

## Department of Revenue

### Funding Request for the FY 2022-23 Budget Cycle

Request Title

R-01 DMV DRIVES System Support

Dept. Approval By: \_\_\_\_\_

Supplemental FY 2021-22

OSPB Approval By: \_\_\_\_\_

Budget Amendment FY 2022-23

X

Change Request FY 2022-23

Summary Information	Fund	FY 2021-22		FY 2022-23		FY 2023-24
		Initial Appropriation	Supplemental Request	Base Request	Change Request	Continuation
	<b>Total</b>	<b>\$53,029,354</b>	<b>\$0</b>	<b>\$52,169,506</b>	<b>\$3,075,916</b>	<b>\$3,053,916</b>
	FTE	524.0	0.0	527.6	11.0	11.0
<b>Total of All Line Items Impacted by Change Request</b>	GF	\$15,574,149	\$0	\$12,783,300	\$0	\$0
	CF	\$37,161,116	\$0	\$39,198,801	\$3,075,916	\$3,053,916
	RF	\$294,089	\$0	\$187,405	\$0	\$0
	FF	\$0	\$0	\$0	\$0	\$0

Line Item Information	Fund	FY 2021-22		FY 2022-23		FY 2023-24
		Initial Appropriation	Supplemental Request	Base Request	Change Request	Continuation
	<b>Total</b>	<b>\$7,808,626</b>	<b>\$0</b>	<b>\$10,143,909</b>	<b>\$1,351,240</b>	<b>\$1,351,240</b>
01. Executive Director's Office, (A)	FTE	0.0	0.0	0.0	0.0	0.0
Administration and Support, (1)	GF	\$7,177,700	\$0	\$8,051,179	\$0	\$0
Administration and Support - Payments to OIT	CF	\$630,926	\$0	\$2,092,730	\$1,351,240	\$1,351,240
	RF	\$0	\$0	\$0	\$0	\$0
	FF	\$0	\$0	\$0	\$0	\$0

	<b>Total</b>	<b>\$3,989,914</b>	<b>\$0</b>	<b>\$3,939,725</b>	<b>\$826,562</b>	<b>\$826,562</b>
	FTE	48.9	0.0	48.9	7.0	7.0
04. Division of Motor Vehicles, (A)	GF	\$470,851	\$0	\$584,878	\$0	\$0
Administration , (1)	CF	\$3,467,553	\$0	\$3,303,337	\$826,562	\$826,562
Administration - Personal Services	RF	\$51,510	\$0	\$51,510	\$0	\$0
	FF	\$0	\$0	\$0	\$0	\$0

Line Item Information	Fund	FY 2021-22		FY 2022-23		FY 2023-24
		Initial Appropriation	Supplemental Request	Base Request	Change Request	Continuation
	<b>Total</b>	<b>\$550,591</b>	<b>\$0</b>	<b>\$545,278</b>	<b>\$20,650</b>	<b>\$6,650</b>
	FTE	0.0	0.0	0.0	0.0	0.0
04. Division of Motor Vehicles, (A)	GF	\$63,682	\$0	\$63,731	\$0	\$0
Administration , (1)	CF	\$483,519	\$0	\$478,157	\$20,650	\$6,650
Administration - Operating Expenses	RF	\$3,390	\$0	\$3,390	\$0	\$0
	FF	\$0	\$0	\$0	\$0	\$0
	<b>Total</b>	<b>\$9,005,747</b>	<b>\$0</b>	<b>\$7,289,830</b>	<b>\$396,000</b>	<b>\$396,000</b>
	FTE	0.0	0.0	0.0	0.0	0.0
04. Division of Motor Vehicles, (A)	GF	\$1,550,700	\$0	\$101,700	\$0	\$0
Administration , (1)	CF	\$7,346,847	\$0	\$7,188,130	\$396,000	\$396,000
Administration - DRIVES Maintenance and Support	RF	\$108,200	\$0	\$0	\$0	\$0
	FF	\$0	\$0	\$0	\$0	\$0

Line Item Information	Fund	FY 2021-22		FY 2022-23		FY 2023-24
		Initial Appropriation	Supplemental Request	Base Request	Change Request	Continuation
	<b>Total</b>	<b>\$24,382,216</b>	<b>\$0</b>	<b>\$24,773,173</b>	<b>\$234,832</b>	<b>\$234,832</b>
	FTE	428.5	0.0	430.2	2.0	2.0
04. Division of Motor Vehicles, (B) Driver Services, (1) Driver Services - Personal Services	GF	\$3,234,246	\$0	\$2,900,377	\$0	\$0
	CF	\$21,027,151	\$0	\$21,750,461	\$234,832	\$234,832
	RF	\$120,819	\$0	\$122,335	\$0	\$0
	FF	\$0	\$0	\$0	\$0	\$0
	<b>Total</b>	<b>\$3,465,126</b>	<b>\$0</b>	<b>\$2,354,679</b>	<b>\$5,900</b>	<b>\$1,900</b>
	FTE	0.0	0.0	0.0	0.0	0.0
04. Division of Motor Vehicles, (B) Driver Services, (1) Driver Services - Operating Expense	GF	\$1,524,707	\$0	\$414,260	\$0	\$0
	CF	\$1,930,249	\$0	\$1,930,249	\$5,900	\$1,900
	RF	\$10,170	\$0	\$10,170	\$0	\$0
	FF	\$0	\$0	\$0	\$0	\$0

Line Item Information	Fund	FY 2021-22		FY 2022-23		FY 2023-24
		Initial Appropriation	Supplemental Request	Base Request	Change Request	Continuation
	<b>Total</b>	<b>\$2,534,289</b>	<b>\$0</b>	<b>\$2,727,772</b>	<b>\$234,832</b>	<b>\$234,832</b>
	FTE	46.6	0.0	48.5	2.0	2.0
04. Division of Motor Vehicles, (C) Vehicle Services, (1) Vehicle Services - Personal Services	GF	\$611,006	\$0	\$626,188	\$0	\$0
	CF	\$1,923,283	\$0	\$2,101,584	\$234,832	\$234,832
	RF	\$0	\$0	\$0	\$0	\$0
	FF	\$0	\$0	\$0	\$0	\$0
	<b>Total</b>	<b>\$1,292,845</b>	<b>\$0</b>	<b>\$395,140</b>	<b>\$5,900</b>	<b>\$1,900</b>
	FTE	0.0	0.0	0.0	0.0	0.0
04. Division of Motor Vehicles, (C) Vehicle Services, (1) Vehicle Services - Operating Expenses	GF	\$941,257	\$0	\$40,987	\$0	\$0
	CF	\$351,588	\$0	\$354,153	\$5,900	\$1,900
	RF	\$0	\$0	\$0	\$0	\$0
	FF	\$0	\$0	\$0	\$0	\$0

Auxiliary Data

Requires Legislation? YES

Type of Request? Revenue Prioritized Request Interagency Approval or Related Schedule 13s: Requires OIT Approval



**Department Priority: R-01**  
**Request Detail: DMV DRIVES System Support**

Summary of Funding Change for FY 2022-23			
		Incremental Change	
	FY 2021-22 Appropriation	FY 2022-23 Request	FY 2023-24 Request
Total Funds	\$53,029,354	\$3,075,916	\$3,053,916
FTE	524.0	11.0	11.0
General Fund	\$15,574,149	\$0	\$0
Cash Funds	\$37,161,116	\$3,075,916	\$3,053,916
Reappropriated Funds	\$294,089	\$0	\$0
Federal Funds	\$0	\$0	\$0

**Summary of Request**

The Department of Revenue (DOR) requests two changes at the Division of Motor Vehicles (DMV) to improve customer service, eliminate inefficient, residual financial structures, and more transparently portray financial operations at DMV. To accomplish this, DOR requests:

1. additional \$3.1M ongoing spending authority from the DRIVES Cash Fund to address a growing backlog of system enhancements and maintenance requested by State and County offices (this amount includes \$1,351,242 to be paid to OIT); and,
2. that JBC sponsor legislation to merge the two operational cash funds that support divisional activities, the DRIVES Fund and the Licensing Services Cash Fund, originally differentiated to support two separate, but no longer active, IT systems.

The DRIVES system was developed three years ago to streamline activities at DMV by merging multiple IT systems into a single statewide solution. DOR now seeks to shift from the initial deployment and stabilization phase to an expansion and improvement phase. DMV has a backlog of 2,400 programming change requests, which is growing by over 400 each year. This request seeks to deploy and streamline existing resources to improve DRIVES for all customers, with no immediate increase in fee revenue necessary assuming the consolidation of the two operating funds is also approved as part of this proposal. In the long term DMV will look towards sustainable funding options that may include fee increases. By merging the operating funds, DOR can return to a more transparent operating model whereby the single system and overall DMV business operations are supported by one cash fund, instead of the existing bifurcation of funding streams that both finance the same activities within the division.

To address this backlog of 2,400 items and make critical system improvements, DOR is requesting a permanent increase in cash fund spending authority for FY 2022-23 and in subsequent years in each of the following line items:

1. \$1,296,225 in personal services and 11.0 FTE for the DMV for the maintenance and support of the DRIVES system. This includes one supervisor for DMV-wide contract management support, four positions to provide business user acceptance testing (UAT) (one dedicated to the County Clerks/Authorized Agents), one Project Manager, one Organizational Change Manager, and four Business Analysts to create additional production support teams.
2. \$32,450 beginning for affiliated operating expenditures.
3. \$396,000 in DRIVES Maintenance and Support within the DMV for additional vendor support for the DRIVES system.
4. \$1,351,242 for the Payments to The Office of Information Technology (OIT) spending authority within the Executive Director's Office (EDO) to support the DRIVES system. This will have an accompanying NP request from OIT.

Additionally, this request seeks to consolidate the two DMV operating cash funds (DRIVES and the License Services Cash Fund) within DOR to streamline financial management, as both cash funds fund the DRIVES system and all other DMV operations. Consistent with common policy standards, this change should include language allowing the combined cash fund to retain all interest earned. The consolidation would combine revenue sources, simplify expenditure accounting by eliminating cost allocation across multiple cash funds, and better allow DMV to maximize the use of resources to support customer service needs.

### ***Current Program***

DRIVES is Colorado's Driver and Motor Vehicle services software platform, owned and developed by FAST Enterprises. It supports the needs of a diverse stakeholder population including the state DMV, 64 counties title and registration delegates, DOR's Hearings Division, the Department of Public Safety, local Law Enforcement and many others.

This essential software system is supported as follows:

**DRIVES System Development and Maintenance** - Currently, the vendor, FAST Enterprises, LLC, provides all developers for programming the system. The contract ensures that the DRIVES system is kept current and reliable. DRIVES Development and Maintenance resources are focused on fixing functionality that is not working as designed within the system, system maintenance (service packs), and platform upgrades. Currently, there is very limited programming support for addressing user desired changes to the system. The DOR production support team currently has one Product Owner, one Scrum Master, seven FAST Implementation Consultants, eight Business Analysts, and four Quality Assurance resources.

