

Schedule 13

Funding Request for the FY 2018-19 Budget Cycle

Department of Regulatory Agencies


Request Title

NP-01 Cybersecurity Liability Insurance Policy

Dept. Approval By:  10/27/17

Supplemental FY 2017-18

X Change Request FY 2018-19

OSPB Approval By: 

Budget Amendment FY 2018-19

Summary Information	Fund	FY 2017-18		FY 2018-19		FY 2019-20
		Initial Appropriation	Supplemental Request	Base Request	Change Request	Continuation
Total		\$198,282	\$0	\$148,993	\$5,845	\$0
FTE		0.0	0.0	0.0	0.0	0.0
Total of All Line Items Impacted by Change Request	GF	\$7,484	\$0	\$5,778	\$220	\$0
	CF	\$178,494	\$0	\$133,716	\$5,262	\$0
	RF	\$9,944	\$0	\$7,677	\$293	\$0
	FF	\$2,360	\$0	\$1,822	\$70	\$0

Line Item Information	Fund	FY 2017-18		FY 2018-19		FY 2019-20
		Initial Appropriation	Supplemental Request	Base Request	Change Request	Continuation
Total		\$198,282	\$0	\$148,993	\$5,845	\$0
01. Executive Director's Office and Administrative Services -- Payment to Risk Management and Property Funds	FTE	0.0	0.0	0.0	0.0	0.0
	GF	\$7,484	\$0	\$5,778	\$220	\$0
	CF	\$178,494	\$0	\$133,716	\$5,262	\$0
	RF	\$9,944	\$0	\$7,677	\$293	\$0
	FF	\$2,360	\$0	\$1,822	\$70	\$0

CF Letternote Text Revision Required?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>	If Yes, see schedule 4 fund source detail.
RF Letternote Text Revision Required?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>	
FF Letternote Text Revision Required?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>	
Requires Legislation?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>	
Type of Request?	Department of Regulatory Agencies Non-Prioritized Request		
Interagency Approval or Related Schedule 13s:	Department of Personnel and Administration		

Schedule 13

Funding Request for the FY 2018-19 Budget Cycle

Department of Regulatory Agencies

Request Title

NP-02 Annual Fleet Vehicle Request

Dept. Approval By: _____

[Signature] 10/27/17

_____ Supplemental FY 2017-18

_____ **X** Change Request FY 2018-19

OSPB Approval By: _____

[Signature]

_____ Budget Amendment FY 2018-19

Summary Information	Fund	FY 2017-18		FY 2018-19	FY 2019-20
		Initial Appropriation	Supplemental Request	Base Request	Change Request Continuation
Total		\$173,575	\$0	\$173,575	\$67,861
Total of All Line Items Impacted by Change Request	FTE	0.0	0.0	0.0	0.0
	GF	\$0	\$0	\$0	\$0
	CF	\$173,575	\$0	\$173,575	\$67,861
	RF	\$0	\$0	\$0	\$0
	FF	\$0	\$0	\$0	\$0

Line Item Information	Fund	FY 2017-18		FY 2018-19	FY 2019-20
		Initial Appropriation	Supplemental Request	Base Request	Change Request Continuation
Total		\$173,575	\$0	\$173,575	\$67,861
FTE		0.0	0.0	0.0	0.0
01. Executive Director's Office and Administrative Services -- Vehicle Lease Payments	GF	\$0	\$0	\$0	\$0
	CF	\$173,575	\$0	\$173,575	\$67,861
	RF	\$0	\$0	\$0	\$0
	FF	\$0	\$0	\$0	\$0

CF Letternote Text Revision Required?	Yes _____ No <u>✓</u>	If Yes, see schedule 4 fund source detail.
RF Letternote Text Revision Required?	Yes _____ No <u>✓</u>	
FF Letternote Text Revision Required?	Yes _____ No <u>✓</u>	
Requires Legislation?	Yes _____ No <u>X</u>	
Type of Request?	Department of Regulatory Agencies Non-Prioritized Request	
Interagency Approval or Related Schedule 13s:	Department of Personnel and Administration	

