06. Administrative Courts, (A) Administrative Courts, (1) Administrative Courts - Personal Services	**Total**	**$4,137,018**	**$0**	**$4,138,513**	**$15,000**	**$15,000**
	FTE	44.7	0.0	44.7	0.0	0.0
	GF	$0	$0	$0	$0	$0
	CF	$0	$0	$0	$15,000	$0
	RF	$4,137,018	$0	$4,138,513	$0	$15,000
	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 2021-22 Funding Request

November 2, 2020

Jared Polis
Governor

Kara Veitch
Executive Director

Department Priority: R-04
Request Detail: Office of Administrative Courts Translation Services

Summary of Funding Change for FY 2021-22				
	Totals		Incremental Change	
	FY 2020-21 Appropriation	FY 2021-22 Base	FY 2021-22 Request	FY 2022-23 Request
Total Funds	*$4,137,018*	*$4,138,513*	*$15,000*	*$15,000*
FTE	44.7	44.7	0	0
General Fund	$0	$0	$0	$0
Cash Funds	$0	$0	$15,000	$0
Reappropriated Funds	$4,137,018	$4,138,513	$0	$15,000
Federal Funds	$0	$0	$0	$0

Summary of Request

The Department of Personnel & Administration is requesting $15,000 for the (6) Administrative Courts Personal Services line item in cash funds spending authority for FY 2021-22, and $15,000 in reappropriated funds for FY 2022-23 and ongoing. This request is to fund contracted interpretation and translation services as it relates to workers' compensation cases, as well as Department of Regulatory Agencies (DORA), Colorado Department of Education (CDE), Secretary of State (SOS) and other, non-public benefit cases conducted by the Office of Administrative Courts (OAC). These interpretation and translation services are needed to ensure people with limited English proficiency or those who are hearing impaired are able to participate in OAC proceedings. This $15,000 request will be funded out of the OAC fund balance, and Departments will not be charged through the OAC common policy for these services until FY 2022-23.

Although this request is not considered on the evidence-based policy continuum, it is a highly critical funding request that will sustain the program's operations. The evidence-based policy continuum lists types of evaluation (i.e. randomized controlled trial (RCT), quasi-experimental design (QED), etc.), the amount of confidence that can be had by each (i.e. high, moderate, etc.), and labels evaluation types based on their rigor (i.e. proven, evidence-informed, etc.). While the goal of evidence-based policy is to make decisions using data, research, and evidence, and to invest in activities that allow for continual monitoring and evaluation, this request falls into the category of critical administrative funding request and therefore does not require evidence-based research to support its criticality.

Current Program:

The Office of Administrative Courts provides an accessible, independent, cost-effective administrative law adjudication system for Colorado. The OAC conducts mediations, holds hearings, and decides cases for more than 50 state departments, agencies, boards, and county departments, as well as serves the State's citizens. There are three OAC offices that serve Colorado: the main office located in Denver, the Western Regional Office in Grand Junction, and the Southern Regional Office in Colorado Springs. The OAC handles cases primarily involving Workers' Compensation, Medicaid, Human Services, Regulatory Agencies, Education, mediations, as well as other general services.

The Office of Administrative Courts services are funded through a Department of Personnel & Administration operating common policy. The Office of Administrative Courts' Common Policy agency allocations are based on utilization from two years prior. This allocation methodology uses the sum of all personal services and operating expenditures projected for program operation and allocates the cost proportionally by department, according to the prior fiscal year's actual OAC services usage.

Problem or Opportunity:

In April of 2019, the U.S. Department of Justice contacted the OAC regarding its policies concerning Limited English Proficient (LEP) individuals appearing for workers' compensation administrative hearings. The OAC has continued to work with the Department of Justice to ensure that its policies comply with Title VI provisions of the Civil Rights Act of 1964, 42 U.S.C. §§ 2000d to 2000d-7. As a result of this inquiry, the OAC has adopted a policy in which all litigants in non-public benefits cases at the Department of Human Services and the Colorado Department of Health Care Policy and Financing will be provided an interpreter, free of charge.

Due to the lack of in-person hearings caused by the Coronavirus pandemic beginning in March 2020, the OAC has generated some cost savings by conducting remote hearings. These savings, coupled with temporary vacancy savings within OAC personal services, allowed the OAC to pay for interpreter services in FY 2019-20 to be compliant with the DOJ policy. Temporary vacancy savings and remote hearings in FY 2020-21 will once again fund the services, however, the Department anticipates in-person hearings will resume in FY 2021-22, and thus are requesting funds to pay for translation and interpretation services during the FY 2021-22 fiscal year and ongoing to be compliant with the DOJ policy.

Proposed Solution:

The Department of Personnel & Administration is requesting an increase of $15,000 in cash fund spending authority for FY 2021-22 and $15,000 in reappropriated funds for FY 2022-23 and ongoing for the Office of the Administrative Courts. This request is for $15,000 in Personal Services spending authority for interpretation and translation services for OAC to meet its Title VI obligations and ensure that all Colorado citizens have equal access to the administrative courts. This request would not only fulfill a federal obligation, but it will provide people that are in need of interpretation and translation services, because of hearing impairments or limited English proficiency, an ability to engage in OAC proceedings.

Anticipated Outcomes:

If this request is not approved, the OAC would not be able to pay for the interpretation and translation services needed in FY 2021-22 and ongoing. This denial would cause people in need of translation services to understand their proceeding, to pay for the translation expense out of pocket, and the OAC would be in violation of the Title VI provisions of the Civil Rights Act of 1964, 42 U.S.C. §§ 2000d to 2000d-7. If OAC violates this obligation, the Department could be sued or face sanctions from the federal government.

Assumptions and Calculations:

In FY 2019-20, the Office of Administrative Courts spent in total $14,964 in interpretation and translation services. The Department anticipates expenses for these services will remain around $15,000 for FY 2021-22 and ongoing.

Office of Administrative Courts FY 2019-20 Expenses	July - Sept	Oct - Dec	Jan-Mar	April-June	Total
Interpretation and Translation Services	$2,419	$4,758	$2,762	$5,025	**$14,964**

Supplemental, 1331 Supplemental or Budget Amendment Criteria:

None.

Schedule 13

Department of Personnel & Administration

Funding Request for The FY 2021-22 Budget Cycle

Request Title

R-05 Integrated Document Solutions Infrastructure Refresh

Dept. Approval By:	Abbey H. Clymer		**Supplemental FY 2020-21**
OSPB Approval By:	Cynthia Kelly		**Budget Amendment FY 2021-22**
		X	**Change Request FY 2021-22**

Summary Information	Fund	FY 2020-21 Initial Appropriation	FY 2020-21 Supplemental Request	FY 2021-22 Base Request	FY 2021-22 Change Request	FY 2022-23 Continuation
Total of All Line Items Impacted by Change Request	**Total**	**$8,680,543**	**$0**	**$8,680,543**	**$0**	**$0**
	FTE	0.0	0.0	0.0	0.0	0.0
	GF	$0	$0	$0	$0	$0
	CF	$240,239	$0	$240,239	$0	$0
	RF	$8,440,304	$0	$8,440,304	$0	$0
	FF	$0	$0	$0	$0	$0

Line Item Information	Fund	FY 2020-21 Initial Appropriation	FY 2020-21 Supplemental Request	FY 2021-22 Base Request	FY 2021-22 Change Request	FY 2022-23 Continuation
04. Central Services, (B) Integrated Document Solutions, (1) Integrated Document Solutions - Operating Expenses	**Total**	**$8,680,543**	**$0**	**$8,680,543**	**($100,000)**	**($240,000)**
	FTE	0.0	0.0	0.0	0.0	0.0
	GF	$0	$0	$0	$0	$0
	CF	$240,239	$0	$240,239	$0	$0
	RF	$8,440,304	$0	$8,440,304	($100,000)	($240,000)
	FF	$0	$0	$0	$0	$0
04. Central Services, (B) Integrated Document Solutions, (1) Integrated Document Solutions - Print Equipment Lease Purchase	**Total**	**$0**	**$0**	**$0**	**$100,000**	**$240,000**
	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	$100,000	$240,000
	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 Priority: R-05
Request Detail: Integrated Document Solutions Infrastructure Refresh

Summary of Funding Change for FY 2021-22				
	Totals		Incremental Change	
	FY 2020-21 Appropriation	FY 2021-22 Base	FY 2021-22 Request	FY 2022-23 Request
Total Funds	$8,680,543	$8,680,543	$0	$0
FTE	0.0	0.0	0.0	0.0
General Fund	$0	$0	$0	$0
Cash Funds	$240,239	$240,239	$0	$0
Reappropriated Funds	$8,440,304	$8,440,304	$0	$0
Federal Funds	$0	$0	$0	$0

Summary of Request

The Department of Personnel & Administration (DPA) requests a new and temporary line item titled (4) Central Services (B) Integrated Document Solutions, Print Equipment Lease Purchase for the express purpose of funding a new capital lease for a new Continuous-feed Production Inkjet press to replace the current equipment which is being returned to the vendor at the end of its current lease. Initial spending authority of $100,000 reappropriated funds for the new long bill line item in FY 2021-22 is requested to be transferred from the current (4) Central Services (B) Integrated Document Solutions, Operating Expenses line item. The amount annualizes to $240,000 in FY 2022-23 and ongoing. This request is budget neutral and is being requested as statute for capital leases with lifetime costs over $500,000 require legislative approval pursuant to Section 24-82-801, C.R.S., and a designated line item from which the payments are to be made. The amount of transferred spending authority will remain in the new line item ongoing until the lease purchase is complete and will then be returned to the originating Operating Expenses line item. Approving this request will allow IDS to continue meeting the printing needs of its current and future customers.

Although this request is not considered on the evidence-based policy continuum, it is a highly critical funding request that will sustain the program’s operations. The evidence-based policy continuum lists types of evaluation (i.e. randomized controlled trial (RCT), quasi-experimental design (QED), etc.), the amount of confidence that can be had by each (i.e. high, moderate, etc.), and labels evaluation types based on their rigor (i.e. proven, evidence-informed, etc.). While the goal of evidence-based policy is to make decisions using data, research, and evidence, and to invest in activities that allow for continual monitoring and evaluation, this request falls into the category of critical administrative funding request and therefore does not require evidence-based research to support its criticality.