Implemented in May 2020, the DOR created a Business Innovation Group which started using a Scrum framework based on an Agile mindset through which prioritized work is funneled to teams. Throughput is forecasted based upon the average productivity of each team. Although throughput increased immediately, the level of available resources and contractual constraints continue to limit the team's ability to meet growing customer demand. In the time since the Agile rollout, the collective DRIVES team (including both FAST and DOR resources) has seen consistent improvement in efficiency and delivery of business value through process maturation, training, and other continuous improvement methods.

System stabilization was the focus of development efforts for the first one to two years following the DRIVES platform deployment and integration. Now that the system is stable, the teams can look towards feature additions, platform enhancements, configuration corrections, and stakeholder requests. However, given team resource constraints, and contractual limitations, the DRIVES roadmap is filled almost entirely with system maintenance (service packs), and a few select enhancement projects.

At this point in the DRIVES platform lifecycle, the teams should have platform support/maintenance efforts running in the background and have instead a strong focus on enhancements, feature requests, and configuration changes. Current staffing and funding levels do not allow fulfillment of these emerging needs; staff are instead by necessity almost entirely centered around platform maintenance. The pandemic brought unexpected demand for changes and enhancements to the system to ensure more self service options, and contactless interactions. The priority list of enhancements and feature requests from the DMV and counties is growing at a rate of roughly 20% per year, which equates to over 400 items. As of July 2021, there were over 2,400 total items in the request queue.

The DRIVES Production Support sub-unit is satisfactorily meeting its mission. This team provides technical support to over 1,800 DRIVES users. Support includes answering approximately 4,300 phone calls and management of approximately 4,500 help desk tickets yearly. No changes are planned with this unit.

**DMV Programming Requests / UAT Testing and Contract Management Support** - Due to limited resources, the DMV model for tracking and prioritizing DRIVES programming



change requests is modeled similarly to how it was accomplished under the legacy system. The new Scrum and Agile framework requires dedicated staff. The DMV was able to dedicate staff from its drivers services program, but did not have the FTE available to dedicate to vehicle services and county programming and testing needs.

This additional responsibility with the DRIVES system is more demanding of employee time than management of programming requirements under the legacy systems. The pace of the Scrum and Agile process is adversely impacting State DMV and county employees to fulfill their customer service duties. These new demands are impactful and the production rate of changes to the DRIVES system continues to result in an annual deficiency, increasing the number of outstanding programming requests by 439.

The management of DMV-wide contracts has also been resourced by assigning this duty to management level employees that already have other job responsibilities. In order for the DMV to manage these large, complex contracts, a resource gap has been identified to provide management with the support it needs to adequately manage these division-wide contracts as required by statute.

### ***Problem or Opportunity***

Now that the DRIVES system has been in operation for several years, the department has identified several areas within its support structure where resource constraints exist which are negatively impacting the user experience of this essential system and their ability to deliver services to the residents we serve. The County Clerks Association has been in constant contact with the department about their concerns with the growing backlog of improvements and support of the system. DMV's County partners have expressed that addressing these concerns is a top priority so they can effectively and efficiently administer the state's Title and Registration program using DRIVES.

It is important to note that Counties are not required to partner with the state to provide these services to their residents. The DOR conducted an analysis of three larger counties' FTE to assess risk to the DOR should counties become frustrated with lack of DRIVES development support and elect to no longer become registered agents of the state. In that event, the DMV would need to increase employment by 289 FTE at a cost of \$12.4 million annually plus capital costs to open offices in these counties.

#### **1. DRIVES System Development and Maintenance**

From the time the DRIVES system was implemented in 2018, the requests from DMV staff, 64 Counties, Hearings, Public Safety, Law Enforcement and many others for system enhancements, process efficiencies, and reducing technical debt, have far exceeded the current resource allocation for these types of enhancements in the vendor contract. Over 20,000 requests for data, system maintenance, corrections, or enhancements have been logged since the system's implementation just three years ago and there are over 2,400 remaining in the backlog today with an average of 60 new requests generated each week.

This backlog predated the pandemic, which has only added to this demand by increasing requests to support the needed transformation of the system so we can best support the new remote and socially distanced needs of the customers and employees. These pandemic-related needs will be addressed with temporary FTE supported by the American Recovery Plan Act funds granted to the Governor for administrative expenses. That, however, cannot support the ongoing needs that predated the pandemic.

The DMV has spent the last fiscal year strategically addressing how to prioritize the backlog of requests, in order to add the highest business value, through a newly adopted Agile development process. However, the level of demand so significantly outweighs the current capacity that even the highest priority requests cannot all be completed and the backlog continues to grow. This hinders the department's ability to meet our customer needs and to ensure compliance with all federal and state laws and regulations.

The existing vendor contract was negotiated intentionally to be conservative with the objective of using our learnings to better understand the legislative and strategic demands from the multitude of stakeholder groups that currently benefit from the DRIVES system. Therefore, the contract was focused on keeping the existing DRIVES system operational in the form of service packs (system maintenance), version upgrades, and correcting inevitable programming flaws. It only includes 2,000 hours/year for other requests, such as enhancements necessary to support both user requests and new legislation, data requests, etc. which would roughly translate to resolving 60 small requests per year. For context, last year the General Assembly passed roughly 20 bills that need over 10,000 hours of programming just in the next fiscal year. While one-time appropriations were provided, the ability of the department to hire and train staff that are effective and efficient is not possible with the short-term, one-off funding provided to DOR.

In response to the growing backlog, the department conducted an analysis to hear from stakeholders, review the contract, collect data from other states/jurisdictions that are using this same platform, and then to make recommendations on how best to address this systemic problem. Data was collected from 21 other jurisdictions through informal polling and detailed interviews.

One common theme across other states and jurisdictions that shared similar implementation timelines and durations of implementation (<3 years) was that they were leveraging FAST in a similar fashion to the DMV's current contract, predominantly for maintenance and upgrades. One key difference, however, was that they were also supplementing this with non-FAST (departmental) teams to address their other requests for enhancements, data, legislation, etc. These teams ranged in size from 50 to 90 FTE to support their various jurisdictions.

The analysis demonstrated that the most cost-effective method for addressing Colorado's significant backlog was to establish non-FAST development teams to integrate with and supplement the current FAST maintenance team.

## 2. DMV Programming Requests / UAT Testing and Contract Management Support

Current existing personal appropriation has resulted in an increasing number of outstanding DRIVES programming items each year. In order to support the strategy to address the identified backlog of DRIVES development, the DMV will need staff resources for user acceptance testing. One of these resources will be providing support to counties to manage development work in DRIVES and support the strategy to address the backlog.

There are a multitude of vendor contracts which require significant effort to manage and maintain within the DMV. Having the time to understand all of these contracts and the involved stakeholders is a commitment. Centralizing this responsibility under someone who can specialize and oversee all of the many DMV-wide vendor relationships will benefit the DMV to develop a deep competency in contract management.

### *Proposed Solution*

#### 1. DRIVES System Development and Maintenance

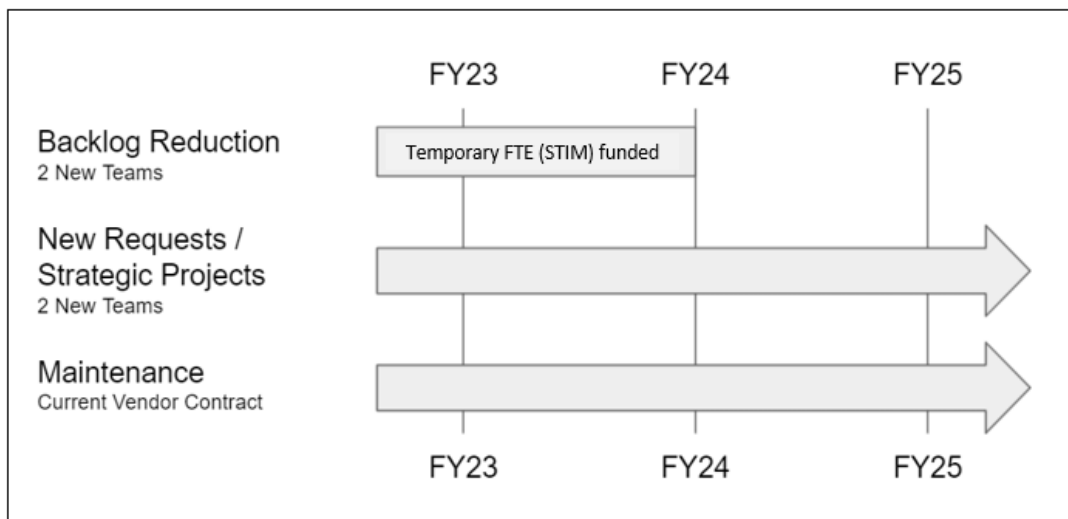
As discussed above, the analysis identified that the existing contract that is focused on keeping the DRIVES system operational in the form of service packs (system maintenance), version upgrades, and correcting things that are not working as designed is working well and should be maintained. The most cost effective strategy to address the increase in DRIVES development demand resulting from the pandemic response, and the priority list of enhancements and feature requests from the DMV and counties, is to implement non-FAST, state development teams composed of 11.0 FTE DOR team members in FY 2022-23 and in subsequent years in partnership with OIT & FAST.

As a part of DOR and OIT’s newly adopted Agile development processes, the team has identified an “optimal development team structure” which produces the highest level of overall throughput. This core team structure consists of two business analysts (BA), three user acceptance testers (UAT), one scrum master, three developers, and one quality assurance professional. The following table depicts how this Agile team structure can “scale,” as needed, to address the desired productivity output level. In addition, as the number of “teams” scale, the number of other leadership roles must also scale, i.e., once there are more than three teams, an additional scrum master is needed. DOR is adding the business skills to the teams in the form of Project Managers, Supervisors, Business Analysts, and User Acceptance Testers. OIT is adding the technical skills with Scrum Masters, Developers, and Quality Assurance. A Fast Implementation Consultant is needed to coach the teams in order to be as efficient as possible with the solutions being delivered.

