

Schedule 13
Change Request for FY 10-11 Budget Request Cycle

Request Title: **Decision Item FY 10-11** **Base Reduction Item FY 10-11** **Supplemental FY 09-10** **Budget Request Amendment FY 10-11**
 Department: **Funding for Contract Security Officer**
 Priority Number: **Regulatory Agencies** Dept. Approval by: *[Signature]* Date: **10/19/09**
DI-1 OSPB Approval: *[Signature]* Date: **10-15-09**

		1	2	3	4	6	6	7	8	9	10
	Fund	Prior-Year Actual FY 08-09	Appropriation FY 09-10	Supplemental Request FY 09-10	Total Revised Request FY 08-10	Base Request FY 10-11	Decision/ Base Reduction FY 10-11	November 1 Request FY 10-11	Budget Amendment FY 10-11	Total Revised Request FY 10-11	Change from Base (Column 5) FY 11-12
Total of All Line Items	Total	4,461,444	4,087,116	0	4,087,116	4,159,033	66,955	4,225,988	0	4,225,988	66,955
	FTE	52.3	52.3	0.0	52.3	52.3	0.0	52.3	0.0	52.3	0.0
	GF	0	15,619	0	15,619	8,000	0	8,000	0	8,000	0
	GFE	0	0	0	0	0	0	0	0	0	0
	CF	0	25,500	0	25,500	13,000	0	13,000	0	13,000	0
	CFE/RF	4,461,444	4,045,997	0	4,045,997	4,138,033	66,955	4,204,988	0	4,204,988	66,955
	FF	0	0	0	0	0	0	0	0	0	0
(1) Executive Director's Office Personal Services	Total	4,461,444	4,087,116	0	4,087,116	4,159,033	66,955	4,225,988	0	4,225,988	66,955
	FTE	52.3	52.3	0.0	52.3	52.3	0.0	52.3	0.0	52.3	0.0
	GF	0	15,619	0	15,619	8,000	0	8,000	0	8,000	0
	GFE	0	0	0	0	0	0	0	0	0	0
	CF	0	25,500	0	25,500	13,000	0	13,000	0	13,000	0
	CFE/RF	4,461,444	4,045,997	0	4,045,997	4,138,033	66,955	4,204,988	0	4,204,988	66,955
	FF	0	0	0	0	0	0	0	0	0	0

Letternote revised text:

Cash Fund name/number, Federal Fund Grant name: N/A. This request will be supported using indirect cost recoveries.

IT Request: Yes No

Request Affects Other Departments: Yes No If Yes, List Other Departments Here:

CHANGE REQUEST for FY 10-11 BUDGET REQUEST CYCLE

Department:	Department of Regulatory Agencies
Priority Number:	DI-1
Change Request Title:	Funding for Contract Security Officer

SELECT ONE:

- Decision Item FY 09-10
- Base Reduction Item FY 09-10
- Supplemental Request FY 08-09
- Budget Request Amendment FY 09-10

SELECT ONE:

Supplemental or Budget Request Amendment Criterion:

- Not a Supplemental or Budget Request Amendment
- An emergency
- A technical error which has a substantial effect on the operation of the program
- New data resulting in substantial changes in funding needs
- Unforeseen contingency such as a significant workload change