Current Program:

The Division of Central Services (DCS) provides a diverse set of services that include legal substitute address and confidential mail forwarding services for survivors of domestic violence; design, imaging, mail, delivery, and print management services; and managing, collecting, preserving, and providing access to state and local government records. Within DCS, Integrated Document Solutions (IDS) provides business support services comprising print, document management, data entry, imaging, and mail operations. IDS is the Colorado State Printer and is an end-to-end document management operation, serving all government entities across Colorado. IDS advises, assists, and supports each agency's needs and provides a wide variety of document solutions at a professional level; and at a fraction of the cost of private vendors.

Until January 2015, IDS used cut-sheet, high-speed printing equipment (toner-based) exclusively for the print volume of state agencies and offices which it served. In 2015, the State of Colorado became the first state government printing facility to acquire a continuous-fed inkjet printing (CF Inkjet) platform. Colorado was considered, at that time, an early adopter for the technology from a governmental application perspective. The CF Inkjet printing platform had been available for a few years in the commercial sector where its up-time and reliability were unmatched. When IDS committed to transitioning to the CF Inkjet platform, the top equipment manufactures were very aggressive in their pricing models in an attempt to gain a strategic advantage. Colorado also incentivized the purchase by offering a one of a kind partnership allowing the vendor to use the Colorado IDS location as a showcase for the technology. The vendor discounted the platform $1M to win the award. Since that time more than fifteen other states have followed Colorado's lead placing CF Inkjet printing platforms in their states' in house printing facilities.

When the decision was made to move to the CF Inkjet platform, IDS was looking to increase uptime and diversity in its offerings. Prior to the acquisition in 2015, IDS was printing transactional products with five cut-sheet toner based machines that had an average uptime of approximately 85 percent. Transitioning to the CF Inkjet platform increased uptime to over 98 percent. Increased uptime and faster throughputs allowed for a shift in FTE adding Personal Services efficiencies as well. Prior to 2015, IDS needed three FTE to run the five machines used for printing. The CF Inkjet platform brought online beginning 2015 only needs one FTE allowing IDS flexibility to move the other two FTE to other operations and eliminate the need for three part-time temporary staff altogether. Another benefit of this platform over that of the cut-sheet alternatives is what is referred to as "burst speed", this is the ability to match the monthly peak volumes that many IDS customers require when printing must to be completed within twelve hours of receipt of a given file. These turnaround requirements are typically driven by statutory or compliance needs.

Problem or Opportunity:

As the printing needs of the state have changed, IDS has moved forward to meet these needs. The vast majority of printing done today at IDS is what is referred to as "transactional print." This segment of printing is primarily driven by statutory need and/or compliance needs of our customers. Today's largest print customers for IDS are Colorado Benefits Management System (CBMS), the Department of Revenue's Taxation and Motor Vehicles Divisions (DOR), the Department of Natural Resources' Parks and Wildlife program (DNR), with the Department of Labor and Employment's unemployment insurance program (CDLE) soon to follow (Table 1). CDLE is currently modernizing its Unemployment Insurance (UI) system and is printing its own UI correspondence under a waiver that is set to expire in spring of 2021. While IDS recognizes that there is a strong push to move as much of what is printed today to digital correspondence, there is a significant portion of what is printed at IDS that will remain as printed correspondence either by governmental requirements/rules (notifications), or by virtue of what is being mailed (renewal notices).

IDS prints 7.3 million letters consisting of 70 million printed pages for CBMS including a form required by The Affordable Care Act (ACA). The ACA requires most individuals to have health insurance coverage or potentially to pay a penalty for noncompliance. The federal government requires the Department of Health Care Policy and Financing to send out a tax form to all individuals covered by Medicaid or CHP+ indicating that these individuals have qualifying coverage during the months they were enrolled in these programs in a calendar year. The filing form is a 1095. Individuals used the 1095 as proof of insurance in order to avoid paying the penalty. IDS continues to print a significant number of these forms for CBMS. Additionally, the State is responsible for the generation and distribution of client notices. CBMS generates client correspondence to alert those applying for or receiving benefits of any action taken, along with the need for any information they are required to supply. Many of these pieces are time sensitive. The Notice of Action must allow the client 10 days to appeal, and notices are given the highest priority.

Table 1. Largest Print Customers for IDS

CBMS	Health First Colorado	State Medical Assistance
	Colorado Supplemental Nutrition Assistance (SNAP)	State Food Assistance
	Low-income Energy Assistance Program (LEAP)	Housing Assistance
DOR	Tax Division	Tax Correspondence
	Motor Vehicles	DRIVES Correspondence
	Motor Vehicles	Vehicle Registration Materials (Including Tags)
DNR	Recreational-related Vehicle Registrations	Renewals (Including Tags)
CDLE	Unemployment Insurance Correspondence	Once The Current Waiver Expires

Given the budgetary challenges facing the state in FY 2021-22, it is critically important that the State leverage the centralized printing model provided by IDS. As required in Section 24-30-1101 (a),(d)&(e) C.R.S., Integrated Document Solutions will be onboarding new volumes from its customer base that will increase print volumes by more than 20% over the FY20 volumes. Also required in Section 24-30-1104 (b) & (J) C.R.S., IDS had done extensive research to deliver needed infrastructure to support the requirements of Section 24-30-1101 C.R.S. as well as ensure that the correct equipment is procured to provide services to state departments, institutions, and agencies according to their needs.

The current CF Inkjet machine is set to return to the vendor in February 1, 2022, and has no contractual option for extension. This machine has been sunset by the manufacturer as it has vastly changed its offerings to meet the evolutionary changes of the printing markets. These changes include significantly higher print quality as well as even higher reliability and speeds. The required return of the machine necessitates the lease of new equipment in order to continue serving IDS print customers. However, the initial discount that was made available to the state is also no longer an option to offset new lease costs for new equipment.

Proposed Solution:

The Department of Personnel & Administration (DPA) requests a new line item specifically to fund the lease of a replacement printer in order to allow IDS to continue serving the print needs of its state and external customers (local governments). FY 2021-22 spending authority for this new line item is from a transfer of $100,000 reappropriated funds from the current (4) Central Services (B) Integrated Document Solutions, Operating Expenses line item. The amount annualizes to $240,000 in FY 2022-23 and ongoing. This is a budget neutral budget request necessitated by the need to comply with statute for capital leases in which leases for personal property over $500,000 require legislative approval and a designated line item from which the payments are to be made (Section 24-82-801, C.R.S). The amount of transferred spending authority will remain in the new line item ongoing until the lease purchase is complete and will then be returned to the originating Operating Expenses line item.

The selected replacement printer has double the monthly capacity for print impressions at almost double the speed of the current printer. Quality is not sacrificed with the additional speed, the print resolution is 2.5 times the current resolution. This printer supports additional types of ink/toner including security inks as well as additional types of media. These improvements will allow IDS to expand both service offerings and production capacity. The Department wishes to enter a new capital lease for this printer from the same manufacturer as the CF Inkjet currently in use. Obtaining a printer from the same manufacturer will allow for cost avoidance as software and IT infrastructure would remain the same.

DPA will run a solicitation to secure third party funding to cover the capital purchase of $2.4M allowing the State to procure the equipment. The plan is to seek a 120 month note to keep the payments close to $20,000 per month which is in the current IDS budget. This spending authority can be moved into the requested new line item dedicated for this purpose.

There is no alternate solution for this equipment refresh as the current machine is going back to the manufacturer February of 2022. A replacement platform must be secured in order to continue to deliver transactional print volumes for the state’s customer base. If the Department’s request is not approved, IDS will not be able to print any large volume transactional print jobs after January 1, 2022 and will need to shut virtually all print production down. Large volume print customers such as CBMS, DOR, DNR, and CDLE will either fail to meet statutory/compliance requirements or will need to search for another printing source at potentially higher costs. Regardless of the platform chosen, legislative approval is now needed due to procedural changes for capital leases for equipment exceeding the $500,000 threshold and the need for the creation of a new line item for the lease.

Anticipated Outcomes:

If the Department’s request to create a new temporary line item to house the spending authority for the new printing equipment and the transfer of spending authority from the IDS Operating Expenses line item is approved, IDS will be able to continue meeting the printing needs of its current and future customers. These customers will receive timely, higher quality print products and IDS will experience expanded capacity through increased throughput and uptime.

Assumptions and Calculations:

The Department plans for the spending authority for the new lease to be transferred from the IDS Operating Expenses line item to the new, temporary Print Equipment Lease Purchase line item. Table 2 demonstrates the budget neutral impact of the Department's request.

Table 2. Lease Term Spending Authority Transfer		
	FY 2021-22	FY 2022-23
IDS Operating Expenses	$ (100,000)	$ (240,000)
IDS Print Equipment Lease	$ 100,000	$ 240,000
Net Budget Impact	**$ -**	**$ -**

Supplemental, 1331 Supplemental or Budget Amendment Criteria:

None.

Schedule 13

Department of Personnel & Administration

Funding Request for The FY 2021-22 Budget Cycle

Request Title

R-06 Annual Fleet Request

Dept. Approval By:	Abbey H. Clymer		**Supplemental FY 2020-21**
OSPB Approval By:	Cynthia Kelly		**Budget Amendment FY 2021-22**
		X	**Change Request FY 2021-22**

Summary Information	Fund	FY 2020-21 Initial Appropriation	FY 2020-21 Supplemental Request	FY 2021-22 Base Request	FY 2021-22 Change Request	FY 2022-23 Continuation
Total of All Line Items Impacted by Change Request	**Total**	**$23,390,363**	**$0**	**$23,390,363**	**$2,518,094**	**$2,518,094**
	FTE	0.0	0.0	0.0	0.0	0.0
	GF	$0	$0	$0	$0	$0
	CF	$0	$0	$0	$0	$0
	RF	$23,390,363	$0	$23,390,363	$2,518,094	$2,518,094
	FF	$0	$0	$0	$0	$0

Line Item Information	Fund	FY 2020-21 Initial Appropriation	FY 2020-21 Supplemental Request	FY 2021-22 Base Request	FY 2021-22 Change Request	FY 2022-23 Continuation
	Total	**$23,390,363**	**$0**	**$23,390,363**	**$2,518,094**	**$2,518,094**
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	$23,390,363	$0	$23,390,363	$2,518,094	$2,518,094
	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

Jared Polis
Governor

Kara Veitch
Executive Director

Department Priority: R-06
Request Detail: Annual Fleet Request

Summary of Funding Change for FY 2021-22				
	Totals		Incremental Change	
Annual Fleet Request - DPA	**FY 2020-21 Appropriation**	**FY 2021-22 Base**	**FY 2021-22 Request**	**FY 2022-23 Request**
Total Funds	*$23,390,363*	*$23,390,363*	*$2,518,094*	*$2,518,094*
FTE	0	0	0	0
General Fund	$0	$0	$0	$0
Cash Funds	$0	$0	$0	$0
Reappropriated Funds	$23,390,363	$23,390,363	$2,518,094	$2,518,094
Federal Funds	$0	$0	$0	$0

Summary of Funding Change for FY 2021-22				
	Totals		Incremental Change	
Annual Fleet Request – Agency Appropriations	**FY 2020-21 Appropriation**	**FY 2021-22 Base**	**FY 2021-22 Request**	**FY 2022-23 Request**
Total Funds			*$2,818,835*	*$2,818,835*
FTE			0	0
General Fund			$547,704	$547,704
Cash Funds			$2,019,547	$2,019,547
Reappropriated Funds			$165,046	$165,046
Federal Funds			$86,538	$86,538

Summary of Request

This request is submitted on an annual basis through the combined efforts of State Fleet Management (SFM) of the Department of Personnel & Administration, the Office of State Planning and Budgeting (OSPB), and the State agencies that participate in the State Fleet Management Program. This request is for one year as an annual supplemental true-up which will be submitted in order for SFM to correctly align its appropriation with the expenditures associated with the vehicles delivered in a fiscal year.