	DOR				OIT			Vendor	
# of New "Teams"	PM	Supervisor	BA	UAT	Scrum Master	DEV	QA	FAST IC	Annual Backlog Impact
0	0	0	0	0	0	0	0	0	439
1	0	0	2	3	1	3	1	0	256
2	1	1	4	5	1	6	2	1	73
3	2	2	6	7	1	9	3	1	-110
4	2	2	8	9	2	12	4	1	-293

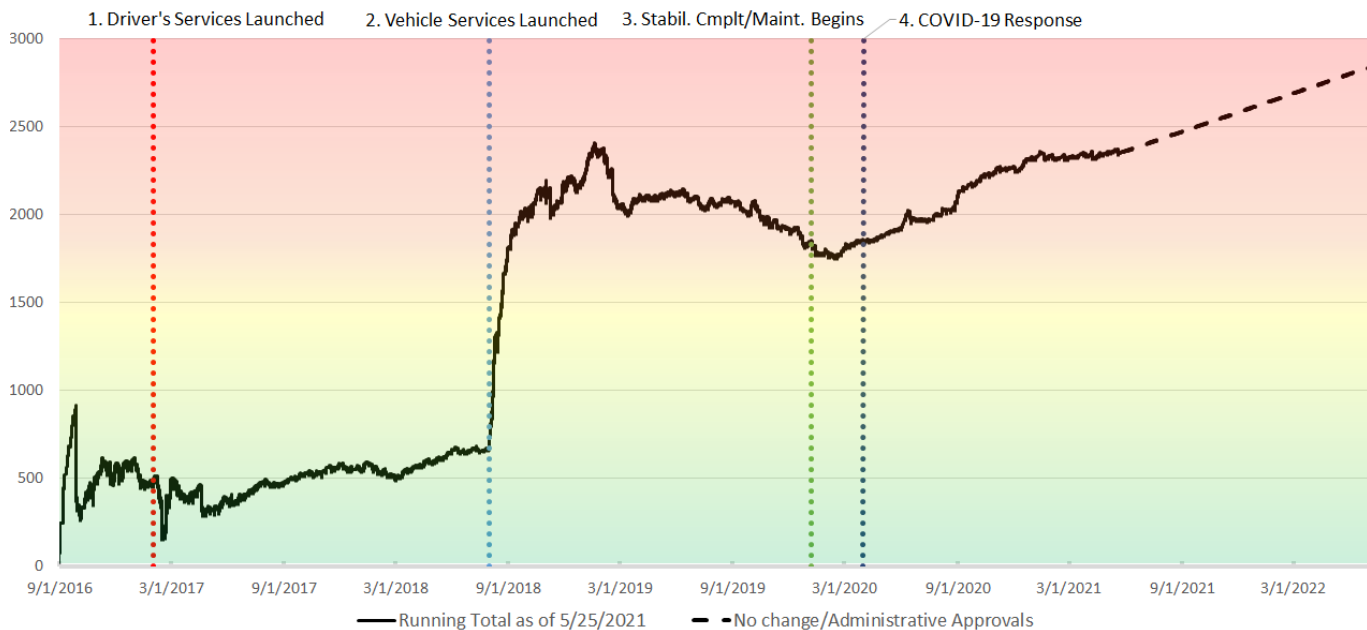
When considering the average rate of new requests being made on a yearly basis, a net reduction, or Annual Backlog Impact, in the queued work of an estimated 2400 requests is not sufficiently realized until you scale the resources to at least three additional/incremental teams. This request is for a total of two teams focused on new requests and strategic project requests. The department has submitted an aligning Federal stimulus request in order to reduce the existing backlog and allow for the full time resources to focus on new strategic projects.

Simultaneously introducing operational improvements within the teams will ensure they are delivering as efficiently as possible. In addition, a process will be to ensure the backlog is prioritized in order to focus on the most important items. Also the current backlog will be to ensure all requests are still relevant and have not already been addressed through process improvement and/or system upgrades, or may have been submitted due to training issues.



When Vehicle Services launched in 2018 and the System Stabilization phase completed the vendor reduced their staff accordingly, and a steady increase was seen in requests that exceeded throughput causing the backlog to steadily increase.

## DRIVES Open SQRs - Actuals and Forecast



In order to address the current DRIVES backlog and maintain the pace of new requests, DMV/OIT are requesting funding to build a total of four state development teams: two funded temporarily by ARPA funding (provided by the Governor through administrative response funding), and two ongoing, cash funded teams to keep up with increased demand. These teams will integrate with, and supplement, the vendor resources in order to address the significant backlog of over 2,400 requests from the pandemic response, DMV, 64 counties, Hearings, Public Safety, Law Enforcement and many others who depend on this essential software system.

As shown on the trend of the above graph, without the addition of at least three state development teams, the backlog will continue to grow and the users of this essential system will continue to experience unsatisfactory service levels and continued impacts to the citizens we serve.

### 2. DMV Programming Requests / UAT Testing and Contract Management Support

DMV is requesting a permanent increase of 5.0 FTE, 1.0 FTE for contract management and 4.0 FTE to support the increase in support for user acceptance testing associated with the increased requests production to decrease the backlog of over 2,400 requests. They will be required to assist with user story creation and end-user testing prior to a programming request being released into production. Additionally, these employees will support county needs related to requests and related increased throughput of work.

Currently, contracting and management responsibilities lie with the application support employees. These responsibilities are migrating back to the DMV administrative team; however, there are limited resources available to take on that additional workload and management level responsibilities. There are a multitude of vendor contracts which

require significant effort to manage and maintain within the DMV. Having the time to understand all of these contracts and the involved stakeholders is a commitment. Centralizing this responsibility under someone who can specialize and oversee all of the many vendor relationships will benefit the DMV to develop a deep competency in contract management.

Theory of Change	An efficient and well maintained technological tool at DMV will improve customer service and increase efficiencies of providing driving services to Coloradans		
Program Objective	To provide excellent identification, driver, and motor vehicle services.		
Outputs being measured	DRIVES: number of DRIVES change requests processed DMV: Number of documents issued, customer time spent waiting, customer satisfaction		
Outcomes being measured	N/A		
Cost/Benefit ratio	N/A		
Evaluations	N/A	N/A	N/A
Continuum Level	Step 2		

## ***Anticipated Outcomes***

### **1. DRIVES System Development and Maintenance**

With the addition of two teams focused on new requests and strategic project requests and two teams, for a duration of two years funded by the Governor’s ARPA administrative allocation, dedicated to methodically drawing down the backlog of work that has already been submitted, while simultaneously introducing operational improvements with the delivery teams to maximize request throughput. This will curb backlog growth and draw down several hundred requests that have been submitted. In addition, the process to ensure the backlog of requests is evaluated to eliminate requests no longer requiring development attention will result in a far fewer number of outstanding requests than submitted today if request volume remains constant.

The DMV staff, 64 Counties, Hearings, Public Safety, Law Enforcement and many other stakeholders of the DRIVES system depend on this system to deliver essential services to the public and with the addition of these resources they will receive the level of service needed to support a Colorado that works for everyone.

### **2. DMV Programming Requests / UAT Testing and Contract Management Support**

With the addition of four teams for Production Support there is an estimated increase in the annual production of 293 backlogged requests in addition to current ongoing development work of approximately 450 requests. The additional FTE in the business programs in DMV will support the work associated with user testing and support the throughput of this production work. The addition of these FTE will ensure that requests are not delayed for lack of scoping or testing resources from the business units and county partners. Additionally, this will fulfill the request of multiple counties for additional support resources which may potentially decrease workload for their staff.

Adding 1.0 FTE for contract management will enable the DMV to handle the workload and statutory requirements associated with managing contracts and associated projects for DRIVES and Intellectual Technologies, Inc. and DMV wide contacts that transcend programs across the DMV.

**Assumptions and Calculations**

**System Development and Maintenance:**

The state development teams consist of both OIT and DOR resources and are outlined separately below.

OIT

In alignment with OIT’s current transformation efforts, including the transition to real time billing, the request for OIT services is stated as the proposed increases to the relevant service lines within common policy.

OIT - Common Policy Services FY 2022-23

Code	Service Description	FY22-23 Util Qty	FY22-23 Rate*	Allocation Increase
2903	Agency Applications	12,270.92	\$99.31	\$ 1,218,625
2904	Engagement Services	1,548	\$85.67	\$ 132,617
			Total	\$ 1,351,242

## Long Bill Assumptions:

Long Bill	FY 2021-22			Proposed			Change						
(1) EXECUTIVE DIRECTOR'S OFFICE	General	Fund	Cash Funds	General	Fund	Cash Funds	General	Fund	Cash Funds	FTE			
(A) Administration and Support													
Payments to OIT	\$	7,147,700	\$	630,926	\$	7,147,700	\$	1,982,167	\$	-	\$	1,351,241	-
(3) DIVISION OF MOTOR VEHICLES													
(A) Administration													
Personal Services	\$	470,851	\$	3,467,553	\$	470,851	\$	4,294,115	\$	-	\$	826,562	7.0
Operating	\$	63,682	\$	483,519	\$	63,682	\$	504,169	\$	-	\$	20,650	
DRIVES Maintenance and Support	\$	18,000	\$	7,004,947	\$	18,000	\$	7,400,947	\$	-	\$	396,000	-
(B) Driver Services													
Personal Services	\$	3,167,300	\$	21,027,151	\$	3,167,300	\$	21,261,983	\$	-	\$	234,832	2.0
Operating	\$	1,511,227	\$	1,930,249	\$	1,511,227	\$	1,936,149	\$	-	\$	5,900	
(C) Vehicle Services													
Personal Services	\$	502,180	\$	1,923,283	\$	502,180	\$	2,158,115	\$	-	\$	234,832	2.0
Operating	\$	926,157	\$	351,588	\$	926,157	\$	357,488	\$	-	\$	5,900	
Total	\$	13,807,097	\$	36,819,216	\$	13,807,097	\$	39,895,132	\$	-	\$	3,075,916	11.0



DMV Innovation, Strategy, and Delivery (ISD) FTE:

FTE Calculation Assumptions:

Operating Expenses -- Base operating expenses are included per FTE for \$500 per year. In addition, for regular FTE, annual telephone costs assume base charges of \$450 per year.

Standard Capital Purchases -- Each additional employee necessitates the purchase of a Personal Computer (\$1,410), docking station and monitors (\$260), Office Suite Software (\$330), and office furniture (\$3,473).

General Fund FTE -- Beginning July 1, 2020, new employees will be paid on a bi-weekly pay schedule; therefore new full-time General Fund positions are reflected in Year 1 as 0.9615 FTE to account for the pay-date shift (25/26 weeks of pay). This applies to personal services costs only; operating costs are not subject to the pay-date shift.