Schedule 13

Funding Request for the FY 2018-19 Budget Cycle

Department of Regulatory Agencies

Request Title

NP-03 Operating System Suite

Dept. Approval By: _____

[Signature] 10/27/17

Supplemental FY 2017-18

Change Request FY 2018-19

OSPB Approval By: _____

[Signature]

Budget Amendment FY 2018-19

Summary Information	Fund	FY 2017-18		FY 2018-19		FY 2019-20
		Initial Appropriation	Supplemental	Base Request	Change	Continuation
			Request		Request	
Total		\$4,005,217	\$0	\$4,005,217	\$17,755	\$29,965
FTE		0.0	0.0	0.0	0.0	0.0
Total of All Line Items Impacted by Change Request						
GF		\$134,843	\$0	\$134,843	\$0	\$0
CF		\$3,611,772	\$0	\$3,611,772	\$17,755	\$29,965
RF		\$258,602	\$0	\$258,602	\$0	\$0
FF		\$0	\$0	\$0	\$0	\$0

Line Item Information	Fund	FY 2017-18		FY 2018-19		FY 2019-20
		Initial Appropriation	Supplemental	Base Request	Change	Continuation
			Request		Request	
Total		\$729,218	\$0	\$729,218	(\$138,279)	(\$138,279)
FTE		0.0	0.0	0.0	0.0	0.0
01. Executive Director's Office and Administrative Services --						
GF		\$800	\$0	\$800	\$0	\$0
CF		\$469,816	\$0	\$469,816	(\$138,279)	(\$138,279)
Hardware/Software Maintenance						
RF		\$258,602	\$0	\$258,602	\$0	\$0
FF		\$0	\$0	\$0	\$0	\$0

Total		\$3,275,999	\$0	\$3,275,999	\$156,034	\$168,244
FTE		0.0	0.0	0.0	0.0	0.0
01. Executive Director's Office and Administrative Services --						
GF		\$134,043	\$0	\$134,043	\$0	\$0
CF		\$3,141,956	\$0	\$3,141,956	\$156,034	\$168,244
Payments to OIT						
RF		\$0	\$0	\$0	\$0	\$0
FF		\$0	\$0	\$0	\$0	\$0

CF Letternote Text Revision Required?	Yes	No	<input checked="" type="checkbox"/>	If Yes, see schedule 4 fund source detail.
RF Letternote Text Revision Required?	Yes	No	<input checked="" type="checkbox"/>	
FF Letternote Text Revision Required?	Yes	No	<input checked="" type="checkbox"/>	
Requires Legislation?	Yes	No	<input checked="" type="checkbox"/>	
Type of Request?	Department of Regulatory Agencies Non-Prioritized Request			
Interagency Approval or Related Schedule 13s:	Office of Information Technology			

Schedule 13

Funding Request for the FY 2018-19 Budget Cycle

Department of Regulatory Agencies

Request Title

R-01 Vehicles for PUC State Safety Oversight Program

Dept. Approval By: _____

[Signature] 10/27/17

_____ Supplemental FY 2017-18

Change Request FY 2018-19

OSPB Approval By: _____

[Signature]

_____ Budget Amendment FY 2018-19

Summary Information	Fund	FY 2017-18		FY 2018-19	FY 2019-20
		Initial Appropriation	Supplemental Request	Base Request	Change Request Continuation
Total		\$173,575	\$0	\$173,575	\$3,207 \$9,621
FTE		0.0	0.0	0.0	0.0 0.0
Total of All Line Items Impacted by Change Request					
GF		\$0	\$0	\$0	\$0 \$0
CF		\$173,575	\$0	\$173,575	\$3,207 \$9,621
RF		\$0	\$0	\$0	\$0 \$0
FF		\$0	\$0	\$0	\$0 \$0