Fleet replacements are necessary to control maintenance expenses, and to minimize health, life, and safety issues inherent to operating an older fleet – especially for emergency responders. For example, from FY 2009-10 to FY 2010-11, the cost per mile for maintenance decreased by 6.7 percent due to a large replacement cycle in FY 2009-10. From FY 2009-10 through FY 2010-11, a 56.0 percent decrease in fleet replacements resulted in a 12.0 percent increase in total maintenance costs in FY 2011-12. 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. This approach 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 2,381 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 706, or the "worst of the worst" vehicles for FY 2021-22. Understanding the importance of the ongoing substantial energy goals, the Department has identified, within the "worst of the worst" replacement list, all vehicles that may be eligible for an Alternative Fuel Vehicle (AFV) replacement.

Although this request is not considered on the evidence-based policy continuum, it is a highly critical funding request that will sustain the program's operations. The evidence-based policy continuum lists types of evaluation (i.e. randomized controlled trial (RCT), quasi-experimental design (QED), etc.), the amount of confidence that can be had by each (i.e. high, moderate, etc.), and labels evaluation types based on their rigor (i.e. proven, evidence-informed, etc.). While the goal of evidence-based policy is to make decisions using data, research, and evidence, and to invest in activities that allow for continual monitoring and evaluation, this request falls into the category of critical administrative funding request and therefore does not require evidence-based research to support its criticality.

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. This allows the agencies and programs that SFM supports 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 a spreadsheet 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 State Fleet Management Program analyzes each vehicle on an annual basis to determine its replacement eligibility. This year, 2,381 vehicles were identified as potentially eligible. Due to budget and resource constraints, for FY 2021-22 the Department requests 706 critical need replacement vehicles.

Proposed Solution:

The Department of Personnel & Administration requests 706 replacement vehicles for the State Fleet, including 389 potential AFVs: 323 Hybrid, 65 Electric, and 1 Compressed Natural Gas vehicles. To accomplish this, the Department will require an increase of $2,518,094 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 $2,818,835 in funding for the respective Vehicle Lease Payments appropriations, with an estimated $547,704 increase in General Fund in FY 2021-22. Replacing the 706 vehicles, in FY 2021-22, that are in need of the most upkeep will produce a projected maintenance and fuel savings of $2,952,720.

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

FY 2021-22 Summary of Requested Replacement Vehicles by Department			
Department	**Standard**	**Alternate Fuel Vehicles**	**Total**
Agriculture	1	9	10
Corrections	20	83	103
Governor's Office	0	4	4
Education	0	0	0
Health	1	7	8
Higher Education	29	24	53
Human Services	11	19	30
Judicial	0	9	9
Law	0	3	3
Labor & Employment	0	6	6
Local Affairs	0	4	4
Military & Veterans Affairs	0	3	3
Natural Resources	32	98	130
Personnel	0	2	2
Public Safety	205	19	224
Regulatory Agencies	0	4	4
Revenue	1	28	29
Secretary of State	0	0	0
Transportation	17	67	84
Total	**317**	**389**	**706**

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

FY 2021-22 Annual Fleet Request							
Department	**FY 2020-21 Appropriation**	**Estimated FY 2021-22 Appropriation**	**Total Incremental**	**GF**	**CF**	**RF**	**FF**
Agriculture	$ 292,563	$ 424,451	$ 131,888	$ 52,736	$ 77,260	$ -	$ 1,892
Corrections	$ 3,339,905	$ 3,499,984	$ 160,079	$ 130,497	$ 29,582	$ -	$ -
Education	$ 26,196	$ 37,040	$ 10,844	$ 9,188	$ -	$ 1,656	$ -
Governor's Office	$ 136,944	$ 154,577	$ 17,633	$ 3,513	$ -	$ 14,120	$ -
Human Services	$ 1,045,216	$ 1,173,983	$ 128,767	$ 65,023	$ -	$ 63,744	$ -
Judicial Branch	$ 231,158	$ 268,258	$ 37,100	$ 37,100	$ -	$ -	$ -
Labor And Employment	$ 198,733	$ 198,607	$ (126)	$ (11)	$ (53)	$ (1)	$ (61)
Law (Attorney General's Office)	$ 61,432	$ 79,760	$ 18,328	$ 7,396	$ 4,635	$ 6,136	$ 161
Local Affairs	$ 93,280	$ 116,786	$ 23,506	$ 21,114	$ -	$ 2,392	$ -
Military and Veterans Affairs	$ 63,322	$ 135,633	$ 72,311	$ 30,807	$ -	$ -	$ 41,504
Natural Resources	$ 4,481,593	$ 4,903,082	$ 421,489	$ 29,462	$ 382,670	$ 4,249	$ 5,108
Personnel & Administration	$ 262,054	$ 285,677	$ 23,623	$ -	$ -	$ 23,623	$ -
Public Health and Environment	$ 370,188	$ 391,887	$ 21,699	$ 401	$ 17,421	$ 3,877	$ -
Public Safety	$ 8,734,256	$ 10,367,297	$ 1,633,041	$ 145,437	$ 1,404,420	$ 45,250	$ 37,934
Regulatory Agencies	$ 238,619	$ 283,135	$ 44,516	$ -	$ 44,516	$ -	$ -
Revenue	$ 739,688	$ 809,621	$ 69,933	$ 15,041	$ 54,892	$ -	$ -
State	$ 8,239	$ 12,443	$ 4,204	$ -	$ 4,204	$ -	$ -
Total Appropriated	**$ 20,323,386**	**$ 23,142,221**	**$ 2,818,835**	**$ 547,704**	**$ 2,019,547**	**$ 165,046**	**$ 86,538**

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 slated for replacement are estimated to cost the State more in maintenance costs than would otherwise be required to replace the vehicle. If all 706 vehicles, of which 200 vehicles for State Patrol are replaced, the maintenance and fuel savings is projected to be $575,682.

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:

None.

Appendix

Development of Incremental Budget Need

The budget assumptions for this request include preliminary estimates of the impacts of a FY 2020-21 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 2021-22, 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 2020-21 during the annual fleet supplemental in the request year.

Estimated State Agency Need

The Department estimated the projected need for State agencies in FY 2020-21 and FY 2021-22 by performing the following steps, as shown in the Summary of Appropriated Department Need tables:

Summary of Appropriated Department Need for FY 2020-21		
Line	**Agency Lease Line Analysis**	**FY 2020-21**
1	FY 2020-21 Base Long Bill Appropriation	$20,323,386
2	Non-Appropriated Vehicle Lease Payments	$3,436,725
3	Total FY 2020-21 Base Funding (All Agencies)	$23,760,111
4	Estimated Reduction to FY 2020-21 Based on Current Lease Payments	($246,127)
5	Approved Additions (Prorated)	$538,421
6	Approved Replacements (Prorated)	$1,094,784
7	Remaining Payment Obligations	$75,338
8	Leases Ending in FY 2020-21 (impact to FY 2020-21)	($1,251,482)
9	Estimated FY 2020-21 Statewide Need After FY 2020-21 Supplemental	$23,971,045
10	Non-Appropriated Vehicle Lease Payments	($3,481,214)
11	**Net Appropriated Agency Need for FY 2020-21**	**$20,489,831**
12	**Net FY 2020-21 Estimated Increase from Current LB Appropriation**	**$166,445**

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 2020-21 (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 2020-21 and serves as the base for determining FY 2021-22 total need.

The FY 2021-22 Agency Lease Line Analysis table is calculated the same way that the FY 2020-21 Agency Lease Line Analysis table is. That table below shows the calculation for FY 2021-22 and a description of the calculation steps:

1) Add Line 11 of the FY 2019-20 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 2020-21 leases ending in FY 2021-22 (Line 16)
   b. the annualization of FY 2020-21 leases approved for FY 2021-22 (Line 17)
   c. a reduction for leases ending in FY 2021-22 (Line 18)
   d. the FY 2021-22 costs for the replacement of the 706 vehicles (Line 19)
   e. remaining payment obligations (Line 20).

3) The actions above are aggregated into the Estimated FY 2021-22 Statewide Need for FY 2021-22 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 2021-22 (Line 24).
5) The FY 2020-21 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 2021-22		
Line	**Agency Lease Line Analysis**	**FY 2021-22**
13	FY 2021-22 Estimated Need after Additions/Subtractions	$20,489,831
14	Non-Appropriated Vehicle Lease Payments	$3,481,214
15	Total FY 2021-22 Base Funding (All Agencies)	$23,971,045
16	Leases ending in FY 2020-21 (impact on FY 2021-22)	($809,999)
17	New FY 2020-21 Leases annualized for FY 2021-22	$3,266,410
18	Leases ending in FY 2021-22 (impact on FY 2021-22)	($1,125,303)
19	706 Vehicle Replacements for FY 2021-22	$1,804,572
20	Remaining Payment Obligations	$210,746
21	Estimated FY 2021-22 Statewide Need After FY 2021-22 Replacements	$27,317,471
22	Net Statewide Increase Over FY 2021-22 Long Bill	$3,557,360
23	Non-Appropriated Vehicle Lease Payments	($4,175,250)
24	**Net Appropriated Agency Need for FY 2021-22**	**$23,142,221**
25	**Net Increase Over FY 2021-22 Base Long Bill (Appropriated Agencies)**	**$2,818,835**

Detailed Analysis of Departmental Need

The following tables show the Department's detailed calculations regarding the need of individual agencies for FY 2020-21 and FY 2021-22 that tie to the values presented in the tables above.