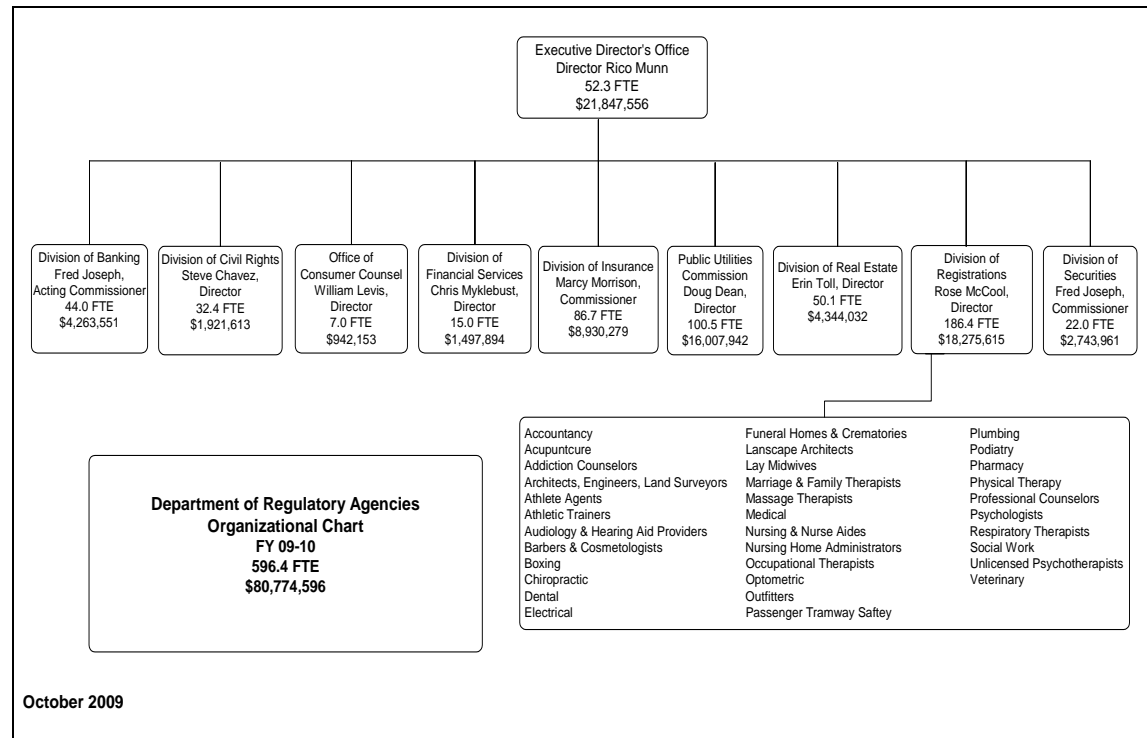
Short Summary of Request:

This is a request for \$66,955 Reappropriated funds to hire a Contract Security Officer who would be assigned to the Executive Director’s Office (EDO) in DORA for purposes of providing service to the entire agency. This position would provide ongoing security by being located in a central location and being available to provide security in all 10 DORA divisions, both on a day-to-day basis and when Board meetings occur in which disciplinary action is to be taken against licensees.

Background and Appropriation History:

DEPARTMENT BACKGROUND

The Department’s mission is consumer protection, and this mission is carried out through regulatory programs that license, establish standards, approve rates, investigate complaints, and conduct enforcement. The Department includes 10 separate divisions and 47 boards or commissions having oversight of various professions and industries as shown in the following FY 08-09 organizational chart:



The Executive Director's Office coordinates and oversees the operations of the divisions within the Department and performs administrative functions, including accounting, budgeting, data processing, personnel, purchasing, facilities planning, and management reporting. The Division also includes funding and staff for the Office of Policy and Research, which conducts sunrise and sunset evaluations for state programs. The Division's cash funds derive from a variety of cash funds within the Department. The reappropriated funds come from indirect cost recoveries within the Department plus occasional transfers from other departments, while the federal funds come from indirect cost recoveries from the Civil Rights and Insurance Divisions.

Across the Department, all agencies either take disciplinary actions against individual licensees or businesses, or take actions in setting rates that impact individuals or companies. Specifically, Divisions involve issues as follows