Line Item Information	Fund	FY 2017-18		FY 2018-19	FY 2019-20
		Initial Appropriation	Supplemental Request	Base Request	Change Request Continuation
Total		\$173,575	\$0	\$173,575	\$3,207 \$9,621
FTE		0.0	0.0	0.0	0.0 0.0
01. Executive Director's Office and Administrative Services -- Vehicle Lease Payments					
GF		\$0	\$0	\$0	\$0 \$0
CF		\$173,575	\$0	\$173,575	\$3,207 \$9,621
RF		\$0	\$0	\$0	\$0 \$0
FF		\$0	\$0	\$0	\$0 \$0

CF Letternote Text Revision Required?	Yes _____ No <u> </u>	If Yes, see schedule 4 fund source detail.
RF Letternote Text Revision Required?	Yes _____ No <u> </u>	
FF Letternote Text Revision Required?	Yes _____ No <u> </u>	
Requires Legislation?	Yes _____ No <u> X </u>	
Type of Request?	Department of Regulatory Agencies Prioritized Request	
Interagency Approval or Related Schedule 13s:	Department of Personnel and Administration	



Cost and FTE

- *The Department requests \$3,207 (80% federal funds and 20% cash funds), and \$9,621 ongoing, to support the addition of 2 vehicles in order to carry out additional inspections, investigations, and enforcement actions associated with safety oversight of rail fixed guideway systems.*

Current Program

- *The Public Utilities Commission is Colorado's State Safety Organization (SSO) responsible for safety oversight of rail fixed guideway systems in to prevent accidents and promote public safety.*
- *Rail fixed guideway systems in Colorado presently consist of the RTD light rail system, which includes 173 light rail vehicles and 110 miles of track, located throughout metro Denver.*
- *Currently, 1.0 FTE is assigned to investigate, inspect, enforce, and audit RTD's light rail operations.*

Problem or Opportunity

- *Passage of Federal MAP-21 legislation requires significant enhancements to the current SSO program. A corresponding federal grant award will help support this increased workload.*
- *Program staff will increase from 1.0 FTE to 3.5 FTE in order to perform an estimated 7,280 working hours of inspections, investigations, enforcement actions, and audits.*
- *60% of these hours will involve travel within metro Denver to perform inspections and investigations. This continual field work throughout the entirety of RTD's light rail system is expected to result in 30 miles per day on average, or 7,800 miles annually, of vehicle travel.*
- *Current PUC vehicle resources (10 vehicles) are fully utilized.*

Consequences of Problem

- *Without an adequate inspector presence in the field to conduct the required work, the Colorado SSO program will not meet FTA certification requirements, with the potential result that Colorado could lose the FTA SSO Grant (approximately \$500,000 to \$750,000 per year) as well as potentially \$750 million per year in federal transit funding to the State.*

Proposed Solution

- *To meet the demands of the federal MAP-21 legislation, meet its vision to reduce fatal and serious injury crashes, and achieve required federal certification by 2019, the 3.5 FTE allocated to this program must spend greater than 50% of their work week in the field. Facilitating this in the least costly manner requires the addition of 2 SUV vehicles for travel on and off paved roads to railroad offices and job sites to conduct required inspections, investigations, audits, and enforcement actions.*



COLORADO

Department of Regulatory
Agencies

John W. Hickenlooper
Governor

Marguerite Salazar
Executive Director

FY 2018-19 Funding Request | November 1, 2017

Department Priority: R-01

Request Detail: Vehicles for PUC Enhanced State Safety Oversight Program

Summary of Incremental Funding Change for FY 2018-19	Total Funds	General Fund
Vehicles for PUC Enhanced State Safety Oversight Program	\$3,207	\$0

Problem or Opportunity:

Background: Rail/Fixed Guideway Safety Oversight by PUC. In accordance with 49 CFR Part 659 and Title 40, Article 18 C.R.S, the Colorado Public Utilities Commission has responsibility for the oversight of the safety and security of rail fixed guideway (RFG) systems within the state. RFG systems in Colorado presently consist of the RTD light rail system, which includes 173 light rail vehicles and 110 miles of track, located throughout metro Denver. Currently, 1.0 FTE administers this oversight and is assigned to investigate, inspect, enforce, and audit RTD’s light rail operations.