Lease Line Reconciliation for FY 2020-21											
Dept	**Division**	**Long Bill Vehicle Lease Payment Appropriation for FY 2020-21**	**CARS Agency Billing Thru May 2020**	**CARS Monthly Billing for June 2020**	**Annualized Fixed Payments for FY 2020-21**	**Approved Additions Fixed Payments (Prorated) for FY 2020-21**	**Approved Replacements Fixed Payments (Prorated) for FY 2020-21**	**Remaining Revenue FY 2020-21**	**Vehicle Leases (Prorated) Ending by 6/30/20**	**Total Need FY 2020-21**	**Projected Variance from Appropriation for FY 2020-21**
Long Bill Appropriated Agencies											
CDPS	EDO	493,736	147,560	58,977	678,353	-	41,064	-	(109,642)	609,775	116,039
CDPS	Colorado State Patrol	7,789,708	1,709,831	744,162	8,407,289	395,516	192,904	-	(865,999)	8,129,710	340,002
CDPS	CBI	450,812	80,711	35,048	396,143	-	5,980	-	(11,512)	390,611	(60,201)
CDPS	**CDPS Total**	**8,734,256**	**1,938,102**	**838,187**	**9,481,785**	**395,516**	**239,948**	**-**	**(987,153)**	**9,130,096**	**395,840**
CDA	Agriculture	292,563	59,461	22,383	260,908	20,835	30,044	-	(1,363)	310,424	17,861
CDHS	Department of Human Services	1,045,216	247,659	88,557	1,044,672	-	52,136	-	(28,358)	1,068,450	23,234
CDLE	Labor and Employment	198,733	44,365	16,465	192,550	-	8,280	2,804	(8,287)	195,347	(3,386)
DOC	Department of Corrections	3,339,905	734,087	268,881	3,154,016	-	117,320	5,485	(54,127)	3,222,694	(117,211)
DOE	Department of Education	26,196	6,152	2,608	29,624	-	2,472	-	-	32,096	5,900
DOL	Attorney General	61,432	11,202	4,270	49,632	-	8,576	-	-	58,208	(3,224)
DOLA	Local Affairs	93,280	23,440	8,059	95,971	1,962	7,368	-	(8,132)	97,169	3,889
DOMA	Military Affairs	63,322	16,871	5,938	70,313	21,213	1,296	-	(1,813)	91,009	27,687
DONR	Natural Resources	4,481,593	961,254	364,991	4,246,173	24,975	187,864	25,785	(79,224)	4,405,573	(76,020)
DOR	Department of Revenue	739,688	123,175	41,058	492,697	69,696	37,228	-	(13,029)	586,592	(153,096)
DORA	Regulatory Agencies	238,619	49,241	18,983	220,088	-	23,384	-	(3,862)	239,610	991
DOS	Secretary of State	8,239	1,535	512	6,143	-	2,100	-	-	8,243	4
DPA	Dept of Personnel	262,054	51,902	17,699	211,193	-	23,904	12,653	(590)	247,160	(14,894)
DPHE	Department of Health	370,188	98,116	35,056	413,620	-	14,424	1,930	(9,566)	420,408	50,220
GOV	Economic Development	19,044	3,002	1,001	12,011	-	3,456	-	-	15,467	(3,577)
GOV	CEO	8,237	90	296	2,754	-	-	-	-	2,754	(5,483)
GOV	OIT	109,663	21,390	10,602	116,808	-	5,104	418	-	122,330	12,667
JUD	Public Defender	96,009	22,884	9,125	105,009	4,224	8,696	-	(1,204)	116,725	20,716
JUD	Courts	135,149	25,258	9,726	112,792	-	6,684	-	-	119,476	(15,673)
Total Long Bill Appropriated Agencies		**20,323,386**	**4,439,186**	**1,764,397**	**20,318,759**	**538,421**	**780,284**	**49,075**	**(1,196,708)**	**20,489,831**	**166,445**
Non Long Bill Appropriated Agencies											
CDOT	Department of Transportation	2,431,579	547,882	205,699	2,399,176	-	146,820	16,902	(52,414)	2,510,484	78,905
DOHE	Higher Education Total	1,005,146	184,862	67,910	796,049	-	167,680	9,361	(2,360)	970,730	(34,416)
Total Non Appropriated Agencies		**3,436,725**	**732,744**	**273,609**	**3,195,225**	**-**	**314,500**	**26,263**	**(54,774)**	**3,481,214**	**44,489**
Statewide Total		**23,760,111**	**5,171,930**	**2,038,006**	**23,513,984**	**538,421**	**1,094,784**	**75,338**	**(1,251,482)**	**23,971,045**	**210,934**

Replacement Analysis for FY 2021-22										
	Division	**Total Projected Need FY 2020-21**	**Payments Included in Current Year Not Needed in FY 2021-22**	**New Leases Annualized for Full Year in FY 2021-22**	**Leases (Prorated) for Leases Ending by 6/30/21**	**Base Need Without Requested Replacements**	**Replacement Leases Being Requested (Prorated)**	**FY 2021-22 Remaining Revenue**	**Total Need After Requested Replacements**	**Decision Item Figures for Agencies' Schedule 13**
Long Bill Appropriated Agencies										
CDPS	EDO	609,775	(38,513)	82,128	(19,401)	633,989	30,088	5,774	669,851	176,115
CDPS	Colorado State Patrol	8,129,710	(245,762)	1,176,840	(676,262)	8,384,526	934,240	1,437	9,320,203	1,530,495
CDPS	CBI	390,611	(2,303)	11,960	(52,877)	347,391	29,852	-	377,243	(73,569)
CDPS	**CDPS Total**	**9,130,096**	**(286,578)**	**1,270,928**	**(748,540)**	**9,365,906**	**994,180**	**7,211**	**10,367,297**	**1,633,041**
CDA	Agriculture	310,424	(10,987)	101,758	(1,080)	400,115	16,564	7,772	424,451	131,888
CDHS	Department of Human Services	1,068,450	(35,465)	104,272	(18,358)	1,118,899	48,484	6,600	1,173,983	128,767
CDLE	Labor and Employment	195,347	(16,475)	16,560	(8,415)	187,017	9,204	2,386	198,607	(126)
DOC	Department of Corrections	3,222,694	(127,217)	234,640	(56,929)	3,273,188	145,672	81,124	3,499,984	160,079
DOE	Department of Education	32,096	-	4,944	-	37,040	-	-	37,040	10,844
DOL	Attorney General	58,208	-	17,152	-	75,360	4,400	-	79,760	18,328
DOLA	Local Affairs	97,169	(5,972)	18,660	-	109,857	5,788	1,141	116,786	23,506
DOMA	Military Affairs	91,009	(3,970)	45,018	(868)	131,189	4,444	-	135,633	72,311
DONR	Natural Resources	4,405,573	(100,108)	425,678	(117,068)	4,614,075	252,504	36,503	4,903,082	421,489
DOR	Department of Revenue	586,592	(29,857)	213,848	(31,724)	738,859	47,024	23,738	809,621	69,933
DORA	Regulatory Agencies	239,610	(15,226)	46,768	(3,480)	267,672	9,384	6,079	283,135	44,516
DOS	Secretary of State	8,243	-	4,200	-	12,443	-	-	12,443	4,204
DPA	Dept of Personnel	247,160	(7,077)	47,808	(7,179)	280,712	2,872	2,093	285,677	23,623
DPHE	Department of Health	420,408	(27,423)	28,848	(40,606)	381,227	10,660	-	391,887	21,699
GOV	Economic Development	15,467	-	6,912	(4,323)	18,056	-	-	18,056	(988)
GOV	CEO	2,754	-	-	-	2,754	-	-	2,754	(5,483)
GOV	OIT	122,330	-	10,208	(10,586)	121,952	11,388	427	133,767	24,104
JUD	Public Defender	116,725	(6,020)	25,840	(5,172)	131,373	8,484	2,685	142,542	46,533
JUD	Courts	119,476	(6,249)	13,368	(6,983)	119,612	6,104	-	125,716	(9,433)
Total Long Bill Appropriated Agencies		**20,489,831**	**(678,624)**	**2,637,410**	**(1,061,311)**	**21,387,306**	**1,577,156**	**177,759**	**23,142,221**	**2,818,835**
							Variance to Long Bill for FY 2020-21		**2,818,835**	
Non Long Bill Appropriated Agencies										
CDOT	Department of Transportation	2,510,484	(119,992)	293,640	(51,569)	2,632,563	143,204	31,108	2,806,875	296,391
DOHE	Higher Education Total	970,730	(11,383)	335,360	(12,423)	1,282,284	84,212	1,879	1,368,375	397,645
Total Non Appropriated Agencies		**3,481,214**	**(131,375)**	**629,000**	**(63,992)**	**3,914,847**	**227,416**	**32,987**	**4,175,250**	**694,036**
Statewide Total		**23,971,045**	**(809,999)**	**3,266,410**	**(1,125,303)**	**25,302,153**	**1,804,572**	**210,746**	**27,317,471**	**3,512,871**

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 2021-22. 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 2021-22, this initial screen produced 2,381 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 these 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 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 2021 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 2021 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 ownership. When funds are scarce, it is especially important that the highest mileage vehicles that present immediate safety and reliability 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 706 vehicles are replaced, the maintenance and fuel savings is projected to be $1,994,025 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 2021-22, 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 2020-21**	**FY 2021-22**	**FY 2022-23**
TRUST 2010 (Exhibit B)	$ 30,782	$ -	$ -
TRUST 2011 (Exhibit B)	$ 15,290	$ 2,061	$ -
TRUST 2012 (Exhibit B)	$ 106,080	$ 100,285	$ 7,479
TRUST 2013 (Exhibit B)	$ 946,908	$ 634,085	$ 599,530
TRUST 2014 (Exhibit B)	$ 1,654,701	$ 1,585,932	$ 877,656
TRUST 2015 (Exhibit B)	$ 1,775,239	$ 1,453,899	$ 1,365,892
TRUST 2016 (Exhibit B)	$ 2,126,632	$ 1,730,124	$ 1,441,287
TRUST 2017 (Exhibit B)	$ 3,000,971	$ 2,054,190	$ 1,575,029
TRUST 2018 (Exhibit B)	$ 4,060,566	$ 4,051,575	$ 2,784,463
TRUST 2019 (Exhibit B)	$ 4,177,471	$ 4,177,471	$ 4,131,737
TRUST 2020 (20 Pro-Ration)	$ 3,673,956	$ 3,702,691	$ 3,702,691
TRUST 2021 (21 Pro-Ration) Pending	$ 1,248,725	$ 4,899,651	$ 4,899,651
TRUST 2022 (22 Pro-Ration) Pending	$ -	$ 1,065,186	$ 5,413,716
Total Known Lease Payments Due	**$ 22,817,321**	**$ 25,457,150**	**$ 26,799,131**
Unforeseen (Accident totals, denied repairs, etc.) @1.5%	$ 342,260	$ 381,857	$ 401,987
Accident Totals (Known YTD)	$ -	$ -	$ -
Total SFM Lease Spending Authority Need for FY 2020-21	**$ 23,159,581**	**$ 25,839,007**	**$ 27,201,118**
FY 2020-21 Appropriation			
Current Year Base Spending Authority (FY 2020-21 Base)	$ 23,320,913	$ 23,320,913	$ 23,320,913
Required Additional Spending Authority (over FY 2020-21 Base)	**$ (161,332)**	**$ 2,518,094**	**$ 3,880,205**