- **Division of Banking.** This division regulates state-chartered commercial and industrial banks, trust companies, debt adjusters, and money order companies
- **Civil Rights Division.** This division investigates and adjudicates complaints of discrimination involving employment, housing, and public accommodation.
- **Office of Consumer Counsel.** This division represents the interests of residential, agricultural, and small businesses in cases before the Public Utilities Commission (PUC). Cases involve proposed changes to electric, gas, and telecommunication utility rates, services, and policies.
- **Division of Financial Services.** This division regulates state-chartered credit unions, savings and loans, and life care institutions, in addition to administering the federal Public Deposit Protection Act, which safeguards uninsured public monies invested with such institutions.
- **Division of Insurance.** This division regulates insurance professionals and insurance companies, non-profit hospitals and health service corporations, health maintenance organizations, workers' compensation self-insurance pools, and pre-need funeral contracts.
- **Public Utilities Commission.** This division includes funding for the Public Utilities Commission (PUC), which has the authority to regulate the rates and services of transportation and fixed utilities throughout Colorado. The PUC has some legislative and judicial authority, and is charged with determining whether utilities have the financial and technical capability to provide services. The PUC administers the following programs: Colo. Telecommunications High Cost Program, the Low-Income Telephone Assistance Program, the Highway Crossing Protection Program, and the Disabled Telephone Users Program.
- **Division of Real Estate.** This division is responsible for establishing and maintaining a safe, stable environment in which the general public can buy, sell, and lease real property in Colorado. To this end, the division licenses and carries out

enforcement against real estate brokers, real estate appraisal professionals, and mortgage brokers.

- **Division of Registrations.** This division regulates over 221,000 licensees in more than 30 professions and occupations in Colorado. The General Assembly created the division's boards and licensing programs to ensure a minimum level of competency among licensees and to protect the public welfare. Licensing activities include the qualification of practitioners, facilities, programs, and equipment. Enforcement activities include inspections, complaint investigations, and license revocation in the absence of compliance with generally accepted standards of practice or safety.
- **Division of Securities.** This division monitors the conduct of broker-dealers and sales representatives in Colorado, investigating both citizen complaints and indications of investment fraud. Fees and assessments against regulated entities support the division.

APPROPRIATION HISTORY

Not including central appropriations for distribution throughout the Department, the FY 09-10 appropriation for the Executive Director's Office includes \$4.0 million and 52.3 FTE Personal Services and \$112,902 Operating Expenses, with additional funding for centrally appropriated items including legal services. During recent years no significant funding changes have occurred in the Executive Director's Office; however, FTE authority was decreased related to IT consolidation beginning in FY 08-09.

DESPITE BROAD REGULATORY AND DISCIPLINARY SCOPE OVER INDIVIDUALS, THE DEPARTMENT DOES NOT HAVE SECURITY RESOURCES

Although the regulatory scope of each Division encompasses a range of issues, to varying degrees all the issues above involve a naturally contentious process in which the livelihood of a licensed professional or institution is can be at stake, and too often enhanced security measures must be taken to ensure the protection of volunteer Board members and staff. Unfortunately, there is not a single security officer on its staff anywhere in the Department.

Disciplinary action taken by DORA can separate persons from their livelihood, which can result in significant discontent, as evidenced by threatening messages and verbal communications the Department receives. The serious nature of disciplinary action makes the Department uniquely susceptible to security threats. While other State agencies and buildings, such as the State Capitol, the Department of Human Services, and the Department of Labor, have either dedicated security personnel or secure coded door access, DORA has no dedicated security and must maintain public access to central offices and board proceedings.

While most such measures are more costly than this decision item request, the benefit is clear, as demonstrated by last year's incident in which a person brought a weapon into the first level of the capitol intent on carrying out harm. Too often appropriate security measures are imposed only after an incidence of violence or lawsuits compel such actions, and the Department is seeking to be proactive in protecting its staff, board members, and the public in keeping with its responsibilities to be accessible to the public and also to accommodate due process considerations. By definition, a security presence deployed in advance of potential harm is designed to avert and deter harm when there is potential for it to occur. Alternatively, a security presence deployed after such an incident has occurred – particularly given evidence of such potential in the form of periodic harassment that occurs annually – falls short of the Department's goal to provide protection, and would instead be reactionary and would not be in good faith in light of the periodic recurrence of threats and harassment.