Expenditure Detail	FY 2022-23		FY 2023-24		
Personal Services:					
Classification Title	Biweekly Salary	FTE		FTE	
Project Manager II	\$3,557	1.0	\$92,482	1.0	\$92,482
PERA			\$10,081		\$10,081
AED			\$4,624		\$4,624
SAED			\$4,624		\$4,624
Medicare			\$1,341		\$1,341
STD			\$148		\$148
Health-Life-Dental			\$14,086		\$14,086
Subtotal Position		1.0	\$127,386	1.0	\$127,386
Classification Title	Biweekly Salary	FTE		FTE	
Supervisor	\$3,077	1.0	\$80,002	1.0	\$80,002
PERA			\$8,720		\$8,720
AED			\$4,000		\$4,000
SAED			\$4,000		\$4,000
Medicare			\$1,160		\$1,160
STD			\$128		\$128
Health-Life-Dental			\$14,086		\$14,086
Subtotal Position		1.0	\$112,096	1.0	\$112,096
Classification Title	Biweekly Salary	FTE		FTE	
Analyst IV	\$3,244	4.0	\$337,376	4.0	\$337,376
PERA			\$36,774		\$36,774
AED			\$16,869		\$16,869
SAED			\$16,869		\$16,869
Medicare			\$4,892		\$4,892
STD			\$540		\$540
Health-Life-Dental			\$56,344		\$56,344
Subtotal Position		4.0	\$469,664	4.0	\$469,664
Subtotal Personal Services		6.0	\$709,146	6.0	\$709,146
Operating Expenses:					
		FTE		FTE	
Regular FTE Operating	\$500	6.0	\$3,000	6.0	\$3,000
Telephone Expenses	\$450	6.0	\$2,700	6.0	\$2,700
PC, One-Time	\$2,000	6.0	\$12,000	-	\$0
Subtotal Operating Expenses			\$17,700		\$5,700
TOTAL REQUEST		6.0	\$726,846	6.0	\$714,846
General Fund:					
Each fund:					
			\$726,846		\$714,846
Reappropriated Fund:					
Federal Fund:					

DMV User Acceptance Testing (UAT) FTE:

FTE Calculation Assumptions:					
<u>Operating Expenses -- Base operating expenses are included per FTE for \$500 per year. In addition, for regular FTE, annual telephone costs assume base charges of \$450 per year.</u>					
<u>Standard Capital Purchases -- Each additional employee necessitates the purchase of a Personal Computer (\$1,410), docking station and monitors (\$260), Office Suite Software (\$330), and office furniture (\$3,473).</u>					
<u>General Fund FTE -- Beginning July 1, 2020, new employees will be paid on a bi-weekly pay schedule; therefore new full-time General Fund positions are reflected in Year 1 as 0.9615 FTE to account for the pay-date shift (25/26 weeks of pay). This applies to personal services costs only; operating costs are not subject to the pay-date shift.</u>					
Expenditure Detail		FY 2022-23		FY 2023-24	
<b>Personal Services:</b>					
Classification Title	Biweekly Salary	FTE		FTE	
Analyst IV	\$3,244	5.0	\$421,720	5.0	\$421,720
PERA			\$45,967		\$45,967
AED			\$21,086		\$21,086
SAED			\$21,086		\$21,086
Medicare			\$6,115		\$6,115
STD			\$675		\$675
Health-Life-Dental			\$70,430		\$70,430
Subtotal Position		5.0	\$587,079	5.0	\$587,079
Subtotal Personal Services		5.0	\$587,079	5.0	\$587,079
<b>Operating Expenses:</b>					
		FTE		FTE	
Regular FTE Operating	\$500	5.0	\$2,500	5.0	\$2,500
Telephone Expenses	\$450	5.0	\$2,250	5.0	\$2,250
PC, One-Time	\$2,000	5.0	\$10,000	-	\$0
Subtotal Operating Expenses			\$14,750		\$4,750
TOTAL REQUEST		5.0	\$601,829	5.0	\$591,829
General Fund:					
Cash funds:			\$601,829	\$591,829	
Reappropriated Funds:					
Federal Funds:					

Department of Revenue

Funding Request for the FY 2022-23 Budget Cycle		
Request Title		
R-02/SA-01 Lottery Retailer Payments		
Dept. Approval By:		Supplemental FY 2021-22
OSPB Approval By:		Budget Amendment FY 2022-23
	X	Change Request FY 2022-23

Summary Information	Fund	FY 2021-22		FY 2022-23		FY 2023-24
		Initial Appropriation	Supplemental Request	Base Request	Change Request	Continuation
	Total	\$60,845,933	\$0	\$65,856,304	\$0	\$0
	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	\$60,845,933	\$0	\$65,856,304	\$0	\$0
	RF	\$0	\$0	\$0	\$0	\$0
	FF	\$0	\$0	\$0	\$0	\$0

Line Item Information	Fund	FY 2021-22		FY 2022-23		FY 2023-24
		Initial Appropriation	Supplemental Request	Base Request	Change Request	Continuation
	Total	\$60,845,933	\$0	\$65,856,304	\$0	\$0
	FTE	0.0	0.0	0.0	0.0	0.0
06. State Lottery Division, (A) State Lottery Division, (1)	GF	\$0	\$0	\$0	\$0	\$0
State Lottery Division - Retailer Compensation	CF	\$60,845,933	\$0	\$65,856,304	\$0	\$0
	RF	\$0	\$0	\$0	\$0	\$0
	FF	\$0	\$0	\$0	\$0	\$0

Auxiliary Data			
Requires Legislation?	NO		
Type of Request?	Revenue Prioritized Request	Interagency Approval or Related Schedule 13s:	No Other Agency Impact



**Department Priority: SA-01 & R-02**  
**Request Detail: Lottery Retailer Payments**

Summary of Funding Change for FY 2022-23			
		Incremental Change	
	FY 2021-22 Appropriation	FY 2022-23 Request	FY 2023-24 Request
Total Funds	\$60,845,933	Continuous	Continuous
FTE	0.0	0.0	0.0
General Fund	\$0	\$0	\$0
Cash Funds	\$60,845,933	Continuous	Continuous
Reappropriated Funds	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0

**Summary of Request**

The Department of Revenue (DOR) requests continuous spending authority for the Lottery's Retailer Compensation appropriation in both the current fiscal year and all future fiscal years. This line is used to pay for contractually obligated payments to retailers calculated using a standardized formula based on a percentage of Lottery sales, which may only be used to pay retailer commissions and bonuses per the formula and may not be used for any other purpose.

Lottery sales are highly variable from year to year and cause the associated retailer compensation to fluctuate accordingly. Record sales in FY 2020-21, generated record retailer compensation costs for over 2,900 Colorado businesses, exceeding the appropriated \$60 million, and therefore necessitating a 1331 Emergency Supplemental request in June, which was approved by the Joint Budget Committee (JBC). The Lottery is expecting continued growth with last year's approval of using incentive based contracting, as well as ongoing growth associated with population increases. Continuous spending authority will allow the Lottery to adjust to the required spending level and pay retailers as sales fluctuate without requiring further emergency action by the legislature.

## ***Current Program***

The Lottery currently contracts with 2,900 retailers throughout the state of Colorado, to sell and dispense both scratch and jackpot tickets. To incentivize retailers to sell Lottery products, as well as help defray the costs of administering these sales and managing inventory, the Lottery pays commissions and bonuses on a set structure in the amount of 8.05% for scratch sales and 7.05% for jackpot sales. These rates have been in place for over 15 years, and are consistent with the rates paid by Lotteries in other states to their retailers. This appropriation may only be spent on these contractually obligated retailer commissions and bonuses, and the annual expenditure is wholly dependent on the level of annual lottery product sales.

These retailer commissions and bonuses provide a boost in revenue for Colorado businesses across the state, particularly independently owned businesses. The Lottery's retailers typically include grocery stores, convenience stores and gas stations, but also include restaurants, casinos and other types of businesses.

## ***Problem or Opportunity***

The spending authority for retailer compensation was set at \$52.2 million in FY 2010-11, with a 4.5 percent increase approved in FY 2018-19 bringing it to \$54.6 million. The level of expenditure is wholly dependent on the level of sales generated by the Lottery retailers and is calculated based on a percentage of sales. In FY 2020-21, sales set a new record for gross revenue in a fiscal year, and necessitated the submission of a 1331 Emergency Supplemental request for the over-expenditure of retailer compensation, which was approved by the JBC.

For FY 2021-22, the appropriation has been increased to \$60.8 million through the FY 2021-22, R-01 decision item that was partially approved by the JBC and the General Assembly. The unpredictability of sales levels supports the need for continuous spending authority in this appropriation. Continuous spending authority is further supported by the Lottery being a State Enterprise that is entirely self-reliant with no General Fund support.

This growth in need has been driven by jackpot sales, and what drives jackpot sales is the size of a MegaMillions and/or Powerball jackpot. These jackpots grow when no one wins the top prize over a large number of draws. When a drawing produces no winner, the jackpot rolls over to the next drawing, which causes the jackpot to increase due to increased sales. In FY 2020-21, the Powerball and MegaMillions jackpots rolled over 35 and 36 times, respectively, leading to jackpots of \$731 million for Powerball and \$1 billion for MegaMillions. This drove sales for the last 10 draws for Powerball to generate just over \$19 million, which is \$15 million higher than normal, and for the last 10 draws for MegaMillions to generate just over \$21.5 million, which is nearly \$18 million higher

than normal. These two runs alone generated over \$4.2 million in retailer commissions. Both Powerball and MegaMillions are games of chance, meaning that the Lottery has no control over whether a drawing results in a winner or not.

The unpredictability of jackpot sales is going to be further exacerbated in FY 2021-22 and going forward by changes being made to multi-state games, outside the control of the Colorado Lottery. In July 2021, Lucky for Life draws went from two times per week to daily. In August 2021, Powerball draws went from two times per week to three times per week. This has prompted discussion by the group running MegaMillions to consider changes they might soon make to that game, which could also impact sales.

It is impossible to predict Lottery sales revenue due to the inability to foresee when jackpots will roll or be won. This, combined with the fact that compensation payments to vendors are contractually obligated, will continue to drive the need for emergency supplemental approvals, often right before the end of a fiscal year, whenever it becomes clear that the appropriation will be insufficient to pay its retailers what they are owed in commissions and bonuses.

### ***Proposed Solution***

This spending authority is restricted to only the payment of retailer commissions and bonuses. The rates paid are a percentage of sales that are approved by the Lottery Commission and documented in the retailer agreements between the Lottery and its retailers. Due to the unpredictable jackpots described above and the expected increases in scratch sales, the Lottery is requesting continuous spending authority to ensure it is able to pay its contractual obligations to Colorado businesses each year as sales revenue fluctuates, and eliminate the need to seek emergency spending authority from the JBC at the end of a fiscal year.

If continuous spending authority is not approved, the Lottery will need to keep requesting an emergency supplemental at the end of each fiscal year when sales revenue is up and there is not enough spending authority to pay its retailers their commissions and bonuses.

Theory of Change	Not on the continuum - N/A		
Program Objective	Not on the continuum - N/A		
Outputs being measured	Not on the continuum - N/A		
Outcomes being measured	Not on the continuum - N/A		
Cost/Benefit ratio	N/A		
Evaluations	Pre-Post	Quasi-Experimental Design	Randomized Control Trial
Results of Evaluation	N/A	N/A	N/A
Continuum Level	N/A		

### ***Anticipated Outcomes***

Continuous spending authority will provide Colorado businesses assurance that retailer bonuses and commissions will be paid each year pursuant to the retailer agreements that are currently in place and will cut down on the administrative burden of filing emergency supplemental requests.