Schedule 13

Department of Personnel & Administration

Funding Request for The FY 2021-22 Budget Cycle

Request Title

R-07 Recovery Audit Program Closure

Dept. Approval By:	Abbey H. Clymer		**Supplemental FY 2020-21**
OSPB Approval By:	Cynthia Kelly		**Budget Amendment FY 2021-22**
		X	**Change Request FY 2021-22**

Summary Information	Fund	FY 2020-21 Initial Appropriation	FY 2020-21 Supplemental Request	FY 2021-22 Base Request	FY 2021-22 Change Request	FY 2022-23 Continuation
Total of All Line Items Impacted by Change Request	**Total**	**$3,090,939**	**$0**	**$3,091,926**	**($64,714)**	**($64,714)**
	FTE	30.5	0.0	30.5	(1.0)	(1.0)
	GF	$2,816,485	$0	$3,091,926	($64,714)	($64,714)
	CF	$274,454	$0	$0	$0	$0
	RF	$0	$0	$0	$0	$0
	FF	$0	$0	$0	$0	$0

Line Item Information	Fund	FY 2020-21 Initial Appropriation	FY 2020-21 Supplemental Request	FY 2021-22 Base Request	FY 2021-22 Change Request	FY 2022-23 Continuation
05. Division of Accounts and Control, (A) Financial Operations and Reporting, (1) Financial Operations and Reporting - Personal Services	**Total**	**$3,090,939**	**$0**	**$3,091,926**	**($64,714)**	**($64,714)**
	FTE	30.5	0.0	30.5	(1.0)	(1.0)
	GF	$2,816,485	$0	$3,091,926	($64,714)	($64,714)
	CF	$274,454	$0	$0	$0	$0
	RF	$0	$0	$0	$0	$0
	FF	$0	$0	$0	$0	$0

Auxiliary Data

Requires Legislation?	YES		
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-07
Request Detail: Recovery Audit Program Closure

Summary of Funding Change for FY 2021-22				
	Totals		Incremental Change	
	FY 2020-21 Appropriation	FY 2021-22 Base	FY 2021-22 Request	FY 2022-23 Request
Total Funds	*$3,090,939*	*$3,091,926*	*($64,714)*	*($64,714)*
FTE	30.5	30.5	(1.0)	(1.0)
General Fund	$2,816,485	$3,091,926	($64,714)	($64,714)
Cash Funds	$274,454	$0	$0	$0
Reappropriated Funds	$0	$0	$0	$0
Federal Funds	$0	$0	$0	$0

Summary of Request

The Department of Personnel & Administration (DPA) requests a decrease of $64,714 in spending authority and a statutory change to eliminate the cyclical requirement that a Recovery Audit be performed by the Department. Following several recovery audits, the Department notes that the resources needed to manage the program exceed the recoveries brought in by the audits. As a result, the Department is seeking to eliminate the program through the budgetary actions within this document coupled with a necessary statutory change within Section 24-30-203.5 C.R.S.

The Department requests a decrease of $64,714 in General Fund within (5) Division of Accounts and Control, (A) Financial Operations and Reporting, (1) Financial Operations and Reporting, Personal Services, in order to remove the funding associated with 1.0 FTE within the Recovery Audit Program. If POTS were to also be eliminated with this position, the request would increase by $13,504, with the entire appropriation related to this position being $78,218. The costs of $13,504 related to POTS would be requested as a decrease within (1) Executive Director's Office, (A) Department Administration. This FTE, the Auditor II position, is directly related to the Program and will no longer be needed should the Recovery Audit Program close.

This request is not considered on the evidence-based policy continuum. The evidence-based policy continuum lists types of evaluation (i.e. randomized controlled trial (RCT), quasi-experimental design (QED), etc.), the amount of confidence that can be had by each (i.e. high, moderate, etc.), and labels evaluation types based on their rigor (i.e. proven, evidence-informed, etc.). While the goal of evidence-based policy is to make decisions using data, research, and evidence, and to invest in activities that allow for continual monitoring and evaluation, this request falls into the category of an administrative reduction request and therefore does not require evidence-based research to support its criticality.

Current Program:

A recovery audit is a financial management technique used to identify improper payments made by an entity to vendors and other entities in connection with the payment activities. This audit is required by Section 24-30-203.5, C.R.S. and is performed by a third party under contract with the Office of the State Controller (OSC). According to statute, the third party is paid on a contingency fee basis. At the completion of the audit cycle, all state moneys recovered, less the contingency fee and actual administrative costs related to the recovery audit, are to be transferred to the General Fund except moneys that are constitutionally specified, or originally received by the State as a fiduciary, or as gifts, grants, donations, or custodial funds. In these cases, funds must be return to the fund from which the improper payment was made. Additionally, all federal money recovered must be reimbursed to the federal government in accordance with federal regulations.

The cash funds spending authority within this line item serves as a proxy in order to comply with the requirements of HB 10-1176 "Require Government Recovery Audits." The spending authority allows the Department to enter into a contingency-based contract with a recovery audit vendor, reimburse state agencies for costs associated with the recovery audits, and reimburse federal agencies in accordance with federal statute, rules and regulations. This spending authority will remain in order to pay out contingency fees owed to the vendor for collections through FY 2021-22.

Problem or Opportunity:

The Recovery Audit has proved to be a loss endeavor for the State in recent years, totaling recoveries of less than 0.001% of overall state spend, of which the cost to the State is about 15% of what is recovered, paid out as a contingency fee. The vendor's contingency fee has historically been low, with the lowest amount recovered being about $13,000 in FY 2009-10, which meant the vendor's fee was less than $1,000. Because of this low return, the company performing the audit in FY 2015-17 did not re-bid to perform the audit for FY 2018-20 and the audit firms have indicated that the State's financial system has solid controls to prevent overpayments to vendors as covered by the recovery audit. Processes enacted by the Office of the State Controller and individual agencies have shown to be sufficient to prevent overpayments. Additionally, administrative costs incurred by state agencies in pulling documentation and lending support to the recovery audit process are not factored into total spend, and therefore the total cost of administering the recovery audit program far outweigh the actual monies recovered.

According to the 2018 Recovery Audit, agencies with a high number of material purchases were shown to be the most at risk for overpayments, due to the variation and voluminous nature of those transactions. However, even agencies with a high number of material purchases still performed very well as compared to other private industry clients on a percentage spend basis. A significant number of agencies had very low risk for overpayments due to their typical transaction being large payments in excess of $100,000 or even $1 million. Those transactions inherently face so much scrutiny; they are not likely to result in errors or overpayments.

Proposed Solution:

The Department proposes a bill to remove the statutory requirement within Section 24-30-203.5 C.R.S. to end the Recovery Audit Program and thus the related funding be removed in FY 2021-22, and respectfully requests the Committee carry a bill to implement the necessary statutory change. Historical data from previous audits support that the State has adequate controls in place to prevent overpayments.

Anticipated Outcomes:

The Department expects the Office of the State Controller will continue to monitor and use the controls within Colorado Operations Resource Engine (CORE) in order to prevent overpayments normally covered by the recovery audit. The position associated with the recovery audit will be eliminated, and the person in this position will be assisted in finding a new role within an existing position within the OSC based on their skill set.

Assumptions and Calculations:

The calculation for the total requested FTE reduction is below:

Table 1: Auditor II Total Reduction - (5) Division of Accounts and Control, (A) Financial Operations and Reporting, (1) Financial Operations and Report, Personal Services		
Annual Salary for Auditor II	$	57,600
PERA	$	6,279
Medicare	$	835
Total Reduction	**$**	**64,714**

The calculation for the total POTS decrease, if necessary, is below:

Table 2: POTS Reduction - (1) Executive Director's Office, (A) Department Administration		
Health, Life, and Dental	$	7,656
Short-term Disability	$	96
S.B. 04-257 Amortization Equalization Disbursement	$	2,876
S.B. 06-235 Supplemental Amortization Equalization Disbursement	$	2,876
Total Reduction	**$**	**13,504**

The Recovery Audit Cash Fund has spending authority of $101,000 as of the finalization of the FY 2020-21 Long Bill. This spending authority will be annualized during the normal budget process in order to pay out contingency fees owed to the vendor for collections, and will be eliminated entirely to $0 beginning in FY 2022-23 after the Recovery Audit Program ends in FY 2021-22.

Supplemental, 1331 Supplemental or Budget Amendment Criteria:

Not applicable.