Federal Legislation Requires Funding Revisions and Safety Program Enhancements. Congress passed the Moving Ahead for Progress in the 21st Century Act (MAP-21) in October 2012. This federal legislation requires individual states to enhance safety oversight for rail fixed guideway systems via their State Safety Oversight (SSO) Programs. The Colorado Public Utilities Commission (PUC) is the State of Colorado’s SSO agency. As part of the MAP-21 legislation, the Federal Transit Administration (FTA) provides an 80% grant for each state’s SSO program, while individual states must provide a 20% match. For Colorado this grant award is expected to amount to approximately \$500,000 to \$750,000 per year. MAP-21 prohibits the State match being provided by the transit agency specifically subject to the SSO program. As such, the Colorado General Assembly enacted HB 13-1103 to conform Colorado law to this new federal requirement, and subsequently passed HB 16-1186 in order to provide the 20% grant match for the SSO program.

Increase Safety Oversight Staff from 1.0 FTE to 3.5 FTE. The enhanced program required under MAP-21 includes a number of important modifications to the program, including: complete financial independence from RTD; rulemaking to codify new requirements under MAP-21; implementation of a training plan for new personnel to carry out grant-funded safety activities; and hiring 2 additional program specialists and a program engineer and associated equipment in order to implement the SSO program and achieve safety goals. Ultimately, the goal of the Colorado SSO program is to meet the demands of the federal MAP-21 legislation, meet its vision to reduce fatal and serious injury crashes, and achieve required federal certification by 2019.

Additional Staff Will Work Primarily in the Field. Program staff will increase from 1.0 FTE to 3.5 FTE in order to perform an estimated 7,280 working hours of inspections, investigations, enforcement actions, and audits. 60% of these hours will involve travel within metro Denver to perform inspections and investigations. This continual field work throughout the entirety of RTD’s light rail system is expected to result in 30 miles per day on average, or 7,800 miles annually, of vehicle travel.

Insufficient DORA/PUC State Vehicles to Absorb Required Travel. The following table shows the Department’s current roster of vehicles by program:

Agency	Number of Vehicles	Purpose
Public Utilities Commission	10	5 vehicles for Investigations and Compliance, 3 vehicles are used for Pipeline Safety inspections, and 2 pooled vehicles are used across the Division (frequently Pipeline Safety as well). Inventory includes 4 full size sedans, 1 compact sedan (CNG), 3 4x4 SUVs, and 2 4x4 station wagons.
Division of Professions and Occupations	51	33 vehicles are used for Electrical inspections, 12 vehicles are used for Plumbing inspections, 4 vehicles are used for Pharmacy inspections, 1 vehicle is used for Passenger Tramway inspections, and 1 vehicle is used for Barbers/Cosmetology inspections. Vehicle inventory includes: 17 4x4 small pickups, 24 1/2 Ton 4x4 pickups, 5 4x4 SUVs, 3 full size sedans, and 2 hybrid Gas/Electric sedans.
Division of Securities	1	One full size sedan is used as a pooled vehicle across the Division, and used primarily for investigations.
	62	

All existing vehicles are presently devoted to full-time work as noted in the table above. With regard to the two pool cars available at the PUC, if the SSO program were to use these cars for the work required, there are several limiting factors: first, physical damage to these non-SUV vehicles is a possibility in the rugged driving conditions required in rail/fixed guideway safety work; second, the use would be of sufficient frequency that the pool vehicle availability to other PUC uses would be severely curtailed; last, availability might be inconsistent if shared by other programs, potentially drawing out timeframes for required work.

Prior to this change request, PUC reviewed the use of its vehicles for both pooling and individual section use to determine the availability of cars for all job related driving for the Transportation and Pipeline Safety sections, new requirements of the Rail/Transit Safety Section, and the remainder of the Commission. Based on this analysis, the only cars that would be available for the Rail/Transit Safety Section would be the PUC pool cars, severely curtailing pool cars available for PUC use. As such this is not thought to be a viable option.