RECENT INTERNAL AND EXTERNAL SECURITY REVIEWS REVEAL VULNERABILITIES

Past internal security reviews conducted by a POST-certified professional investigator highlighted physical security weaknesses that help reveal the need for a security officer, among them:

- In isolated circumstances regarding frequent or familiar visitors, Divisions occasionally lapse from best practices that include required visitor sign-in;
- Combination lock doors restricting access occasionally break;
- Four Divisions do not have separate reception areas, potentially permitting immediate access without passing through a security door;
- Isolated reports that conference and/or hearing room back entrances are occasionally left open, potentially permitting anonymous entry;

While this internal review highlighted vulnerabilities and the Department immediately acted to resolve these via better practices and upgrading access technology, certain physical improvements could not be remedied without costly construction work and do not represent a feasible option. This highlights the need for a security officer.

In addition to internal review efforts, a physical security review was performed by the Department of Public Safety's Rubicon team in the Office of Preparedness and Security. It is important to note that this review concentrated on the physical property of the Denver Post Tower, and as previously stated, physical improvements are not a feasible option to address security needs. The review suggested a number of specific items including that a security plan must be implemented, physical access control improved, screening and monitoring increased. Among the assessed vulnerabilities of this review were:

- Lack of complete access controls and intrusion detection alarms to detect, deter, delay, or mitigate potentially dangerous persons from entering key areas;
- Lack of necessary equipment and training for existing building security personnel;
- Limited monitoring for potentially dangerous persons and equipment being done at the building, particularly at locations other than the main entrances;

Specifically, the review concluded that while the building security staff is adequate to provide a very basic level of security, increasing the security posture for an agency within the building would require that adding additional security personnel be considered who are assigned to the individual department.

Given the inadequacies noted for building security staff, that is the focus of this request. All told, the reviews confirmed that DORA faces significant risks that cannot be easily remedied without costly construction work; however, the review also noted that security can and should be improved via the addition of a DORA security officer.

General Description of Request:

This is a request for \$66,955 Reappropriated funds to hire a Contract Security Officer who would be assigned to the Executive Director's Office (EDO) in DORA for purposes of providing service to the entire agency. This position would provide ongoing security by being located in a central location and being available to provide security in each EDO Section and 9 divisions, both on a day-to-day basis and when Board meetings occur in which disciplinary action is to be taken against licensees. This position would allow the Department to provide protection to all of our Board members when they are serving in their official capacity in service to the citizens of Colorado.

MEETINGS AND HEARINGS INVOLVE MULTIPLE PARTIES, CONTENTIOUS ISSUES, OPEN ACCESS, BUT NO SECURITY

The need for this resource is driven primarily by the lack of a security presence in virtually every public board meeting and hearing conducted by agencies in the Department. Typically, the volunteer members of a board or commission will conduct business at regularly scheduled meetings that often last entire days, and these meetings are identified publicly in advance. Staff members also attend each meeting or hearing. In general, this includes officials (typically the chief administrator for each board) and administrative staff, as well as retained experts, licensees, and members of the public, media, and attorneys. Proceedings range from ordinary agenda items and general business to disciplinary matters for formal hearings. All told, the meetings typically bring together multiple parties involving many issues, and it is difficult to predict whether circumstances will create security risks without having prior knowledge or communication from involved persons.

However, security issues arise frequently, and staff members routinely express concern about workplace safety. On several occasions e-mails have been sent to staff throughout the Department requesting larger, male staff members at a particular board meeting because board staff believes that disgruntled individuals might be attending the meeting and they want the enhanced presence as a dissuasive factor. In addition, there have been several occasions when our Human Resources Department has had to take disciplinary action against certain employees and there has been concern about the employees' state of mind and that they might serve as a potential security threat.

Since there is no in-house resource to turn to, in some cases staff contacts Denver Police to help provide security. In these cases police officers typically are brought in at contract hourly rates for a few hours in each case. In other cases, the notice that a disgruntled person might be attending a board meeting occurs too late to be able to notify Denver Police in time for them to attend the meeting.