Schedule 13

Department of Personnel & Administration

Funding Request for The FY 2021-22 Budget Cycle

Request Title

R-08 COE LEAN Spending Authority Reduction

Dept. Approval By:	Abbey H. Clymer		**Supplemental FY 2020-21**
OSPB Approval By:	Cynthia Kelly		**Budget Amendment FY 2021-22**
		X	**Change Request FY 2021-22**

Summary Information	Fund	FY 2020-21 Initial Appropriation	FY 2020-21 Supplemental Request	FY 2021-22 Base Request	FY 2021-22 Change Request	FY 2022-23 Continuation
Total of All Line Items Impacted by Change Request	**Total**	**$1,714,426**	**$0**	**$1,714,503**	**($1,000,000)**	**($1,000,000)**
	FTE	4.0	0.0	4.0	0.0	0.0
	GF	$0	$0	$0	$0	$0
	CF	$48,962	$0	$48,962	$0	$0
	RF	$1,665,464	$0	$1,665,541	($1,000,000)	($1,000,000)
	FF	$0	$0	$0	$0	$0

Line Item Information	Fund	FY 2020-21 Initial Appropriation	FY 2020-21 Supplemental Request	FY 2021-22 Base Request	FY 2021-22 Change Request	FY 2022-23 Continuation
02. Division of Human Resources, (A) Human Resource Services, (3) Training Services - Training Services	**Total**	**$1,714,426**	**$0**	**$1,714,503**	**($1,000,000)**	**($1,000,000)**
	FTE	4.0	0.0	4.0	0.0	0.0
	GF	$0	$0	$0	$0	$0
	CF	$48,962	$0	$48,962	$0	$0
	RF	$1,665,464	$0	$1,665,541	($1,000,000)	($1,000,000)
	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 2021-22 Funding Request

November 2, 2020

Jared Polis
Governor

Kara Veitch
Executive Director

Department Priority: R-08
Request Detail: Center for Organizational Effectiveness LEAN Spending Authority Reduction

Summary of Funding Change for FY 2021-22				
	Totals		**Incremental Change**	
	FY 2020-21 Appropriation	**FY 2021-22 Base**	**FY 2021-22 Request**	**FY 2022-23 Request**
Total Funds	*$1,714,426*	*$1,714,503*	*($1,000,000)*	*($1,000,000)*
FTE	4.0	4.0	0.0	0.0
General Fund	$0	$0	$0	$0
Cash Funds	$48,962	$48,962	$0	$0
Reappropriated Funds	$1,665,464	$1,665,541	($1,000,000)	($1,000,000)
Federal Funds	$0	$0	$0	$0

Summary of Request

The Department of Personnel & Administration (DPA) proposes a decrease of $1,000,000 in reappropriated funds spending authority for the Training Services line item within the (2) Division of Human Resources, (A) Human Resource Services, (3) Training Services program in FY 2021-22 and ongoing. This amount is current spending authority dedicated to the Governor's Talent Challenge which focused on process improvement (Lean) training provided by the Department's Center of Organizational Effectiveness (COE or the Center). The Center will continue delivering scheduled general enrollment classes and supporting agency contracts.

In a separate decision item, R-01, the Department is requesting an overarching program restructure of the Center for Organizational Effectiveness, which includes this same reduction of $1,000,000 in reappropriated funds spending authority for the Training Services line item within the (2) Division of Human Resources, (A) Human Resource Services, (3) Training Services program in FY 2021-22 and ongoing. These two requests, R-08 and R-01, should be considered independently, however, only one should be approved so as not to cause duplicative reductions within the aforementioned line item.

This request is not considered on the evidence-based policy continuum. The evidence-based policy continuum lists types of evaluation (i.e. randomized controlled trial (RCT), quasi-experimental design (QED), etc.), the amount of confidence that can be had by each (i.e. high, moderate, etc.), and labels evaluation types based on their rigor (i.e. proven, evidence-informed, etc.). While the goal of evidence-based policy is to make decisions using data, research, and evidence, and to invest in activities that allow for continual monitoring and evaluation, this request falls into the category of an administrative reduction request and therefore does not require evidence-based research to support its criticality.

Current Program:

Pursuant to Section 24-50-122, C.R.S., the Department's COE provides training courses for state employees on topics such as supervision, leadership, diversity, conflict resolution, business writing, computer skills, change management, customer service, violence prevention, and performance management. Training has traditionally been offered three ways: internal classes, vendor classes, and dedicated agency contracts for specialized courses. Many courses offered by external vendors, such as Fred Pryor, Skill Soft, or Franklin Covey, need extensive refitting in order to meet the unique needs of state employees, particularly in the area of supervision. The Governor's Office provided matching funds toward the full cost of one of the following Lean training courses: Lean Foundations, Lean Leaders, and SOLVE Bootcamp as part of the Colorado Talent Challenge. The Talent Challenge focused on complete training on process improvement in support of the former Governor's goal to promote continuous improvement throughout the State. Participants were introduced to a number of principles, methodologies, and tools. To help organize all of the different components of Lean and to assist in taking the right action at the right time, the Center developed its own Lean Model and partnered with two external vendors to provide a robust level of coaching for participants, including support through the execution of the Lean project.

Problem or Opportunity:

In support of the Governor's Talent Challenge, in FY 2017-18 the General Assembly approved $1,000,000 in reappropriated funds spending authority for the COE to offer Lean classes through two external vendors; rates for Lean classes were set to bring in a minimal amount of revenue to COE with the majority going to the outside vendors. The Department of Personnel & Administration is no longer offering the Lean-specific courses through the two separate vendors – therefore, this spending authority is no longer necessary for the Center.

Proposed Solution:

The Department of Personnel & Administration requests a decrease of $1,000,000 in reappropriated funds spending authority for the Training Services line item within the (2) Division of Human Resources, (A) Human Resource Services, (3) Training Services program in FY 2021-22 and ongoing. The COE can continue its marketing efforts offering products and services for general enrollment classes and agency contracts keeping training dollars within the State. No other agencies will be impacted.

Anticipated Outcomes:

The COE will continue to support the Department's Strategic Policy Initiative to enhance the State of Colorado's brand as an employer of choice by focusing on leadership development and training as a means to help achieve this goal. By offering general enrollment classes and developing classes which best meet the needs of its customers, the COE offers the opportunity for state employees to learn with participants from throughout the State. These training courses include such topics as supervision, leadership, diversity, conflict resolution, business writing, computer skills, change management, customer service, violence prevention, and performance management.

Assumptions and Calculations:

Appropriations to the Training Services line item reflecting the reduction in spending authority dedicated to Lean training within the Colorado Talent Challenge.

Training Services Appropriations/Request					
FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22
$ 691,221	$ 1,692,541	$ 1,697,263	$ 1,703,552	$ 1,714,426	$ 714,426

Supplemental, 1331 Supplemental or Budget Amendment Criteria:

Not applicable.

Schedule 13

Department of Personnel & Administration

Funding Request for The FY 2021-22 Budget Cycle

Request Title

R-09 Eliminate Safety Specialist Position

Dept. Approval By:	Abbey H. Clymer		**Supplemental FY 2020-21**
OSPB Approval By:	Cynthia Kelly		**Budget Amendment FY 2021-22**
		X	**Change Request FY 2021-22**

Summary Information	Fund	FY 2020-21 Initial Appropriation	FY 2020-21 Supplemental Request	FY 2021-22 Base Request	FY 2021-22 Change Request	FY 2022-23 Continuation
Total of All Line Items Impacted by Change Request	**Total**	**$830,118**	**$0**	**$830,469**	**($58,323)**	**($58,323)**
	FTE	11.5	0.0	11.5	(1.0)	(1.0)
	GF	$0	$0	$0	$0	$0
	CF	$0	$0	$0	$0	$0
	RF	$830,118	$0	$830,469	($58,323)	($58,323)
	FF	$0	$0	$0	$0	$0

Line Item Information	Fund	FY 2020-21 Initial Appropriation	FY 2020-21 Supplemental Request	FY 2021-22 Base Request	FY 2021-22 Change Request	FY 2022-23 Continuation
02. Division of Human Resources, (C) Risk Management Services, (1) Risk Management Program Administrative Cost - Personal Services	**Total**	**$830,118**	**$0**	**$830,469**	**($58,323)**	**($58,323)**
	FTE	11.5	0.0	11.5	(1.0)	(1.0)
	GF	$0	$0	$0	$0	$0
	CF	$0	$0	$0	$0	$0
	RF	$830,118	$0	$830,469	($58,323)	($58,323)
	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-09
Request Detail: Eliminate Safety Specialist Position

Summary of Funding Change for FY 2021-22				
	Totals		Incremental Change	
	FY 2020-21 Appropriation	FY 2021-22 Base	FY 2021-22 Request	FY 2022-23 Request
Total Funds	*$830,118*	*$830,469*	*($58,323)*	*($58,323)*
FTE	11.5	11.5	(1.0)	(1.0)
General Fund	$0	$0	$0	$0
Cash Funds	$0	$0	$0	$0
Reappropriated Funds	$830,118	$830,469	($58,323)	($58,323)
Federal Funds	$0	$0	$0	$0

Summary of Request

The Department of Personnel & Administration requests a reduction of $58,323 in reappropriated funds spending authority in FY 2021-22 and ongoing within the (2) Division of Human Resources, (C) Risk Management Services, (1) Risk Management Program Administrative Cost, Personal Services line, which will remove 1.0 FTE from the Risk Management Program for budget balancing purposes. This reduction represents a seven percent reduction from the FY 2020-21 line item appropriation. The estimated General Fund impact to the FY 2021-22 Risk common policy is approximately $22,441, based on the statewide Workers' Compensation and Payment to Risk Management appropriations in House Bill 20-1360. By eliminating the spending authority for an FTE that is currently vacant, the Department is working to reduce the overall budget while protecting its high priority programs.

This request is not considered on the evidence-based policy continuum. The evidence-based policy continuum lists types of evaluation (i.e. randomized controlled trial (RCT), quasi-experimental design (QED), etc.), the amount of confidence that can be had by each (i.e. high, moderate, etc.), and labels evaluation types based on their rigor (i.e. proven, evidence-informed, etc.). While the goal of evidence-based policy is to make decisions using data, research, and evidence, and to invest in activities that allow for continual monitoring and evaluation, this request falls into the category of an administrative reduction request and therefore does not require evidence-based research to support its criticality.

Current Program:

The Risk Management Unit, where the Safety Specialist III position currently exists, is located within the Department's Division of Human Resources and protects the State's human resources and property assets through the administration of liability, property, and workers' compensation programs. The State's self-insured Liability Program manages claims and lawsuits for negligence in occurrences such as automobile accidents, employment discrimination, and road maintenance. The Property Program manages the State's incurred costs for self-insured property exposures (e.g. floods, wind, fires, and theft). The Workers' Compensation Program is self-insured for workers' compensation claims in two broad categories: medical and indemnity payments. Indemnity benefits include settlements for permanent injuries and lost wages. These three programs are funded annually through the Risk Management common policy.

Problem or Opportunity:

The Safety Specialist III position, within the Risk Management Program, became vacant in mid-March 2020. The Safety Specialist III position supported the agencies with safety training and communication, onsite safety inspections, and participation in agency safety committees. There are currently two other safety specialists, in addition to the Risk Management's Broker team, who will be able to continue to support the efforts in a similar manner if this position is removed permanently – the decrease in the level of service offered by DPA will be minimal. As a result of the current economic forecast, the Department has identified this position as one that can be permanently removed in order to free up resources for other urgent needs within the State.