Proposed Solution:

To meet the demands of the federal MAP-21 legislation, meet its vision to reduce fatal and serious injury crashes, and achieve required federal certification by 2019, the 3.5 FTE allocated to this program must spend greater than 50% of their work week in the field. Facilitating this in the least costly manner requires the addition of 2 SUV vehicles for use by the Rail/Transit Safety Section for travel on and off paved roads to railroad offices and job sites to conduct required inspections, investigations, audits, and enforcement actions. This work will require vehicle use by employees throughout the week, often driving in rugged right-of-way conditions. Based on the workload analysis for the enhanced program and the work required of the staff, two SUV vehicles are thought to be the minimum requirements.

The proposed solution will facilitate completion of enhanced safety oversight required under MAP-21 as efficiently and cost-effectively as possible, as follows:

- First, only 2 vehicles are requested (instead of 3), as it is presumed that rotation of use of the vehicles among the section to perform required duties can be managed to help avoid the costs of a third vehicle;
- Second, the anticipated lease rate of these vehicles (\$3,371 per vehicle) is less expensive than daily rental of motor pool vehicles (an expected minimum of \$10,140 per vehicle @ \$65 per day for an estimated 156 days), not including lost employee time in arranging for temporary vehicles on a frequent basis;
- Third, requiring personal vehicle reimbursement @ \$0.48 per mile (\$3,744 annually at current mileage estimates) also exceeds the costs of a vehicle lease, not including the potential additional salary requirements that might be expected of prospective employees who are required to use their own personal vehicle as a condition of employment;
- Last, it is important to note that this request requires only 20% state cash funding. Leveraging available federal resources is an important aspect of this request.

Consequences of Problem – Federal Grant Funding at Risk. All statutory changes involving the new MAP-21 SSO program and the grant match have been made through HB 13-1103 and HB 16-1186. However, if this request is not approved, it is believed that there will not be adequate inspector availability in the field to conduct the required work. Without this presence, the Colorado SSO program may not meet FTA certification requirements, with the potential result that Colorado could lose the FTA SSO Grant (approximately \$500,000 to \$750,000 per year) as well as potentially \$750 million per year in federal transit funding to the State.

More specifically, carrying out this work without dedicated vehicles could be expected to immediately result in workload backlogs and lack of timely inspections, as employees would attempt to utilize a PUC pooled vehicle as needed. This will in turn compromise both the timeliness and quality of work performed, ultimately serving to hinder the completion of MAP-21 goals of reducing fatal and serious injury crashes, and achieving required federal certification for Colorado by 2019. Colorado must be in compliance with FTA program standards by no later than April 15, 2019.

No additional FTE are needed for this solution above and beyond what is already included in the PUC budget. The funding required for the two SUV vehicles will be an ongoing, requested to be split 80/20 with available federal funding, and impacts other Departments if approved only insofar as the vehicles will be managed by State Fleet in the Department of Personnel and Administration.

Anticipated Outcomes:

Measurement of field time and employee time spent on the enhanced activities as we will be required to provide in an annual report to FTA will show the measure of effectiveness of the provisioning of two SUV vehicles for exclusive section use. Successful provisioning of the FTA annual report and retention of the grant will show if the proposed solution has been effective.

The outcome links to the Department's Performance Plan in that the requirement for the enhanced SSO program will show increased enforcement, investigations, and inspections of the RTD light rail system, which are three of the major program areas in the DORA Performance Plan. Additionally, the anticipated

outcome links to the Vision 2018 goal of Quality Government Services by providing oversight of the RTD system with the goal of reducing fatal and serious injury crashes at all state highway and local highway-light rail crossings.

The expected return on investment is expanded public safety oversight of the RTD Light Rail System as required under the MAP-21 legislation. Without successful implementation of the program, the State of Colorado is at risk of not only losing the FTA SSO Grant (approximately \$500,000 to \$750,000 per year), but also all FTA transit funding to the state totaling approximately \$750,000,000 per year.