### **Assumptions and Calculations**

While scratch ticket revenue is somewhat predictable, jackpot sales are wholly unpredictable. Projections each year are built based on prior history, with limited inclusion of the random, high-jackpot sales runs. For an average year, this methodology generally works, however, when there are significant jackpot runs, sales skyrocket and projected spending needs for retailer compensation quickly become too low.

### ***Supplemental, 1331 Supplemental or Budget Amendment Criteria***

An emergency supplemental was submitted for the Lottery's FY 2020-21 budget to increase its spending authority by \$13.5 million to meet their contractual obligations to retailers for FY 2020-21. This increase was necessary due to the record level of sales that year. The Lottery division also anticipates the need for a supplemental to achieve this same purpose for FY 2021-22, should this request not be approved.



## Department of Revenue

### Funding Request for the FY 2022-23 Budget Cycle

Request Title

R-03 Lease Space Savings and Remote Work

Dept. Approval By: \_\_\_\_\_

Supplemental FY 2021-22

OSPB Approval By: \_\_\_\_\_

Budget Amendment FY 2022-23

X

Change Request FY 2022-23

Summary Information	Fund	FY 2021-22		FY 2022-23		FY 2023-24
		Initial Appropriation	Supplemental Request	Base Request	Change Request	Continuation
	<b>Total</b>	<b>\$10,266,167</b>	<b>\$0</b>	<b>\$10,456,517</b>	<b>(\$448,194)</b>	<b>(\$448,194)</b>
	FTE	0.0	0.0	0.0	0.0	0.0
<b>Total of All Line Items Impacted by Change Request</b>	GF	\$3,159,713	\$0	\$3,136,163	(\$448,194)	(\$448,194)
	CF	\$7,106,454	\$0	\$7,320,354	\$0	\$0
	RF	\$0	\$0	\$0	\$0	\$0
	FF	\$0	\$0	\$0	\$0	\$0

Line Item Information	Fund	FY 2021-22		FY 2022-23		FY 2023-24
		Initial Appropriation	Supplemental Request	Base Request	Change Request	Continuation
	<b>Total</b>	<b>\$3,292,764</b>	<b>\$0</b>	<b>\$3,249,624</b>	<b>\$109,000</b>	<b>\$109,000</b>
01. Executive Director's Office, (A)	FTE	0.0	0.0	0.0	0.0	0.0
Administration and Support, (1)	GF	\$2,143,002	\$0	\$2,098,377	\$109,000	\$109,000
Administration and Support - Operating Expenses	CF	\$1,149,762	\$0	\$1,151,247	\$0	\$0
	RF	\$0	\$0	\$0	\$0	\$0
	FF	\$0	\$0	\$0	\$0	\$0

	<b>Total</b>	<b>\$6,973,403</b>	<b>\$0</b>	<b>\$7,206,893</b>	<b>(\$557,194)</b>	<b>(\$557,194)</b>
01. Executive Director's Office, (A)	FTE	0.0	0.0	0.0	0.0	0.0
Administration and Support, (1)	GF	\$1,016,711	\$0	\$1,037,786	(\$557,194)	(\$557,194)
Administration and Support - Leased Space	CF	\$5,956,692	\$0	\$6,169,107	\$0	\$0
	RF	\$0	\$0	\$0	\$0	\$0
	FF	\$0	\$0	\$0	\$0	\$0

**Auxiliary Data**

**Requires Legislation?** NO

**Type of Request?** Revenue Prioritized Request

**Interagency Approval or  
Related Schedule 13s:**

No Other Agency Impact



**Department Priority: R-03**  
**Request Detail: Lease Space Savings and Remote Work**

Summary of Funding Change for FY 2022-23			
		Incremental Change	
	FY 2021-22 Appropriation	FY 2022-23 Request	FY 2023-24 Request
Total Funds	\$10,266,167	(\$448,194)	(\$448,194)
FTE	0.0	0.0	0.0
General Fund	\$3,159,713	(\$448,194)	(\$448,194)
Cash Funds	\$7,106,454	\$0	\$0
Reappropriated Funds	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0

**Summary of Request**

The Department of Revenue (DOR) requests the following funding realignment within the Executive Director's Office (EDO) to capture the savings of transitioning to a remote workforce, and to provide the necessary tools for the new hoteling office climate:

1. A permanent General Fund appropriation shift from leased space to operating for \$109,000 in FY 2022-23 and in subsequent years to be utilized for hoteling office space needs and audio visual technical enhancements to support the DOR strategy of remote working after vacating the Annex Building and other locations in the Denver metro area. This transition is part of the Governor's push to achieve efficiencies through reimagining state government, including reducing the physical footprint of government. This request will shift existing General Funded leased space appropriation to the operating appropriation for a net-neutral allocation change.
2. A permanent General Fund reduction of \$448,194 based on identified cost savings from DOR's already implemented square footage reduction.

## ***Current Program***

As part of the FY 2021-22 budget development cycle which included targeted budgetary reductions, the DOR vacated the Annex building along with several other metro area locations. This reduction removed approximately \$1.2 million of General Fund appropriations from the DOR and allowed the State to re-utilize the Annex building for other space needs.

## ***Problem or Opportunity***

The COVID-19 pandemic not only upended and transformed the department's operations and customer service delivery, but it also disrupted traditional processes. The workforce was transitioned to working remotely and the pandemic forced the divisions to deliver more of their services remotely, and online. After a year delivering services within the COVID-19 environment, the department decided to permanently reinvent and adjust its processes, and identify opportunities to continue delivering exceptional customer service. With this new vision, the need arose to reshape office space and embrace and implement new delivery solutions. As a result, reconfiguring and retrofitting existing office space into rotating hoteling stations and enhancing the use of technical audio-visual systems for virtual meetings are great opportunities to help mitigate COVID-19 contagion, while still providing exceptional customer service.

## ***Proposed Solution***

The DOR requests a permanent increase in FY 2022-23 and in subsequent years of \$109,000 in EDO General Fund operating appropriation to be utilized for hoteling space needs and audio visual technical enhancements to support the DOR strategy of remote working after vacating the Annex Building and the Galleria buildings in the Denver metro area. This request includes a corresponding \$109,000 reduction from the General Fund in the leased space appropriation.

Second, DOR offers up these permanent General Fund reductions of \$448,194 to be repurposed for the Equity, Diversity, and Inclusion (EDI) request submitted as *R-01 Colorado Office of Equity* by the Department of Personnel & Administration (DPA). These reductions combined with DPA's request will allow 3.0 FTE within DOR in FY 2022-23 and in subsequent years through reappropriated funds from DPA for the EDI initiatives across DOR in alignment with larger state initiatives. This reduction is also to be utilized to help achieve the DOR's Wildly Important Goals (WIG) by offering language translation services for various communication and informational platforms, and to perform a third-party gap analysis study of underserved and underrepresented Coloradans.

Theory of Change	Not on the continuum - N/A		
Program Objective	Not on the continuum - N/A		
Outputs being measured	Not on the continuum - N/A		
Outcomes being measured	Not on the continuum - N/A		
Cost/Benefit ratio	N/A		
Evaluations	Pre-Post	Quasi-Experimental Design	Randomized Control Trial
Results of Evaluation	N/A	N/A	N/A
Continuum Level	N/A		

### Anticipated Outcomes

By reconfiguring existing office space into rotating hoteling space and by increasing customer service options through an audio-visual platform, the divisions can mitigate the negative impacts of COVID-19 and become even more effective in delivering its customer service.

### Assumptions and Calculations

Long Bill	FY 2021-22		Proposed		Change	
(1) EXECUTIVE DIRECTOR'S OFFICE	General Fund	Cash Funds	General Fund	Cash Funds	General Fund	Cash Funds
(A) Administration and Support						
Operating Expenses	\$ 2,098,377	\$ 1,149,762	\$ 2,207,377	\$ 1,149,762	\$ 109,000	\$ -
Leased Space	\$ 1,016,711	\$ 5,956,692	\$ 459,517	\$ 5,956,692	\$ (557,194)	\$ -
<b>Total</b>	<b>\$ 1,016,711</b>	<b>\$ 5,956,692</b>	<b>\$ 459,517</b>	<b>\$ 5,956,692</b>	<b>\$ (448,194)</b>	<b>\$ -</b>

## Department of Revenue

### Funding Request for the FY 2022-23 Budget Cycle

Request Title

R-04 Operational Funding Re-alignment

Dept. Approval By: \_\_\_\_\_

Supplemental FY 2021-22

OSPB Approval By: \_\_\_\_\_

Budget Amendment FY 2022-23

X

Change Request FY 2022-23

Summary Information	Fund	FY 2021-22		FY 2022-23		FY 2023-24
		Initial Appropriation	Supplemental Request	Base Request	Change Request	Continuation
	<b>Total</b>	<b>\$82,634,844</b>	<b>\$0</b>	<b>\$83,100,145</b>	<b>\$0</b>	<b>\$0</b>
	FTE	1,023.9	0.0	1,036.8	0.0	26.0
<b>Total of All Line Items Impacted by Change Request</b>	GF	\$44,665,744	\$0	\$44,733,820	\$0	\$0
	CF	\$30,120,546	\$0	\$30,775,395	\$0	\$0
	RF	\$7,848,550	\$0	\$7,590,926	\$0	\$0
	FF	\$4	\$0	\$4	\$0	\$0

Line Item Information	Fund	FY 2021-22		FY 2022-23		FY 2023-24
		Initial Appropriation	Supplemental Request	Base Request	Change Request	Continuation
	<b>Total</b>	<b>\$13,336,056</b>	<b>\$0</b>	<b>\$13,217,741</b>	<b>\$1,889,622</b>	<b>\$1,889,622</b>
01. Executive Director's Office, (A)	FTE	145.0	0.0	139.1	30.0	30.0
Administration and Support, (1)	GF	\$5,012,845	\$0	\$5,090,109	\$826,876	\$826,876
Administration and Support - Personal Services	CF	\$814,631	\$0	\$878,192	\$1,062,746	\$1,062,746
	RF	\$7,508,576	\$0	\$7,249,436	\$0	\$0
	FF	\$4	\$0	\$4	\$0	\$0

	<b>Total</b>	<b>\$3,292,764</b>	<b>\$0</b>	<b>\$3,249,624</b>	<b>\$17,500</b>	<b>\$17,500</b>
01. Executive Director's Office, (A)	FTE	0.0	0.0	0.0	0.0	0.0
Administration and Support, (1)	GF	\$2,143,002	\$0	\$2,098,377	\$9,000	\$9,000
Administration and Support - Operating Expenses	CF	\$1,149,762	\$0	\$1,151,247	\$8,500	\$8,500
	RF	\$0	\$0	\$0	\$0	\$0
	FF	\$0	\$0	\$0	\$0	\$0