Proposed Solution:

The Department proposes removing $58,323 reappropriated funds spending authority and one (1.0) FTE for the Safety Specialist III vacancy in FY 2021-22 and ongoing, in order to meet the budget reduction target established for the Department.

Anticipated Outcomes:

Eliminating the Safety Specialist III will reduce the (2) Division of Human Resources, (C) Risk Management Services, (1) Risk Management Program Administrative Cost, Personal Services line by $58,323 and 1.0 FTE. The Risk Management Program will shift the work previously performed by this position to two other safety specialist positions, in addition to the Risk Management's Broker team going forward. A material change in the level of customer service offered by the Risk Management Program is not anticipated.

Assumptions and Calculations:

The calculation for the total requested reduction is below:

Table 1: Calculation of Safety Specialist III Total Reduction	
Annual Salary for Safety Specialist III	$51,912
PERA (10.9%)	$5,658
Medicare (1.45%)	$753
Total Reduction	**$58,323**

The elimination of this position will reduce the Risk Management common policy allocations to user agencies, if approved.

Supplemental, 1331 Supplemental or Budget Amendment Criteria:

Not applicable.

Schedule 13

Department of Personnel & Administration

Funding Request for The FY 2021-22 Budget Cycle

Request Title

R-10 Extend Pause Annual Depreciation Lease Payment

Dept. Approval By: Abbey H. Clymer

OSPB Approval By: Cynthia Kelly

	Supplemental FY 2020-21
	Budget Amendment FY 2021-22
X	**Change Request FY 2021-22**

Summary Information	Fund	FY 2020-21 Initial Appropriation	FY 2020-21 Supplemental Request	FY 2021-22 Base Request	FY 2021-22 Change Request	FY 2022-23 Continuation
Total of All Line Items Impacted by Change Request	**Total**	**$0**	**$0**	**$615,958**	**($615,958)**	**$0**
	FTE	0.0	0.0	0.0	0.0	0.0
	GF	$0	$0	$585,958	($585,958)	$0
	CF	$0	$0	$30,000	($30,000)	$0
	RF	$0	$0	$0	$0	$0
	FF	$0	$0	$0	$0	$0

Line Item Information	Fund	FY 2020-21 Initial Appropriation	FY 2020-21 Supplemental Request	FY 2021-22 Base Request	FY 2021-22 Change Request	FY 2022-23 Continuation
01. Executive Director's Office, (A) Department Administration, (1) Department Administration - Annual Depreciation-Lease Equivalent Payments	**Total**	**$0**	**$0**	**$615,958**	**($615,958)**	**$0**
	FTE	0.0	0.0	0.0	0.0	0.0
	GF	$0	$0	$585,958	($585,958)	$0
	CF	$0	$0	$30,000	($30,000)	$0
	RF	$0	$0	$0	$0	$0
	FF	$0	$0	$0	$0	$0

Auxiliary Data

Requires Legislation?	YES		
Type of Request?	Department of Personnel & Administration Prioritized Request	**Interagency Approval or Related Schedule 13s:**	Impacts Other Agency

Department of Personnel & Administration

FY 2021-22 Funding Request

November 2, 2020

Jared Polis
Governor

Kara Veitch
Executive Director

Department Priority: R-10
Request Detail: Extend Pause on Annual Depreciation – Lease Equivalent Payment

Statewide Summary of Funding Change for FY 2021-22				
	Totals		Incremental Change	
	FY 2020-21 Appropriation	FY 2021-22 Base	FY 2021-22 Request	FY 2022-23 Request
Total Funds			*($8,582,930)*	*$0*
FTE			0.0	0.0
General Fund			($7,526,341)	$0
Cash Funds			($1,056,589)	$0
Reappropriated Funds			$0	$0
Federal Funds			$0	$0

Summary of Request

The Department of Personnel & Administration (DPA), on behalf of all State Departments, requests a 100% suspension of the funding mechanism for Capital Construction and an associated total reduction of $8,582,930 with a $7,526,341 reduction in General Fund and a $1,056,589 reduction in Cash Funds for the Annual Depreciation – Lease Equivalent Payment line in FY 2021-22. This is similar to the suspension included in FY 2020-21 pursuant to HB 20-1398 "Modify Automatic Funding Mechanism For Capital Construction." DPA respectfully requests the Committee carry a bill to implement the necessary statutory changes associated with this statewide request. This is a one-time request for the designated fiscal year only; the appropriation will return to $8,582,930 (plus or minus any necessary base adjustments in depreciation based on current projects) in FY 2022-23 and ongoing. These savings will temporarily free-up resources for other needs that the State faces due to the economic crisis and the decrease in revenue, without affecting high priority programs.

This request is not considered on the evidence-based policy continuum. The evidence-based policy continuum lists types of evaluation (i.e. randomized controlled trial (RCT), quasi-experimental design (QED), etc.), the amount of confidence that can be had by each (i.e. high, moderate, etc.), and labels evaluation types based on their rigor (i.e. proven, evidence-informed, etc.). While the goal of evidence-based policy is to make decisions using data, research, and evidence, and to invest in activities that allow for continual monitoring and evaluation, this request falls into the category of an administrative reduction request and therefore does not require evidence-based research to support its criticality.

Current Program:

SB15-211 created the Annual Depreciation – Lease Equivalent Payment line item in several State agencies with certain capital construction projects. For these projects, funding is appropriated annually to support the expense of depreciation-lease equivalent payments. Such payments are credited to the Capital Construction Fund and the Controlled Maintenance Trust Fund, or to a capital reserve account, depending on the source of funds for the capital construction project being depreciated. These amounts are adjusted annually as projects become fully depreciated or new projects are put into service.

The Annual Depreciation – Lease Equivalent Payment amount of $8,582,930 includes the depreciation of several current projects on the following Departments: Agriculture, Corrections, Higher Education, Human Services, Military & Veteran Affairs, Natural Resources, Personnel & Administration, Public Health and Environment, and Public Safety.

Due to the COVID-19 outbreak and the subsequent economic crisis, the Joint Budget Committee approved, in March 2020, the suspension for one year in FY 2020-21 of the total Annual Depreciation – Lease Equivalent Payment of $7,561,261 in General Fund, through HB 20-1398 "Modify Automatic Funding Mechanism For Capital Construction."

Problem or Opportunity:

As the COVID-19 outbreak and the economic crisis are forecasted to last beyond FY 2020-21, the State and DPA are looking for additional savings in order to face the continued shortfall of revenue. DPA has identified this large statewide appropriation that can be suspended in order to temporarily free-up resources for other urgent needs within the State.

Proposed Solution:

DPA proposes a reduction of the Annual Depreciation – Lease Equivalent Payment by $8,582,930 in FY 2021-22 in order to eliminate the obligation for this line item. This is a one-time request for the designated fiscal year only that requires a statute change; the appropriation will return to $8,582,930 (plus or minus any necessary base adjustments in depreciation based on current projects) in FY 2022-23 and ongoing.

Anticipated Outcomes:

The suspension for an additional year of the Annual Depreciation – Lease Equivalent Payment will pause the set-aside to the capital construction fund, which is used for the replacement of assets. Therefore, General Fund may be sought to replace assets, as the set-aside may not be sufficient. Reducing funding to the Capital Construction Fund is a short-term solution to the budget crisis, which defers the burden into the future as the backlog of capital construction and controlled maintenance needs grow. However, due to the economic crisis and other savings that the State has considered, it is possible that fewer projects will be put forth or not approved.

Assumptions and Calculations:

The FY 2021-22 calculation for the Annual Depreciation – Lease Equivalent Payment is $8,582,930 statewide and $615,958 for DPA. DPA is requesting to pause the payment during that fiscal year.

The projects being depreciated at DPA are:

Table A. DPA FY 2021-22 Annual Depreciation – Lease Equivalent Payment Long Bill Line Item			
Projects being depreciated	**Total Funds**	**General Fund**	**Cash Funds**
Renovate Colorado State Capitol House & Senate Chambers	$239,768	$239,768	
Replace cooling system at Capitol Annex building	$138,167	$138,167	
Replace main supply fan at DPA Capitol Annex building	$107,300	$77,300	$30,000
Upgrade life safety elevators	$53,149	$53,149	
Rehabilitate elevators at 690/700 Kipling St & Grand Junction	$47,078	$47,078	
Repair/replace transformers at DPA Power Plant	$18,431	$18,431	
Replace restroom plumbing system at DPA Capitol Annex building	$12,065	$12,065	
Total Annual Depreciation FY 2021-22	**$615,958**	**$585,958**	**$30,000**

The detail of the statewide depreciation by Department is as follows:

Table B. State FY 2021-22 Annual Depreciation – Lease Equivalent Payment Long Bill Line Item			
Departments	**Total Funds**	**General Fund**	**Cash Funds**
Agriculture	$461,617		$461,617
Corrections	$530,642	$530,642	
Higher Education	$4,689,432	$4,689,432	
Human Services	$1,561,967	$1,561,967	
Military & Veteran Affairs	$87,994	$87,994	
Natural Resources	$431,051		$431,051
Personnel & Administration	$615,958	$585,958	$30,000
Public Health and Environment	$149,531	$70,348	$79,183
Public Safety	$54,738		$54,738
Total Annual Depreciation FY 2021-22	**$8,582,930**	**$7,526,341**	**$1,056,589**

Supplemental, 1331 Supplemental or Budget Amendment Criteria:

Not applicable.

