



February 3, 2021

The Honorable Dominick Moreno, Chair
Joint Budget Committee
Legislative Services Building
200 East 14th Avenue, Third Floor
Denver, CO 80203

Dear Senator Moreno and Committee Members:

Pursuant to 24-33.5-424 (3.5)(f) C.R.S., the Colorado Bureau of Investigation (CBI) is required to annually report to the Joint Budget Committee (JBC) the number of full-time employees (FTE) used by the Bureau in the preceding [calendar] year for the purposes of performing firearms background checks and the calculations used to determine the amount of the fee imposed for firearms background checks. As of December 31, 2020, the CBI InstaCheck Unit had a total of 39.5 FTE.

The table below shows the major expenditure categories for CBI's InstaCheck Unit in Rows A through D and totals \$3,303,577. The actual number of firearms background checks processed from January 1, 2020 to December 31, 2020 was 501,324. Dividing the actual expenses by the number of firearms background checks results in \$6.59 per firearms background check.

InstaCheck Firearms Background Check Fee Calculation		
Row	Description	Amount
A	Personal Services including benefits	\$2,761,486
B	Overhead Expenses	\$382,988
C	Operating Expenses including common policies	\$159,103
D	Leased Space	\$0
E	Subtotal Expenses (Row A + Row B + Row C + Row D)	\$3,303,577
F	Number of Firearms Background Checks	501,324
G	Actual Cost per Background Check (Row E / Row F)	\$6.59

While the calculated amount of \$6.59 is less than the current fee of \$10.50, it is primarily the result of receiving an unexpected and significant number of additional background checks in calendar year 2020. For example, in calendar year 2019, the InstaCheck Unit received 342,439 background checks, but in calendar year 2020, it received 501,324. The higher number of background checks is due to the civil unrest and national pandemic that began in early 2020 and continues into 2021.

The Department cannot predict the duration or severity of these events, but in September 2020, it requested and received emergency supplemental funding in the amount of \$1,035,509 cash funds to hire more personnel to process the additional workload. However, much of the additional expenditures are not reflected in the actual costs for calendar year 2020 due to the funding not being available until the



final quarter of the year. If the higher workload continues into calendar year 2021, then the Department expects to use the surplus revenue to maintain its personnel and resources at a higher level as compared to prior years, which will have the effect of increasing expenses. In anticipation of this outcome, the Department does not anticipate a change in fee at this time, and it will communicate this decision with all its customers in the coming weeks.

Moreover, it has been the experience of the CBI that continually raising or lowering the fee in order to compensate for frequent and unpredictable variances in demand (and therefore revenue), is more disruptive to the Federal Firearms Licensees than leaving the fee at a consistent level while the demand cycle normalizes. Changing the fee requires reprogramming of their point of sale systems, and increases overhead expenses. For example, if and when demand decreases and the fee needed to once again be raised in order to maintain a minimum fund balance, businesses and customers would react negatively to that see-saw effect. Maintaining the fee at a consistent amount would receive greater public support.

Sincerely,



John Camper, Director
Colorado Bureau of Investigation

Cc: JBC Members
Justin Brakke, JBC Staff
Stan Hilkey, CDPS Executive Director
John Camper, CBI Director
Chris Andrist, CBI Deputy Director
Terri Anderle, Budget Director, CDPS
Jana Locke, Deputy Executive Director, CDPS
Joel Malecka, Legislative Liaison, CDPS
Ross Sibley, CBI InstaCheck Manager
Susan Medina, CBI Chief of Staff