The enhanced SSO program is currently going through the required certification process with FTA. Colorado must be in compliance with FTA program standards by no later than April 15, 2019. FTA has indicated that with approval of the FTA SSO grant, these funds should be used now to start providing enhanced SSO program services. FTA will annually evaluate how each state is performing through review of the required annual report and once every three years through an FTA audit of the program.

Assumptions and Calculations:

There are no new FTE costs associated with this request.

Equipment annual costs are estimated at \$3,207 in FY 18-19 and \$9,621 annually thereafter for provisioning of two SUV vehicles. This estimate is based on the monthly rates the PUC is currently paying for leasing of an SUV, adjusted for approximate lease rate increases anticipated by State Fleet.

Equipment costs are calculated at a monthly SUV vehicle lease rate of \$280.88 (\$244.24 plus 15% per State Fleet), with monthly parking at \$120, @ 4 months for the first year due to delivery times. These figures are shown in the table below:

	Monthly SUV Lease Rate	Monthly Parking Rate	Total Monthly Rate/Vehicle	Number of Months/Year	Number of Vehicles	Total Yearly Expenditure
FY 18-19	\$ 280.88	\$ 120.00	\$ 400.88	4	2	\$ 3,207.04
FY 19-20	\$ 280.88	\$ 120.00	\$ 400.88	12	2	\$ 9,621.12

Note: Variable vehicle costs are not included and are expected to be absorbed within current appropriations and grant funding.

Supplemental, 1331 Supplemental or Budget Amendment Criteria:

N/A

Additional Information (for internal/OSPB use only)

	Yes	No	Additional Information
Is the request driven by a new statutory mandate?	X		Map-21, HB 13-1103, and HB 16-1186.
Will the request require a statutory change?		X	
Is this a one-time request?		X	Ongoing annual

Will this request involve IT components?		X	Vehicles only
If yes, has OIT reviewed the request and submitted a corresponding Schedule 13?			
Does this request impact other state agencies?		X	Only PUC
If yes, has the other impacted state agencies reviewed the request and submitted a corresponding Schedule 13?			
Is there sufficient revenue to support the requested cash fund expenditures?	X		80 % FTA SSO grant and 20% State Match of SSO grant.
Does the request link to the Department's Performance Plan?	X		Requirements for the enhanced SSO program include enforcement, investigations, and inspections of the RTD light rail system, which are three of the major program areas in the DORA Performance Plan.

Schedule 13

Funding Request for the FY 2018-19 Budget Cycle

Department of Regulatory Agencies

Request Title

R-02 Base Reduction DPO and PUC Personal Services

Dept. Approval By:  10/29/17

Supplemental FY 2017-18

Change Request FY 2018-19

OSPB Approval By: 

Budget Amendment FY 2018-19

Summary Information	Fund	FY 2017-18		FY 2018-19		FY 2019-20
		Initial Appropriation	Supplementa	Base Request	Change	Continuation
			I Request		Request	
Total		\$24,212,649	\$0	\$24,714,464	(\$483,885)	\$0
FTE		286.2	0.0	286.2	0.0	0.0
Total of All Line Items Impacted by Change Request	GF	\$0	\$0	\$0	\$0	\$0
	CF	\$23,619,198	\$0	\$24,121,013	(\$483,885)	\$0
	RF	\$593,451	\$0	\$593,451	\$0	\$0
	FF	\$0	\$0	\$0	\$0	\$0

Line Item Information	Fund	FY 2017-18		FY 2018-19		FY 2019-20
		Initial Appropriation	Supplementa	Base Request	Change	Continuation
			I Request		Request	
Total		\$9,497,177	\$0	\$9,678,277	(\$189,944)	\$0
FTE		91.3	0.0	91.3	0.0	0.0
07. Public Utilities Commission -- Personal Services	GF	\$0	\$0	\$0	\$0	\$0
	CF	\$9,497,177	\$0	\$9,678,277	(\$189,944)	\$0
	RF	\$0	\$0	\$0	\$0	\$0
	FF	\$0	\$0	\$0	\$0	\$0