Schedule 13

Department of Personnel & Administration

Funding Request for The FY 2021-22 Budget Cycle

Request Title

R-11 Procurement and Contracts Vacancy Reduction

Dept. Approval By: Abbey H. Clymer

OSPB Approval By: Cynthia Kelly

	Supplemental FY 2020-21
	Budget Amendment FY 2021-22
X	Change Request FY 2021-22

Summary Information	Fund	FY 2020-21 Initial Appropriation	FY 2020-21 Supplemental Request	FY 2021-22 Base Request	FY 2021-22 Change Request	FY 2022-23 Continuation
Total of All Line Items Impacted by Change Request	**Total**	**$2,378,546**	**$0**	**$1,729,108**	**($49,991)**	**($49,991)**
	FTE	17.8	0.0	17.8	(1.0)	(1.0)
	GF	$650,000	$0	$726,108	($49,991)	($49,991)
	CF	$1,728,546	$0	$1,003,000	$0	$0
	RF	$0	$0	$0	$0	$0
	FF	$0	$0	$0	$0	$0

Line Item Information	Fund	FY 2020-21 Initial Appropriation	FY 2020-21 Supplemental Request	FY 2021-22 Base Request	FY 2021-22 Change Request	FY 2022-23 Continuation
05. Division of Accounts and Control, (B) Procurement and Contracts, (1) Procurement and Contracts - Personal Services	**Total**	**$2,378,546**	**$0**	**$1,729,108**	**($49,991)**	**($49,991)**
	FTE	17.8	0.0	17.8	(1.0)	(1.0)
	GF	$650,000	$0	$726,108	($49,991)	($49,991)
	CF	$1,728,546	$0	$1,003,000	$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 Priority: R-11
Request Detail: Procurement and Contracts Vacancy Reduction

Summary of Funding Change for FY 2021-22				
	Totals		Incremental Change	
	FY 2020-21 Appropriation	**FY 2021-22 Base**	**FY 2021-22 Request**	**FY 2022-23 Request**
Total Funds	*$2,378,546*	*$1,729,108*	*($49,991)*	*($49,991)*
FTE	17.8	17.8	(1.0)	(1.0)
General Fund	$650,000	$726,108	($49,991)	($49,991)
Cash Funds	$1,728,546	$1,003,000	$0	$0
Reappropriated Funds	$0	$0	$0	$0
Federal Funds	$0	$0	$0	$0

Summary of Request

The Department of Personnel & Administration (DPA) requests a reduction of $49,991 in General Fund within (5) Division of Accounts and Control, (B) Procurement and Contracts, Personal Services line, which will remove 1.0 FTE from the Procurement and Contracts Program for budget balancing purposes for FY 2021-22 and ongoing.

This request is not considered on the evidence-based policy continuum. The evidence-based policy continuum lists types of evaluation (i.e. randomized controlled trial (RCT), quasi-experimental design (QED), etc.), the amount of confidence that can be had by each (i.e. high, moderate, etc.), and labels evaluation types based on their rigor (i.e. proven, evidence-informed, etc.). While the goal of evidence-based policy is to make decisions using data, research, and evidence, and to invest in activities that allow for continual monitoring and evaluation, this request falls into the category of an administrative reduction request and therefore does not require evidence-based research to support its criticality.

Current Program:

When the State of Colorado transitioned its financial, procurement and budget functions from the Colorado Financial Reporting System (COFRS) and other legacy systems to the Colorado Operations Resource Engine (CORE), the Office of the State Controller restructured to better meet the needs of supporting CORE, which meant Procurement and Contracts now included new functional groups and functions of the State Purchasing Office. The current Procurement and Contracts program includes functions of the Statewide Travel Management Program (STMP), the Supplier Database e-Procurement Program, and also the Central Contracts Unit, which authorizes all State contracts through delegation or direct reviews. In accordance with Section 24-101-101, et. seq. (Colorado Procurement Code), C.R.S., Procurement and Contracts manages and oversees state procurement policy and processes. This program is supported by the General Fund and with rebates received from the Procurement Card Program.

Problem or Opportunity:

An Administrative Assistant III position, within the Procurement and Contracts Program, became vacant in January 2020 and has not yet been filled as of October 2020. This position assists in deciding what operations will be performed and how processes will be implemented; creating and revising office procedures and writing office procedure manuals; designing forms; establishing general office record systems and resource libraries; as well as program-specific duties. The Procurement and Contracts Program consists of 17.0 FTE of varying levels, as well as an allocated Program Assistant II, who performs duties similar to the Administrative Assistant III position. The duties of the Administrative Assistant III position can be absorbed into the Program Assistant II position, thereby creating savings in this line item. Therefore, and as a result of the current economic forecast, the Department has identified this position as one that can be permanently removed in order to free up resources for other urgent needs within the State.

Proposed Solution:

The Department proposes a removal of $49,991 in General Fund and 1.0 FTE from the (5) Division of Accounts and Control, (B) Procurement and Contracts, Personal Services line in FY 2021-22 and ongoing in order to meet the budget reduction target established for the Department. If POTS were to also be eliminated with this position, the request would increase by $17,428, with the entire appropriation related to this position being $67,419.

Anticipated Outcomes:

The position is currently vacant and the program has indicated the job duties related to this FTE can be absorbed within the Department.

Assumptions and Calculations:

The calculation for the total requested reduction is below:

Table 1: FY 2021-22 Calculation of Administrative Assistant III Total Reduction	
Annual Salary for Admin Assistant III	$44,496
PERA (10.9%)	$ 4,850
Medicare (1.45%)	$ 645
Total Reduction	**$49,991**

The Department notes that because P-card rebates are used in this line item in lieu of General Fund, additional P-card balancing may be necessary. The Department notes that ultimately this reduction will free up P-card rebates to be used to offset General Fund expenditures elsewhere in the Department. Currently, and also due to the economic downturn generated by the COVID-19 pandemic, the Department is monitoring the total rebate the State will receive as a result of P-card spend. If the P-card rebate is considerably lower than previous years, the Department may need to request General Fund backfill during the supplemental process.

Supplemental, 1331 Supplemental or Budget Amendment Criteria:

Not applicable.

Schedule 13

Department of Personnel & Administration

Funding Request for The FY 2021-22 Budget Cycle

Request Title

R-12 Extend Reduction of Statewide Planning

Dept. Approval By:	Abbey H. Clymer		**Supplemental FY 2020-21**
OSPB Approval By:	Cynthia Kelly		**Budget Amendment FY 2021-22**
		X	**Change Request FY 2021-22**

Summary Information	Fund	FY 2020-21 Initial Appropriation	FY 2020-21 Supplemental Request	FY 2021-22 Base Request	FY 2021-22 Change Request	FY 2022-23 Continuation
Total of All Line Items Impacted by Change Request	**Total**	**$20,000**	**$0**	**$1,000,000**	**($980,000)**	**$0**
	FTE	0.0	0.0	0.0	0.0	0.0
	GF	$20,000	$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 2020-21 Initial Appropriation	FY 2020-21 Supplemental Request	FY 2021-22 Base Request	FY 2021-22 Change Request	FY 2022-23 Continuation
01. Executive Director's Office, (B) Statewide Special Purpose, (2) Office of the State Architect - Statewide Planning Services	**Total**	**$20,000**	**$0**	**$1,000,000**	**($980,000)**	**$0**
	FTE	0.0	0.0	0.0	0.0	0.0
	GF	$20,000	$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 2021-22 Funding Request

November 2, 2020

Jared Polis
Governor

Kara Veitch
Executive Director

Department Priority: R-12
Request Detail: Extend Reduction of Statewide Planning

Summary of Funding Change for FY 2021-22				
	Totals		**Incremental Change**	
	FY 2020-21 Appropriation	**FY 2021-22 Base**	**FY 2021-22 Request**	**FY 2022-23 Request**
Total Funds	*$20,000*	*$1,000,000*	*($980,000)*	*$0*
FTE	0.0	0.0	0.0	0.0
General Fund	$20,000	$1,000,000	($980,000)	$0
Cash Funds	$0	$0	$0	$0
Reappropriated Funds	$0	$0	$0	$0
Federal Funds	$0	$0	$0	$0

Summary of Request

The Department of Personnel & Administration requests a 98% reduction, or $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 2021-22. This is a one-time request for the designated fiscal year only; the appropriation will return to $1,000,000 in FY 2022-23 and ongoing.

The State developed this new program in order to complete master plans for state agencies. The Statewide Planning Services program has received an appropriation of $1,000,000 per fiscal year since 2015 (except in FY 2020-21 where a similar reduction of $980,000 has been approved), and could offer a $980,000 reduction in FY 2021-22 in an effort to support the economic crisis. This is a one-time reduction allowing savings to the State in FY 2021-22, before returning to its original $1,000,000 appropriation level in FY 2022-23.

This request is not considered on the evidence-based policy continuum. The evidence-based policy continuum lists types of evaluation (i.e. randomized controlled trial (RCT), quasi-experimental design (QED), etc.), the amount of confidence that can be had by each (i.e. high, moderate, etc.), and labels evaluation types based on their rigor (i.e. proven, evidence-informed, etc.). While the goal of evidence-based policy is to make decisions using data, research, and evidence, and to invest in activities that allow for continual monitoring and evaluation, this request falls into the category of an administrative reduction request and therefore does not require evidence-based research to support its criticality.

Current Program:

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 master plans for construction projects with a total value greater than $500,000.

The State developed this new program pursuant to SB 15-270 in order to mirror existing mechanisms that the Department of Higher Education utilizes to complete master plans for its agencies. With the exception of 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, as required by 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 in 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.

Problem or Opportunity:

Since its creation in 2015, the Statewide Planning Services program received an appropriation of $1,000,000 per fiscal year, with the statutory authority to roll forward unspent funding for two subsequent fiscal years, for up to a total of three fiscal years, as specified in the footnotes of each Long Bill. Planning is a long-term process, which can create a gap between project completions and payments. This flexibility and long-term approach has already allowed the Program to decrease the appropriation by $980,000 in FY 2020-21. Due to the COVID-19 outbreak and the subsequent economic crisis, the Program could offer an additional $980,000 reduction in FY 2021-22. This is a one-time reduction allowing savings to the State in FY 2021-22, before returning to its original and ongoing $1,000,000 appropriation level in FY 2022-23.

Proposed Solution:

The Department proposes a reduction of spending authority by $980,000 for FY 2021-22. This is a one-time request for the designated fiscal year only; the appropriation will return to $1,000,000 in FY 2022-23.

Anticipated Outcomes:

The Statewide Planning Services program will continue to support state agencies in developing their master plans. With this additional reduction, it is possible that the Program will be forced to delay some of the master plan developments and construction projects for state agencies. If spending authority for Statewide Planning Services is reduced beyond FY 2021-22, OSA may not be able to fulfill the mission of assisting agencies in master plan developments, as required by statute. During the COVID-19 response, it has become apparent that changes in workplace environments and utilization rates of occupants in workspaces will require the use of this program for immediate planning purposes. Furthermore, as master plan 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 may waste financial resources in the long run and the goals set by the governor could be harder to implement for state agencies.

Assumptions and Calculations:

The Statewide Planning Services program has some flexibility and could potentially restructure priorities to accommodate the proposed reduction through postponement of state agencies master plan development. The program would only engage expenditures equivalent or less than the amount of spending authority available for the next two fiscal years, to accommodate the decreases of $980,000 for each FY 2020-21 and FY 2021-22 in spending authority proposed within this document.

Supplemental, 1331 Supplemental or Budget Amendment Criteria:

Not applicable.