

**Schedule 13**

**Funding Request for the FY 2015-16 Budget Cycle**


**Department of Regulatory Agencies**

PB Request Number NPR-01

**Request Titles**

NPR-01 Annual Fleet Vehicle Request

Dept. Approval By: 

OSPB Approval By: 

<input type="checkbox"/>	Supplemental FY 2014-15
<input checked="" type="checkbox"/>	Change Request FY 2015-16
<input type="checkbox"/>	Base Reduction FY 2015-16
<input type="checkbox"/>	Budget Amendment FY 2015-16

Line Item Information	Fund	FY 2014-15		FY 2015-16		FY 2016-17
		Appropriation	Request	Base Request	FY 2015-16	Continuation
Total of All Line Items	Total	\$224,605	\$0	\$224,605	\$1,445	\$0
	FTE	-	-	-	-	-
	GF	\$0	\$0	\$0	\$0	\$0
	CF	\$224,605	\$0	\$224,605	\$1,445	\$0
	RF	\$0	\$0	\$0	\$0	\$0
	FF	\$0	\$0	\$0	\$0	\$0

Line Item Information	Fund	FY 2014-15		FY 2015-16		FY 2016-17
		Appropriation	Request	Base Request	FY 2015-16	Continuation
01. Executive Director's Office and Administrative Services - Vehicle Lease Payments	Total	\$224,605	\$0	\$224,605	\$1,445	\$0
	CF	\$224,605	\$0	\$224,605	\$1,445	\$0

Letternote Text Revision Required?	Yes	No	X	If Yes, describe the Letternote Text Revision:
Cash or Federal Fund Name and CORE Fund Number:	Various Sources of Cash Funds VSCF			
Reappropriated Funds Source, by Department and Line Item Name:				
Approval by OIT?	Yes	No	Not Required:	X
Schedule 13s from Affected Departments:				
Other Information:				

**Schedule 13**


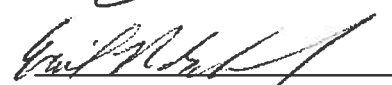
**Funding Request for the FY 2015-16 Budget Cycle**

**Department of Regulatory Agencies**

PB Request Number R-01

**Request Titles**

R-01 DPO Personal Services Reduction

Dept. Approval By: 	<input type="checkbox"/> Supplemental FY 2014-15
	<input type="checkbox"/> Change Request FY 2015-16
OSPB Approval By: 	<input checked="" type="checkbox"/> Base Reduction FY 2015-16
	<input type="checkbox"/> Budget Amendment FY 2015-16

Line Item Information	Fund	FY 2014-15		FY 2015-16		FY 2016-17
		Appropriation	Request	Base Request	FY 2015-16	Continuation
Total of All Line Items	Total	\$13,778,391	\$0	\$14,136,993	(\$250,000)	(\$250,000)
	FTE	200.4	-	200.4	(3.5)	(3.5)
	GF	\$0	\$0	\$0	\$0	\$0
	CF	\$13,182,609	\$0	\$13,541,211	(\$250,000)	(\$250,000)
	RF	\$595,782	\$0	\$595,782	\$0	\$0
	FF	\$0	\$0	\$0	\$0	\$0

Line Item Information	Fund	FY 2014-15		FY 2015-16		FY 2016-17
		Appropriation	Request	Base Request	FY 2015-16	Continuation
09. Division of Professions and Occupations - Personal Services	Total	\$13,778,391	\$0	\$14,136,993	(\$250,000)	(\$250,000)
	CF	\$13,182,609	\$0	\$13,541,211	(\$250,000)	(\$250,000)
	FTE	200.4	-	200.4	(3.5)	(3.5)
	RF	\$595,782	\$0	\$595,782	\$0	\$0

Letternote Text Revision Required?	Yes	No	X	If Yes, describe the Letternote Text Revision:
Cash or Federal Fund Name and CORE Fund Number:	Division of Professions and Occupations Cash Fund #1890			
Reappropriated Funds Source, by Department and Line Item Name:				
Approval by OIT?	Yes	No	Not Required:	X
Schedule 13s from Affected Departments:				
Other Information:				



### Cost and FTE

- The Division of Professions and Occupations (DPO) at the Department of Regulatory Agencies proposes to reduce its FY 2015-16 Personal Services appropriation by \$250,000 Cash Funds and associated spending authority for 3.5 FTE. This reduction would recur in future years.

### Current Program

- The DPO Personal Services line supports a Division with 204 FTE and over 200 Governor-appointed voluntary Board positions. DPO is responsible for the licensing and regulatory enforcement of more than 50 professions, including Physicians, Accountants, and Outfitters. DPO protects all consumers in the State, and ensures fairness in regulatory decisions that benefit a licensee population of approximately 400,000 - nearly 15 percent of the State's labor force.

### Problem or Opportunity

- Over the last several years, DPO has reverted an increased percentage of spending authority from its personal services budget, reaching 6 percent in FY 2013-14.
- The Division strives to be responsible in its fiscal management and respective spending authority. Thus, DPO proposes a permanent reduction of \$250,000 in its Personal Services appropriation. DPO's recent initiatives to improve organizational management and operational efficiencies, described below, have yielded results that support making this budget change permanent.
- DPO Re-Organization: The Division re-organized to eliminate duplication, and establish clear accountability for performance outcomes. The re-organization divides the Division into the following three branches:
  - *Healthcare Branch*. The branch includes the regulation of all Healthcare professions.
  - *Business and Inspections Branch*. The branch includes the regulation of all non-Healthcare professions, and most inspections staff.
  - *Management Branch*: The branch includes all shared services in the Division, including call center, investigations, settlements, technology and fiscal services.
- DPO Efficiency Focus: As part of the re-organization, each Branch pursued specific goals that included consolidating common functions and maximizing economies of scale, and achieving long-term efficiencies through Lean and similar process improvement initiatives. The extensive support from the Governor's Lean Office, and buy-in and encouragement by Department leadership at DORA, made these efforts possible.