Line Item Information	Fund	FY 2021-22		FY 2022-23		FY 2023-24
		Initial Appropriation	Supplemental Request	Base Request	Change Request	Continuation
	<b>Total</b>	<b>\$30,152,332</b>	<b>\$0</b>	<b>\$31,629,875</b>	<b>(\$826,876)</b>	<b>(\$826,876)</b>
	FTE	401.5	0.0	418.6	(13.0)	(13.0)
03. Taxation Business Group, (F) Taxation Services, (F) Taxation Services - Taxation Services - Personal Services	GF	\$28,769,499	\$0	\$30,210,971	(\$826,876)	(\$826,876)
	CF	\$1,228,748	\$0	\$1,264,819	\$0	\$0
	RF	\$154,085	\$0	\$154,085	\$0	\$0
	FF	\$0	\$0	\$0	\$0	\$0
	<b>Total</b>	<b>\$3,465,845</b>	<b>\$0</b>	<b>\$3,390,050</b>	<b>(\$9,000)</b>	<b>(\$9,000)</b>
	FTE	0.0	0.0	0.0	0.0	0.0
03. Taxation Business Group, (F) Taxation Services, (F) Taxation Services - Taxation Services - Operating Expenses	GF	\$3,446,912	\$0	\$3,371,117	(\$9,000)	(\$9,000)
	CF	\$18,933	\$0	\$18,933	\$0	\$0
	RF	\$0	\$0	\$0	\$0	\$0
	FF	\$0	\$0	\$0	\$0	\$0

Line Item Information	Fund	FY 2021-22		FY 2022-23		FY 2023-24
		Initial Appropriation	Supplemental Request	Base Request	Change Request	Continuation
	Total	\$3,989,914	\$0	\$3,939,725	(\$839,592)	(\$839,592)
	FTE	48.9	0.0	48.9	(13.0)	13.0
04. Division of Motor Vehicles, (A)	GF	\$470,851	\$0	\$584,878	\$0	\$0
Administration , (1)	CF	\$3,467,553	\$0	\$3,303,337	(\$839,592)	(\$839,592)
Administration -	RF	\$51,510	\$0	\$51,510	\$0	\$0
Personal Services	FF	\$0	\$0	\$0	\$0	\$0
	Total	\$550,591	\$0	\$545,278	(\$6,500)	(\$6,500)
	FTE	0.0	0.0	0.0	0.0	0.0
04. Division of Motor Vehicles, (A)	GF	\$63,682	\$0	\$63,731	\$0	\$0
Administration , (1)	CF	\$483,519	\$0	\$478,157	(\$6,500)	(\$6,500)
Administration -	RF	\$3,390	\$0	\$3,390	\$0	\$0
Operating Expenses	FF	\$0	\$0	\$0	\$0	\$0



Line Item Information	Fund	FY 2021-22		FY 2022-23		FY 2023-24
		Initial Appropriation	Supplemental Request	Base Request	Change Request	Continuation
	Total	\$24,382,216	\$0	\$24,773,173	(\$223,154)	(\$223,154)
	FTE	428.5	0.0	430.2	(4.0)	(4.0)
04. Division of Motor Vehicles, (B) Driver Services, (1) Driver Services - Personal Services	GF	\$3,234,246	\$0	\$2,900,377	\$0	\$0
	CF	\$21,027,151	\$0	\$21,750,461	(\$223,154)	(\$223,154)
	RF	\$120,819	\$0	\$122,335	\$0	\$0
	FF	\$0	\$0	\$0	\$0	\$0
	Total	\$3,465,126	\$0	\$2,354,679	(\$2,000)	(\$2,000)
	FTE	0.0	0.0	0.0	0.0	0.0
04. Division of Motor Vehicles, (B) Driver Services, (1) Driver Services - Operating Expense	GF	\$1,524,707	\$0	\$414,260	\$0	\$0
	CF	\$1,930,249	\$0	\$1,930,249	(\$2,000)	(\$2,000)
	RF	\$10,170	\$0	\$10,170	\$0	\$0
	FF	\$0	\$0	\$0	\$0	\$0

Auxiliary Data

Requires Legislation? NO

Type of Request? Revenue Prioritized Request

Interagency Approval or  
Related Schedule 13s:

No Other Agency Impact



**Department Priority: R-04**  
**Request Detail: Operational Funding Realignment**

Summary of Funding Change for FY 2022-23			
		Incremental Change	
	FY 2021-22 Appropriation	FY 2022-23 Request	FY 2023-24 Request
Total Funds	\$82,634,844	\$0	\$0
FTE	1,023.9	0.0	0.0
General Fund	\$44,665,744	\$0	\$0
Cash Funds	\$30,120,546	\$0	\$0
Reappropriated Funds	\$7,848,550	\$0	\$0
Federal Funds	\$4	\$0	\$0

**Summary of Request**

The Department of Revenue (DOR) requests the following net-zero funding realignment to align the Long Bill funding with the existing operational management. This realignment will improve operational management and allow for better budgetary planning and administration as the budget structure will match the operating realities.

1. A permanent Long Bill relocation of the GenTax System Support Office (SSO) team from the Taxation Business Group (Tax) to the Executive Director's Office (EDO). DOR requests a permanent net-zero realignment beginning in FY 2022-23 and thereafter of \$826,876 in General Fund personal services with 13.0 FTE, and \$9,000 in General Fund operating from Tax to the EDO.
2. A permanent realignment of the Colorado DRIVES Development Support (DDS) team from the Division of Motor Vehicles (DMV) to EDO in the Long Bill. DOR requests a permanent net-zero realignment in FY 2022-23 and thereafter of \$1,062,746 in cash fund spending authority for personal services and 17.0 FTE, and \$8,500 in cash fund spending authority for operating from the DMV Administration and Driver Services to the EDO.

## ***Current Program***

GenTax is the state of Colorado's tax administration software platform. It is also installed in over 40 other local, state, and international tax jurisdictions. It is a customizable off-the-shelf application that is critical to the state's tax administration responsibilities for:

- Return and payment processing,
- Revenue distribution,
- Return adjusting,
- Billing and collections,
- Auditing,
- Customer correspondence,
- Reporting, and,
- E-services for electronic filing and customer self-service account management.

The SSO team is responsible for the day-to-day operations of the GenTax system and operationally reports up to the EDO under the Innovation, Strategy, and Delivery (ISD) team but is currently funded under Tax. SSO works with divisions within DOR on various GenTax support functions such as return and payment processing, billing, collection, audit, and tax receipt distribution.

The Colorado DRIVES system provides State and County DMV employees a modern and user-friendly system that reduces outages and downtime in drivers license offices across the State. It also offers opportunities to standardize and centralize DMV printing and mailing operations, providing county employees more time to allocate to customer service.

The DRIVES Development Support (DDS) team is responsible for the day-to-day operations of the Colorado DRIVES system and operationally reports up to the EDO under the Innovation, Strategy, and Delivery team but is currently funded under DMV.

## ***Problem or Opportunity***

DOR's vision and mission is to empower businesses and individuals through quality customer service and innovation, and to become a trusted partner to every Coloradan by helping them navigate governmental complexities.

To live up to its vision and mission, DOR created the ISD team within the EDO. The purpose is to work with divisions on leveraging existing technology and streamlining operations across the department to more effectively serve Coloradans and businesses.

DOR identified an opportunity to realign both the SSO team, which currently resides in Tax, and the DRIVES Development Support (DDS) team, which currently resides in the DMV, into

the EDO. Both the SSO team and the DDS teams operationally report to the ISD team; therefore, realigning the funding of both teams to EDO will improve the operational management and allows for better budgetary planning and administration as the budget structure will match the operating realities.

### ***Proposed Solution***

DOR requests a permanent net-zero realignment in FY 2022-23 and in subsequent years of \$826,876 in General Fund personal services and 13.0 FTE, and \$9,000 in General Fund operating from the Tax to the EDO. The realignment moves the SSO team from Tax into the ISD team in EDO.

DOR requests a permanent net-zero realignment in FY 2022-23 and in subsequent years of \$1,062,746 in cash fund spending authority for personal services and 17.0 FTE, and \$8,500 in cash fund spending authority for operating from the DMV Administration and Driver Services to the EDO. The realignment moves the DDS team from DMV into the ISD team in EDO.

Theory of Change	Not on the continuum - N/A		
Program Objective	Not on the continuum - N/A		
Outputs being measured	Not on the continuum - N/A		
Outcomes being measured	Not on the continuum - N/A		
Cost/Benefit ratio	N/A		
Evaluations	Pre-Post	Quasi-Experimental Design	Randomized Control Trial
Results of Evaluation	N/A	N/A	N/A
Continuum Level	N/A		

## Anticipated Outcomes

This request provides the opportunity to place the SSO and DDS teams under the same appropriation with the ISD group, which will improve the operational management and align the funding source. This request will also allow for better budgetary planning and administration within DOR as the budget structure will match the operating realities.

## Assumptions and Calculations

The realignment of the SSO team from Tax to EDO is a net zero impact on appropriations for the department as shown below:

Long Bill	FY 2021-22		Proposed		Change		
	General Fund	Cash Funds	General Fund	Cash Funds	General Fund	Cash Funds	FTE
<b>(1) EXECUTIVE DIRECTOR'S OFFICE</b>							
(A) Administration and Support							
Personal Services	\$ 4,529,534	\$ 814,631	\$ 5,356,410	\$ 814,631	\$ 826,876	\$ -	13.0
Operating Expenses	\$ 2,098,377	\$ 1,149,762	\$ 2,107,377	\$ 1,149,762	\$ 9,000	\$ -	
<b>(3) TAXATION BUSINESS GROUP</b>							
(B) Taxation Services							
Personal Services	\$ 28,019,213	\$ 1,228,748	\$ 27,192,337	\$ 1,228,748	\$ (826,876)	\$ -	(13.0)
Operating Expenses	\$ 3,316,442	\$ 18,933	\$ 3,307,442	\$ 18,933	\$ (9,000)	\$ -	
<b>Total</b>	<b>\$ 37,963,566</b>	<b>\$ 3,212,074</b>	<b>\$ 37,963,566</b>	<b>\$ 3,212,074</b>	<b>\$ -</b>	<b>\$ -</b>	<b>0.0</b>

The realignment of the DDS team within the DMV into the EDO is also a net zero impact in appropriations for the department:

Long Bill	FY 2021-22		Proposed		Change		
	General Fund	Cash Funds	General Fund	Cash Funds	General Fund	Cash Funds	FTE
<b>(1) EXECUTIVE DIRECTOR'S OFFICE</b>							
(A) Administration and Support							
Personal Services	\$ 4,529,534	\$ 814,631	\$ 4,529,534	\$ 1,877,377	\$ -	\$ 1,062,746	17.0
Operating Expenses	\$ 2,098,377	\$ 1,149,762	\$ 2,098,377	\$ 1,158,262	\$ -	\$ 8,500	
<b>(4) DIVISION OF MOTOR VEHICLES</b>							
(A) Administration							
Personal Services	\$ 470,851	\$ 3,467,553	\$ 470,851	\$ 2,627,961	\$ -	\$ (839,592)	(13.0)
Operating Expenses	\$ 63,682	\$ 483,519	\$ 63,682	\$ 477,019	\$ -	\$ (6,500)	
(B) Driver Services							
Personal Services	\$ 3,167,300	\$ 21,027,151	\$ 3,167,300	\$ 20,803,997	\$ -	\$ (223,154)	(4.0)
Operating Expenses	\$ 1,511,227	\$ 1,930,249	\$ 1,511,227	\$ 1,928,249	\$ -	\$ (2,000)	
<b>Total</b>	<b>\$ 11,840,971</b>	<b>\$ 28,872,865</b>	<b>\$ 11,840,971</b>	<b>\$ 28,872,865</b>	<b>\$ -</b>	<b>\$ -</b>	<b>0.0</b>

Department of Revenue

Funding Request for the FY 2022-23 Budget Cycle		
Request Title		
R-05 DMV Safety Expansion		
Dept. Approval By: _____		
		Supplemental FY 2021-22
OSPB Approval By: _____		
		Budget Amendment FY 2022-23
X		Change Request FY 2022-23

Summary Information	Fund	FY 2021-22		FY 2022-23		FY 2023-24
		Initial Appropriation	Supplemental Request	Base Request	Change Request	Continuation
Total of All Line Items Impacted by Change Request	Total	\$3,465,126	\$0	\$2,354,679	\$179,720	\$179,720
	FTE	0.0	0.0	0.0	0.0	0.0
	GF	\$1,524,707	\$0	\$414,260	\$0	\$0
	CF	\$1,930,249	\$0	\$1,930,249	\$179,720	\$179,720
	RF	\$10,170	\$0	\$10,170	\$0	\$0
	FF	\$0	\$0	\$0	\$0	\$0

Line Item Information	Fund	FY 2021-22		FY 2022-23		FY 2023-24
		Initial Appropriation	Supplemental Request	Base Request	Change Request	Continuation
04. Division of Motor Vehicles, (B) Driver Services, (1) Driver Services - Operating Expense	Total	\$3,465,126	\$0	\$2,354,679	\$179,720	\$179,720
	FTE	0.0	0.0	0.0	0.0	0.0
	GF	\$1,524,707	\$0	\$414,260	\$0	\$0
	CF	\$1,930,249	\$0	\$1,930,249	\$179,720	\$179,720
	RF	\$10,170	\$0	\$10,170	\$0	\$0
	FF	\$0	\$0	\$0	\$0	\$0

Auxiliary Data			
Requires Legislation?	NO		
Type of Request?	Revenue Prioritized Request	Interagency Approval or Related Schedule 13s:	No Other Agency Impact



***Request: R-05***  
***Request Detail: DMV Safety Expansion***

Summary of Funding Change for FY 2022-23			
		Incremental Change	
	FY 2021-22 Appropriation	FY 2022-23 Request	FY 2023-24 Request
Total Funds	\$3,465,126	\$179,720	\$179,720
FTE	0.0	0.0	0.0
General Fund	\$1,524,707	\$0	\$0
Cash Funds	\$1,930,249	\$179,720	\$179,720
Reappropriated Funds	\$10,170	\$0	\$0
Federal Funds	\$0	\$0	\$0

***Summary of Request***

The Department of Revenue (DOR) is requesting a permanent increase of \$179,720 in cash fund spending authority for the Division of Motor Vehicles (DMV) in FY 2022-23 and in subsequent years for security guards at four additional driver license offices. The DMV has 37 driver license offices. Seven offices are located either in Department of Corrections (DOC) facilities or in a county building where security is already present. Seven other locations already have security guards in place. Of the 23 remaining offices, as of the most recent review, four are considered high risk for altercations requiring a security guard presence in order to mitigate potential violence. The criteria for identifying high risk offices includes: counts of Law Enforcement engagements in the last year, daily customer traffic, and past interactions with organized or coordinated groups harassing staff. Security provided through this request would support the DMV's duty to provide employees and customers a safe office environment from which to work and do business.

The DMV will review and evaluate the cash fund sustainability as each of the four locations implements security guards. If it is determined that adding more locations is not affordable, the DMV will delay further expansion until the revenue and fund balance can support the additional expenditure levels.



## ***Current Program***

The DMV provides services used by nearly every citizen of the state. Colorado citizens utilize identification, driver, and vehicle services at state and county offices to obtain identification cards, driver licenses, vehicle registrations, titles, and other related services. Additionally, the DMV licenses and provides oversight of private businesses and government organizations that provide driver and emission testing services. Finally, the division works closely with other state agencies and programs to provide information and education to serve the public and encourage voluntary compliance.

The Driver Services section within the DMV includes 37 driver license offices. This request supports a high priority Wildly Important Goal (WIG) of increasing employee engagement as well as preventing, deterring, and recording internal and external fraud, and other illegal behavior. The presence of security is a proven deterrent for criminal or illegal activity, as well as aiding law enforcement when needed. In 2020, a customer in the Colorado Springs office made a bomb threat to employees and then left the office. The security guard did a sweep of the premises and found a suspicious package that had suspicious material inside. The guard was able to get law enforcement on site and evacuate all employees and customers in a timely fashion. Once law enforcement arrived they were able to secure the building, confirm that there was not an actual bomb, and ensure the safety of the area. If a trained, exclusively safety-focused security guard was not in office that day, the staff may not have been as calm in that situation, which could have caused customer panic, and led to a negative and sometimes violent response. DMV Technicians are not trained or expected to be a “security” presence or subject matter expert in our offices. The use of a security guard has allowed technicians to focus on their profession of document issuance while the security guard focuses on public safety in that issuing office.

Currently, seven locations are within DOC or county facilities with existing security. An additional seven existing high risk driver license offices are already monitored by security guards. Those offices are: Lakewood (Pierce), Westgate, Aurora, Denver NE, Northglenn, Pueblo, and Colorado Springs. Having security guards at these locations has enabled employees and customers to feel safer and has given those offices a first point-of-contact on site to correct or de-escalate situations when undesirable or criminal behavior is observed. Guards have been present in situations where violence, property damage, and other situations have occurred and have been an important part of keeping employees and customers safe.

## ***Problem or Opportunity***





Employees have repeatedly expressed to leadership concerns about safety at work and a desire for the expanded presence of security guards. This request would provide security at

four additional driver license office locations that have high risk of incidents requiring security. Increasing security at these locations will have a variety of benefits:






- Providing security is an opportunity to increase the level of employee satisfaction and sense of security at their work locations. It demonstrates that the state values the employees and that their safety is the highest priority.
- Providing security would increase visibility in the event of crime and aid with criminal investigations.
- Providing security can deter crime: according to a randomized controlled study [published by the National Public Library of Science](#), the presence of guards decreased some types of crimes by up to 16 percent.

Also, according to a 2019 American Association of Motor Vehicle Administrators (AAMVA) survey in which thirty jurisdictions responded, 30 percent of jurisdictions experienced over twenty incidents of physical violence or verbal threats to DMV employees (Colorado reported up to ten incidents), and 53 percent of jurisdictions had either private security guards or sworn-in police officers. Survey excerpts below.

**Question 2: How many incidents have occurred in your DMV offices in the past 2 years that involved physical violence or verbal threats against your DMV employees?**

Over 20	 (30%)
11-20	 (7%)
1-10	 (56%)
None	 (7%)

**Question 3: Do your DMV offices utilize any of these safety measures? (check all that apply)**

Walk through metal detectors or wands	 (4%)
Private security guards	 (25%)
Sworn police officers (state, county or local)	 (28%)
Panic alarm buttons	 (40%)
None of the above	 (4%)

### ***Proposed Solution***

The proposed solution for office security is to expand the existing security measure of employing unarmed security during business hours to include four more driver license offices that do not currently have security guards on-site. This proposal would increase the total number of driver license offices with security to 18 offices. This would provide greater consistency in the approach taken for security measures for employees and customers at high-risk offices and meet employees' expressed need for greater security. These security guards would be contracted from private companies, and do not represent an increase in state FTE.

Theory of Change	Security guards present at high risk DMV offices will deter criminal, aggressive, and intimidating behavior to create a more appealing work and business environment
Program Objective	To create a safe environment for Driver License Offices
Outputs being measured	Number of incidents of violence or threats reported to local law enforcement.
Outcomes being measured	An inclusive and safe environment with less employee attrition
Cost/Benefit ratio	

The DMV will review and evaluate the cash fund sustainability as each of the four locations implements security guards. If it is determined that adding more locations is not affordable, the DMV will delay further expansion until the revenue and fund balance can cover the expenditure levels.

If this request is not approved, driver license offices would continue to only have security guards at 14 offices, or approximately 38 percent of all offices, and would not have coverage for the identified high risk offices due to insufficient budget.

### ***Anticipated Outcomes***

If the office security request is approved, the anticipated outcome is that the driver license offices will have a consistent and standardized approach with safety protocols for offices deemed to have a high and medium risk for security incidents. In addition, the increased security will ensure safety for staff, resulting in less turnover and higher retention rates at the DMV.

## Assumptions and Calculations

### Office Security:

Calculations listed below include the cost for four (4) offices to be outfitted with security guards:

	Locations	# Guards	Paid Hours	Estimated # of days per year	Total Annual Hours	Estimated FY 2022-23 Rate	Cost
Regular Time Total	4	1	8	250	8,000	\$ 20.33	\$ 162,640
Overtime Total	4	1	2	70	560	\$ 30.50	\$ 17,080
<b>Total Cost</b>							<b>\$ 179,720</b>

### Assumptions:

Each location has one (1) security guard, and each security guard works a total of eight (8) paid hours a day.

It is estimated that a driver license office will operate Monday through Friday or 250 work days a year.

It is estimated that the current contract amount of \$19.93 per hour will increase by 2% to \$20.33 per hour. The contract allows for an annual 2 percent increase for cost of living accommodations.