EXISTING APPROACH IS INCONSISTENTLY APPLIED, NOT SUFFICIENT

There are several primary concerns with this approach:

- Lack of a dedicated resource leaves only two options: contact the police, or contact internal staff members. There are many circumstances that may warrant security, but in the absence of clear red flags or prior conduct that suggests a security risk, in general the police will not be called. This means that Department employees are the default security entity for almost every security risk. While some Department employees are POST-certified and possess the training and qualifications to handle security issues, this function is not within their present responsibilities or resources, as they are fully utilized in the performance of their existing duties.
- Without a dedicated staff person, security resources cannot be applied consistently across the Department. While some supervisors or board members may be inclined to observe signals that suggest a security risk,

others may not be so inclined. This prevents a consistent application of security or a standardized approach. Given that security risks are possible Department wide as suggested by the Department's wide regulatory scope, some form of uniform security should be adopted.

- Security risks often present themselves without any notice or warning. It is precisely this circumstance that suggests a standardized approach and department-wide resource be utilized.
- An unknown percentage of citizens view government in confrontational terms, and some other citizens can possess impairments in judgment that cause them to misplace blame for some personal circumstance negatively affecting them. For those who are inclined to react in this way, DORA captures a large percentage insofar as it licenses over 700,000 individuals – approximately 15% of the Colorado population – who are impacted by a government agency beyond generalized issues of tax collection and the like. Furthermore, relative to other state agencies, the frequency of public meetings at DORA presents increased opportunity for such a citizen to present a security risk. In short, DORA touches more individuals personally, and involves relationships to more individuals, than many other state agencies.

REQUESTED STAFF WOULD PROVIDE CONSISTENT AND UNIFORM SECURITY

The request to add a Contract Security Officer resolves these significant concerns and will serve to improve safety in the following manner:

- The presence of a full time resource will by definition eliminate a significant gap cause by the Department's current either-or approach (i.e., either call the police, or request assistance from Department staff). The default assumption will be transformed in that security will be available and provided automatically.

- With a dedicated contract person, security resources will be applied consistently across the Department. Supervisors or board members will not have to rely on interpreting signals that suggest a security risk. Further, with a resource devoted to security, a standardized approach can be promulgated. While security risks will continue to be possible Department wide, uniform security will be adopted.
- A resource will be immediately available to respond to risks that present themselves without any notice or warning, a significant percentage of the overall risk profile.
- The requested contract staff would bolster weaknesses previously identified in the Department's work on reviewing internal security. Specifically, this resource would add an active component to physical vulnerabilities, and represents an alternative to resolving vulnerabilities that could not be remedied without costly construction work.

Last and most importantly, adding the resource on a contract basis represents a less costly and more efficient alternative relative to adding full-time Safety Security Officer III in the state classified system. Calculations of this are provided in the cost-benefit analysis section of this request. A contractor would provide an optimum skill set. The position would be qualified to exercise powers of custody and control, restrain citizens, detect criminal activity, respond to emergencies and requests for assistance, and serve as an important liaison if and when law enforcement authorities must be summoned. There is currently no employee at DORA with these exact skills required in their job description.

Consequences if Not Funded:

Consequences are unknown, because it is very possible that security and safety problems may not surface within a time period certain. However, the Department is in the business of licensing individuals and then disciplining those individuals when they violate some requirement or revoking their license, which often times leads to them losing their job and primary source of income. This unfortunately translates to increased security risk.

Further, the Department houses a great many volunteer board members, and the Department possesses a duty to volunteer board members – who devote their time and energies to State service – to ensure that this unpaid service does not carry with it additional personal risk. Further, the general public who attend these boards meetings also must be protected to ensure their safety. Many members of the public have important issues before DORA boards, and security risk constitute an unnecessary risk that may discourage public participation in state business.