Total		\$14,715,472	\$0	\$15,038,187	(\$293,941)	\$0
FTE		194.9	0.0	194.9	0.0	0.0
09. Division of Professions and Occupations -- Personal Services	GF	\$0	\$0	\$0	\$0	\$0
	CF	\$14,122,021	\$0	\$14,442,736	(\$293,941)	\$0
	RF	\$593,451	\$0	\$593,451	\$0	\$0
	FF	\$0	\$0	\$0	\$0	\$0

CF Letternote Text Revision Required?	Yes <input type="checkbox"/> No <input type="checkbox"/>	If Yes, see schedule 4 fund source detail.
RF Letternote Text Revision Required?	Yes <input type="checkbox"/> No <input type="checkbox"/>	
FF Letternote Text Revision Required?	Yes <input type="checkbox"/> No <input type="checkbox"/>	
Requires Legislation?	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	
Type of Request?	Department of Regulatory Agencies Prioritized Request	
Interagency Approval or Related Schedule 13s:	None	



Summary of Budget Reduction

- *The Department proposes an ongoing reduction of \$483,885 Cash Funds prioritized between two Divisions beginning in FY 2018-19. More specifically, reductions of \$189,944 are requested in the Public Utilities Commission (Personal Services) and \$293,941 in the Division of Professions and Occupations (Personal Services).*

Current Program or Service

- *The Department's largest two Divisions – the Division of Professions and Occupations (\$24.4 million) and the Public Utilities Commission (\$17.0 million) – collectively include approximately 300 FTE, over half the Department's total FTE appropriation.*
- *The Division of Professions and Occupations provides consumer protection via licensure of approximately 394,000 regulated professionals across more than 40 licensing boards and programs, and is entirely cash funded via license fees paid by regulated professionals and businesses.*
- *The Colorado Public Utilities Commission (PUC) serves the public interest by effectively regulating utilities and facilities so that the people of Colorado receive safe, reliable, and reasonably-priced services consistent with the economic, environmental and social values of our state. The PUC is funded via fee assessments on utilities.*

Additional Discussion

- *Recent Experience with Temporary Cost-Cutting Efforts. In seeking this reduction, the Department is prioritizing two areas that have recent experience in cost-cutting in order to live within available revenue.*
- *While any reductions have potential impact on a number of specific work activities (Investigations, Inspections, License/permit issuance, Rate Approvals, and Enforcement), the Department does not believe that the proposed incremental reductions will result in the failure to accomplish statutory directives. Consumers will remain protected and the Department will implement any necessary strategies to prioritize resources as circumstances warrant.*

Assumptions and Calculations

- *No specific FTE are proposed to be reduced associated with this request. Vacancy savings/attrition is expected to be the primary strategy for absorbing proposed Personal Services reductions*



COLORADO

Department of Regulatory Agencies

John W. Hickenlooper
Governor

Marguerite Salazar
Executive Director

FY 2018-19 Funding Request | November 1, 2017

Department Priority: R-02
Request Detail: Base Reduction DPO and PUC Personal Services

Summary of Incremental Funding Change for FY 2018-19	Total Funds	General Fund
Base Reduction DPO and PUC Personal Services	(\$483,885)	\$0

Problem or Opportunity:

The Department proposes an ongoing reduction of \$483,885 Cash Funds prioritized between two Divisions beginning in FY 2018-19. More specifically, reductions of \$189,944 are requested in the Public Utilities Commission (Personal Services) and \$293,942 in the Division of Professions and Occupations (Personal Services).

Current Program. The Department's largest two Divisions – the Division of Professions and Occupations (\$24.4 million) and the Public Utilities Commission (\$17.0 million) – collectively include approximately 300 FTE, over half the Department's total FTE appropriation. The Division of Professions and Occupations provides consumer protection via licensure of approximately 394,000 regulated professionals across more than 40 licensing boards and programs, and is entirely cash funded via license fees paid by regulated professionals and businesses. The Colorado Public Utilities Commission (PUC) serves the public interest by effectively regulating utilities and facilities so that the people of Colorado receive safe, reliable, and reasonably-priced services consistent with the economic, environmental and social values of our state. The PUC conducts business via quasi-legislative rulemaking activities by PUC, as well as by quasi-judicial litigated administrative law hearings on complex rate and permit issues. PUC oversees utilities generating billions of dollars in annual jurisdictional utility revenues in Colorado, and is funded via fee assessments on utilities.