There are a few instances that the Driver License Offices will experience overtime for the security guards. Based on the following reasons, the DMV is estimating 2 hours for an average of 70 instances per year in overtime:

1. Offices closing late due to full lobby (most common)
2. Incident report content provided by security guards
3. Walking employees to the car after hours during low daylight months

## Department of Revenue

### Funding Request for the FY 2022-23 Budget Cycle

Request Title

R-06 Refinance HB 21-1314 to Appropriate Funding Stream

Dept. Approval By: \_\_\_\_\_

Supplemental FY 2021-22

OSPB Approval By: \_\_\_\_\_

Budget Amendment FY 2022-23

X

Change Request FY 2022-23

Summary Information	Fund	FY 2021-22		FY 2022-23		FY 2023-24
		Initial Appropriation	Supplemental Request	Base Request	Change Request	Continuation
	<b>Total</b>	<b>\$11,509,595</b>	<b>\$0</b>	<b>\$10,124,954</b>	<b>(\$140,000)</b>	<b>(\$140,000)</b>
	FTE	33.3	0.0	33.3	0.0	0.0
<b>Total of All Line Items Impacted by Change Request</b>	GF	\$1,550,700	\$0	\$101,700	\$0	\$0
	CF	\$9,850,695	\$0	\$10,023,254	(\$140,000)	(\$140,000)
	RF	\$108,200	\$0	\$0	\$0	\$0
	FF	\$0	\$0	\$0	\$0	\$0

Line Item Information	Fund	FY 2021-22		FY 2022-23		FY 2023-24
		Initial Appropriation	Supplemental Request	Base Request	Change Request	Continuation
	<b>Total</b>	<b>\$2,503,848</b>	<b>\$0</b>	<b>\$2,835,124</b>	<b>(\$40,000)</b>	<b>(\$40,000)</b>
	FTE	33.3	0.0	33.3	0.0	0.0
01. Executive Director's Office, (B) Hearing Division, (1) Hearing Division - Personal Services	GF	\$0	\$0	\$0	\$0	\$0
	CF	\$2,503,848	\$0	\$2,835,124	(\$40,000)	(\$40,000)
	RF	\$0	\$0	\$0	\$0	\$0
	FF	\$0	\$0	\$0	\$0	\$0

	<b>Total</b>	<b>\$9,005,747</b>	<b>\$0</b>	<b>\$7,289,830</b>	<b>(\$100,000)</b>	<b>(\$100,000)</b>
	FTE	0.0	0.0	0.0	0.0	0.0
04. Division of Motor Vehicles, (A) Administration , (1) Administration - DRIVES Maintenance and Support	GF	\$1,550,700	\$0	\$101,700	\$0	\$0
	CF	\$7,346,847	\$0	\$7,188,130	(\$100,000)	(\$100,000)
	RF	\$108,200	\$0	\$0	\$0	\$0
	FF	\$0	\$0	\$0	\$0	\$0

**Auxiliary Data**

**Requires Legislation?** YES

**Type of Request?** Revenue Prioritized Request

**Interagency Approval or  
Related Schedule 13s:**

No Other Agency Impact





**Request: R-06**  
**Request Detail: Refinance HB 21-1314 to Appropriate Funding Stream**

Summary of Funding Change (#1 of 2) for FY 2022-23 - DOR			
		Incremental Change	
	FY 2021-22 Appropriation	FY 2022-23 Request	FY 2023-24 Request
Total Funds	\$11,509,595	(\$140,000)	(\$140,000)
FTE	33.3	0.0	0.0
General Fund	\$1,550,700	\$0	\$0
Cash Funds	\$9,850,695	(\$140,000)	(\$140,000)
Reappropriated Funds	\$108,200	\$0	\$0
Federal Funds	\$0	\$0	\$0

**Summary of Request**

The Colorado Department of Revenue (DOR) is requesting Joint Budget Committee (JBC) sponsor legislation to change the funding source identified in H.B. 21-1314 (Section 39-28.8-501 (7)(a), C.R.S.), *Department of Revenue Action Against Certain Documents* and requests a 10% reduction to the amounts appropriated for this purpose. The revision would eliminate the funding transferred from the Marijuana Tax Cash Fund (MTCF) to fund DMV hearings and license services activities, and instead provide “off-the-top” spending authority from the Highway Users Tax Fund (HUTF). The change is needed for two reasons: 1) the revenue growth that the MTCF has experienced to-date has rapidly slowed in the recent months, necessitating immediate action to maintain solvency in the fund; and, 2) the activities funded by this transfer are more appropriately funded by the intended uses of HUTF (supporting the administration of highway-related functions such as licensing drivers and enforcing driving laws), instead of the MTCF uses which focus on supporting the cannabis industry, public health, and education. This change should be exempt from the 6% “off-the-top” growth cap in FY 2022-23.



This request does not alter any other aspects of H.B. 21-1314; it only requests changes to the Long Bill letter notes to include HUTF funding rather than MTCF transfers, and requests a 10% reduction from the original bill language in FY 2022-23 and thereafter.

Concurrent with this request, the Governor’s Office of State Planning and Budgeting recommends that the appropriation from MTCF to the Judicial Department also be replaced by an “off-the-top” appropriation from HUTF, and that this change be exempt from the 6% “off-the-top” growth cap in FY23. OSPB also requests that the Judicial Department offer an equivalent 10 percent reduction from the original bill language in FY 2022-23 and thereafter.

Summary of Funding Change (#2 of 2) for FY 2022-23 - Judicial			
		Incremental Change	
	FY 2021-22 Appropriation	FY 2022-23 Request	FY 2023-24 Request
Total Funds	\$174,284,925	(\$110,000)	(\$110,000)
FTE	1,591.7	0.0	0.0
General Fund	\$140,458,784	\$0	\$0
Cash Funds	\$31,876,141	(\$110,000)	(\$110,000)
Reappropriated Funds	\$1,950,000	\$0	\$0
Federal Funds	\$0	\$0	\$0

### ***Current Program***

The Hearings Division conducts administrative hearings on issues related to individual licenses and business licenses granted, denied or revoked by the DOR. Hearings can be requested from any of the following Divisions: Division of Motor Vehicles (DMV), Taxation Business Group (Tax), Liquor Enforcement Division (LED), Marijuana Enforcement Division (MED), and the Auto Industry Division (AID).

The Hearings Division’s purpose is to provide due process to individuals or businesses that were not granted, may lose, or have lost the privilege of a license. The Hearings Division conducts approximately 23,000 hearings per year with Colorado citizens, the vast majority of these hearings were not impacted by the changes made by H.B. 21-1314.

The DMV provides services used by nearly every citizen of the State. Colorado citizens utilize identification, driver, and vehicle services at State and County offices to obtain identification cards, driver licenses, vehicle registrations, titles, and other related services. Additionally, the DMV licenses and provides oversight of private businesses and government organizations that provide driver and emission testing services. Finally, the division works closely with other state agencies and programs to provide information and education to serve the public and encourage voluntary compliance.

### ***Problem or Opportunity***

The DMV experienced lower revenue caused by the COVID-19 pandemic in FY 2020-21 which puts the already at-risk License Service Cash Fund (LSCF) in a more precarious cash position. Several factors contributed to the reduction of revenue, including lower sales in new and used vehicles as well as delays in people renewing driver licenses, registrations, and purchasing new license plates with the stay at home orders and driver license office closures. While the DMV pushed for better adoption of online services, there was still a significant loss of revenue during FY 2020-21.

In addition, *H.B. 21-1314: DOR Action Against Certain Documents*, passed during the 2021 Legislative Session. The intent of the bill was to reduce the number of driver license revocations required by law. An unintended consequence of this change was a reduction in DMV and Hearings Division revenue as fewer reinstatement fees will be charged for certain types of violations. The revocation fees are not directly related to the revocation workload, but instead help support and fund the full scope of activities performed by the DMV and Hearings. Therefore, the impact of this lost revenue would have forced Hearings and the DMV to cut necessary expenditures for business operations unrelated to the lower volume of license reinstatements, which would have had a negative impact on overall customer service. The bill mitigated these losses via transfers from the MTCF to the LSCF that would have otherwise impacted DMV and the Hearings Division's ability to operate and provide services. However, the transfers no longer appear sustainable since the previous high pace of revenue growth in the MTCF has leveled off over recent months and may be reaching a plateau, which could leave the LSCF again at risk. Additionally, the HUTF is a more appropriate funding source for 'the administration of highway-related functions' performed by the Hearings division and the DMV, while the MTCF funds should be prioritized for the voter supported activities related to education, public health, and cannabis industry support and enforcement.

However, DOR anticipates that the recent shift to digital service delivery may create room for savings. Therefore, this request does lower the amount of funding to both activities at a manageable level and will have minimal impact to operations and customer service related to providing timely hearings. However, if funding were to be further reduced, then there could be significant impacts to timeliness of service to customers. The current wait time is seven months for a "points hearing" after a licensee has accumulated a sufficient number of points to be subject to a license suspension. With a reduction in funding, hearings delays would increase

significantly and wait times could reach 24 months, resulting in more unsafe drivers on the roads of Colorado.

H.B. 21-1314 also included an annual transfer from MTCF of \$1,107,723 in FY 2022-23 and in subsequent years to the Judicial Department for trial court programs. The slowed growth in MTCF therefore also threatens the availability of revenues for the Judicial Department.

### ***Proposed Solution***

The DOR is requesting a change to the language in 39-28.8-501 (7)(a) C.R.S. to eliminate the transfers from the MTCF to the LSCF and instead provide “off-the-top” spending authority from HUTF via Long Bill letter-notes. The amount of the spending authority requested from HUTF represents a 10% reduction from the amount of the MTCF transfers in total.

The Governor’s Office of State Planning and Budgeting (OSPB) also requests that the appropriation from MTCF to the Judicial Department for the Trial Courts Program line item also be replaced by an “off-the-top” appropriation from HUTF. Additionally, OSPB also recommends adjusting this appropriation amount down by 10 percent, similar to DOR, as the shift to digital service delivery may create room for savings for the Judicial Department as well. This Judicial appropriation has been reverting over \$250,000 each year for the past 4 years, indicating that a 10 percent reduction of \$110,000 is likely easily sustained by the Trial Courts program.

Below is a summary of the requested changes:

1. Sponsor legislation to change 39-28.8-501 (7)(a) C.R.S to eliminate transfers from the MTCF
2. Create \$713,000 of “off-the-top” spending authority from HUTF for use by the Hearings Division (a reduction from the existing \$753,000)
3. Create \$548,000 of “off-the-top” spending authority from HUTF for use by the DMV (a reduction from the existing \$648,000)
4. Create \$996,951 of “off-the-top” spending authority from the HUTF for use by the Trial Courts program at the Judicial Department (a reduction from the existing \$1,107,723), and eliminate the existing \$553,862 and the H.B. 21-1314 annualization of \$553,861 in MTCF spending authority for the same program.
5. Exempt these three appropriations from the HUTF from the 6% “off-the-top” growth cap in FY 2022-23.

Each year, these amounts will need to be adjusted to include inflation and population growth assumptions to ensure that wait times do not increase with natural growth in service activities required under law.

Theory of Change	Not on the continuum - N/A		
Program Objective	Not on the continuum - N/A		
Outputs being measured	Not on the continuum - N/A		
Outcomes being measured	Not on the continuum - N/A		
Cost/Benefit ratio	N/A		
Evaluations	Pre-Post	Quasi-Experimental Design	Randomized Control Trial
Results of Evaluation	N/A	N/A	N/A
Continuum Level	N/A		

### ***Anticipated Outcomes***

The approval of this request will free up MTCF balances for other state priorities while still providing the necessary resources for both the Hearings Division as well as the DMV at a lesser level of funding than currently allocated. This also shifts funding to a more appropriate and permanent source that is better aligned with the work being performed.