Calculations for Request:

Summary of Request FY 10-11	Total Funds	General Fund	Cash Funds	Reappropriated funds	Federal Funds	FTE
Total Request	\$66,955	\$0	\$0	\$66,955	\$0	0.0
Personal Services	\$66,955	\$0	\$0	\$66,955	\$0	0.0

Summary of Request FY 11-12	Total Funds	General Fund	Cash Funds	Reappropriated funds	Federal Funds	FTE
Total Request	\$66,955	\$0	\$0	\$66,955	\$0	0.0
Personal Services	\$66,955	\$0	\$0	\$66,955	\$0	0.0

Assumptions for Calculations:

Calculations by Long Bill Line Item - All amounts Reappropriated funds	FY 2010-11		FY 2011-12	
	Total	FTE	Total	FTE
Contract Security Rate, 2,080 hours @ \$32.19 per hour	\$66,955		\$66,955	
PERA @ 10.15%	n/a		n/a	
Medicare @ 1.45%	n/a		n/a	
Total Personal Services	\$66,955	0.0	\$66,955	0.0
Capital Outlay (Furniture) is \$2,021 per Leg Council guidelines	n/a			

PC equipped with a shared printer and standard office software is \$959	n/a			
Telephone service is \$279/FTE per the Department's existing system	n/a		n/a	
Annual operating expenses @ \$500/FTE	n/a		n/a	
Total Operating Expenses		\$0		\$0
Leased Space (150 SF @ \$16.35 in FY 08-09, 16.60 in FY 09-10)	n/a		n/a	
Hardware/Software Maintenance (annual maintenance is \$155/FTE)	n/a		n/a	
Total		\$66,955	0.0	\$66,955 0.0
<i>Non-add items</i>				
Short-term Disability @ .16% (.0013)	n/a		n/a	
Health/Life/Dental Insurance @ \$4,416 per Employee	n/a		n/a	
Indirect Cost @ \$12,291 per FTE	n/a		n/a	
Workers' Compensation @ \$137 per FTE approx.	n/a		n/a	
Risk Management @ \$152 per FTE approx.	n/a		n/a	

Impact on Other Government Agencies: None.

Cost Benefit Analysis: Given that this issue is a public safety issue, it is not possible to quantify a cost-benefit analysis for the request in terms of the value of the protection that is provided. Conceptually, potential harm to volunteers, the general public and/or staff would far offset the costs to fund this position.

From a resource standpoint this request was structured to have minimum costs. The range minimum salary of \$55,260 plus the incremental costs and personnel benefits of adding state FTE (in the form of a Safety Security Officer III) would lead to total hourly costs of \$34.94 (based on a total of \$72,666). This is based on the absolute minimum costs, including no leased space and no share of indirect costs. Meanwhile, this request

would provide these services at \$32.19 hourly, meaning that the request is \$5,711 less than adding a permanent, full-time state FTE. The cost differential would be even greater for a non-armed guard at \$23.15 hourly – or \$48,152 annually, of \$24,514 less expensive. This request therefore represents the least costly way to add full-time security via contract resources. Finally, in light of the request’s rationale that a dedicated security resource be provided so as to provide a uniform security standard specifically across agencies, contracting periodically or as necessary is not an alternative that would yield the same result, and therefore costs are not estimated.

	FTE Annual Cost	Contractor Annual Cost	Differenc e
Total Personal Services	\$61,670	\$66,955	\$5,285
Total Operating Expenses	\$6,178	\$0	(\$6,178)
Non-add items (includes HLD and other benefits)	\$4,818	\$0	(\$4,818)
Total	\$72,666	\$66,955	(\$5,711)

Implementation Schedule:

Task	Month/Year
FTE Hired	July, 2010
Written Policy Promulgating Regarding Security Resources and Protocol	July, 2010

Statutory and Federal Authority:

24-1-108, C.R.S. (2009): The head of a principal department shall appoint all subordinate officers and employees of his office and the head of each division under his department, and the head of each division shall appoint all employees in his division.

Performance Measures:

This request is consistent with the Department’s mission of consumer protection, and directly assists in the achievement of all objectives. A safe environment empowers

DORA staff to educate, communicate with, and involve the public, and a safe environment makes regulatory actions further accessible to the public.