In offering this reduction, the Department is prioritizing two areas that have recent experience in cost-cutting in order to live within available revenue. More specifically, both of these agencies temporarily reduced hiring in order to rectify revenue shortfalls occurring in FY 2014-15 and FY 2015-16. With this recent experience in managing available resources to complete statutory missions, and having not yet fully returned to normative expenditure levels due to vacancies, it is expected that these Divisions will be able to accommodate this budget reduction while maintaining continuity of operations.

Having said that, any budget reduction carries the potential to impact specific work activities. These activities are summarized as follows:

Workload	Metric	Discussion
Investigations (DPO and PUC)	35 Criminal Investigators, 1,000 annual investigations	These Divisions employ approximately 35 criminal investigators. Almost every regulatory program in the Department investigates complaints or allegations of misconduct. Incrementally less hours available to conduct investigations may lead to corresponding increases in investigations time, which could be expected to increase complaint resolution timeframes.
Inspections (DPO and PUC)	50,000 annual inspections	These two Divisions carry out approximately 50,000 inspections per year, including electrical and plumbing inspections, business inspections, passenger tramway inspections, and pipeline safety inspections. Incrementally less hours available for this workload could contribute to or compound the development of any inspection backlogs that may occur. This is likely to have an economic impact as construction timeframe delays can prove costly to consumers and/or businesses.
License/Permit Issuance (DPO and PUC)	Over 400,000 individuals and businesses	These two Divisions license over 400,000 individuals and businesses. While many of these licenses are renewals that occur online, any license approval that requires further validation or staff handling prior to issuance may not be resolved as quickly.
Enforcement (DPO and PUC)	Approximately 5,000 disciplinary actions annually	Ultimately, enforcement and disciplinary actions depend on all of the above activities. As such, an incremental, but unknown, impact can reasonably be expected from the proposed 2% budget reductions.

However, it is important to note that the Department does not believe that incremental reductions spread across the two Division in this manner will result in the failure to accomplish any statutory directives. Consumers will remain protected and the Department will implement any necessary strategies to prioritize resources as circumstances warrant.

Proposed Solution:

The Department proposes an ongoing reduction of \$483,885 Cash Funds prioritized between two Divisions. More specifically, reductions of \$189,944 are requested in the Public Utilities Commission (Personal Services) and \$293,942 in the Division of Professions and Occupations (Personal Services).

Anticipated Outcomes:

The Department does not believe that incremental reductions spread across the two Division in this manner will result in the failure to accomplish any statutory directives.

Assumptions and Calculations:

Reduction amounts were calculated on the Personal Services line item appropriation for each Division, as set forth in the following table:

Division	Personal Services FY 2017-18 Appropriation	Personal Services FY 2018-19 Reduction
Public Utilities Commission	\$9,497,177	\$189,944
Division of Professions and Occupations	\$14,697,086	\$293,942
Total		\$483,885

Supplemental, 1331 Supplemental or Budget Amendment Criteria:

N/A

Additional Information (for internal/OSPB use only)

	Yes	No	Additional Information
Is the request driven by a new statutory mandate?		X	
Will the request require a statutory change?		X	
Is this a one-time request?		X	
Will this request involve IT components?		X	
If yes, has OIT reviewed the request and submitted a corresponding Schedule 13?			
Does this request impact other state agencies?		X	
If yes, has the other impacted state agencies reviewed the request and submitted a corresponding Schedule 13?			
Is there sufficient revenue to support the requested cash fund expenditures?	X		
Does the request link to the Department's Performance Plan?		X	There is no effect on the Department's ability to meet performance goals.