### Consequences of Problem

- DPO's improvements are beginning to yield operational efficiencies that ensure the Division does not require additional resources to provide effective services to its customers.

### Proposed Solution

- DPO proposes a permanent reduction of \$250,000 in its personal services spending authority, beginning in FY 2015-16. DPO is committed to pursuing additional cost savings in both personal services and operating budgets that could lead to future requests for budget reductions.



**COLORADO**  
 Department of Regulatory  
 Agencies

FY 2015-16 Funding Request | November 1, 2014

John W. Hickenlooper  
 Governor

Barbara Kelley  
 Executive Director

**Department Priority: R-1**  
**Request Detail: Division of Professions and Occupations FY15-16 Change Request**

Summary of Incremental Funding Change for FY 2015-16	Total Funds	Cash Fund
DPO Personal Services Spending Authority <b>Reduction</b>	-\$250,000	-\$250,000

**Problem or Opportunity:**

Over the last several years, DORA’s Division of Professions and Occupations (DPO) has reverted an increased percentage of spending authority from its personal services budget, reaching 6 percent in FY 2013-14 (see table below).

*Division of Professions and Occupations  
 Personal Services Reversions*

FY	2011-12	2012-13	2013-14
Percentage reversion	1.2	2.5	6.2
Dollar reversion	\$167,283	\$427,584	\$971,652

The Division strives to be responsible in its fiscal management and respective spending authority. Thus, DPO proposes a permanent reduction of \$250,000 in its Personal Services budget. DPO’s recent initiatives to improve organizational management and operational efficiencies have yielded results that support making this budget change permanent.

Context: Over the past decade, DPO has nearly doubled in size as a result of new legislative requirements to license additional professions. In the face of such growth, the Department and the Division have pursued opportunities to better utilize existing resources and thereby realize greater efficiencies. Many of these efficiencies are attributable to the re-organization of DPO over the last 18 months, described below.

DPO Re-Organization: The Division re-organized to eliminate duplication, and establish clear accountability for performance outcomes. For example, the re-organization identified common functions across programs, such as travel requests or complaint intake, and consolidated that work in a shared position where appropriate. The re-organization also established accountability for core functions such as communications and technology by consolidating responsibility in a single reporting structure. The re-organization divides the Division into the following three branches:

- o *Healthcare Branch.* The branch includes the regulation of all Healthcare professions.

- *Business and Inspections Branch.* The branch includes the regulation of all non-Healthcare professions, and most inspections staff.
- *Management Branch:* The branch includes all shared services in the Division, including call center, investigations, settlements, technology and fiscal services.

**DPO Efficiency Focus:** DPO conducted more than six Lean projects over the past two years, many of which built on the reorganization and are already yielding efficiency savings, for example:

- Call center operations—online systems improved, yielding a 30 percent reduction in call volume, while staff productivity increased;
- License renewals—reduced preparation time for each renewal by 42 percent, while also reducing errors;
- Investigations – improved processes by starting more time-intensive activities at the beginning of an investigation that, along with other changes, increased staff productivity by 20 percent.

The extensive support from the Governor’s Lean Office, and buy-in and encouragement by Department Leadership at DORA, made these projects and results possible.

***Proposed Solution:***

The Department proposes a permanent reduction of \$250,000 in DPO’s Personal Services budget (1.8 percent). As noted in the Problem section, DPO’s recent initiatives to improve organizational management and operational efficiencies have yielded results that support making this budget change permanent. At just under 2 percent of the Division’s FY 2014-15 appropriation, this reduction is calculated to return the line item to more normal levels of reversion that reflect the natural operational fluctuations, and offer meaningful savings that preserve DPO’s ability to manage vacancies and invest in teams as required in the normal course of business.

DPO recognizes that future legislation may continue to add programs to DPO’s professional licensure portfolio, or otherwise mandate the expansion of its service delivery. In those situations, however, DPO will address any such needs through the fiscal note process in which the Division estimates FTE needs using the latest productivity figures.

After the reduction, DPO will continue to deliver robust customer protection services to its customers, without sacrificing the quality of its service delivery. In fact, some key performance metrics noted above demonstrate that service quality has remained strong and even improved, e.g., customer service ratings holding strong and internal error rates decreasing.

The proposed solution links to many of the goals in DORA’s Performance Plan, including the following:

- *Regulatory burdens and red-tape of State Government are reduced.*
- *Responsible and transparent stewardship of money and resources.*
- *Investigations, inspections, and audit functions are improved as a result of Lean or similar continuous improvement tools and strategies.*

The request has no negative impact on any other Divisions or Departments, and no statutory change is needed. The proposed solution ensures that excess spending authority is promptly addressed.

***Anticipated Outcomes:***

Because DPO is a fee-funded agency, licensees will ultimately benefit from fewer and smaller fee increases, and even fee reductions in some programs.

DPO is committed to pursuing additional cost savings in both personal services and operating budgets that could lead to future requests for budget reductions. DPO will continue to monitor its service delivery and quality control indicators to ensure that any reduction does not negatively impact service.

***Assumptions and Calculations:***

DPO proposes a FY 2015-16 personal services appropriation reduction of \$250,000 to return the budget line to more customary reversion percentages. This amount is roughly equal to the estimated costs of 3.5 FTE (based on the administrative assistant class, which is the most common job class across the Division). The remaining personal services appropriation will enable DPO to preserve flexibility to adequately respond to uncertainties throughout the fiscal year.